NEW ISSUE—BOOK-ENTRY ONLY **RATINGS: Moody's: "MIG 1"**
Fitch: "F1+"
See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, 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 Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Notes is exempt from State of California personal income taxes. The amount treated as interest on the Notes 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 Notes is not a specific preference item for purposes of the federal alternative minimum tax. 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 Notes. See "TAX MATTERS" herein.

$74,190,000
COUNTY OF RIVERSIDE
2018 SERIES A TEETER OBLIGATION NOTES
(TAX-EXEMPT)

Dated: Date of Delivery Due: October 24, 2019

The County of Riverside 2018 Series A Teeter Obligation Notes (Tax Exempt) (the "Notes") are being issued to (i) refund the outstanding County of Riverside 2017 Series A Teeter Obligation Notes, (ii) fund an advance of unpaid property taxes for agencies participating in the County of Riverside's Teeter Plan (the "Teeter Plan"), and (iii) pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan." The Notes will be issued bearing interest at a fixed rate as set forth below.

The Notes will be issued in denominations of $5,000 or any integral multiple thereof, will be dated the date of their delivery and will bear interest at the interest rate shown below. The interest on the Notes will be due on the maturity date thereof, and the principal of the Notes will be due on the maturity date thereof. Principal of and interest on the Notes will be payable in lawful money of the United States of America by The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent.

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in fully registered form. When delivered, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers will not receive Notes representing their ownership interest in the Notes purchased. Principal and interest on the Notes will be payable when due through the facilities of DTC, as described in APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The principal of and interest on the Notes will be payable solely from Pledged Taxes (as defined herein) and from lawfully available moneys in the General Fund of the County of Riverside (the "County"). **For a description of the Pledged Taxes, see "THE NOTES—Security for the Notes."** For a description of the County and its finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Notes.

MATURITY SCHEDULE

2018 SERIES A TEETER OBLIGATION NOTES (TAX-EXEMPT)

Principal Amount	*Interest Rate*	*Yield*	*Price*	*CUSIP No.*[†]
$74,190,000.00	4.00%	1.850%	102.110	76914AAL6

This cover page contains information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement in considering the investment quality of the Notes.

The Notes are offered when, as and if issued and received by the Underwriters, subject to the approval of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the County, and to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the County with respect to the Notes. Certain legal matters will be passed upon for the County by County Counsel, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Notes will be available for delivery to The Depository Trust Company or its agent on or about October 24, 2018.

Wells Fargo Securities **RAYMOND JAMES®**

Dated: October 10, 2018.

[†] *CUSIP® Copyright 2018, American Bankers Association. CUSIP® data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers' Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. Neither the County nor the Underwriters takes any responsibility for the accuracy of CUSIP data in this Official Statement. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.*

COUNTY OF RIVERSIDE

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

Board of Supervisors

Chuck Washington, Third District, Chairman
Kevin Jeffries, First District, Vice Chairman
John Tavaglione, Second District
V. Manual Perez, Fourth District
Marion Ashley, Fifth District

County Officials

George Johnson, County Executive Officer
Jon Christensen, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Peter Aldana, Assessor-County Clerk-Recorder
Gregory P. Priamos, County Counsel
Don Kent, Finance Director

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Disclosure Counsel

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

Municipal Advisor

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

Fiscal Agent

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

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. 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 Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

The information set forth herein has been obtained from the County and other sources which the County believes to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other parties described herein since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

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 a part of, their responsibilities 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.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Official Statement constitutes an official statement of the County that has been deemed final by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

In connection with the offering of the Notes, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of such notes 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 Notes to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

The Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The Notes have not been registered or qualified under the securities laws of any state.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the caption "THE COUNTY" and in APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE" in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The County maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Notes. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

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$74,190,000
COUNTY OF RIVERSIDE
2017 SERIES A TEETER OBLIGATION NOTES (TAX-EXEMPT)

INTRODUCTION

General

This Official Statement, including the cover page, the table of contents and appendices, has been prepared in connection with the issuance by the County of Riverside, California (the "County") of its 2018 Series A Teeter Obligation Notes (Tax Exempt) (the "Notes"), and contains certain information relating to the Notes and the County.

With respect to collection of property taxes, the County adopted its Teeter Plan in 1993 (the "Teeter Plan"), which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive) (the "Law"), commonly referred to as the "Teeter Plan," for distribution of certain property tax and assessment levies on the secured roll. See "THE COUNTY—The Teeter Plan."

The Notes are being issued to (i) refund a portion of the approximately $78,735,000 outstanding amount of the County's 2017 Series A Teeter Obligation Notes, originally issued in the aggregate principal amount of $78,735,000 (the "2017 Series A Notes") maturing on October 25, 2018, (ii) fund an advance of unpaid property taxes for agencies participating in the County's Teeter Plan, and (iii) to pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan."

The Notes will be issued in denominations of $5,000 or any integral multiple thereof, will be dated the date of their delivery and will bear interest at the interest rate shown on the cover page. The interest on the Notes will be paid at the maturity thereof. The principal of the Notes will be due on the maturity date thereof.

The Notes will be issued in fully registered form. When delivered, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers will not receive Notes representing their ownership interest in the Notes purchased. Principal and interest on the Notes will be payable when due through the facilities of DTC, as described in APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The Notes will not be subject to redemption prior to maturity.

The County first adopted its Teeter Plan in 1993. From 1993 to 1997, the County Treasurer's Pooled Investment Fund purchased notes backed by a pledge of the outstanding delinquent taxes, assessments, penalties and interest from taxing entities within the County that participate in the Teeter Plan (the "Revenue Districts"). The County first issued taxable and tax exempt commercial paper to finance the annual cash requirements of its Teeter Plan in 1997.

Since 1997, the County has issued taxable and tax exempt notes from time to time to finance the County's obligations to make distributions to the Revenue Districts, and to refund certain obligations of the County related to such obligations.

The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on July 29, 1997 (the "Master Teeter Resolution"), as supplemented from time to time.

On July 31, 1997, the County, acting pursuant to the provisions of Sections 860 *et seq*. of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of Riverside (Case No. 299847) seeking judicial validation of the transactions relating to the Master Teeter Resolution (as originally adopted) and certain other matters. On September 12, 1997, the court entered a default judgment to the effect that, among other things, the Resolution (as defined below) and the Obligations (as defined below) issued pursuant to the Resolution, including the Notes, represent valid and binding obligations of the County. The appeal period for the default judgment expired October 14, 1997. See "VALIDATION" herein.

Each year since 1997 the existing notes issued pursuant to the Master Teeter Resolution are paid down from collected delinquent taxes from the prior fiscal year, and subsequent additional notes are issued pursuant to the Master Teeter Resolution to finance that year's obligation to make advances under the Teeter Plan. See "THE COUNTY—The Teeter Plan."

The County will agree, in a Continuing Disclosure Certificate executed by the County in connection with the issuance of the Notes (the "Disclosure Certificate"), to report the occurrence of specified "Listed Events" to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA"). See "CONTINUING DISCLOSURE."

All quotations from, and summaries and explanations of, provisions of the laws of the State of California (the "State") and acts and proceedings of the County contained herein, do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the Notes and such proceedings.

Changes Since the Preliminary Official Statement

Changes have been made to this Official Statement to Appendix A under the heading "Interest Rate Swap Agreements" to update a rating for the Counterparty to the County's existing interest rate swap agreements. See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE — FINANCIAL INFORMATION — Interest Rate Swap Agreements."

THE NOTES

Authority for Issuance

The Notes are authorized to be issued pursuant to the Master Teeter Resolution, as amended and supplemented thereafter, including as supplemented on September 18, 2018 (collectively, the "Resolution"), and a Fiscal Agent Agreement, dated as of November 1, 1997, as amended, between The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.) (the "Fiscal Agent"), as successor to U.S. Trust Company of California, N.A., and the County (the "Fiscal Agent Agreement").

Purpose of Issue

Pursuant to the Resolution, the proceeds of the sale of the Notes will be applied to refund the outstanding 2017 Series A Notes, to fund an advance of unpaid property taxes for agencies participating in the Teeter Plan, and to pay the costs of issuance related to the Notes. See "THE COUNTY—The Teeter Plan."

Description of the Notes

The Notes will be registered in the name of Cede & Company, as nominee of DTC, New York, New York. DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000. Beneficial Owners (as defined below) of the Notes will not receive physical Notes representing the Notes purchased. The interest on the Notes will be paid at the maturity thereof. The principal of the Notes will be due on the maturity date thereof. The principal of and interest on the Notes will be paid by the County Treasurer-Tax Collector to the Fiscal Agent which will in turn remit such principal and interest to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Notes. See APPENDIX E—"BOOK-ENTRY ONLY SYSTEM."

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 360-day year composed of twelve 30 day months for the Notes. Interest on the Notes will be paid on the maturity date of the Notes set forth on the cover page hereof. The Notes may be sold in Authorized Denominations of $5,000 or any multiple thereof.

Redemption

The Notes are not subject to redemption prior to their maturity date.

Security for the Notes

The County has pledged the Pledged Taxes (as hereinafter defined) to the payment of the Notes. The payment of the Notes is also secured by the County's General Fund.

The Notes may be paid with lawfully available moneys in the County's General Fund from available revenues generated in the prior, current or any subsequent fiscal year. For a description of the County and its finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

The principal of and interest on the Notes will be payable from Pledged Taxes and from lawfully available moneys in the County's General Fund. The County has pledged the Pledged Taxes to the payment of the Notes. "Pledged Taxes" are defined as (i) the right to collect any uncollected property taxes due to the County and the other Revenue Districts for the fiscal years ended June 30, 1994 through and including June 30, 2018 and such other fiscal years, if any, as may be specified in a supplemental resolution, for which the County actually provides funding pursuant to the Law, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments, and (iii) all amounts received by the County upon the redemption of properties for sale or previously sold to recover such property taxes or assessments, in each case to which the County is entitled as a consequence of electing to be governed by the Law, and in each case following an allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public districts within the County that are not participating in the Teeter Plan; provided, however, that Pledged Taxes shall not include (i) the right to collect delinquencies in property taxes due to an independent district for all fiscal years prior to the fiscal year in which the respective independent district agreed with the County that the Law shall apply to such independent district, (ii) default penalties, (iii) interest or redemption penalties, (iv) certain costs and fees paid pursuant to the Law and (v) the right to receive installment payments made pursuant to Section 4217 *et seq*. of the California Revenue and Taxation Code.

Pledged Taxes do not include property tax revenues attributable to Fiscal Year 2018-19.

The office of the County Treasurer-Tax Collector serves as billing and collection agent for the basic 1% *ad valorem* property tax, voter approved *ad valorem* taxes and most additional special assessments and charges. The County Treasurer-Tax Collector bills property owners bi-annually, and payments not made by December 10 and April 10 are subject to a 10% delinquency penalty. Unpaid taxes begin accruing a 1.5% per month additional charge if unpaid at the end of the fiscal year (each June 30). Property owners are subject to foreclosure if delinquent taxes and penalties are not paid within five years.

Upon the collection of taxes and penalties, the funds are deposited in a secured prior year trust account within the County's General Fund. Throughout the year the Auditor-Controller separates collected Teeter and non-Teeter taxes and penalties. Collected non-Teeter taxes are distributed to the non-Teeter taxing entities. The Teeter portion is separated between taxes and penalties and interest.

Receipts of the Pledged Taxes are deposited into a Teeter Tax Account within the County's General Fund for repayment of the Notes. Penalties and interest are deposited into a Tax Losses Reserve Fund maintained by the County. In the event of a property sale at foreclosure which results in a loss, amounts to offset those losses are transferred from the Tax Losses Reserve Fund to the Teeter Tax Account. At the election of the County, the Tax Losses Reserve Fund is maintained at an amount equal to one of two methods: (1) 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan, or (2) 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for taxing entities participating in the Teeter Plan. Any excess over the required balance in the Tax Losses Reserve Fund is transferred to the County's General Fund. The County has always elected to maintain the Tax Losses Reserve Fund at an amount equal to 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for taxing entities participating in the Teeter Plan. See "THE COUNTY—The Teeter Plan."

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A. is appointed as Fiscal Agent for the Notes. The County directs and authorizes the payment by the Fiscal Agent of the interest on and principal of the Notes when such become due and payable. Under the Resolution, the County has covenanted to transfer from the General Fund to the Fiscal Agent sufficient moneys to pay the principal of and interest on the Notes when due.

Defeasance of the Notes

If the County shall pay or cause to be paid or there shall otherwise be paid to the Holders of all outstanding Notes the interest and principal thereof at the times and in the manner stipulated under the Resolution and described below in this Official Statement, then all agreements and covenants of the County to such Holders under the Resolution shall thereupon cease, terminate and become void and shall be discharged and satisfied.

Any Outstanding Notes shall, prior to the maturity date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Resolution if there shall have been deposited with the Fiscal Agent in trust either moneys in an amount which shall be sufficient, or Defeasance Securities which are not callable or subject to prepayment prior to their respective maturity dates, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Fiscal Agent at the same time, shall be sufficient (as verified by a report of an independent certified public accountant or other independent financial consultant), to pay when due the principal of and the interest to become due on said Notes on the maturity date thereof. Neither the securities nor moneys deposited with the Fiscal Agent pursuant to the Resolution nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Notes. The Fiscal Agent shall have no right, title or interest in, or lien on, any moneys or securities deposited as described in this paragraph.

After the payment or deemed payment of all the interest and principal of all Outstanding Notes as provided in the Resolution and payment of any amounts then owed to the Fiscal Agent, the Fiscal Agent shall pay to or deliver to the County all moneys or securities held by it pursuant to the Resolution which are not required for the payment of the interest and principal represented by such Notes. Owners of Notes shall thereafter be entitled to payments due under the Notes only from amounts deposited with the Fiscal Agent as described under this heading "Defeasance of the Notes" and from no other source.

For the purposes described above, “Defeasance Securities” means any of the following:

(i) Cash;

(ii) United States Treasury Bonds, Notes and Certificates (including State and Local Government Series - “SLGS”);

(iii) Direct obligations of the United States Treasury which have been stripped, including by the Treasury itself, CATS, TIGRS and similar securities;

(iv) The interest component of Resolution Funding Corp strips which have been stripped by request to the Federal Reserve Bank of New York, in book entry form;

(v) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P;

(vi) Obligations issued or fully guaranteed by the following agencies which are backed by the full faith and credit of the United States of America:

(a) U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership

(b) Farmers Home Administration
Certificates of beneficial ownership

(c) Federal Financing Bank

(d) General Services Administration
Participation certificates

(e) United States Maritime Administration
Guaranteed Title XI financing

(f) United States Department of Housing and Urban Development
Project notes
Local Authority Certificates
New Communities Pool Notes - United States government guaranteed debentures
United States Public Housing Notes and Certificates - United States government guaranteed public housing notes and bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Notes, plus available funds on hand with the County in the Teeter Tax Account, are anticipated to be applied as follows:

Sources:	
Principal Amount of Notes	$ 74,190,000.00
Original Issue Premium	1,565,409.00
Available Funds	40,702,076.00
Total Sources	$ 116,457,485.00
Uses:	
Payment of 2017 Series A Notes(1)	$ 80,178,475.00
Teeter Advance	35,986,653.87
Costs of Issuance	252,272.13
Underwriters' Discount	40,084.00
Total Uses	$ 116,457,485.00

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(1) Note proceeds, together with other moneys of the County, will be used to pay in full the 2017 Series A Notes when due.

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 2,415,955 as of January 1, 2018, reflecting a 1.4% increase over January 1, 2017.

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

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

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

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

The Teeter Plan

With respect to collection of property taxes, the County adopted in 1993 the Teeter Plan, which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan" for distribution of certain property tax and assessment levies on the secured roll.

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total then-prior years' delinquent secured property taxes and 100% of the then-current year's secured roll levy. Supplemental taxes are currently excluded from the Teeter Plan.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two thirds of the participating districts in the county. An electing county may, however, determine to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Taxing entities that are required to maintain funds in the County Treasury are all included in the Teeter Plan. These include all K-12 school districts, community college districts and certain special districts. 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 2017-18, taxing agencies representing approximately 56.34% of the secured roll participated in the Teeter Plan.

Pursuant to the Law, the County is required to establish a tax losses reserve fund to cover losses that 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 appropriate amount in the fund is determined by one of two methods: (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. Any amount in excess of the 1% or 25% level determined pursuant to either method of calculation may be credited to the County's General Fund. The County is currently governed by the first alternative, and this amount has consistently been sufficient to provide for any tax losses.

Since 1997, the County has issued taxable and tax exempt notes from time to time, such as the Notes, to finance the County's obligations to make distributions to the Revenue Districts pursuant to the Teeter Plan, and to refund certain obligations of the County related to such obligations. The County manages the program on a continuous basis by paying down the amount outstanding with collections of prior years' taxes, funding the current year's advance and rolling over any unpaid amounts.

From Fiscal Year 1997-98 through Fiscal Year 2006-07, the size of the Teeter Plan obligations fluctuated between approximately $24 million and $90 million, producing annual net revenue to the County's General Fund of approximately $14 million to $25 million. The Teeter Plan obligations grew to approximately $168.4 million in Fiscal Year 2007-08 and peaked at approximately $266.6 million in Fiscal Year 2008-09. For the last five fiscal years the annual Teeter revenues averaged approximately $25.6 million. As the amount of delinquent taxes receivable has declined, the annual revenue available to the General Fund has been reduced. For Fiscal Year 2017-18, the net Teeter revenue to the County's General Fund was approximately

$21 million. The Teeter Plan obligations are approximately $74 million in Fiscal Year 2018-19. The following Table 1 sets forth the aggregate principal amount of the Teeter Plan obligations issued in fiscal years 2008-09 through 2018-19.

TABLE 1
COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATIONS ISSUED
FISCAL YEARS 2008-09 THROUGH 2018-19

Fiscal Year	*Principal Amount*
2008-09	$266,629,000
2009-10	257,300,000
2010-11	206,805,000
2011-12	171,325,000
2012-13	142,840,000
2013-14	119,770,000
2014-15	100,175,000
2015-16	87,040,000
2016-17	81,765,000
2017-18	78,735,000
2018-19	74,190,000

Source: County of Riverside.

The County accounts for the Teeter Plan in its audited financial statements by listing the amount of Notes payable with its other liabilities; including unpaid taxes with its other receivables; and including apportioned prior years' taxes on deposit with other restricted cash. The taxes receivable are listed in their principal amount without any penalties or accrued interest. See APPENDIX B—"COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017—Note 6 Receivables."

Since the Teeter Program is ongoing, the County must have annual access to cash, either through the issuance of Teeter notes, such as the Notes, or other alternative sources of cash. Should market access for Teeter notes be limited, and no private or direct bank placements options be available, the County has two voluntary options to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts.

The first option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts is to have the County Treasurer's Pooled Investment Fund (the "PIF") purchase the Teeter notes. Such Teeter notes have been purchased by the PIF in the past. The PIF is much larger than the aggregate principal amount of the Notes, and the purchase of the Notes could be easily accommodated by the current PIF size (approximately $5.91 billion as of August 31, 2018). **Formal Board of Supervisors and County Treasurer approval would be required in order for the PIF to purchase Teeter notes if the Notes are not rated or otherwise not qualified for purchase under the County's investment policy.** See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—FINANCIAL INFORMATION—Riverside County Treasurer's Pooled Investment Fund."

The second option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts would be for the County to advance funds from the General Fund. Lawfully available moneys in the County's General Fund are available for the repayment of the Notes, and the continuation of the Teeter Program is beneficial to the County's over-all financial condition. Should additional cash be needed, the County may borrow lawfully available moneys in the County's General Fund to meet the redemption of maturing Teeter notes and to fund the subsequent

Teeter advance to the participating Revenue Districts. **Such General Fund borrowings to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts have been authorized by the Board of Supervisors.** See "—The General Fund" herein.

Additionally, the County Treasurer and the County Auditor-Controller have an operating agreement to facilitate such General Fund borrowings by allowing the General Fund account in which the County Pool is deposited to run a negative balance. The amount by which the balance in the General Fund account in which the County Pool is deposited may be negative is capped by the amount the County may borrow. Such operating agreement allows for a seamless mechanism. It also spreads the loan across all County funds, minimizing the impact on any single fund and the need to manage individual fund balances. The Government Code section allows such borrowings on an indefinite basis, stipulating repayment prior to such date that funds are needed in the originating funds. The County has utilized this approach for many years including during the 1990s when the County carried a substantial year-end negative cash balance in the General Fund. See "The General Fund—*Alternative and Other Restricted Cash Resources*" below.

Tax Collections

The operation of the County's property tax system is shared by three elected officials: the County Assessor, the County Treasurer-Tax Collector and the County Auditor-Controller. The County Treasurer-Tax Collector bears primary responsibility for billing and collection, while the Auditor-Controller is responsible for accounting and apportionment issues. Payments not made by December 10 and April 10 are subject to a 10% delinquency penalty. Unpaid taxes begin accruing a 1.5% per month additional charge if unpaid at the end of the fiscal year (each June 30). See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—FINANCIAL INFORMATION—*Ad Valorem* Property Taxes" for information regarding property tax collections within the County since Fiscal Year 2006-07.

Properties are subject to foreclosure if delinquent taxes and penalties are not paid within five years. Tax sale is the County's ultimate collection tool; at the same time the County may realize a tax loss upon sale. The County is required to transfer the amount of any tax loss from the Tax Losses Reserve Fund to the Teeter Debt Service Account. The required balance in the Tax Losses Reserve Fund for Fiscal Year 2017-18 is approximately $23,306,392. The County's history of tax sales has been favorable, with minimal losses experienced over the last ten years. The following Table 2 sets forth the Teeter Plan losses in fiscal years 2005-06 through 2017-18.

TABLE 2
COUNTY OF RIVERSIDE
TEETER LOSSES IN FISCAL YEARS 2005-06 THROUGH 2017-18

Fiscal Year	*Maximum Projected Tax Loss*[1]	*Maximum Projected Teeter Loss* [2]	*Actual Tax Loss*[3]	*Actual Teeter Loss*[2]
2005-06	$934,648.98	$654,254.29	$510,153.97	$378,483.25
2006-07[4]	-	-	-	-
2007-08	67,681.48	49,712.06	40,026.93	29,379.77
2008-09	312,262.33	232,260.74	151,005.46	112,197.06
2009-10	297,323.41	218,740.84	273,665.55	201,853.93
2010-11	246,887.56	133,887.11	235,583.74	127,750.50
2011-12	571,731.15	314,605.46	249,452.87	137,310.17
2012-13	649,110.18	357,400.07	80,748.55	44,411.71
2013-14[5]	5,211,319.08	2,878,952.98	747,826.47	412,920.48
2014-15[5]	4,968,482.65	2,747,967.68	1,006,608.57	556,700.84
2015-16[5][6]	7,387,021.19	4,141,051.97	2,311,386.93	1,295,658.37
2016-17[5]	2,697,097.68	1,511,197.00	227,689.47	127,587.12
2017-18[5]	6,678,769.45	3,761,103.34	2,414,361.37	1,329,347.36

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[1] Assuming all properties sold at tax sale at the minimum authorized bid.

[2] Teeter's pro rata share based on the percentages provided by the Auditor's office of those agencies that participate in Teeter.

[3] Tax loss equals taxes owed minus sale proceeds (per parcel), if proceeds do not exceed taxes owed. Any excess sale proceeds are refunded.

[4] There was only one tax sale in Fiscal Year 2006-07 which did not result in a tax loss.

[5] Beginning in Fiscal Year 2013-14, the County changed its process for selling delinquent properties which required the County to recognize the entire tax delinquency for each property as the maximum projected tax loss. As a result, the maximum projected tax loss and the maximum projected Teeter loss for Fiscal Year 2013-14 and subsequent years are much greater than in previous years.

[6] Like much of southern California, the County experienced a significant real estate recession from approximately 2008 through 2012. Properties are subject to foreclosure if delinquent taxes and penalties are not paid within five years. The increase in tax losses in Fiscal Year 2015-16 coincides with sales of properties which have been delinquent since Fiscal Year 2010-11.

Source: County of Riverside.

The General Fund

In addition to Pledged Taxes, the Notes are payable from the County's General Fund. For information concerning the County's General Fund and the County's finances, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Alternative and Other Restricted Cash Resources. 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, without further approval, to make temporary transfers of money between those funds under the authority of the Board of Supervisors as the public interest may require. Additionally, the Board of Supervisors has adopted a General Fund Balance and Reserve Policy which does not preclude the use of temporary transfers of money between funds. While the County has made temporary transfers of money between funds from time to time subsequent to the adoption of Resolution

2010-205, the County has not exercised such authority with respect to any Teeter Obligations in any of the last four fiscal years.

Set forth in Table 3 below are the actual and projected 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, without further Board of Supervisors approval, to transfer such moneys from one County fund to another County fund as the public interest may require, including transfers to the General Fund for the payment of the Notes. However, transfers from non-County funds, including, without limitation, the Flood Control, Perris Valley Cemetery and District Court Financing Corporation funds, would require additional action by the Board of Supervisors. 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.

These moneys are also available to support the payments of debt service on the Notes, though no assurance can be provided that such moneys will be available or that, even if available, they will be used to make payments on the Notes.

TABLE 3
COUNTY OF RIVERSIDE
ALTERNATIVE AND OTHER RESTRICTED CASH RESOURCES
(in Thousands)

Fund Type	*Fund Purpose*	*Audited Actual Balance June 30, 2017*	*Actual/Projected Balance June 30, 2018*
Special Revenue	Transportation	$ 123,984	$ 131,680
Special Revenue	Flood Control(1)	230,260	229,088
Special Revenue	Community Services	57,327	44,230
Special Revenue	County Services Areas	23,020	24,900
Special Revenue	Other Special Revenue	20,884	21,915
Capital Project	Public Facilities	167,816	167,253
Capital Project	Crest	7,690	8,282
Capital Project	PSEC	253	253
Enterprise	County Service Areas	267	388
Enterprise	Flood Control(1)	1,852	2,274
Enterprise	Regional Medical Center	70,442	25,200
Enterprise	Waste Management	85,811	87,811
Internal Service	Records Management and Archive	660	660
Internal Service	Fleet Services	10,540	10,791
Internal Service	Information Services	21,873	15,608
Internal Service	Printing Services	2,211	1,532
Internal Service	Supply Services	2,977	1,564
Internal Service	OASIS Project	-	-
Internal Service	Risk Management	201,772	220,955
Internal Service	Temporary Assistance Pool	1,445	593
Internal Service	Flood Control Equipment(1)	6,962	7,367
Internal Service	EDA Facilities Management	8,750	8,447
Total Alternative Cash Resources		**$ 1,046,796**	**$ 1,013,638**
Permanent fund	Perris Valley Cemetery	$ 667	$ 742
Special Revenue	Regional Park and Open-Space	11,702	11,252
Special Revenue	Air Quality Improvement	168	237
Special Revenue	In-Home Support Services	460	252
Special Revenue	Perris Valley Cemetery	710	836
Capital Project	Flood Control	18	19
Capital Project	Regional Park and Open-Space	5,473	5,473
Enterprise	Housing	5,036	8,449
Trust and Agency	Agency Funds	277,134	299,592
Trust and Agency	Private Purpose Trust	108,422	100,285
Debt Service	Pension Obligation	19,110	33,059
Other	Children and Families Commission	41,628	41,577
Other Cash Resources of Riverside County(1)		$ 470,528	**$ 501,773**

Fund Type	*Audited Actual Balance June 30, 2017*	*Actual/Projected Balance June 30, 2018*
Alternative Cash Resources	$ 1,046,796	$ 1,013,638
Other Restricted Cash(1)	470,528	501,773
General Fund Unrestricted Cash	94,866	131,426
All Riverside County Cash	$ 1,612,190	$ 1,646,837

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(1) Transfers from such sources require action of County Board as described herein.

Source: County Auditor-Controller.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIIIA of the State Constitution

In 1978, California voters approved Proposition 13, adding Article XIIIA to the California Constitution. Article XIIIA was subsequently amended in 1986, as discussed below. Article XIIIA 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 XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, 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 XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by 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 XIIIB of the State Constitution

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIIIB to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIIIB. The principal effect of Article XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 XIIIB 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 Fiscal Year 2016-17 was $2,714,793,102 and the amount subject to the limitation was $1,075,205,455. The County's appropriations limit for Fiscal Year 2017-18 was $2,858,405,657 and the amount subject to the limitation was $1,076,087,524. The County's appropriations limit for Fiscal Year 2018-19 is $3,005,326,785 and the amount subject to the limitation is $1,079,069,362.

Right to Vote on Taxes Initiative Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 became effective on November 6, 1996. Senate Bill 919 was enacted to provide certain implementing provisions for Proposition 218 and became effective July 1, 1997. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal assessments, fees and charges. This initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. However, other than any impact resulting from the exercise of this initiative power, presently the County does not believe that the potential financial impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to pay debt service on the Notes as and when due and its other obligations payable from the General Fund.

Article XIIIC of Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two thirds voter approval for the imposition, extension or increase of special taxes, including special taxes deposited into the County's General Fund. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. The County has not enacted imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to raise such taxes in the future to meet increased expenditure requirements.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not believe it is currently charging any fees which will have to be reduced or eliminated as a result of Proposition 26.

Article XIIIC of Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in Rossi v. Brown, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in Rossi v. Brown by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County's General Fund.

Further, "fees" and "charges" are not defined in Article XIIIC or SB 919. However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the "Bighorn Decision") that charges for ongoing water delivery are property related fees and charges within the meaning of Article XIIID and are also fees or charges within the meaning of Section 3 of Article XIIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIIC.

In the Bighorn Decision, the Supreme Court did state that nothing in Section 3 of Article XIIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

The initiative power granted under Article XIIIC of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property-related. Accordingly, the scope of the initiative power under Article XIIIC could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The County is unable to predict whether the courts will interpret the initiative provision to be limited to property-related fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected.

Article XIIID of Proposition 218 adds several new requirements making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and SB 919 to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay debt service on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIIID of Proposition 218 also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and, after June 30, 1998, existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) 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. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property based fee, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two thirds voter approval by the electorate residing in the affected area.

The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees under Article XIIID of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees and charges will adversely affect the ability of the County to pay its outstanding obligations as and when due.

However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional 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 XIIIA of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, (f) required that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the voters voting in an election on the tax within two years of November 5, 1986 or be terminated by November 15, 1988 (a requirement that was subsequently declared unconstitutional, as described below) and (g) 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.* ("La Habra"). 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.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

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, 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 in previous years 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 2017-18, in Fiscal Year 2016-17, the secured property tax roll increased by approximately 5.52% from the prior year. Assessed valuation increased by approximately 6.26% in Fiscal Year 2018-19 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 the 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 will represent the bulk of adjustments to the tax roll during a time of a market decline. Cumulatively, assessed valuation in the County declined 11% from Fiscal Year 2007-08 through Fiscal Year 2014-15 due to the County Assessor's proactive reviews. Since Fiscal Year 2014-15 there have been no additional Proposition 8 reductions of significance. To date, approximately 71% of the Fiscal Year 2016-17 assessment appeals have been completed. The majority of the remaining Fiscal Year 2016-17 assessment appeals are expected to be completed by December 20, 2018. The County Assessor reports that the assessed value of 159,593 properties in the County was reduced through Proposition 8 in Fiscal Year 2018-19 through July 2018 with approximately $13.9 billion in reduced valuation. This compares to 200,868 properties and approximately $16.9 billion in Proposition 8 reductions in Fiscal Year 2017-18 and 210,954 properties and approximately $18.8 billion in Proposition 8 reductions in Fiscal Year 2016-17. Those adjustments are completed prior to the finalization of the roll in the summer. The vast majority of property tax appeals filed are not upheld. From Fiscal Years 2004-05 through 2017-18, the dollar amount of successful appeals ranged between approximately 3% and 4%. See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Table 4 below sets forth the Proposition 8 assessment reductions for Fiscal Year 2012-13 through Fiscal Year 2018-19.

TABLE 4
COUNTY OF RIVERSIDE
PROPOSITION 8 ASSESSMENT REDUCTIONS
FISCAL YEARS 2012-13 THROUGH 2018-19

Fiscal Year	*Assessments Reduced*	*Assessed Value Reduction*	*Year over Year Change*	*Cumulative Change*
2012-13	447,953	45,205,222,715	N/A	N/A
2013-14	395,217	38,971,444,210	(13.79)%	(13.79)%
2014-15	275,569	25,683,797,369	(34.10)	(42.04)
2015-16	229,340	21,330,137,344	(16.95)	(51.86)
2016-17	210,954	18,776,454,016	(11.97)	(57.63)
2017-18	200,868	16,920,559,776	(9.88)	(61.81)
2018-19(1)	159,593	13,932,091,915	(17.66)	(69.18)

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(1) Reflects reductions through July 2018.

Source: County.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 62, 1A and 22 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 guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal or interest due with respect to the Notes 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 2017-18, approximately 44.5% of the County's General Fund budget revenues consisted of payments from the State and 20% consisted of payments from the Federal government. For Fiscal Year 2018-19, the County projects that approximately 44% of its General Fund budget revenues will consist of payments from the State and 21% will consist of payments from the Federal government.

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

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

State Budget for Fiscal Year 2018-19. In a typical year, the Governor releases two primary proposed budget documents: (i) the Governor's Proposed Budget required to be submitted in January, and (ii) the "May Revision" to the Governors Proposed Budget. The Governor's Proposed Budget is then considered and typically revised by the State Legislature. On January 10, 2018, the Governor released the Fiscal Year 2018-19 Proposed State Budget. On May 11, 2018 the Governor released the May Revision to the Fiscal Year 2018-19 Proposed State Budget. On June 27, 2018, the Governor signed the adopted Fiscal Year 2018-19 State Budget (the "Fiscal Year 2018-19 Budget").

The Fiscal Year 2018-19 Budget projects Fiscal Year 2017-18 General Fund revenues and transfers of $129.8 billion and total expenditures of $127.0 billion. The State is projected to end Fiscal Year 2017-18 with total available reserves of $16.73 billion, including $7.3 billion in the traditional General Fund reserve and $9.4 billion in the State's Budget Stabilization Account. The County is currently evaluating the impact of the Fiscal Year 2018-19 Budget on the County's finances.

Information about the State budget and State spending is available at various State maintained websites. Text of the Fiscal Year 2018-19 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, *www.dof.ca.gov*. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at *www.lao.ca.gov*. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, *www.treasurer.ca.gov*.

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

SPECIAL RISK FACTORS

The following information should be considered by prospective investors in evaluating the Notes. However, this information does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Notes.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose; and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

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

Federal Income Tax Consequences

Certain federal income tax consequences of an investment in the Notes are discussed under “TAX MATTERS.” Each prospective purchaser of the Notes should consult with his or her own tax advisor to determine the specific effects of an investment in the Notes based upon such prospective investor’s particular tax situation.

Loss of Tax Exemption

Bond Counsel’s form of opinion regarding the exclusion from gross income for federal income tax purposes of interest on the Notes appears as Appendix C herein. The County has covenanted in the Resolution to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, and has executed a Tax Certificate prepared by Bond Counsel and delivered by the County concurrently with the original delivery of the Notes as guidance for compliance with such provisions. The interest on the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Notes as a result of acts or omissions of the County in violation of such covenants in the Tax Certificate. Should such an event of taxability occur, the Notes are not subject to redemption and will remain outstanding until maturity. See “TAX MATTERS” herein.

Potentially Adverse Tax Legislation

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Economy of the County and the State

The level of tax revenues collected at any time is dependent upon the level of retail sales and real property values within the County, which levels are dependent, in turn, upon the level of economic activity in the County and the State generally. The economy of the County is currently improving as evidenced by a decreased unemployment rate, an increase in total personal income and taxable sales, an uptick in residential building permits, an increase in the rate of home sales and the median price of single-family homes and condominiums and a decrease in notices of default on mortgage loans secured by homes and condominiums. A future deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the level of tax revenues and therefore upon the ability of the County to pay the principal of and interest on the Notes when due or to issue additional securities in the future. For information relating to the current economic conditions of the County and the State, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

VALIDATION

On July 31, 1997, the County, acting pursuant to the provisions of Sections 860 *et seq*. of the California Code of Civil Procedure, filed a complaint in the Superior Court of the State of California for the County of Riverside (Case No. 299847) seeking judicial validation of the transactions relating to the Resolution (as originally adopted) and certain other matters. On September 12, 1997, the court entered a default judgment to the effect that, among other things, the Resolution and the Obligations issued pursuant to the Resolution, including the Notes, represent valid and binding obligations of the County (the "Default Judgment"). The period allowed for appeal of such judgment by Sections 860 *et seq*. expired on October 14, 1997 without an appeal having been filed.

LITIGATION

As of the date of this Official Statement, to the best knowledge of the County, no litigation is pending or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes or the adoption of the resolution, (C) in any way contesting the existence or powers of the County, or (D) which would have a material adverse effect on the ability of the County to make payments with respect to the Notes. For a discussion of other pending litigation, see APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—FINANCIAL INFORMATION—Litigation."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County ("Bond Counsel"), 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 Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and interest on the Notes is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service ("IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Notes 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 Notes and the aggregate amount to be paid at maturity of the Series A Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes 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 Notes if original issue discount treatment is elected.

Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Notes") will be treated as having amortizable bond premium, subject to a different election under Internal Revenue Notice 94-84. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Noteholder's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Noteholder. Holders of Premium Notes 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 Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes 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 Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. 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 Notes may adversely affect the value of, or the tax status of interest on, the Notes. 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.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and interest on the Notes 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 Notes may otherwise affect a Noteholder's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Noteholder or the Noteholder'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 Notes 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 Noteholders from realizing the full current benefit of the tax status of such interest. 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 Notes. Prospective purchasers of the Notes 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 Notes 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 Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Noteholders regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Noteholders, 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 or Notes is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds or Notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the Noteholders to incur significant expense.

In issuing its opinions as to the validity of the Notes, Bond Counsel relied, and will rely, upon the Default Judgment.

RATINGS

Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") have assigned ratings of "MIG 1" and "F1+," respectively, to the Notes. Such ratings reflect only the views of such rating organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Fitch, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The County has covenanted in the Disclosure Certificate to file on EMMA notices of any rating changes on the Notes. See the caption "CONTINUING DISCLOSURE" below and APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to rating changes on the Notes may be publicly available from the rating agencies prior to such information being provided to the County and prior to the date the County is obligated to file a notice of rating change on EMMA. Purchasers of the Notes are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Notes, if any, after the initial issuance of the Notes.

MUNICIPAL ADVISOR

C.M. de Crinis & Co., Inc., Glendale, California, has served as the Municipal Advisor to the County in connection with the execution and delivery of the Notes. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

UNDERWRITING

The Notes are being purchased by Wells Fargo Bank, National Association and Raymond James & Associates, Inc., as underwriters (collectively, the "Underwriters"), pursuant to a Purchase Contract with the County (the "Purchase Contract"). The Underwriters have agreed, subject to certain conditions, to purchase the Notes at a purchase price equal to $75,715,325 (representing the principal amount of the Notes, plus an original issue premium of $1,565,409, and less an Underwriters' discount of $40,084). The Purchase Contract relating to the Notes provides that the Underwriters will purchase all of the Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the senior underwriter of the Notes, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Notes with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Notes. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County for which they received or will receive customary fees and expenses. In addition, affiliates of some of the Underwriters are lenders, and in some cases agents or managers for the lenders, under the County’s credit facility.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

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 21, 2017. See APPENDIX B—“COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017” attached hereto.

CONTINUING DISCLOSURE

Pursuant to the Resolution, the County has covenanted for the benefit of the Owners and beneficial owners of the Notes 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 certain listed events, if any such events should occur, to the owners of the Notes and to EMMA, or any successor thereto, during the term of the Notes. In addition, the County has covenanted to provide updated quarterly cash flow information within 60 days of the end of each fiscal quarter, beginning with the fiscal quarter ending September 30, 2018. See APPENDIX D—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with the Rule.

The County's obligations under the Disclosure Certificate terminate upon (i) payment in full of all of the Notes or (ii) in the event that the County receives an opinion of nationally recognized bond counsel, to the effect that those portions of SEC Rule 15c2 12(b)(5) (the "Rule") which require the Disclosure Certificate do not or no longer apply to the Notes. These covenants have been made in order to assist the Underwriters in complying with the Rule. See APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Within 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 timely significant event notices, most often with respect to changes in the ratings of outstanding indebtedness, and primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; (ii) missing, incomplete or late filing of annual or quarterly reports with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County; and in all of the cases where a notice of failure to file was required to be filed, no notice of failure to file such information was provided. The County and its related entities have reviewed their previous filings and have made corrective filings where material, 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 procedures to ensure future compliance and coordination between the County and its related entities; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports. The County continues to review its procedures to ensure continued compliance with the Rule.

The County was advised by two underwriters that they filed self-reports under the Securities and Exchange Commission's (the "SEC") 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. In connection with such self-reporting, on March 3, 2017, the SEC notified the County that, as of the date of such notice, the SEC did not intend to recommend any enforcement action by the SEC against the County.

CERTAIN LEGAL MATTERS

The validity of the Notes and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe, LLP, San Francisco, California, Bond Counsel. The opinion of Bond Counsel will be delivered with the Notes in substantially the form set forth in Appendix C hereto. Bond Counsel takes no responsibility for the fairness, accuracy or completeness of this Official Statement. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the County with respect to the Notes. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, and for the County by County Counsel.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. 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 affairs in the County since the date hereof. 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 Executive Officer.

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

COUNTY OF RIVERSIDE

By: /s/ George Johnson
County Executive Officer

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 2,415,955 as of January 1, 2018, representing an approximately 1.40% increase over the County's population as estimated for the prior year, and a rate higher than the statewide population increase of 0.80% for the same period. For the ten year period of January 1, 2008 to January 1, 2018, the County's population grew by approximately 15.00%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, and account for a total population of 12.38% of the County as of January 1, 2018.

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

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

City	*2014*	*2015*	*2016*	*2017*	*2018*
Banning	30,549	30,746	30,967	31,170	31,282
Beaumont	41,920	43,906	45,617	46,730	48,237
Blythe	18,737	18,522	19,008	19,027	19,389
Calimesa	8,036	8,114	8,212	8,567	8,876
Canyon Lake	10,652	10,673	10,728	10,882	11,018
Cathedral City	53,031	53,390	53,842	54,296	54,791
Coachella	44,101	44,486	44,940	45,273	45,635
Corona	160,955	162,396	163,341	166,819	168,574
Desert Hot Springs	28,591	28,900	29,252	29,347	29,742
Eastvale	58,790	59,930	62,147	63,720	64,855
Hemet	80,196	80,439	80,997	82,417	83,166
Indian Wells	5,295	5,407	5,512	5,549	5,574
Indio	82,419	84,009	85,233	86,632	87,883
Jurupa Valley	98,420	99,742	101,412	103,661	106,054
Lake Elsinore	57,488	59,404	61,422	62,487	63,365
La Quinta	38,991	39,323	39,899	40,605	41,204
Menifee	83,968	85,801	87,608	89,552	91,902
Moreno Valley	199,752	201,387	202,621	204,285	207,629
Murrieta	107,254	109,408	110,166	111,793	113,541
Norco	27,006	26,198	26,727	26,799	26,761
Palm Desert	50,414	50,683	51,250	52,058	52,769
Palm Springs	45,847	46,099	46,534	47,157	47,706
Perris	73,351	74,866	76,070	77,311	77,837
Rancho Mirage	18,076	18,201	18,369	18,579	18,738
Riverside	315,129	317,890	320,226	323,190	325,860
San Jacinto	46,014	46,462	47,085	47,560	48,146
Temecula	106,749	109,144	110,536	112,040	113,181
Wildomar	34,136	34,751	35,270	35,882	36,287
TOTALS					
Incorporated	1,925,867	1,950,277	1,974,991	2,003,388	2,030,002
Unincorporated	365,395	367,618	371,726	379,252	385,953
County-Wide	2,291,262	2,317,895	2,346,717	2,382,640	2,415,955
California	38,568,628	38,912,464	39,179,627	39,500,973	39,809,693

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 2014 through 2018:

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*
2014			
Riverside County	$ 40,293,518	$44,784	43.84%
California	858,676,636	48,340	48.17
2015			
Riverside County	$ 41,199,300	$45,576	44.79%
California	901,189,699	50,072	50.05
2016			
Riverside County	$ 45,407,058	$48,674	48.50%
California	981,231,666	53,589	52.74
2017			
Riverside County	$ 47,509,909	$50,287	50.23%
California	1,036,142,723	55,681	54.27
2018			
Riverside County	$ 51,784,973	$53,505	53.29%
California	1,113,648,181	58,858	57.15

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(1) Estimated, as of January 1 of each year.

(2) Dollars in thousands.

Source: The Nielsen Company, Site Reports, 2014-2017; Environics Analytics, Spotlight Claritas Reports 2018.

Industry And Employment

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

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

Industry	*2013*	*2014*	*2015*	*2016*	*2017*
Agriculture	14.5	14.4	14.8	14.6	14.4
Construction	70.0	77.6	85.7	92.0	97.0
Finance Activities	41.8	42.9	43.9	44.6	44.5
Government	225.2	228.8	233.3	242.3	250.0
Manufacturing:	87.3	91.3	96.1	98.6	98.7
Nondurables	30.1	31.1	33.0	34.2	34.8
Durables	57.3	60.2	63.1	64.4	63.9
Mining & Logging	1.2	1.3	1.3	0.9	0.9
Retail Trade	164.8	169.4	174.3	178.0	182.1
Professional and Business Services	131.9	138.7	147.4	145.0	147.2
Education and Health Services	187.6	194.8	205.1	214.3	224.8
Leisure & Hospitality	135.9	144.8	151.7	160.2	165.7
Other Services	41.1	43.0	44.0	44.6	45.6
Transportation, Warehousing and Utilities	78.5	86.6	97.4	107.3	120.2
Wholesale Trade	56.4	58.9	61.6	62.8	63.7
Information	11.5	11.3	11.4	11.5	11.3
Total, All Industries	1,247.8	1,303.7	1,367.9	1,416.6	1,466.0

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

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

The following table sets forth the major employers in the County as of June 30, 2017 and their respective product or service and number of employees as of June 30, 2017.

COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS[(1)]
(AS OF JUNE 30, 2017)

Company Name	***Product/Service***	***No. of Local Employees***
County of Riverside	County Government	22,538
University of California, Riverside	Public University	8,686
March Air Reserve Base	Military Reserve Base	8,500
Amazon	E-Retailer	7,500
Kaiser Permanente Riverside Medical Center	Hospital	5,739
Corona-Norco Unified School District	School District	5,399
Riverside Unified School District	School District	4,236
Pechanga Resort and Casino	Resort Casino	4,000
Riverside University Health Care Systerms – Medical Center	Medical Center	3,876
Eisenhower Medical Center	Medical Center	3,665

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

Source: County Economic Development Agency.

Unemployment data for the County, the State and the United States for the years 2013 through 2017 and partial data for 2018 (as indicated) are set forth in the following table.

COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

	2013	***2014***	***2015***	***2016***	***2017***	***2018(2)***
County(1)	9.9%	8.2%	6.7%	6.1%	5.2%	4.8%
California(1)	8.9	7.5	6.2	5.5	4.8	4.5
United States(3)	7.4	6.2	5.3	4.9	4.4	4.0

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

(2) June 2018.

(3) Data is seasonally adjusted.

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

Commercial Activity

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

The following tables sets forth taxable sales transactions in the County for the years 2012 through 2016, the last year being the most recent full year of which annual data is currently available. Industry level data for 2015 and 2016 is not comparable to that of prior years due to the change in format of reporting the data. However, taxable sales transactions in Riverside County overall totaled $32,910,909,794 in 2015, representing a 2.7% increase over the prior year and taxable sales transactions in Riverside County overall totaled $34,231,143,867 in 2016, representing an approximate 4.0% increase over the prior year.

COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)

	2012	*2013*	*2014*
Motor Vehicles and Parts Dealers	$ 3,493,098	$ 3,965,201	$ 4,417,943
Furniture and Home Furnishings	441,649	486,061	520,393
Electronics and Appliances Stores	488,419	510,423	510,061
Building Materials, Garden Equipment and Supplies	1,365,513	1,535,178	1,706,183
Food and Beverage Stores	1,356,148	1,421,590	1,509,403
Health and Personal Care Stores	490,238	523,724	544,958
Gasoline Stations	3,516,040	3,456,322	3,426,830
Clothing and Clothing Accessories Stores	1,672,482	1,771,603	1,989,623
Sporting Goods, Hobby, Book and Music Stores	467,536	499,366	519,188
General Merchandise Stores	3,174,022	3,298,920	3,289,057
Miscellaneous Store Retailers	742,118	758,664	809,032
Nonstore Retailers	142,081	243,334	309,809
Food Services and Drinking Places	2,668,324	2,836,388	3,093,862
Total Retail and Food Services	$20,016,668	$21,306,774	$22,646,343
All Other Outlets	8,079,341	8,758,693	9,389,345
Total All Outlets	$28,096,009	$30,065,467	$32,035,687

	2015	*2016*
Motor Vehicles and Parts Dealers	$ 4,841,615	$ 5,047,534
Home Furnishings and Appliance Stores	1,135,235	1,386,985
Building Materials, Garden Equipment and Supplies Dealers	1,826,294	1,965,101
Food and Beverage Stores	1,727,518	1,574,030
Gasoline Stations	2,851,558	2,704,278
Clothing and Clothing Accessories Stores	2,136,728	2,190,228
General Merchandise Stores	3,040,244	3,052,409
Food Services and Drinking Places	3,384,494	3,648,980
Other Retail Group	2,338,039	2,452,591
Total Retail and Food Services	$ 23,281,724	$ 24,022,136
All Other Outlets	9,629,186	10,209,008
Total All Outlets	$ 32,910,910	$ 34,231,144

Source: California Department of Tax and Fee Administration.

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 2013 through 2017.

COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS
(IN THOUSANDS)

	2013	*2014*	*2015*	*2016*	*2017*
RESIDENTIAL					
New Single-Family	$ 1,165,068	$ 1,296,553	$ 1,313,084	$ 1,526,768	$ 1,670,542
New Multi-Family	138,636	178,117	110,458	106,292	109,309
Alterations and Adjustments	98,294	147,081	113,200	126,475	123,567
Total Residential	$ 1,401,998	$ 1,621,751	$ 1,536,742	$ 1,759,535	$ 1,903,418
NON-RESIDENTIAL					
New Commercial(1)	$ 162,377	$ 184,138	$ 189,994	$ 540,447	$ 522,769
New Industrial	141,184	161,321	180,521	59,439	410,275
Other Buildings(2)	117,142	142,204	226,346	374,917	136,935
Alterations & Additions	369,704	327,327	314,604	371,216	363,711
Total Nonresidential	$ 790,408	$ 814,990	$ 911,465	$ 1,346,020	$ 1,433,690
TOTAL ALL BUILDING	$ 2,192,406	$ 2,436,741	$ 2,448,207	$ 3,105,554	$ 3,337,108

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(1) Includes office buildings, stores & other merchantile, hotels & motels, amusement & recreation, parking garages and service stations & repair.

(2) Includes churches and religious buildings, medical and institutional buildings, agricultural and storage buildings, hospitals and institutional buildings, public works and utility buildings, schools and educational buildings, structures other than buildings, and residential garages.

Source: California Homebuilding Foundation.

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

	2013	*2014*	*2015*	*2016*	*2017*
Single Family	4,793	5,007	5,007	5,662	6,265
Multi-Family	1,427	1,931	1,189	897	1,070
TOTAL	6,220	6,938	6,196	6,559	7,335

Source: California Homebuilding Foundation.

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 2013 through 2017.

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

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*[1]
2013	$411,000	$259,000	$205,000	$370,000
2014	455,000	293,000	240,000	410,000
2015	487,500	310,000	262,000	431,000
2016	520,000	332,000	284,000	457,500
2017	560,000	356,000	310,000	491,000

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[1] Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: CoreLogic; DQNews.

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 2013 through 2017.

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

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*[1]
2013	6,469	4,191	4,088	19,470
2014	4,566	2,912	2,984	13,787
2015	3,970	2,463	2,616	11,959
2016	3,191	2,045	1,954	9,354
2017	2,316	1,453	1,641	6,968

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[1] Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: CoreLogic; DQNews.

Agriculture

In 2017, principal agricultural products were nursery stock, milk, table grapes, lemons, bell peppers, hay, eggs, dates, avocados and carrots.

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, experienced a severe drought between 2011 and 2015. See "—Environmental Control Services" below. The County cannot predict the impact that a future prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2013 through 2017.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2013	*2014*	*2015*	*2016*	*2017*
Citrus Fruits	$ 142,404,000	$ 170,891,000	$ 199,772,000	$ 200,101,000	$ 177,055,000
Trees and Vines	232,536,000	223,593,000	234,928,000	227,444,000	228,315,000
Vegetables, Melons, Misc.	340,407,000	337,404,000	327,199,000	365,157,000	331,986,000
Field and Seed Crops	154,582,000	156,575,000	122,794,000	97,184,000	96,063,000
Nursery	191,215,000	172,910,000	158,648,000	150,426,000	153,749,000
Apiculture	4,715,000	4,819,000	4,897,000	5,082,000	5,415,000
Aquaculture	2,262,000	5,078,000	5,397,000	4,624,000	4,764,000
Livestock and Poultry	259,683,000	290,746,000	260,015,000	225,758,000	221,175,000
Grand Total	$ 1,327,804,000	$ 1,362,016,000	$ 1,313,650,000	$ 1,275,776,000	$ 1,218,522,000

Source: Riverside County Agricultural Commissioner.

Transportation

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

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

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

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority and was transferred by the City of Los Angeles to the joint powers authority in October 2016. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers

Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are three elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Approximately ninety 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 nine two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley, Palo Verde Valley, Banning and Temecula. There are also three universities located in the City of Riverside -- the University of California, Riverside ("UCR"), La Sierra University and California Baptist University. The City of Palm Desert also has a UCR campus and California State University, San Bernardino campus.

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, the County does not provide wholesale or retail water service and imported water is provided by the Metropolitan Water District of Southern California from the Colorado River via the Colorado River Aqueduct and from the State Water Project via the Edmund G. Brown California Aqueduct. In the Southwest area of the County, approximately 80% of the water supply is imported.

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

The governor and the State Legislature have been continuously engaged in discussions on potential strategies to help mitigate the effects of the State's susceptibility to periodic, potentially prolonged and/or severe drought conditions. 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 which occurred between 2011 and 2015. On May 9, 2016, as a result of persistent severe drought conditions in many areas of California, the governor issued an additional executive order that, among other things, made permanent many of the conservation measures set in the governor's previous executive orders. On April 7, 2017, as a result of the recent record rain and snowfall that occurred the prior winter in California, the governor declared an end to the drought emergency in California (except with respect to four counties mostly located in California's agricultural Central Valley). However, this same executive order directed the State Water Resources Control Board to initiate the rulemaking process to ensure that many key conservation measures established by the governor's 2016 executive order will remain in place. Such conservation measures prohibit wasteful practices such as: (i) hosing off sidewalks, driveways and other hardscapes, (ii) washing automobiles with hoses not equipped with a shut-off nozzle, (iii) using non-recirculated water in a fountain or other decorative water feature, (iv) water laws in a manner that causes runoff, or within forty-eight hours of measurable precipitation, and (v) irrigating ornamental turf on public street medians.

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

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

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

FINANCIAL INFORMATION

Budgetary Process and Budget

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

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

Five-Year Forecast. To ensure prudent financial management, the County maintains a five-year budget forecast (the "County Budget Forecast") based on conservative revenue assumptions derived from information provided by external consultants. The current County Budget Forecast reflects a continuing trend of cost increases outpacing revenue growth, such that the 25% reserve target implemented by the Board of Supervisors is unlikely to be met for the next several years. Consistent with the County Budget Forecast projections, the County was required to use reserves and fund transfers to balance the Fiscal Year 2017-18 budget, adopted by the Board of Supervisors on September 26, 2017 (the "2017-18 Adopted Budget"). Factors driving cost increases include labor concessions, increasing pension costs and inmate health care expenses. See "— Retirement Program" and "— Labor Relations." The County has a number of strategies to address these challenges, such as the deferral of staffing for the new John J. Benoit Detention Center, which is scheduled to be completed in 2018, and closing out vacant full-time positions. With the County actively pursuing such cost mitigation strategies, the County Budget Forecast projects deficit spending until Fiscal Year 2020-21 and a rebuilding of reserves beginning in Fiscal Year 2021-22 toward restoration of such reserves to the target level of 25% of revenues set by the Board of Supervisors. The County Budget Forecast projects a minimum reserve level of $150 million through the forecast period.

Fiscal Year 2018-19 Budget

On June 26, 2018, the Board of Supervisors approved the Fiscal Year 2018-19 Budget (the "Adopted Budget"). The Adopted Budget includes total general fund appropriations of approximately $3.3 billion. For

Fiscal Year 2018-19, the County estimates that approximately 65% of its General Fund budget revenues in the Adopted Budget will consist of payments from the State and Federal government. Discretionary revenue is budgeted at approximately $781 million for Fiscal Year 2018-19, an increase of approximately 4% from the Fiscal Year 2017-18 adopted budget estimates. The increase is due primarily to modestly rising property-related tax revenues and interest income. The Adopted Budget includes discretionary spending of approximately $799.5 million, an increase of approximately .82% from the Fiscal Year 2017-18 adopted budget. The $18.5 million gap between discretionary revenue and discretionary spending is covered by the use of reserves. Property tax revenue is budgeted at approximately $370.1 million (including $111.7 million in redevelopment tax increment pass-through funds) for Fiscal Year 2018-19, and represents approximately 47% of the County's discretionary revenue. Property tax estimates assume an increase in assessed valuation in Fiscal Year 2018-19 of 5% from Fiscal Year 2017-18. In July 2018, the Assessor–County Clerk—Recorder released the 2018-19 assessment report. The report predicts an increase in assessed valuation of 6.26% for 2018-19. Adjustments will be made at the end of the first quarter to increase the property tax revenue estimate by approximately $6 million.

Impacts of State Budget

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

Realignment of Certain Services to Local Governments

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

Realignment is comprised of two distinct components: Health and Human Services and Public Safety. With respect to the former, the State replaced the funding previously provided to counties as State reimbursement or direct payment with local appropriations equivalent to prior year funding levels. To date, the only significant programmatic change resulting from the Health and Human Services component of Realignment related to the transfer of responsibility for funding education-related mental health services from counties to local school districts. When the State decided to unwind the In-Home Supportive Services contracts in Fiscal Year 2016-17 and return the program to local control, the initial estimate of the cost to the County was $40 million. Various counties collectively asked for funding for this change and as a result, they were given a two-year reprieve from paying for this program. At this time, the counties are expected to pick up the costs in Fiscal Year 2019-20. The County is continuing its best efforts to mitigate these costs.

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 2017-18, the County received a $72.9 million appropriation from the State to address the needs of the realigned criminal justice population. In Fiscal Year 2018-19, the County expects to receive an appropriation of approximately $77.1 million from the State to address the needs of the realigned criminal justice population. Although this amount is not sufficient to meet all of the identified needs, and the shortfall continues to strain the County's justice system, the affected County departments have been able to continue providing identified services.

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 2014-15 THROUGH 2018-19
(IN MILLIONS)

	2014-15 Budget	*2015-16 Budget*	*2016-17 Budget*	*2017-18 Budget*	*2018-19 Budget*[3]
REQUIREMENTS					
General Government	$ 178.0	$ 216.1	$ 209.1	$ 220.4	$ 228.5
Public Protection	1,190.6	1,276.2	1,345.7	1,379.1	1,438.7
Health and Sanitation	481.4	562.3	534.9	601.1	678.8
Public Assistance	902.7	1,004.8	1,003.8	996.0	1,002.5
Education	0.6	0.7	0.7	0.7	0.7
Recreation and Cultural	0.3	0.3	0.5	0.5	0.5
Debt Retirement-Capital Leases	4.9	4.7	5.1	10.6	10.5
Contingencies	23.2	36.5	20.0	20.0	14.7
Increase to Reserves	2.0	2.0	0.0	0.0	0.0
Total Requirements[2]	$2,783.7	$3,100.8	$3,119.8	$3,228.4	$3,374.9
AVAILABLE FUNDS					
Use of Fund Balance and Reserves	$ 48.5	$ 76.8	$ 67.7	$ 84.9	$ 49.5
Estimated Revenues:					
Property Taxes	256.6	280.2	300.9	303.0	313.4
Other Taxes	27.0	25.0	24.0	21.0	21.0
Licenses, Permits and Franchises	18.2	17.5	18.3	18.1	19.1
Fines, Forfeitures and Penalties	45.3	44.4	39.5	38.4	39.1
Use of Money and Properties	10.7	16.6	10.5	11.4	26.5
Aid from Other Governmental Agencies:					
State	1,194.0	1,356.1	1,357.4	1,407.1	1,462.5
Federal	551.8	615.3	634.1	627.5	681.6
Charges for Current Services	496.7	528.9	523.4	562.7	596.1
Other Revenues	134.9	139.9	144.0	154.3	166.1
Total Available Funds[2]	$2,783.7	$3,100.8	$3,119.8	$3,228.4	$3,374.9

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

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

(3) Includes amounts set forth in the Fiscal Year 2018-19 Recommended Budget. As of September 24, 2018, data for the Adopted Budget had not yet been compiled.

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 August 31, 2018, the portfolio assets comprising the PIF had a market value of $5,911,098,915.70.

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, 2017, the Auditor-Controller performed an analysis of the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 77.82% of the funds on deposit in the County Treasury, while approximately 22.18% 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 Treasurer 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 2017 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-Tax Collector to sell portfolio securities prior to maturity at a principal loss.

The allocation of the investments in the PIF as of August 31, 2018 were as follows:

	% of Pool
Federal Agency Securities	53.084%
Commercial Paper	13.201
Cash Equivalent & Money Market Funds	13.262
Certificate and Time Deposits	11.594
U.S. Treasury Securities	2.262
Municipal Notes	3.308
Medium Term Notes	3.286
Local Agency Obligations(1)	0.003
Total Book Value	100.000%
Book Yield:	1.96%
Weighted Average Maturity:	1.20 Years

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(1) Represents County obligations issued by Riverside District Court Financing Corporation.

Source: County Treasurer-Tax Collector.

As of August 31, 2018, the market value of the PIF was 99.48% 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" (the "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 "AAAf/S1" 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 taxes for 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 30. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, a $38.63 administrative cost, a $36.77 per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption (collectively, the "Redemption Amount"). If taxes remain unpaid after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer-Tax Collector.

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 2006-07 through Fiscal Year 2017-18.

COUNTY OF RIVERSIDE
AD VALOREM PROPERTY TAXES - LEVIES AND COLLECTIONS
FISCAL YEARS 2006-07 THROUGH 2017-18
SECURED PROPERTY TAX ROLL(1)

Fiscal Year	*Secured Property Tax Levy*	*Current Levy Delinquent June 30*	*Percentage of Current Taxes Delinquent June 30(2)*	*Total Collections(3)*	*Percentage of Total Collections to Current Levy(3)*
2006-07	$2,559,448,076	$180,175,146	7.04%	$2,533,225,935	98.98%
2007-08	2,964,341,768	255,672,935	8.62	2,928,205,634	98.78
2008-09	3,029,936,136	222,218,035	7.33	3,146,419,870	103.84
2009-10	2,791,941,475	139,427,699	4.99	2,957,072,395	105.91
2010-11	2,698,915,858	95,454,538	3.54	2,826,336,496	104.72
2011-12	2,676,613,483	70,921,563	2.65	2,805,588,954	104.82
2012-13	2,677,034,057	58,215,544	2.17	2,800,820,511	104.62
2013-14	2,813,381,750	49,716,695	1.76	2,943,824,187	104.64
2014-15	3,014,259,026	46,145,916	1.53	3,152,661,477	104.59
2015-16	3,205,453,157	45,956,538	1.43	3,318,638,318	103.53
2016-17	3,368,109,165	45,522,477	1.35	3,486,155,109	103.50
2017-18	3,565,210,050	42,580,125	1.19	3,697,098,849	103.70

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

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

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

Source: County Auditor-Controller.

UNSECURED PROPERTY TAX ROLL(1)

Fiscal Year	*Unsecured Property Tax Levy*	*Total Collections(2)*	*Percentage of Total Collections to Original Levy(2)*
2006-07	$71,315,299	$70,418,974	98.74%
2007-08	79,265,231	75,566,558	95.35
2008-09	88,531,578	86,067,900	97.22
2009-10	88,118,784	88,409,527	100.33
2010-11	86,326,418	82,483,361	95.55
2011-12	83,904,478	84,157,603	100.30
2012-13	83,848,832	78,686,704	93.84
2013-14	83,522,992	86,835,311	103.97
2014-15	84,869,586	89,749,581	105.75
2015-16	84,381,854	88,526,356	104.91
2016-17	91,527,259	97,904,720	106.97
2017-18	92,470,967	97,787,334	105.75
2018-19	97,064,852	N/A	N/A

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

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

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 2006-07 through Fiscal Year 2017-18:

COUNTY OF RIVERSIDE
SUMMARY OF SUPPLEMENTAL ROLL
AD VALOREM PROPERTY TAXATION
FISCAL YEARS 2006-07 THROUGH 2018-19

Fiscal Year	***Tax Levy for Increased Assessments***(1),(2),(3)	***Refunds for Decreased Assessments***(1), (3)	***Net Supplemental Tax Levy***(2)	***Collections***(1),(2)
2006-07	$344,014,168	$ 2,948,680	$341,065,488	$301,767,959
2007-08	171,506,667	9,019,397	162,487,270	214,671,863
2008-09(4)	60,817,712	46,478,150	14,339,562	74,316,444
2009-10	27,019,730	35,212,651	(8,192,922)(5)	19,632,809
2010-11	34,612,092	27,686,887	6,925,205	16,813,302
2011-12	26,497,836	18,807,091	7,690,745	17,105,096
2012-13	35,389,177	16,720,188	18,668,989	23,487,988
2013-14	52,907,916	8,982,077	43,925,839	41,498,433
2014-15	68,579,326	7,954,074	60,625,253	56,319,752
2015-16	70,084,954	6,399,454	63,685,501	60,101,066
2016-17	85,097,029	7,733,087	77,363,942	70,527,505
2017-18	95,818,550	6,329,416	89,489,134	87,764,555
2018-19	17,609,422(6)	1,536,765 (6)	16,072,657 (6)	N/A

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

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

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

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

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

(6) From July 2018 to August 2018.

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 2014-15 through Fiscal Year 2018-19:

COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE(1)
FISCAL YEARS 2014-15 THROUGH 2018-19
(IN MILLIONS)

Category	*2014-15*	*2015-16*	*2016-17*	*2017-18*	*2018-19*
SECURED PROPERTY:					
Land	$ 69,805	$ 73,305	$ 76,443	$ 79,694	$ 83,726
Structures	150,275	160,030	169,096	179,648	192,023
Personal Property	919	875	829	789	898
Utilities	4,630	4,768	5,350	5,327	5,461
Total Secured	$225,629	$238,978	$251,718	$265,458	$282,108
UNSECURED PROPERTY:					
Land	$ 5	$ 9	$ 3	$ 4	$ 35
Structures	203	193	133	115	109
Fixtures	3,519	3,543	3,738	3,791	4,108
Personal Property	3,700	3,736	4,082	4,166	4,612
Total Unsecured(2)	$ 7,427	$ 7,481	$ 7,956	$ 8,076	$ 8,864
GRAND TOTAL	$233,056	$246,459	$259,674	$273,534	$290,972

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(1) Assessed valuation is reported as of August 20 of each year at 100% of full taxable value. Pursuant to Article XIIIA of the State Constitution (Proposition 13), property is valued for tax purposes at the 1975-76 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.

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. Following the decline in housing prices in the County during the most recent recession, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, in each year from Fiscal Year 2010-11 to Fiscal Year 2013-14, which resulted in a net decline in assessed valuation in each of those years. In Fiscal Years 2014-15, 2015-16 and 2016-17, there were no additional proactive Proposition 8 reductions. Housing prices in the County have been showing increases in recent years. Assessed valuation in the County increased from Fiscal Year 2014-15 to 2015-16 by approximately 5.78%, from Fiscal Year 2015-16 to 2016-17 by approximately 5.08%, from Fiscal Year 2016-17 to 2017-18 by approximately 5.52% and from Fiscal Year 2017-18 to 2018-19 by approximately 6.26%.

Property Tax Appeals. The County has received assessment appeals applicable to Fiscal Year 2017-18 totaling approximately $11.3 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 $471 million of assessed value was reduced from the County tax roll in Fiscal Year 2015-16 and Fiscal Year 2016-17 due to appeals, representing $4.71 million in general purpose taxes over the two-fiscal year period. 22% of the Fiscal Year 2017-18 assessment appeals have been completed. The majority of the remaining Fiscal Year 2017-18 assessment appeals are expected to be completed by November 2019.

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 2018-19 budget will be determined primarily by the remainder of the Fiscal Year 2017-18 assessment appeals still to be completed during Fiscal Year 2018-19.

Teeter Plan

See "THE COUNTY—Teeter Plan" in this Official Statement for information on the County's Teeter Plan.

Largest Taxpayers

The following table shows the 25 largest property taxpayers by individual tax levied in the County for Fiscal Year 2017-18:

COUNTY OF RIVERSIDE
TWENTY-FIVE LARGEST TAXPAYERS IN FISCAL YEAR 2017-18
BY TAX LEVIED(1)

Taxpayer	*Total Taxes Levied*	*Percentage of Total Tax Charge*
Southern California Edison Company	$ 50,542,476.60	1.34%
Southern California Gas Company	11,815,628.42	0.31
Verizon California, Inc.	11,022,921.16	0.29
CPV Sentinel, LLC	7,449,223.76	0.20
Lennar Homes of California Inc.	3,986,149.40	0.11
Chelsea GCA Realty Partnership	3,389,020.58	0.09
Costco Wholesale Corporation	3,378,200.88	0.09
Tyler Mall Limited Partnership	3,195,011.96	0.09
Riverside Healthcare System	3,071,695.94	0.08
Roripaugh Valley Restoration	2,994,500.88	0.08
Garden of Champions	2,809,013.04	0.07
KB Home Coastal Inc.	2,738,223.28	0.07
Target Corporation	2,694,427.48	0.07
Castle & Cooke Corona Crossings	2,689,847.50	0.07
Wal-Mart Real Estate Business Trust	2,572,728.08	0.07
Ross Dress For Less Inc.	2,475,569.14	0.07
Lowe's HIW Inc.	2,413,831.90	0.06
Time Warner Cable Pacific West LLC	2,322,633.26	0.06
Blythe Energy, LLC	2,290,413.48	0.06
Tarpon Prop Ownership 2	2,253,343.82	0.06
Los Angeles SMSA Ltd. dba Verizon Wireless	2,197,264.16	0.06
AT&T Mobility LLC	2,045,901.64	0.05
Kaiser Foundation Health Plan Inc.	2,031,005.48	0.05
Temecula Towne Center Association	2,023,155.22	0.05
Walgreen Company	1,974,187.48	0.05
Total	**$ 136,376,374.54**	**3.63%**
Total Tax Charge for 2017-18	**$ 3,757,905,290.12**	

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

Source: County Treasurer and Tax Collector.

The 10 largest property owners in the County by assessed value for all properties, for Fiscal Year 2017-18 are shown below:

COUNTY OF RIVERSIDE
TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2017-18
BY ASSESSED VALUE

Assessee	*Assessed Value*
Eisenhower Memorial Hospital	$ 384,288,819
Costco Wholesale Corporation	267,330,106
Chelsea GCA Realty Partnership	236,115,094
Riverside Healthcare System	235,483,134
Wal-Mart Real Estate Business Trust	225,750,899
La Sierra University	224,734,072
Garden of Champions	224,524,752
Target Corporation	214,977,998
California Baptist University	212,376,907
Loma Linda University Medical Center	207,417,253
Subtotal	$ 2,432,999,034
All Others	$ 266,714,339,631
Total	$ 269,147,338,665(1)

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

Other Taxing Entities

The County does not retain all of the property taxes it collects for its own purposes. The majority of property taxes collected by the County are disbursed to other agencies. For Fiscal Year 2017-18, the County retained approximately 18% of the total amount collected (and is budgeted to retain 18% in Fiscal Year 2018-19). 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 2006-07 through 2018-19.

COUNTY OF RIVERSIDE
COMMUNITY REDEVELOPMENT AGENCIES' FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS AND TOTAL TAX ALLOCATIONS
FISCAL YEARS 2008-09 THROUGH 2018-19

Fiscal Year	*Frozen Base Value*	*Full Cash Value Increments*[1]	*Total Tax Allocations*[2] [3]
2008-09	$15,257,041,079	$66,803,157,176	$673,622,251
2009-10	15,256,883,605	62,342,584,603	630,001,609
2010-11	15,980,487,099	58,188,212,570	586,318,387
2011-12	16,272,503,279	56,687,373,841	598,655,064
2012-13	16,352,697,201	56,178,718,338	594,476,134
2013-14	16,352,697,201	58,479,843,303	688,683,052
2014-15	16,352,691,201	62,266,158,988	729,793,564
2015-16	16,352,657,201	65,770,021,482	772,866,457
2016-17	16,352,657,201	69,510,642,793	816,260,103
2017-18	16,352,657,201	73,397,406,955	866,983,038
2018-19	16,352,657,201	77,773,439,495[3]	912,753,199[4]

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

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

(3) Calculated based on estimated full cash value increment including State Assessed properties; has not been adjusted for negative project area increment.

(4) Includes estimated general purpose and debt; excludes negative treatment redevelopment projects where assessed value is less than frozen base value.

Source: County Auditor-Controller.

Legislation enacted as part of the State's 2011 Budget Act ("ABx1 26") eliminated redevelopment agencies, with formal dissolution effective February 1, 2012. The County had previously formed a redevelopment agency with project areas in 45 unincorporated communities. In accordance with ABx1 26, the County redevelopment agency dissolved on February 1, 2012 and the County's Board of Supervisors is acting as the successor agency to the County's redevelopment agency. At the time of its dissolution, the County redevelopment agency had a total land area of 82,334 acres, a base year assessed value, including State-owned land, of $3,971,824,734, and a Fiscal Year 2011-12 assessed value of $8,266,787,927. In Fiscal Year 2011-12, the pass-through payment to the County's General Fund from the County's redevelopment agency totaled $1,600,443, and was offset in its entirety pursuant to Health and Safety Code Section 33607.5. As a consequence of the dissolution of redevelopment agencies, the County receives only a fraction of the pass-through payments from the County redevelopment agency it previously received, but these amounts were relatively modest and are largely offset by the County's receipt of its tax allocation under the AB 8 formula. As the result of the dissolution, the County is receiving a share of residual, unencumbered low and moderate housing and other asset funding. Through June 2018, the County received approximately $7,599,978 million in residual funds for Fiscal Year 2017-18.

In Fiscal Years 2015-16 and 2016-17, the County received approximately $97,337,412 million and $102,159,372 million, respectively, in pass-through payments pursuant to agreements with various city redevelopment agencies. The County received approximately $107,150,638 in Fiscal Year 2017-18 and is projected to receive approximately $111 million in Fiscal Year 2018-19. 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.

As part of the County's county-wide financial assessment and efficiency analysis, the County has undertaken a review of the operation of sub-funds within its accounting system. The County establishes sub-funds to track revenues and expenditures for certain designated programs administered by the County. Revenues held in sub-funds are generally restricted for the related programs. As part of such review, the County is evaluating the timing of the revenue recognition associated with programs for which sub-funds have been established. Currently, the County classifies restricted revenues as deferred inflows and recognizes the revenues when the associated expenditures are incurred, which may not be in the year in which the restricted revenues are received. A change in the recognition of the restricted revenues to the year in which the revenues are received rather than in the year in which the related expenditures are incurred would result in the acceleration of certain revenues currently held in the sub-funds. Revenues are reported in accordance with Generally Accepted Accounting Principles, and therefore there is no need to alter the current accounting practice related to the recognition of revenue held in sub-funds.

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 2016-17 were audited by Brown Armstrong Accountancy Corporation. See APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

The County adopted the provisions of GASB Statement No. 34 during fiscal year 2001-02. This statement affects the manner in which the County records transactions and presents financial information. GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the County's financial activities in the form of "management's discussion and analysis" (MD&A). In addition, the reporting model established by GASB Statement No. 34 includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. The reporting model features a statement of net assets and a statement of activities. The statement of net assets is designed to display the financial position of the government. The County reports all capital assets, including infrastructure assets, in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the County's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the County has recorded other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. For further information on GASB Statement No. 34 and other changes in significant accounting policies, see Note 1 of the Notes to Basic Financial Statements, June 30, 2017, which are included in APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017.

The following table sets forth the County's Statement of Revenues, Expenditures and Change in Unreserved Funds Balances-General Fund for Fiscal Year 2012-13 through 2016-17.

COUNTY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES – GENERAL FUND
FISCAL YEARS 2012-13 THROUGH 2016-17
(In Thousands)

	2012-13	*2013-14*	*2014-15*	*2015-16*	*2016-17*
BEGINNING FUND BALANCE	$ 336,598	$ 357,249	$ 364,676(1)	$ 395,389	$ 371,510
REVENUES					
Taxes	246,144	256,746	267,708	279,945	292,674
Licenses, permits and franchises	16,442	16,588	17,829	19,100	18,400
Fines, forfeiture sand penalties	85,241	81,037	77,770	73,198	67,689
Use of money and property–Interest	1,676	4,629	4,372	6,728	7,893
Use of money and property– Rents and concessions	3,670	12,269	7,758	10,491	13,391
Government Aid–State	1,000,545	1,107,878	1,224,095	1,238,292	1,280,127
Government Aid–Federal	478,791	462,291	542,934	572,267	589,905
Governmental Aid-Other	81,169	83,169	94,217	97,888	104,043
Charges for current services	374,750	396,904	431,323	465,333	460,539
Other revenues	26,253	41,248	34,851	20,069	46,355
TOTAL REVENUES	$ 2,315,681	$ 2,462,759	$ 2,702,857	$ 2,783,311	$ 2,881,016
EXPENDITURES					
General government	$ 103,895	$ 106,045	$ 109,900	$ 113,779	$ 133,217
Public protection	1,043,017	1,116,621	1,189,466	1,256,765	1,317,038
Public ways and facilities	-	-	8	-	-
Health and sanitation	388,325	416,005	478,047	468,272	494,771
Public assistance	735,057	795,309	865,309	918,963	920,185
Education	564	586	590	669	643
Recreation and cultural	346	287	317	325	354
Capital Outlay	1,721	2,965	54,5292	11,829	64,2893
Debt service	19,576	15,475	12,877	20,755	12,558
TOTAL EXPENDITURES	$ 2,292,501	$ 2,453,293	$ 2,711,043	$ 2,791,357	$ 2,943,055
Excess (deficit) of revenues over (under) expenditures	23,180	9,466	(8,186)	(8,046)	(62,039)
OTHER FINANCING SOURCES (USES)					
Transfer from other reserves	$ 92,297	$ 95,017	$ 87,924	$ 114,185	$ 113,509
Transfer to other funds	(96,547)	(101,021)	(103,554)	(141,847)	(139,043)
Capital Leases	1,721	2,965	54,529(2)	11,829	64,289(3)
Total other Financing Sources (Uses)	$ (2,529)	$ (3,039)	$ 38,899	$ (15,833)	$ 38,760
NET CHANGE IN FUND BALANCES	$ 20,651	$ 6,427	$ 30,713	$ (23,879)	$ (23,279)
FUND BALANCE, END OF YEAR(1)	$ 357,249	$ 363,676	$ 395,389	$ 371,510	$ 348,231

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(1) Restated.

(2) Increases in capital outlay and capital leases expenditures in Fiscal Year 2014-15 primarily reflects costs related to a capital lease for the County Sheriff and the construction of the Riverside County Law Building for the Riverside Economic Development Agency.

(3) Increases in capital outlay and capital lease expenditures in Fiscal Year 2016-17 primarily reflects costs related to a capital lease for a solar panel project.

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balance sheets for Fiscal Years 2012-13 through 2016-17.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCE SHEETS
AT JUNE 30, 2013 THROUGH JUNE 30, 2017
(In Thousands)

	2012-13	*2013-14*	*2014-15*	*2015-16*	*2016-17*
ASSETS:					
Cash & Marketable Securities	$ 128,655	$ 129,305	$ 133,487	$ 135,255	$ 94,866
Taxes Receivable	10,931	9,849	9,243	9,772	9,182
Accounts Receivable	9,167	11,281	10,846	14,674	13,865
Interest Receivable	687	650	785	2,002	2,295
Advances to Other Funds	3,342	5,842	7,442	7,369	7,369
Due from Other Funds	9,071	11,157	11,854	9,355	9,489
Due from Other Governments	308,532	333,728	317,901	345,183	363,548
Inventories	2,059	1,682	1,638	2,006	1,981
Prepaid items	818	--	--	--	--
Restricted Assets	307,452	350,158	358,985	332,543	365,394
Total Assets	$ 780,714	$ 853,652	$ 852,181	$ 858,159	$ 867,989
LIABILITIES:					
Accounts Payable	$ 24,234	$ 61,288	$ 24,756	$ 28,234	$ 29,801
Salaries & Benefits Payable	57,519	68,156	79,116	99,724	104,327
Due To Other Funds	9,190	248	2,172	3,247	865
Due to Other Governments	23,377	20,395	32,894	51,497	65,120
Deferred Revenue	66,855	65,929	48,535	50,155	--
Deposits Payable	19	61	43	52	76
Advances from other funds	--	5,000	--	--	--
Advances from grantors and third parties	242,271	268,899	269,276	253,740	268,007
Total Liabilities	$ 423,465	$ 489,976	$ 456,792	$ 486,649	$ 468,196
FUND BALANCE:					
Nonspendable	$ 3,247	$ 2,045	$ 2,001	$ 2,369	$ 2,314
Restricted	101,440	117,595	122,967	99,639	95,130
Committed	42,183	32,820	39,422	40,310	21,907
Assigned	10,460	7,772	5,144	11,870	10,989
Unassigned	199,919	203,444	225,855	217,322	217,891
Fund Balance	$ 357,249	$ 363,676	$ 395,389	$ 371,510	$ 348,231
Total Liabilities and Fund Balance	$ 780,714	$ 853,652	$ 852,181	$ 858,159	$ 867,989

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balances as of June 30 for Fiscal Years 2008-09 through 2016-17 based on classification.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCES
AT JUNE 30, 2009 THROUGH JUNE 30, 2017
(In Thousands)

	Reserved	*Unreserved*	*Total*
2009	$ 91,196	$ 280,925	$ 372,121
2010	90,374	296,112	386,486

	Nonspendable	*Restricted*	*Committed*	*Assigned*	*Unassigned*	*Total*
2011(1)	$ 2,214	$ 98,552	$ 50,097	$ 3,463	$ 189,236	$ 343,562
2012	1,834	101,651	52,439	8,764	171,910	336,598
2013	3,247	101,440	42,183	10,460	199,919	357,249
2014	2,045	117,595	32,820	7,772	203,444	363,676
2015	2,001	122,967	39,422	5,144	225,855	395,389
2016	2,369	99,639	40,310	11,870	217,322	371,510
2017	2,314	95,130	21,907	10,989	217,891	348,231

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

Source: County Auditor-Controller.

Short-Term Obligations of County

On July 2, 2018, the County issued its 2018 Tax and Revenue Anticipation Note (the "2018 TRAN") in the principal amount of $340,000,000 to provide funds to meet the County's Fiscal Year 2018-19 General Fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2018 TRAN is due on June 28, 2019. The 2018 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2018-19 Fiscal Year which are legally available for the payment thereof. Delinquent property taxes attributable to prior Fiscal Years are included in the Pledged Taxes pledged to the payment of the Notes and are not available to pay debt service on the 2018 TRAN. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment.

On October 10, 2017, the County issued its 2017 Series A Teeter Obligation Notes (Tax-Exempt) (the "2017 Series A Notes") in the original aggregate principal amount of $78,735,000. The 2017 Series A Notes mature on October 25, 2018 and are payable from delinquent property taxes. Taxes attributable to Fiscal Year 2017-18, which are pledged to the payment of the 2018 TRAN, are not pledged to the Notes. It is expected that the 2017 Series A Notes will be paid from the proceeds of the Notes, together with delinquent taxes received through June 30, 2018.

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 September 1, 2018, the County had $812,755,306 in direct General Fund obligations and $266,365,000 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 September 1, 2018.

COUNTY OF RIVERSIDE
ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
(AS OF SEPTEMBER 1, 2018)

2018-19 Assessed Valuation: $285,788,852,235 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	Debt 9/1/18	
Metropolitan Water District	6.314%	$ 3,826,284	
Community College Districts	1.220-100.	748,439,028	
Unified School Districts	1.246-100.	2,746,157,058	
Perris Union High School District	100.	103,008,693	
Elementary School Districts	100.	97,265,666	
City of Riverside	100.	9,085,000	
Eastern Municipal Water District Improvement Districts	100.	31,420,000	
Riverside County Flood Control, Zone 4 Benefit Assessment District	100.	14,690,000	
San Gorgonio Memorial Hospital District	100.	108,660,000	
Community Facilities Districts	50.225-100.	2,893,116,077	
Riverside County 1915 Act Bonds	100.	1,245,000	
City and Special District 1915 Act Bonds (Estimated)	100.	183,566,592	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$6,940,479,398	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	**100. %**	**$ 812,755,306**	(2)
Riverside County Pension Obligations	**100.**	**266,365,000**	
School Districts General Fund and Lease Tax Obligations	1.246-100.	477,988,500	
City of Corona General Fund Obligations	100.	39,015,184	
City of Moreno Valley General Fund Obligations	100.	67,187,000	
City of Indio General Fund and Judgment Obligation Bonds	100.	54,895,000	
City of Palm Springs Certificates of Participation and Pension Obligation Bonds	100.	127,910,685	
City of Riverside Certificates of Participation	100.	210,252,637	
City of Riverside Pension Obligation Bonds	100.	80,105,000	
Other City General Fund Obligations	100.	82,952,336	
Other Special District Certificates of Participation	100.	11,219,642	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,230,646,290	
Less: **Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)**		**3,353,303**	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,227,292,987	
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$2,274,153,326	
GROSS COMBINED TOTAL DEBT		$11,445,279,014	
	(3)		
NET COMBINED TOTAL DEBT		$11,441,925,711	

(1) 2017-18 ratios
(2) Excludes issue to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Overlapping Tax and Assessment Debt	2.43%
Combined Gross Direct Debt ($1,079,120,306)	**0.38%**
Combined Net Direct Debt ($1,075,767,003)	**0.38%**
Gross Combined Total Debt	4.00%
Net Combined Total Debt	4.00%

Ratios to Successor Agency Redevelopment Incremental Valuation ($77,773,439,495):

Total Overlapping Tax Increment Debt	2.92%

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[1] Excludes issue to be sold.
[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Lease Obligations

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

As of September 1, 2018, the total principal amount of the County's current outstanding lease obligations is $811,732,907. The County's annual lease obligation, including interest, is approximately $90,828,327 and the maximum annual lease payment is approximately $128,628,965.

The table on the following page sets forth the County's outstanding publicly offered lease obligations and the respective annual lease requirements as of September 1, 2018. In addition, as discussed below under "—Facilities Lease Agreements," the County has other substantial lease obligations payable from the General Fund.

COUNTY OF RIVERSIDE
SUMMARY OF PUBLICY OFFERED LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY'S GENERAL FUND)
(AS OF SEPTEMBER 1, 2018)

	Final Maturity Year	*Original Lease Amount*	*Obligations Outstanding*	*Annual Base Rental*
Riverside County Hospital Project, Leasehold Revenue Bonds:				
1997 Series A	2026	$ 41,170,073	$ 30,203,603	
1997 Series C	2019	3,265,000	3,265,000	
2012 Series A and B(1)	2019	90,530,000	41,505,000	$ 19,525,747(1)
County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue)	2020	8,800,000	2,200,000	866,500(2)
County of Riverside Certificates of Participation (2009 Larson Justice Center Refunding)(3)	2021	36,100,000	11,355,000	2,551,663
Riverside District Court Financing Corporation (United States District Court Project):				
Series 1999	2020	24,835,000	3,193,304	
Series 2002	2020	925,000	16,000	1,836,363(4)
County of Riverside Leasehold Revenue Bonds (Southwest Justice Center Project) 2008 Series A(5)	2032	78,895,000	68,245,000	6,440,705
County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects)(6)	2040	45,685,000	44,905,000	13,778,438
County of Riverside Monroe Park Building 2011 Lease Financing	2020	5,535,000	1,600,000	671,242
County of Riverside Certificates of Participation (2012 County Administrative Center Refunding Project)(7)	2031	33,360,000	25,800,000	2,506,188
County of Riverside Public Financing Authority (2012 Lease Revenue Refunding Bonds)(8)	2033	17,640,000	13,195,000	1,382,625
County of Riverside Leasehold Revenue Bonds (2013 Series A Public Defender/Probation Bldg. and Riverside County Technology Solution Center Projects)	2043	66,015,000	61,665,000	4,270,613
County of Riverside Lease Revenue Bonds (Courts Facilities Project), Series 2014 A & 2014 B (Taxable) (9)	2033	18,495,000	11,055,000	2,344,161
County of Riverside Public Financing Authority (2015 A Lease Revenue Bonds)	2046	325,000,000	319,655,000	20,853,850
County of Riverside Infrastructure Financing Authority (2015 A Lease Revenue Refunding Bonds) (10)	2037	72,825,000	67,290,000	5,879,781
County of Riverside Infrastructure Financing Authority (2016 A & 2016 A-T Lease Revenue Refunding Bonds) (11)	2031	39,985,000	37,930,000	3,484,913
County of Riverside Infrastructure Financing Authority (2017 A Lease Revenue Refunding Bonds) (12)	2044	46,970,000	46,970,000	3,016,838
County of Riverside Infrastructure Financing Authority (2017 B & 2017 C Lease Revenue Bonds) (13)	2047	22,205,000	21,685,000	1,418,700
TOTAL		$ 978,235,073	$ 811,732,907	$ 90,828,327

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

(2) Annual base rental estimated at assumed interest rate of 9.00%. The average interest rate for the twelve-month period ending July 24, 2018 was approximately 1.52%.

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

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

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

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

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

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

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

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

(11) The 2016 A & A-T Infrastructure Financing Authority Lease Revenue Refunding Bonds refunded the Riverside County Palm Desert Financing Authority Lease Revenue Bonds 2008 Series A.

(12) The County of Riverside Infrastructure Financing Authority (2017 A Lease Revenue Refunding Bonds) refunded the Riverside Community Properties Development, Inc. Lease Revenue Bonds (2013 Riverside County Law Building Project).

(13) The County of Riverside Infrastructure Financing Authority (2017 B Lease Revenue Bonds) refunded the County of Riverside Southwest Communities Financing Authority Lease Revenue Bonds, Series 2008 A.

Source: County Executive Office.

Lease Lines of Credits

On December 15, 2015, the County entered into a $40 million multi-year lease line of credit with Banc of America Public Capital Corp., to finance various capital equipment needs of County departments. The initial line of credit is $20 million with an option for an additional $20 million after the initial funds are exhausted. The County started using the initial line of credit on December 16, 2015, and exhausted the funds on September 26, 2017. The County started using the additional line of credit on September 26, 2017 and there is an available balance of approximately $6,015,700 of unused credit as of August 1, 2018. The County expects to pay for existing capital equipment purchase commitments of approximately $5.1 million from the remaining balance of the additional line of credit.

On July 31, 2018, the County entered into a multi-year lease line of credit with Banc of America Public Capital Corporation, in the total amount of $50 million for capital purchases. As approved by the Board of Supervisors, there will be a $25 million initial line of credit with the option of an additional $25 million. As of September 13, 2018, the County has not drawn on this line of credit.

Facilities Lease Agreements

The County and Corona Medical Arts Plaza, LLC entered into a Lease dated as of September 13, 2016, as supplemented by the First Amendment to Lease (as supplemented, the "Corona Clinic Lease"), dated as of June 20, 2017, in order to fund the construction, operation and maintenance of an approximately 45,000 square-foot medical clinic (the "Corona Care Clinic") for RUHS located in the City of Corona. See "Riverside University Health System – Medical Center." Presently, the lease obligation is estimated at $42,573,904. Pursuant to the terms of the Corona Clinic Lease, rental payments commenced upon substantial completion of construction and occupancy of the Corona Care Clinic (in the first quarter of 2018), and the County will continue to pay rental payments for approximately 15 years thereafter, subject to certain early prepayment and purchase option provisions. Currently, the initial year's lease payment (Fiscal Year 2018-19) is projected to be approximately $2.6 million, escalating at 2.75% annually thereafter. While RUHS management presently expects to receive federal funding that will cover the Corona Clinic Lease payments, the County may be required to advance monies from its General Fund. Ultimately, as the Lessee and obligor under the Corona Clinic Lease, the County is responsible for lease payments thereunder.

On July 11, 2017, the County and Jurupa Valley Medical Partners, LLC entered into a Lease (the "Jurupa Valley Clinic Lease") in order to fund the proposed construction, operation and maintenance of an approximately 40,000 square-foot medical clinic for RUHS located in the City of Jurupa Valley (the "Jurupa Valley Care Clinic"). Presently, the lease obligation is estimated at $47,575,096. Pursuant to the terms of the Jurupa Valley Clinic Lease, it is anticipated that the County will commence rental payments upon substantial completion of construction and occupancy of the Jurupa Valley Care Clinic, currently scheduled for late 2018, and that the County will continue to pay rental payments for approximately 20 years thereafter, subject to certain early prepayment and purchase option provisions. Currently, the initial year's lease payment (Fiscal Year 2019-20) is projected to be approximately $2.4 million, escalating at 2% annually thereafter. While RUHS management presently expects to receive federal funding that will cover the Jurupa Valley Clinic Lease payments, the County may be required to advance monies from its General Fund. Ultimately, as the Lessee and obligor under the Jurupa Valley Clinic Lease, the County is responsible for lease payments thereunder.

On April 18, 2017, the County entered into a Facilities Lease Agreement with TC Riverside MOB, LLC to fund the proposed construction, operation, and maintenance of an approximately 200,000 square foot surgery center and medical office building complex (the "Medical Office Building") next to the RUHS Medical Center. Presently, the lease obligation is estimated at $438,469,834. The final project budget and final rent schedule were approved by the County on November 14, 2017. It is anticipated that the County will commence rental payments upon substantial completion of construction and occupancy of the Medical Office Building, currently anticipated to be April 2020, and that the County will continue to pay rental payments for approximately 25 years thereafter, subject to certain early prepayment and purchase option provisions.

Currently, the initial year's lease payment (Fiscal Year 2020-21) is projected to be approximately $13.3 million, escalating at 3% annually thereafter. While RUHS management presently expects that the Medical Office Building will attract a more favorable payor mix that will enable RUHS to make Facilities Lease Agreement payments from its operating revenues, the County may be required to advance monies from its General Fund. Ultimately, as the Tenant and obligor under the Facilities Lease Agreement, the County is responsible for Facilities Lease Agreement payments.

In the Mid-Year Budget Report, RUHS projected an annualized expenditure overage of approximately $15 million, but has subsequently been able to balance its budget with additional operating revenue sources. RUHS management believes the Medical Office Building project will, upon the commencement of operations in early-2020, result in a more favorable payor mix, with an attendant improvement in RUHS' financial results and a reduced need for General Fund support. However, based on its current operating performance, absent a material improvement in its finances, it is unlikely that RUHS will be able to afford the Facilities Lease Agreement payments due on the Medical Office Building without continued, significant General Fund support.

Capital Lease Purchase Agreements

On January 29, 2013, the County entered into a Master Equipment Lease Purchase Agreement with Banc of America Capital Corp. in the amount of $16,000,000 to finance the purchase and installation of Cisco voice, video, wireless and data converged network equipment to replace all of the County's phones, auto attendants, Interactive Voice Response System, call centers, voicemail and wireless networks. On June 25, 2013, the County entered into an amendment to the Master Equipment Lease Purchase Agreement to provide for an additional $3,000,000 in lease financing for additional equipment. As of May 1, 2018, approximately $5,000,000 principal amount remained outstanding under the original lease and $1,500,000 principal amount remained outstanding under the first amendment to the lease, which are scheduled to be repaid in full by 2019 and 2020, respectively. On September 22, 2015, the County entered into a subsequent Master Equipment Lease Purchase Agreement to finance the last of the required equipment in an additional amount of $6,368,130 and which is scheduled to be repaid in full by 2022. As of May 1, 2018, approximately $3,663,190 principal amount of this Master Equipment Lease Purchase Agreement remained outstanding.

On October 30, 2014, the County entered into a Lease Purchase Agreement with Banc of America Public Capital Corp. in the amount of $54,573,300 to finance the purchase and installation of certain solar equipment for the purpose of reducing County energy costs. As of March 31, 2017, the financing was restructured to a principal balance of $57,977,325. As of August 1, 2018, approximately $55,294,000 principal amount remained outstanding, which is scheduled to be repaid in full by August 30, 2035.

Interest Rate Swap Agreements

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

Simultaneously with the issuance of the County's Leasehold Obligation Bonds (Southwest Justice Center Refunding) 2008 Series A, the County entered into an amended and restated interest rate swap agreement with a notional amount of $76,300,000. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty (the "Counterparty"). Under the swap agreement the County has an obligation to pay the Counterparty a fixed rate of 5.155 percent and the County receives 64 percent of one month LIBOR from the Counterparty. The bonds and the related swap agreement mature on November 1, 2032. The Counterparty was rated "Aa2" by Moody's, "A+" by Standard & Poor's and "AA-" by Fitch as of October 2018. 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 is negative, the County would be liable to the Counterparty for a termination payment equal to the swap's fair market value. As of July 31, 2018, the swap agreement had a negative fair market value of $16,319,708.07 (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 October 2018, Assured Guaranty Corp. had a rating of "AA" by S&P and "A2" from Moody's. An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

In July 2017, the United Kingdom's Financial Conduct Authority announced that it may discontinue the use of LIBOR by 2021. The County is unable to predict what benchmark rate will replace LIBOR for purposes of the swap agreement or the effect such replacement will have on the value of the swap agreement.

Employees

The following table sets forth the number of County employees for calendar years 2008 through 2018.

COUNTY OF RIVERSIDE
REGULAR EMPLOYEES
2007 THROUGH 2018

Year	*Regular Employees*[1]
2008	18,912
2009	18,013
2010	17,671
2011	17,764
2012	17,815
2013	18,728
2014	18,620
2015	19,244
2016	19,404
2017	19,409
2018[2]	19,343

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[1] As of December 31st of each year. Excludes temporary and per diem employees.

[2] As of August 31, 2018.

Source: County Human Resources Department.

Labor Relations

County employees comprise 19 bargaining units, plus another 9 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 67% of all County employees in a variety of job classifications. Salary, benefits and personnel items for management, confidential and other unrepresented employees which are exempt from collective bargaining, are governed by a County Resolution and Ordinance which contain provisions for these personnel related matters.

The County’s non-management law enforcement employees, are represented by the Riverside Sheriffs’ Association (“RSA”). The RSA represents three separate units: Law Enforcement Unit “RSA LEU,” Corrections Unit “RSA Corrections,” and Public Safety Unit “RSA PSU.” 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 2012-13, the County entered into collective bargaining agreements with most of its bargaining units. Most of the agreements covered a four to five year period, with the longest agreement extending to June 2017. As part of these agreements, the parties agreed to a phase out of the County’s obligation to pay the employee’s required member contributions towards retirement (“EPMC”). The elimination of the County’s retirement obligation to pay employee’s required member contributions produced significant annual savings. Member retirement contributions and County offsets of employee contributions are not included in the required employer contribution rates prepared by PERS.

The County’s collective bargaining agreements with SEIU, LIUNA and RSA expired in 2016. The County’s collective bargaining agreements with RCDDAA and LEMU expired in 2017. The County is currently in negotiations with LEMU, RSA PSU and RCDDAA for new labor contracts and will continue operating under the terms of the expired contracts until new contracts are in place or terms and conditions are imposed upon exhausting procedures required by law. Ongoing labor contract negotiations have been challenging, as a tentative agreement reached with RSA LEU/Corrections was subsequently rejected by the RSA LEU/Corrections membership, and SEIU implemented a 2-day strike in early September 2017 (in which the County obtained an ex parte court order to prohibit certain critical employees from striking). The primary negotiation issues relate to certain merit increases sought by such labor organizations. Other than the 2-day strike by SEIU, there has been no major County employee work stoppage during the past 20 years. On October 17, 2017, following the rejection by the RSA LEU/Corrections membership of the tentative agreement that had been reached with the County, the Board of Supervisors voted to impose the terms of the County’s last, best and final offer to RSA LEU/Corrections pursuant to Government Code Section 3505.7, which will govern the RSA LEU/Corrections terms and conditions of employment in place of a memorandum of understanding. The County is at fact finding with both SEIU and LIUNA, and the parties are awaiting the fact finders reports and the Board’s direction of the reports.

COUNTY OF RIVERSIDE
LABOR ORGANIZATIONS[1]

Bargaining Units or Employee Group	*Number of Employees*[2]	*Expiration Date of Contract*
Management, Confidential, and Other Unrepresented	1,557	N/A
Law Enforcement Management Unit (LEMU)	447	June 30, 2017[3]
Riverside County Deputy District Attorneys' Association (RCDDAA)	376	June 30, 2017[3]
Riverside Sheriffs' Association (RSA) LEU/Corrections	2,253	June 30, 2016[4]
Riverside Sheriffs' Association Public Safety Unit (RSA)	626	June 30, 2016[3]
Service Employees International Union (SEIU)	6,891	November 30, 2016[3]
Service Employees International Union (SEIU) Per Diem Unit	107	November 30, 2019
Laborers' International Union of North America (LIUNA)	7,086	June 30, 2016[3]
In-Home Supportive Services (IHSS)	N/A[5]	June 30, 2015[3]
Total	19,343	

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[1] Includes all County districts.

[2] As of August 31, 2018. Excludes temporary, per diem and seasonal employees.

[3] The County is currently in negotiations with such labor organization for a new labor contract and will continue operating under the terms of the expired contract until a new contract is in place or the terms of the County's last, best and final offer are imposed.

[4] As described herein, the Board of Supervisors voted to impose the terms of the County's last, best and final offer to the RSA pursuant to Government Code Section 3505.7 on October 17, 2017. Such terms will govern the County's relations with the RSA in place of a memorandum of understanding.

[5] The IHSS Public Authority is only the employer of record within the meaning of Government Code Section 3500 et seq. (Meyers-Milias-Brown Act) which allows the home care workers to organize and engage in collective bargaining in an effort to improve wages and obtain benefits. The consumer of the services has the right to hire, train, supervise and terminate the home care workers who assist them.

Source: County Human Resources Department.

Retirement Program

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

COUNTY OF RIVERSIDE
EMPLOYEES PER RETIREMENT TIER[1]
(As of August 1, 2018)

Tier Level	*Number of Employees in Tier Level*
Tier 1	11,724
Tier 2	722
Tier 3	6,285
Total	18,731

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[1] Excludes districts, 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, 2017, which are included in APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017."

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. As part of such activities, PARC annually receives an independent, third party report on the County's pension cost projections from Bartel Associates, LLC in order to ensure that the County has adequate information concerning its long-term pension obligations. In addition to PARC's advisory role with respect to the Plan, PARC has been formally tasked with reviewing the County's other post-employment benefit ("OPEB") plans and advising the Board of Supervisors with respect thereto.

The Board of Supervisors approved a second tier ("Tier II") level of retirement benefits for new Miscellaneous and Safety employees and 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 years of service, age, and the average monthly eligible wages earned during the highest three consecutive years of employment. The Tier II retirement benefit factor 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 retirement benefit factor ranges from 2% at age 50 to 2.7% at 55 and beyond. The plans also provide for cost-of-living adjustments of up to 2% per year after retirement.

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

The new Tier III formulas for both Miscellaneous and Safety provide for a reduced benefit and was required to be implemented by all public agency employers unless the retirement formula in existence on December 31, 2012 had both a lower normal cost and lower benefit factor at normal retirement age. PEPRA requires that all new employees hired on or after January 1, 2013, pay at least 50% of the normal cost contribution. Tier III benefits are set 2% at 62 for Miscellaneous members and 2.7% at 57 for Safety members. PEPRA mandated all new members be subject to a pensionable compensation cap, which limits the annual salary that can be used to calculate final compensation for all new members. Adjustments to the limits are permitted annually based on changes to the Consumer Price Index (CPI) for all urban consumers.

The 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 July 2017 covered PERS' Fiscal Year 2015-16). 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, 2016, which was prepared in July 2017, is effective for the County's Fiscal Year 2018-19). 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. In prior years PERS converted past service cost to a percent of payroll and expressed the total required employer contribution as a single rate. Going forward the past service cost will no longer be converted to a percent of payroll and this cost will be invoiced to the employer as a monthly dollar contribution amount with the option to prepay the annual amount at the beginning of the fiscal year. See the caption "—Historical Funding Status." The normal cost will continue to be expressed as a percentage of active payroll with employer and employee contributions payable as part of the payroll reporting process. It is not a fixed or hard expression of the liability the County owes to PERS under the PERS Plans. The County's actual liability under the PERS Plans could be materially higher or lower.

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

In June 2012, the GASB issued Statement No. 68, which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. GASB 68 became effective for fiscal years beginning after June 15, 2014. Prior to implementing GASB 68, employers participating in a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan) administered by PERS 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 PERS used information from the PERS 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, deferred outflows of resources, deferred inflows of resources 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 with experience gains and losses 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. For complete additional information, please contact PERS at California Public Employees Retirement System, Lincoln Plaza, 400 Q Street, Sacramento, CA 95811, Telephone: (888) 225-7377.

On February 19, 2014, the PERS Board of Administration adopted new demographic assumptions reflecting the (i) expected longer life spans of public agency employees and related increases in costs for the PERS system, and (ii) trend of higher rates of retirement for certain public agency employee classes, including police officers and fire fighters. The new actuarial assumptions were used to set the Fiscal Year 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions was calculated in the 2014 actuarial valuation and amortized over a 20-year period including a 5-year ramp-up and a 5-year ramp-down.

On November 18, 2015, the PERS Board adopted a Funding Risk Mitigation Policy. The Policy seeks to reduce PERS funding risk over time. A mechanism will be established to reduce the discount rate, or assumed rate of return, by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate by at least four percentage points. The policy will incrementally lower the discount rate in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers.

On December 21, 2016, the PERS Board approved lowering the PERS discount rate assumption, the long-term rate of return, from 7.50% to 7.00% over the next three years. Lowering the discount rate will increase both the normal costs and the accrued liabilities. Starting in Fiscal Year 2018-19, such increases will result in higher required employer contributions. The reduction in the discount rate will result in additional County contributions of approximately $40 million in Fiscal Year 2018-19 and totaling approximately $210 million when fully phased in. The benefits of reducing the discount rate strengthen long-term sustainability, reduce negative cash flows, reduce the long-term probability of funded ratios falling below undesirable levels, improve likelihood of PERS investments earning the assumed rate of return, and reduce the risk of contribution increases in the future from volatile investment markets. Due to the adopted changes in the discount rate for the next two valuations in combination with the 5-year phase-in ramp, the increases in the required contributions are expected to continue for seven years from Fiscal Year 2018-19 through Fiscal Year 2024-25.

On February 14, 2018, the PERS Board approved modifying the PERS amortization policy for investment gains/losses from 30 years to 20 years and eliminating the 5-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in the June 30, 2019 valuation and will be implemented starting with Fiscal Year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities. Shortening the amortization period will increase employer contributions and help pay down the pension fund's unfunded liability faster, which may result in interest cost savings.

Contribution Rates. In addition to required County contributions, members are also obligated to make certain payments. For the Miscellaneous Plan, Tier I members' contribution rates are fixed at 8% of salaries. The Tier II and Tier III member contribution rates for the Miscellaneous Plan are 7% and 6.5%, respectively. For the Safety Plan, the Tier I and Tier II member contribution rate is 9%, and the Tier III member contribution rate is 11.25%. Member 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, 2016, the PERS actuary recommended an employer normal cost contribution rate of 10.458% ($124.6 million) be implemented as the required rate for Fiscal Year 2018-19, and an employer unfunded liability payment of approximately $100.3 million, which the County anticipates will result in a contribution to PERS of approximately $224.9 million for that fiscal year. In addition, the County will pay PERS for the Miscellaneous Plan approximately $280,474 in County Offsets of Employee Contributions for Fiscal Year 2018-19, which will result in a total contribution by the County to PERS for the Miscellaneous Plan for Fiscal Year 2018-19 of approximately $225.2 million. In the actuarial valuation for the Safety Plan as of June 30, 2016, the PERS actuary recommended an employer normal cost contribution rate of 18.464% ($68.4 million) be implemented as the required rate for Fiscal Year 2018-19, and an employer unfunded liability payment of approximately $48.7 million, which the County anticipates will result in a contribution to PERS of approximately $117.1 million for that fiscal year. As of August 2016, the County no longer pays County Offsets of Employee Contributions to PERS for the Safety Plans. The County's total PERS contribution (Miscellaneous Plan and Safety Plan) for Fiscal Year 2018-19 is projected to be approximately $342 million.

On February 17, 2005, the County issued its Taxable Pension Obligation Bonds, Series 2005A (the "2005 Pension Obligation Bonds") in the original principal amount of $400,000,000, the proceeds of which were used to fund approximately 90% of the County's estimated actuarial accrued liability as of February 17, 2005. The 2005 Pension Obligations Bonds remain outstanding in the principal amount of $304,520,000, with annual debt service payments of approximately $31,639,000. The payment to PERS resulted in a net pension asset of $396.9 million, $311.2 million of which was applied to the County's UAAL for the Miscellaneous Plan and $85.7 million of which was applied to the County's UAAL for the Safety Plan. According to Bartel Associates, LLC, the 2005 Pension Obligation Bonds have resulted in a net gain to the County of approximately $72 million as of February 15, 2017. 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 unfunded liability. In 2016, PARC recommended to transfer the excess liability management funds to the Section 115 Supplemental Pension Trust. In the current year, the excess is recommended to be sent to the Section 115 Supplemental Pension Trust and in future years to be considered an administrative process.

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, 2011 through June 30, 2016 and the total employer contributions of the County for Fiscal Year 2013-14 through Fiscal Year 2018-19. The two tables are based on PERS Actuarial Reports for those years:

HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30	*Unfunded Accrued Actuarial Liability*	*Funded Status (Actuarial Value)*	*Affects County Contribution for Fiscal Year*	*County Contribution Amount*[(1)]	*County Offsets of Employee Contributions*[(2)]
2011	$286,064,497	85.9%	2013-14	$ 71,724,520	$2,843,364
2012	225,792,281	89.2	2014-15	70,139,838	605,908
2013[(3)]	509,464,128	77.7	2015-16	80,459,918	698,338
2014	517,389,969	80.2	2016-17	90,515,002[(4)]	31,077[(4)]
2015	705,377,373	75.2	2017-18	97,043,553[(4)]	0
2016	958,272,557	69.2	2018-19	117,148,524[(4)]	0

[(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 are due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. The increase for Fiscal Year 2015-16 contributions is due to increased payroll of the plan's membership. Beginning Fiscal Year 2014-15, the County stopped paying towards the employee contribution rate to PERS for the Safety Plans for Tier I and Tier II employees. As of August 2016, the County also stopped paying towards the employee contribution rate to PERS for Safety Plans for Tier III employees.

[(3)] Beginning with the June 30, 2013 valuation, Actuarial Value of Assets equals Market Value of Assets per PERS Direct Rate Smoothing Policy.

[(4)] Estimated amount; reflects Safety Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 2016-17 through 2018-19.

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2016 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions)

HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30	*Unfunded Accrued Actuarial Liability*	*Funded Status (Actuarial Value)*	*Affects County Contribution for Fiscal Year*	*County Contribution Amount*[(1)]	*County Offsets of Employee Contributions*[(2)]
2011	$ 538,055,042	87.9%	2013-14	$125,248,122	$7,319,320
2012	536,480,531	88.6	2014-15	127,786,977	292,784
2013[(3)]	1,034,364,773	79.3	2015-16	151,557,834	292,900
2014	973,226,141	82.8	2016-17	178,554,572[(4)]	290,401[(4)]
2015	1,399,399,333	77.3	2017-18	183,911,209[(4)]	315,000[(4)]
2016	2,050,567,259	70.1	2018-19	224,862,038[(4)]	280,475[(4)]

[(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 oustanding pension obligation bonds, or otherwise.

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

[(3)] Beginning with the June 30, 2013 valuation, Actuarial Value of Assets equals Market Value of Assets per PERS Direct Rate Smoothing Policy.

[(4)] Estimated amount; reflects Miscellaneous Plan membership, cost of living adjustment and contribution rates as of Fiscal Year 2018-19.

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2016 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

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

SCHEDULE OF FUNDING PROGRESS
(Safety Plan)

Valuation Date June 30	*Accrued Liability (a)*	*Actuarial Value of Assets (b)*	*Unfunded Liability (a-b)*	*Funded Status (Actuarial Value) (b/a)*	*Annual Covered Payroll (c)*	*UAAL as a Percentage of Payroll ((a-b)/c)*	*Market Value of Assets (MVA)*	*Funded Ratio MVA*
2011	$2,032,001,280	$1,745,936,783	$286,064,497	85.9%	$273,169,605	104.7%	$1,565,799,198	77.1%
2012	2,086,406,405	1,860,614,124	225,792,281	89.2	261,703,717	86.3	1,567,404,726	75.1
2013	2,285,586,497	1,776,122,369(1)	509,464,128	77.7	271,367,032	187.7	1,776,122,369	77.7
2014	2,615,686,777	2,098,296,808	517,389,969	80.2	295,171,068	175.2	2,098,296,808	80.2
2015	2,846,014,858	2,140,637,485	705,377,373	75.2	319,499,129	220.8	2,140,637,485	75.2(2)
2016	3,110,254,402	2,151,981,845	958,272,557	69.2	338,809,025	282.8	2,151,981,845	69.2

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

(2) As reported by PERS, decline due to a preliminary 0.61% net return on investments for the 12-month period that ended June 30, 2016.

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2016.

SCHEDULE OF FUNDING PROGRESS
(Miscellaneous Plan)

Valuation Date June 30	*Accrued Liability (a)*	*Actuarial Value of Assets (b)*	*Unfunded Liability (a-b)*	*Funded Status (Actuarial Value) (b/a)*	*Annual Covered Payroll (c)*	*UAAL as a Percentage of Payroll ((a-b)/c)*	*Market Value of Assets (MVA)*	*Funded Ratio MVA*
2011	$4,461,553,672	$3,923,498,630	$ 538,055,042	87.9%	$ 812,362,628	66.2%	$3,525,640,733	79.0%
2012	4,708,881,750	4,172,401,219	536,480,531	88.6	836,418,298	64.1	3,520,189,846	74.8
2013	5,008,806,968	3,974,442,195(1)	1,034,364,773	79.3	856,593,282	120.8	3,974,442,195	79.3
2014	5,656,121,103	4,682,894,962	973,226,141	82.8	897,506,714	108.4	4,682,894,962	82.8
2015	6,174,498,346	4,775,099,013	1,399,399,333	77.3	1,000,223,148	139.9	4,775,099,013	77.3(2)
2016	6,850,143,825	4,799,576,566	2,050,567,259	70.1	1,090,295,411	188.1	4,799,576,566	70.1

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

(2) As reported by PERS, decline due to a preliminary 0.61% net return on investments for the 12-month period that ended June 30, 2016.

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2016.

The following table shows the percentage of salary which the County was responsible for contributing to PERS from Fiscal Year 2013-14 through Fiscal Year 2018-19 to satisfy its retirement funding obligations.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

Valuation Date June 30,	*Affects Contribution Rate for Fiscal Year:*	*Safety Plan*	*Employer Payment of Unfunded Liability*	*Miscellaneous Plan*	*Employer Payment of Unfunded Liability*
2011	2013-14	23.368%	N/A	15.001%	N/A
2012	2014-15	21.899	N/A	14.527	N/A
2013	2015-16	23.585	N/A	15.429	N/A
2014	2016-17	26.570	N/A	16.476	N/A
2015	2017-18	17.912*	$35,778,888	10.192(1)	$ 73,598,564
2016	2018-19	18.464	48,790,038	10.458	100,265,926

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(1) Beginning in Fiscal Year 2017-18, PERS will collect employer contributions toward the plan's unfunded liability as dollar amounts rather than contribution rate, which was the prior method of collection. The County pays at the beginning of each fiscal year for its unfunded liability payment. The plan's normal cost contribution will continue to be collected as a percentage of payroll. See the caption "— The County's PERS Contract."

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2016.

Projected County Contributions. As described above under "— General," in 2003 the County established the PARC, which annually prepares a report for the Board. PARC's 2018 Annual Report projects the following contribution to PERS (including both normal cost and UAAL amortization):

PROJECTED COUNTY CONTRIBUTIONS (Miscellaneous Plan)(1)

Fiscal Year	*County Rate*	*County Payment*
2019-20	23.5%	$288,377,216
2020-21	26.1	329,891,264
2021-22	27.9	363,221,657
2022-23	29.4	394,232,194
2023-24	30.1	415,727,235

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(1) Projections are based on data from a report prepared by Bartel Associates, LLC dated December 13, 2017 and include debt service on the County's pension obligation bonds.

Source: PARC 2018 Annual Report.

PROJECTED COUNTY CONTRIBUTIONS (Safety Plan)(1)

Fiscal Year	*County Rate*	*County Payment*
2019-20	37.6%	$143,381,036
2020-21	41.6	163,393,368
2021-22	44.2	178,813,617
2022-23	46.3	192,928,565
2023-24	47.5	203,866,740

---

(1) Projections are based on data from a report prepared by Bartel Associates, LLC dated December 13, 2017 and include debt service on the County's pension obligation bonds.

Source: PARC 2018 Annual Report.

The County's projections with respect to the County contributions 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.

The County's projected contribution rates are affected by the market rate of return in the PERS Plans and other changes that may be adopted by PERS from time to time, 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. The County has set a goal of ensuring that the Plan is at least 80% funded. Participants in the Plan are required to contribute 3.75% of their eligible compensation to the Plan in lieu of Social Security tax. Based on the actuarial valuation of June 30, 2017, the County's current required contribution level is 1.66% to maintain a funded ratio of 80%. As of June 30, 2017, the plan was funded at 82.8%. The County's contribution to the Plan was $606,694 for Fiscal Year 2015-16, $667,952 for Fiscal Year 2016-17 and is estimated to be approximately $1.34 million for Fiscal Year 2017-18. The actuarial valuation projects the Plan to be approximately 82.8% funded as of June 30, 2017. The Plan's unfunded liabilities as of June 30, 2017 were approximately $4.4 million. Overall, the plan's unfunded actuarial accrued liability (UAAL) decreased from the prior valuation due to the net result of the following: 1) assets were higher than expected due to favorable investment return on plan assets (13.12% actual compared to 6.0% assumed); 2) demographic experience was different than expected, which resulted in a liability loss; 3) updates to the assumed mortality improvement scale resulted in a reduction in liabilities; and 4) higher discount rate resulted in a GASB liability gain.

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, or age 52 if they became a PERS member on or after January 1, 2013, at retirement qualify to receive the post-retirement benefits.

The County obtained an actuarial valuation of its Post-Employment Health Benefits obligations, calculated as of July 1, 2017 (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 6.73%, the present value of benefits was estimated to be $59.1 million, the accrued actuarial liability was estimated to be $51.9 million and the annual normal cost was $0.88 million. According to the Health Benefits Valuation, the County's funding contribution for Fiscal Year 2018-19 will be $2.1 million. The Health Benefits Valuation further provides that the July 1, 2017 unfunded actuarial accrued liability is higher than that expected under the prior year's valuation due to, among other things, actuarial losses resulting from a reduction in the investment rate of return. According to the Health Benefits Valuation, as of July 1, 2017, the County's OPEB funded ratio was 70.8%.

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.

In June 2015, GASB released Statement No. 75, which affects accounting for other post-employment benefit plans and is required to be adopted by the fiscal year ending June 30, 2018. In order to prepare and effectively manage plans, the changes include moving unfunded liabilities from the footnotes to the balance sheet, the potential for more volatile periodic expense and a change in the discount rate basis.

Riverside University Health System - Medical Center

Riverside University Health System—Medical Center ("RUHS") is an approximately 520,000 square foot tertiary care and Level II trauma facility, licensed for 439 beds. There are 362 licensed beds in the main acute-care hospital and 77 licensed beds in a separate psychiatric facility. RUHS is serviced by nearly 3,500 healthcare professionals and support staff, and provides training to 1,000 medical residents and students and 2,500 nursing students annually. RUHS has 12 operating rooms including one with a da Vinci Xi surgical robot, a helipad located directly adjacent to the trauma center, and digital radiology services, including magnetic resonance imaging (MRI) and computerized tomography (CT), and all single-bed rooms, and provides support to numerous hospital-based clinics. There are also adult, pediatric and neonatal intensive care units, a birthing center and complete pulmonary services, including hyperbaric oxygen treatments, and one of only ten emergency psychiatric hospitals in the State.

The County has the legal responsibility to provide health care to all individuals, regardless of their ability to pay or insurance status, and provides these services by operating RUHS. RUHS provides services to patients covered by various reimbursement programs, principally Medi-Cal and Medicare, and some commercial insurance, while also providing services to the uninsured.

In response to several years of declining profitability and losses, in 2013, the County's Board of Supervisors retained Huron Consulting Group ("Huron") to provide consulting services designed to improve efficiencies and increase revenue at RUHS. The engagement is complete and suggested changes were implemented. Toward the end of the Huron engagement, the County completed restructuring efforts at RUHS through permanent hires for the positions of the Chief Executive Officer and Chief Operating Officer of RUHS. Additionally, in Fiscal Year 2017-18, RUHS hired a new Chief Financial Officer. The new leadership team developed and deployed a strategy to lock in recent fiscal improvement, improve operational efficiency and prepare for anticipated challenges. In each of the two years following the completion of Huron's engagement, RUHS experienced net surpluses ($59.5 million and $43.6 million in Fiscal Years 2014-15 and Fiscal Year 2015-16, respectively), including an improvement in excess of $120 million in the first year compared to the prior year (RUHS experienced a loss of $62.3 million in Fiscal Year 2013-14). In the Mid-Year Budget Report, RUHS projected an annualized expenditure overage of approximately $15 million, but has subsequently been able to balance its budget with additional operating revenue sources. RUHS expects to end Fiscal Year 2017-18 with an operating gain of approximately $8.7 million. The Executive Office and RUHS continue to closely monitor the situation.

The original Huron engagement cost $26 million and was paid for with proceeds of a temporary transfer from the County's Waste Management Enterprise Fund. RUHS is required to repay the remaining balance due on the original $26 million cost, with interest calculated at the County's pool investment fund rate, in five annual installments which are to be paid over the five year period beginning June 2023 and ending in June 2027, reflecting a deferment for cash flow purposes of the original payment schedule that began in 2016 and ended in 2022. If RUHS is unable to repay this loan, any unpaid amounts will be transferred to the County's Waste Management Enterprise Fund from unencumbered amounts in the County's General Fund. Prior to the deferment of remaining loan payments until June 2023, RUHS made scheduled payments on the loan in the amount of $3,693,711 in both Fiscal Years 2015-16 and 2016-17.

RUHS relies on a significant amount of governmental Medicaid waiver revenue including, Disproportionate Share Hospitals (DSH) funding, Delivery System Reform Incentive Payments (DSRIP) and Realignment. In December 2015, several changes were adopted with respect to the Medicaid waiver to shift the focus of care away from hospital-based and inpatient care and instead towards outpatient, primary, and preventive care. RUHS organized to ensure a pay-for-performance transformation that accomplishes the goal of continuing support, maximizing federal funds and improving the system of care for the County. Fiscal Year 2017-18 represented the second year of operations that the renewed focus was implemented, and while efforts to date have been positive and are expected to yield revenues in excess of budget by 10% for the current fiscal year, the County cannot predict the long-term impact of the funding changes.

In Fiscal Year 2017-18, RUHS commenced construction for new medical official buildings to provide a full array of primary care and comprehensive ancillary services. The medical office buildings are schedule to open in the April 2020. RUHS is partnering with a private developer to lease the buildings over twenty-five years with an estimated annual lease payment of $13.3 million. It is expected that, at the end of the lease, ownership of the buildings will transfer to RUHS. Additional expenses for equipping and furnishing the medical office building are estimated at $40 million, of which $10 million is expected to be donated. The County is looking into various financing options to cover the remainder of such expenses.

For Fiscal Year 2017-18, consistent with its past practice, the County contributed approximately $10 million to RUHS from its tobacco settlement revenue receipts and $5 million in redevelopment pass through funds to pay for operating expenses and debt service on the main RUHS facility. Additionally, the County committed $5.9 million of General Fund moneys in Fiscal Year 2017-18 toward capital investment at RUHS and to partially compensate RUHS for the cost of providing care to beneficiaries enrolled in the County's medical insurance program, inpatient mental health services and hospital-based medical care for inmates. For Fiscal Year 2018-19, consistent with its past practice, the County will contribute approximately $10 million to RUHS from its tobacco settlement revenue receipts and $5 million in redevelopment pass through funds to pay for operating expenses and debt service on the main RUHS facility, however, the County does not expect to contribute funds to RUHS from its General Fund, as it has in prior years.

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 $3.5 million for each occurrence with a $2 million corridor and the balance (to $25 million for each occurrence) is insured through CSAC Excess Insurance Authority ("CSAC EIA"), a joint powers authority and insurance risk sharing pool consisting of 55 counties in the State, as well as other non-county public entities. Medical malpractice is self-insured for the first $1.1 million for each claim with a $1.5 million limit on a claims-made basis in excess of the County's self-insured retention, followed by a $20 million limit on an occurrence basis through CSAC EIA, for a total limit of $21.5 million in excess of the County's self-insured retention. Workers' compensation claims are self-insured to $2 million for each occurrence and the balance of statutory limits (unlimited) is insured through CSAC EIA. Long-term disability income claims are fully insured by an independent carrier.

The CSA EIA property insurance program provides insurance coverage for all-risk subject to a $50,000 per occurrence deductible; flood coverage is subject to a $100,000 per occurrence deductible within a 100-year flood zone and a $50,000 deductible outside of a 100-year flood zone. In order to diversify risk, property exposure amongst all members within the program are categorized into "Towers" based on geography and building type. The County participates in four Towers, each of which provides $300 million in limits. A $300 million excess all risk and flood rooftop layer sits above the Towers and above the all-risk and flood rooftop layer there is a $200 million excess $600,000,000 all-risk only layer. With respect to earthquake coverage, each of the four Towers in which the County participates has a sub-limit of $100 million, with a $440 million excess rooftop layer shared by the four Towers that is triggered by the depletion of the initial limit for one or more of the Towers in a policy year. The County has $840 million in shared earthquake coverage that covers scheduled locations and buildings equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract. Earthquake coverage is subject to a deductible equal to 5% of total value per unit per occurrence, subject to a $100,000 minimum. Boiler and Machinery provides up to $100 million in limits, subject to a $5,000 deductible per event. Property insurance limits in each Tower are shared with other counties within that Tower 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, 2018 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, 2018 was approximately $177.5 million.

Litigation

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Notes or the Resolution, or contesting the County's ability to appropriate or make the repayment of the Notes, or materially impacting Pledged Revenues, 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 Notes. 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 2017-18, the total possessory interest tax for Agua Caliente's non-tribal member leases is estimated to be approximately $33,200,000, of which $3,770,000 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 $16 million, plus accrued interest. The County denied the allegations of the complaint and defended the action. Finding that the County's imposition of the possessory interest tax was lawful, the U.S. District Court entered judgment in favor of the County on June 15, 2017. Agua Caliente filed an appeal to the 9th Circuit Court of Appeal. The matter has been fully briefed. A hearing for oral argument has not yet been scheduled, however, it is anticipated that the hearing will be scheduled for late summer or early fall of 2018.

Approximately 410 taxpayers have filed two different lawsuits in Superior Court seeking refunds for such possessory interest taxes paid. The total amount of the claims is approximately $10,895,104, of which the County's share is approximately $1,961,119 plus interest. It is likely that if the taxpayers' suits are successful, others will also litigate similar claims. However, the County is defending the actions and expects to prevail.

In December 2014, a putative class action complaint was filed in federal court against the County. The complaint alleges that the County Department of Public Social Services violated the civil rights of the plaintiff and a class of similarly situated individuals by removing minor children from parental custody without a warrant and in the absence of exigent circumstances. The County has filed an answer denying all allegations and is defending the litigation. On November 8, 2017 a decision was issued denying plaintiff's motion for class certification. The plaintiff filed an appeal to the 9th Circuit Court of Appeals, however plaintiff and the County have agreed to the framework of a settlement of $49,999 to plaintiff and plaintiff's counsel to make a motion of fees. A similar case in Orange County was recently settled for $50,000 to plaintiff and $325,000 in attorney's fees. The fee award in the County's case is expected to be similar.

APPENDIX B

COUNTY OF RIVERSIDE
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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COUNTY OF RIVERSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

JACQUELINE COCHRAN AIR SHOW

PAUL ANGULO, CPA, MA
COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017

MAY 9, 1893

PREPARED BY THE OFFICE OF:

PAUL ANGULO, CPA, MA

COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2017

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MAY 9, 1893

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

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

December 21, 2017

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

Members of the Board and Citizens of Riverside County:

The Comprehensive Annual Financial Report (CAFR) of the County of Riverside (the County) for the fiscal year ended June 30, 2017, is hereby submitted in accordance with the provisions of Section 25253 of the Government Code of the State of California (the State). The report contains financial statements that have been prepared in conformity with the United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for the accuracy of the data, the completeness, and fairness of the presentation, including all disclosures, rests with the management of the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

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

The County has twelve 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.

Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the County of Riverside's financial statements for the year ended June 30, 2017. The independent auditors' report is located at the front of the financial section of this report.

PROFILE OF THE GOVERNMENT

The County is the fourth largest county by area in the State. It encompasses 7,295 square miles and extends nearly 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties.
There are 28 incorporated cities located within the County. The latest city to be incorporated was Jurupa Valley on July 1, 2011. The largest cities in the County are Riverside (the County seat) with a population of 326,792, Moreno Valley 206,750, Corona 167,759, Temecula 111,024, and Murrieta 114,914. Estimated population figures are developed by the California State Department of Finance, and each year it is revised on January 1, with a revised estimate for the prior year. The total County population as of January 1, 2017, was reported as 2,384,783, an increase of 1.6 percent as compared to the revised estimate for January 1, 2016. Approximately 15.7 percent of the residents live in unincorporated areas.

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

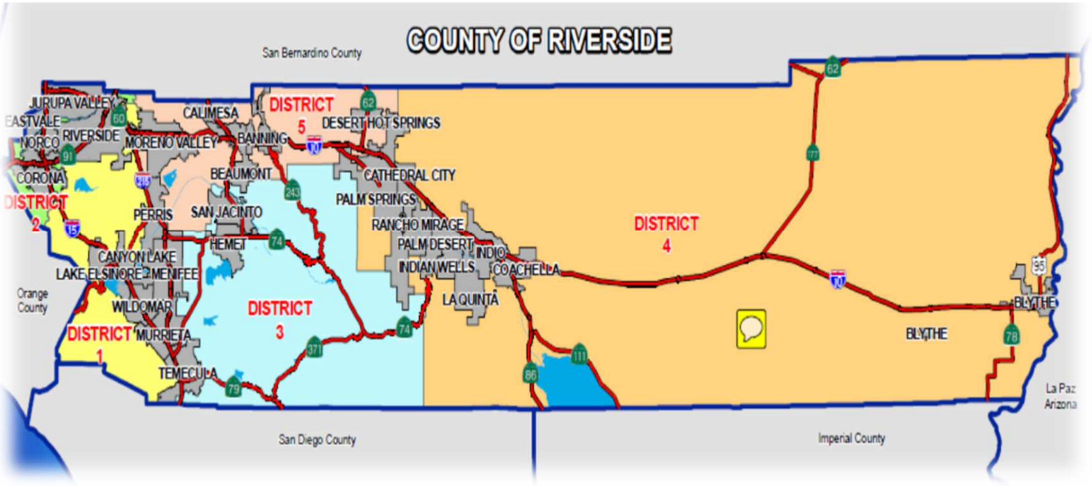
The First District includes areas within the cities of Riverside, Canyon Lake, Lake Elsinore, Wildomar and the unincorporated communities of DeLuz, Gavilan Hills, Good Hope, Lake Hills, Lake Mathews, LaCresta, Mead Valley, Meadowbrook, Spring Hills, Temescal Valley, Tenaja, Warm Springs, and Woodcrest.

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, Eagle Mountain, 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 Banning Bench, Cabazon, Cherry Valley, Desert Hills, Desert Hot Springs, El Nido area, Juniper Flats, Lake Perris, Lakeview, Lakeview Mountains, Mission Lakes, Mission Springs, Morongo Badlands, Nuevo, Painted Hills, Quail Lake, Reche Canyon, San Jacinto Wildlife Reserve, San Timoteo Canyon, Snow Creek, The Sovereign Nation of the Morongo Band of Mission Indians, Twin Pines, West Garnet, Whitewater and Windy Point.



Source: Riverside County GIS

The County has over 22,000 employees, and provides a variety of services and programs to its residences as the table below depicts.

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

Certificates, Licenses and Permits	**Human Services**
Birth, marriage, and death certificates; animal licensing; and building permits.	Assistance for families, custody issues, and veterans' services.
Children's Services	**Libraries and Museums**
Child Support Services, Mentor programs, Children Medical Services, CalWORKS, Child Health and Disability Prevention.	Edward Dean Museum and Riverside County Law Library.
Criminal Justice	**Parks and Recreation**
Departments dealing with criminal justice. District Attorney, Probation, Public Defender, and Sheriff. Legal resources, and Online Crime Report Form.	Park & Open Space District, Golf Courses in Riverside County, and Riverside Bicycle Club.
Education	**Pets and Animal Services**
Office of Education.	Animal Control, Animal Shelters, Animal License Inspection, Animal Rescue, Report Animal-Control Violations, and Dog License Fee.
Emergency Services	**Property Information**
Office of Emergency Services, Early Warning Notification System, Shelter Grant program, and Homeless programs.	Assessment appeals, building permit report, obtain property information via GIS, pay property taxes online, track your property taxes online, record map inquiry, information for new homeowners, and Riverside County land information.

Environment	**Public and Official Records**
Solid waste, liquid waste, medical waste, sewage disposal, water systems, wells, backflow devices, food services, public pools and mobile home parks, vector control, hazardous materials services, fire protection services, waste reduction, and recycling.	Official recorded documents, fictitious business names search, grantor/grantee search, vital records, and court records search.
Flood Control	**Roads and Highways**
Flood Control and water conservation.	Road maintenance, land development, engineering services, and survey.
Health	**Taxes**
Family health centers, disease control, nutrition services, family planning, health education, injury prevention, emergency medical services, mental health services, industrial hygiene, laboratory, Epidemiology, and medical marijuana identification cards.	Property tax portal, tax bills, Assessor-County Clerk Recorder, Treasurer-Tax Collector, and Auditor-Controller.
Housing	**Voting**
First time home buyer programs, low income housing, rental assistance program, homeless shelter, and neighborhood stabilization program.	Polling locations, vote by mail.
Senior and Retirement	
Aging & disability resource connection program, community outreach, community elderly abuse education, legal assistance, and senior employment.	

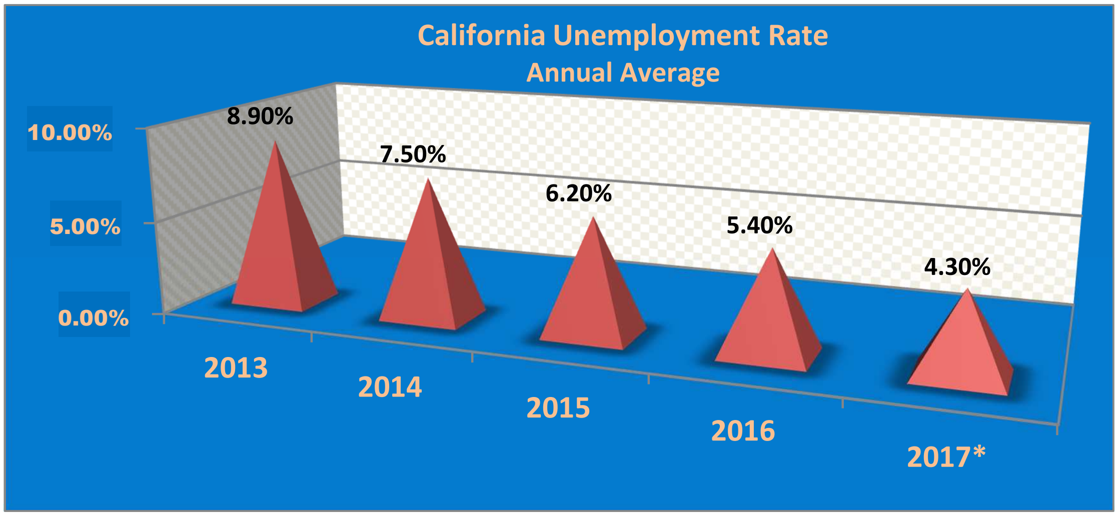
FACTORS AFFECTING ECONOMIC CONDITION

State Economy

The Governor's Budget Revision was issued in May 2017. The May Revision projects Fiscal Year 2017-18 general fund revenues and transfers of approximately $125.9 billion, total expenditures of approximately $124.0 billion and a year-end fund balance of approximately $2.6 billion, of which $980 million would be reserved for liquidation of encumbrances and approximately $1.6 billion would be deposited in a reserve fund for economic uncertainties.

The May Revision includes a projected balance of $8.4 billion in the Budget Stabilization Account/Rainy Day Fund by the end of Fiscal Year 2017-18. The May Revision estimates that revenues will be $3.3 billion lower than that forecasted in the 2016-17 Budget Act. The fiscal outlook set forth in the May Revision allows the advancing of several key priorities. The May Revision proposes to: (1) increase total funding for K-12 education by $1.4 billion in Fiscal Year 2017-18, (2) substantially mitigate increased costs associated with the In-Home Supportive Services (IHSS) costs borne by county realignment funds in the next year, preserving counties' abilities to provide key safety net programs, (3) restore the $500 million child care package from the 2016-17 Budget Act, and (4) a $6 billion supplemental payment to California Public Employees Retirement System (CalPERS) with a loan from the Surplus Money Investment Fund that will reduce unfunded liabilities, stabilize State contribution rates and result in savings of $11 billion over the next 20 years.

The state's unemployment rate fell to its lowest in 10 years at 5.1% in January 2017, marginally higher than the U.S. rate. The state has continued to experience steady but somewhat slower job growth in 2017. Wage and salary jobs rose by 2.0% year over year in January 2017, considerably slower than the 3.2% growth rate a year earlier.



Source: Employment Development Department, Labor Market Division
***Monthly Labor Force Data, October 2017**

Local Economy

Beacon Economics' current forecast for Riverside County represents an optimistic outlook that economic activity is trending in the right direction. At the end of January 2017, the U.S. Bureau of Economic Analysis released its revised estimate for real third-quarter GDP growth. The 3.5% annualized growth rate came after a 1.4% rise in the second quarter and it was the highest rate in two years. Fourth-quarter growth came in at 2.1%, in line with the post-recession average, indicating that U.S. GDP is on a steady, if slow, track. As the national economy continues to grow, there is little doubt that the economy of Riverside County will continue to grow as well.

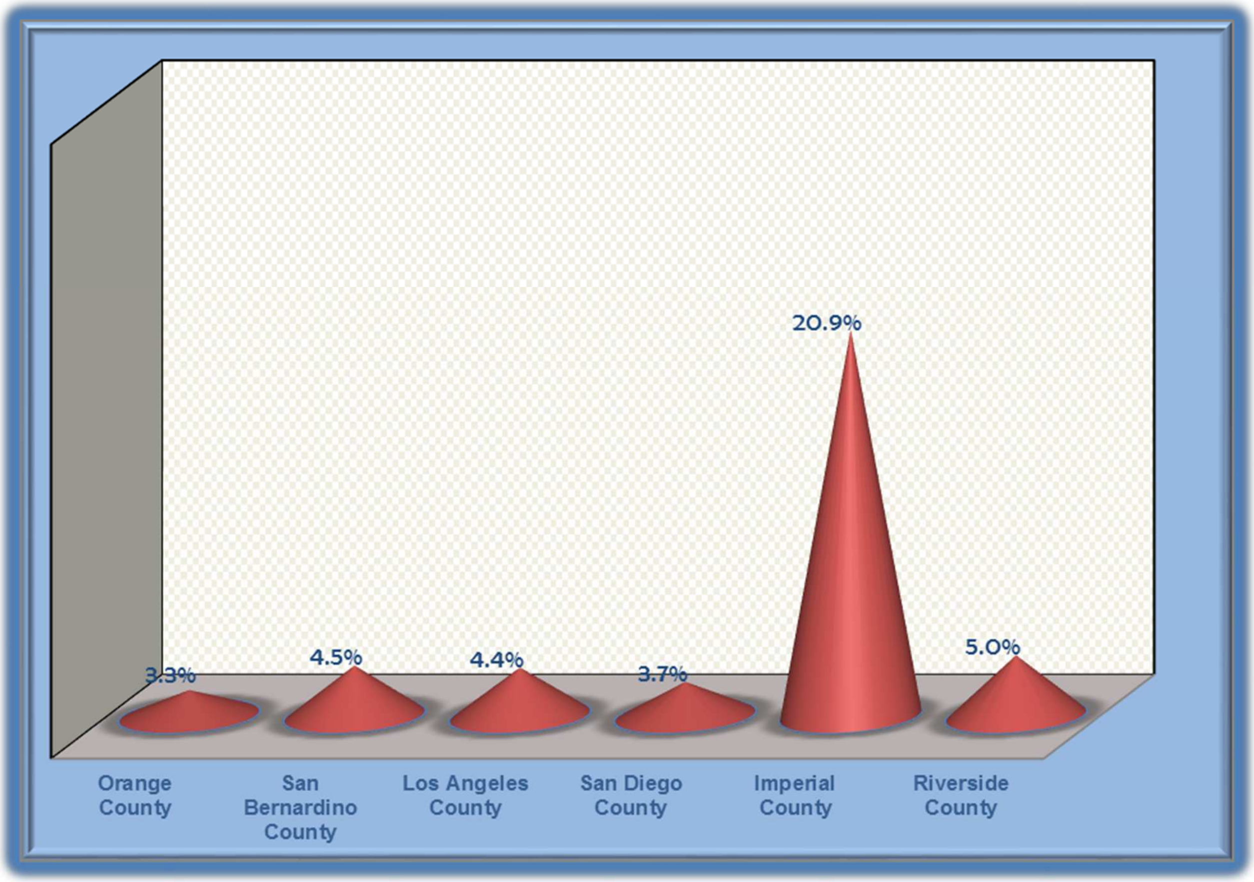
The County's revenues most closely associated with the local real estate market continue to exhibit positive growth. The current forecast is still calling for positive growth for real estate-driven revenues as home price growth and construction activity will support growth in the near term despite the lower than expected home sales volumes. County wide home sales for the first half of 2016-17 were 5.5% higher than for the 2015-16 fiscal year, a decent rate of growth but slightly below the 6.0% increase from 2013-14 to 2014-15. Home price growth has held steady above historical norms in the last year, which will help keep assessed valuation and transfer tax revenue growth in positive territory.

Construction activity is also trending essentially in line with expectations. During the first half of 2016-17 fiscal year, 3,494 new residential units were permitted, an 18.6% increase over the same period in the prior fiscal year. The strong growth was the result in part of a rebound from a decline in permitting activity during the 2015-16 fiscal year.

As measured by the region's labor market, local economic health is quite good and, although job creation has slowed somewhat from the higher growth rates associated with economic recoveries, the Inland Empire labor market continues to reach record high employment levels virtually each month, highlighting the strength of the regional economy.

Current sales tax receipts for the 2016-17 fiscal year are down from prior year, but we could see a return to positive growth as oil prices have rebounded and stabilized recently.

Unemployment Comparison of Neighboring Counties



Source: Employment Development Department, Labor Market Division, October 2017

Relevant Financial Policies

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

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

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

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

Investment Oversight Committee reviews the County's investment policies.

Financial Reporting Awards

The Government Finance Officers Association (GFOA) of the United States and Canada has awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the County for its CAFR for the fiscal year ended June 30, 2016. This was the twenty-ninth 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, 2016. This was the eleventh consecutive year the County has achieved this award. In order to receive an award for *Outstanding Achievement in Popular Annual Financial Reporting*, a government entity must publish a PAFR, with contents conforming to program standards of creativity, presentation, understandability and reader appeal. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR and PAFR continue to meet the Certificate of Achievement Program's requirements and we are submitting both reports to the GFOA to determine the eligibility for new certificates.

Acknowledgments

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

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

Respectfully,

Paul Angulo

PAUL ANGULO, CPA, MA
RIVERSIDE COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE

List of Principal Officials
As of June 30, 2017

ELECTED OFFICIALS

Board of Supervisors

KEVIN JEFFRIES
First District

JOHN F. TAVAGLIONE
Second District

CHUCK WASHINGTON
Third District

V. MANUEL PEREZ
Fourth District

MARION ASHLEY
Fifth District

COUNTYWIDE ELECTED OFFICIALS

MICHAEL HESTRIN
District Attorney

STANLEY SNIFF
Sheriff
Coroner
Public Administrator

PAUL ANGULO
Auditor
Controller

PETER ALDANA
Assessor
Clerk
Recorder

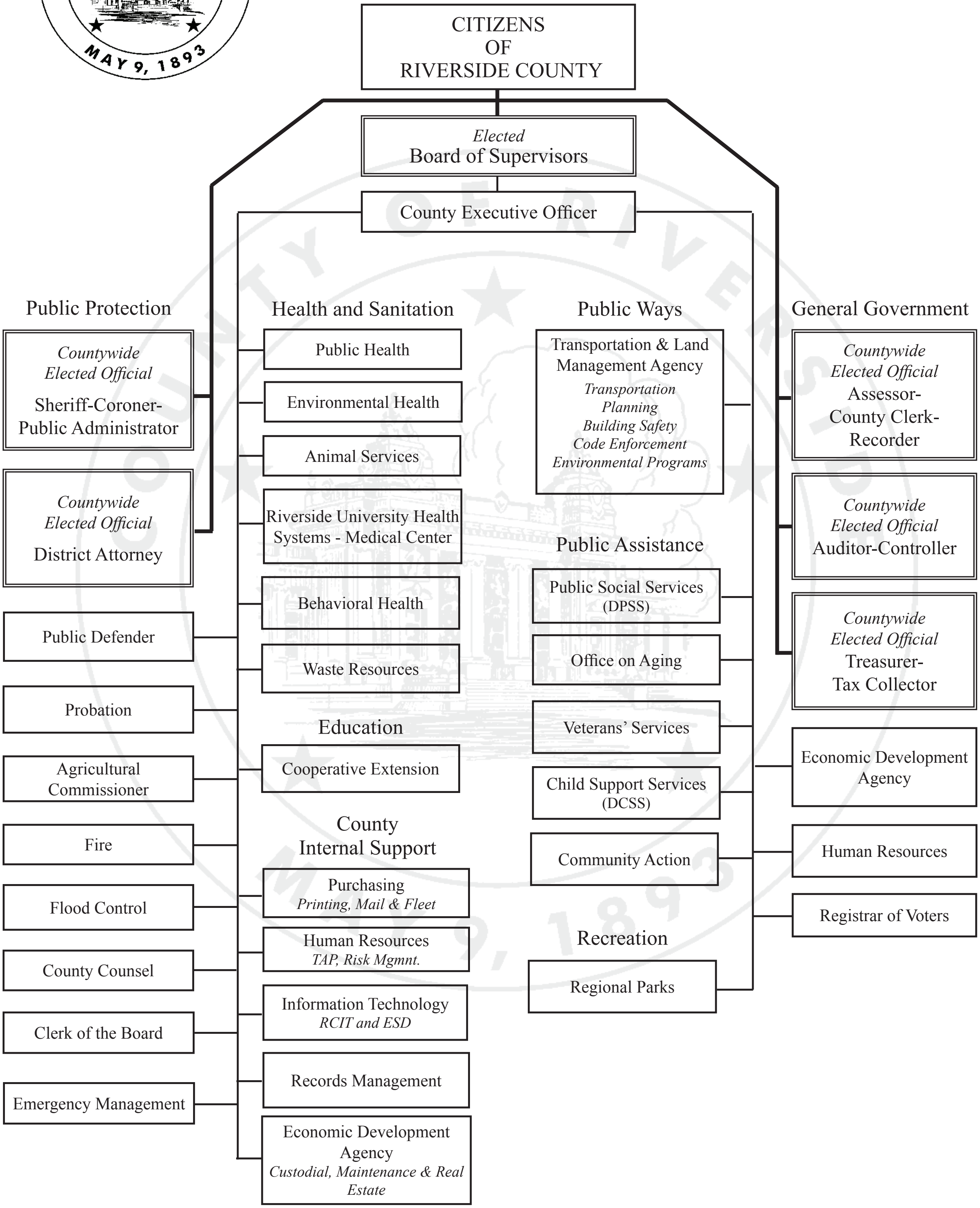
JON CHRISTENSEN
Treasurer
Tax Collector

APPOINTED OFFICIALS

GEORGE JOHNSON
County Executive Officer

GREGORY P. PRIAMOS
County Counsel

COUNTY OF RIVERSIDE ORGANIZATION CHART



CITIZENS
OF
RIVERSIDE COUNTY

Elected
Board of Supervisors

County Executive Officer

Public Protection

- *Countywide Elected Official* Sheriff-Coroner-Public Administrator
- *Countywide Elected Official* District Attorney
- Public Defender
- Probation
- Agricultural Commissioner
- Fire
- Flood Control
- County Counsel
- Clerk of the Board
- Emergency Management

Health and Sanitation

- Public Health
- Environmental Health
- Animal Services
- Riverside University Health Systems - Medical Center
- Behavioral Health
- Waste Resources

Education

- Cooperative Extension

County Internal Support

- Purchasing *Printing, Mail & Fleet*
- Human Resources *TAP, Risk Mgmnt.*
- Information Technology *RCIT and ESD*
- Records Management
- Economic Development Agency *Custodial, Maintenance & Real Estate*

Public Ways

- Transportation & Land Management Agency
  - *Transportation*
  - *Planning*
  - *Building Safety*
  - *Code Enforcement*
  - *Environmental Programs*

Public Assistance

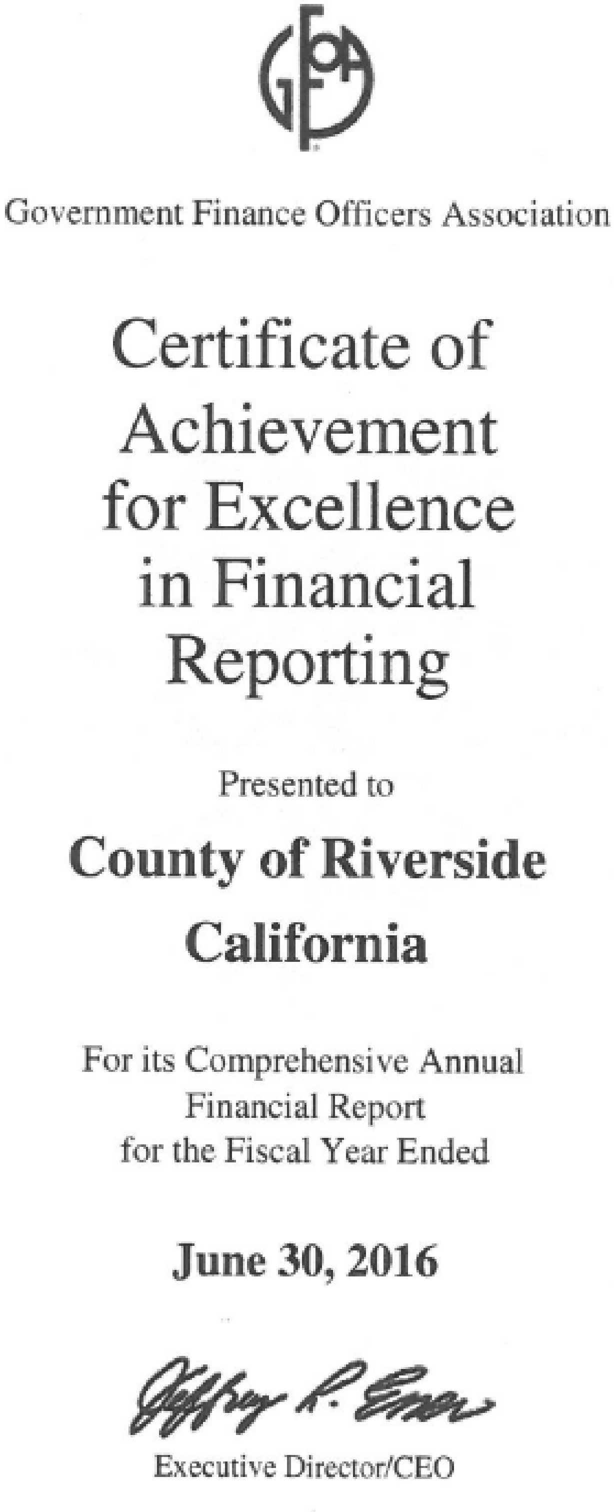
- Public Social Services (DPSS)
- Office on Aging
- Veterans' Services
- Child Support Services (DCSS)
- Community Action

Recreation

- Regional Parks

General Government

- *Countywide Elected Official* Assessor-County Clerk-Recorder
- *Countywide Elected Official* Auditor-Controller
- *Countywide Elected Official* Treasurer-Tax Collector
- Economic Development Agency
- Human Resources
- Registrar of Voters



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, 2016

Jeffrey R. Esser

Executive Director/CEO

FINANCIAL SECTION

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BROWN
ARMSTRONG
CERTIFIED
PUBLIC
ACCOUNTANTS

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(MAIN OFFICE)

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FAX 661.324.4997
EMAIL info@bacpas.com

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10 RIVER PARK PLACE
EAST SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

5250 CLAREMONT
AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

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

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, 2017, 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	21%	12%
Aggregate Remaining Fund Information	2%	0%
Discretely Presented Component Units	100%	100%

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2017, 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.

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 3-24; the County's Retirement Plans schedules relating to net pension liabilities, changes in net pension liabilities, and pension contributions on pages 127-135; and the schedule of funding progress for the County's Other Post-Employment Benefit (OPEB) plans on page 136 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 21, 2017, 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 21, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

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MANAGEMENT'S

DISCUSSION AND ANALYSIS

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

Management's Discussion & Analysis *(Unaudited)*

This section of the County of Riverside's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2017. 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 27.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2016-17, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $2.60 billion (*net position*). The net position included $3.56 billion of net investment in capital assets, $958.7 million of restricted resources for the County's ongoing obligations related to programs with external restrictions, and $1.92 billion deficit of unrestricted resources.
- As of June 30, 2017, the County's governmental funds reported combined fund balances of $1.10 billion, a decrease of $132.3 million in comparison with the prior year. Approximately 19.8% of this amount ($217.9 million) is available for spending at the County's discretion *(unassigned fund balance).*
- At the end of the fiscal year, unrestricted fund balance (the total of the *committed, assigned,* and *unassigned* components of *fund balance*) for the general fund was $250.8 million, or approximately 8.5% of total general fund expenditures.
- The significant change in capital assets net of accumulated depreciation resulted from the acquisition of a building and land, building improvements, equipment and leased vehicle purchases and completion of various projects related to bridges, roads, storm water drains and channels, traffic signals, and other infrastructures.
- During fiscal year 2016-17, $40.0 million lease revenue bonds were issued for refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenues Bond (County Facilities Projects) 2008 Series A, and $83.2 million capital leases were issued for financing the costs associated with equipment, vehicles, and the energy conservation programs.

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, and deferred inflows/outflows of resources, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or declining. The statement of net position in summary can be found on page 7, and in more detail on page 27.

The *statement of activities,* presented on page 9 in summary and on pages 28-29 in detail, provides information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. For example, property tax revenues are recorded when accrued but not yet collected, and when expenditures for compensated absences are accrued, but not yet paid.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. Governmental activities include six major funds, nineteen nonmajor funds, and a representative allocation of the County's internal service funds. The six major governmental funds are the general fund, flood control special revenue fund, transportation special revenue fund, teeter debt service fund, public facilities improvements capital projects fund, and public financing authority capital projects fund. The business-type activities of the County include three major enterprise funds, and two nonmajor funds. The major enterprise funds are the Riverside University Health Systems-Medical Center (RUHS-MC), Waste Resources, and the Housing Authority.

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

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

The blended component units are:

- County of Riverside Asset Leasing Corporation (CORAL)
- County of Riverside District Court Financing Corporation
- County of Riverside Bankruptcy Court Corporation
- Housing Authority of the County of Riverside (Housing Authority)
- In-Home Supportive Services Public Authority
- Riverside County Flood Control and Water Conservation District (Flood Control)
- Riverside County Infrastructure Financing Authority (IFA)
- 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 32-49, 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 Standard 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. Governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year unlike government-wide financial statements. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances provided are accompanied by reconciliations to the 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 financial statements present the financial information of each major fund (the general fund, transportation special revenue fund, flood control special revenue fund, Teeter debt service fund, public facilities improvements capital projects fund, and public financing authority capital projects fund) in separate columns.

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

Budgetary comparison statements are also included in the fund financial statements. The statements present the County's annual estimated revenue and appropriation budgets for all governmental fund budgets except for CORAL, District Court Financing Corporation, Infrastructure Financing Authority, Inland Empire Tobacco Securitization Authority, Public Financing Authority, Public Safety Enterprise Communication, 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 44-47, 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 RUHS-MC, Waste Resources, Housing Authority, County Service Areas, and Flood Control. RUHS-MC, Waste Resources, and Housing Authority financial statements are reported in separate columns of the proprietary fund statements due to the materiality criteria defined by GASB Statement No. 34. Financial information for the remaining enterprise funds (nonmajor funds) is combined into a single, aggregated presentation. Individual fund statements for County Service Areas and Flood Control are presented in the supplementary information section.

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

Fiduciary Funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the County's programs nor be reflected in the government-wide financial statements. Fiduciary funds maintained by the County include a pension trust fund, investment trust funds, private-purpose trust funds, and agency funds. The fiduciary fund financial statements, on pages 48-49, are presented on the economic resources measurement focus and the accrual basis of accounting.

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for fair presentation of the financial information in the government-wide and fund financial statements. The notes can be found on pages 51-126 of this report.

Required Supplementary Information provides changes in net pension liability and related ratios, employer contributions to the pension plan, and funding progress in post employment benefits other than pensions. Required supplementary information can be found on pages 127-136 of this report.

Combining and individual fund statements and budgetary schedules provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds, and are presented immediately following the required supplementary information. Combining and individual fund statements and budgetary schedules can be found on pages 137-186 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, 2017, in comparison to the prior fiscal year 2015-16. At the end of current fiscal year, the County reported positive net position in two of the three categories: net investment in capital assets and restricted net position. Total assets and deferred outflows of resources, as indicated below, exceeded liabilities and deferred inflows of resources by $2.60 billion, representing a decrease of $114.5 million ($102.2 million changes in net position and a restatement of $12.3 million, see Note 3), or 4.2%. A more detailed statement can be found on page 27 in the government-wide financial statements.

STATEMENT OF NET POSITION
June 30, 2017 and 2016
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2016	2017	2016	2017	2016	Dollar Change	Percentage Change
Assets:								
Current and other assets	$ 2,249,916	$ 2,307,959	$ 494,439	$ 541,301	$ 2,744,355	$ 2,849,260	$ (104,905)	-3.7%
Capital assets	4,719,183	4,568,518	309,970	302,735	5,029,153	4,871,253	157,900	3.2%
Total assets	6,969,099	6,876,477	804,409	844,036	7,773,508	7,720,513	52,995	0.7%
Deferred outflows of resources:	971,638	545,416	136,399	68,035	1,108,037	613,451	494,586	80.6%
Total deferred outflows of resources	971,638	545,416	136,399	68,035	1,108,037	613,451	494,586	80.6%
Liabilities:								
Current liabilities	734,034	713,844	211,601	234,400	945,635	948,244	(2,609)	-0.3%
Long-term liabilities	4,315,097	3,594,751	656,977	559,148	4,972,074	4,153,899	818,175	19.7%
Total liabilities	5,049,131	4,308,595	868,578	793,548	5,917,709	5,102,143	815,566	16.0%
Deferred inflows of resources:	315,055	447,619	48,576	69,500	363,631	517,119	(153,488)	-29.7%
Total deferred inflows of resources	315,055	447,619	48,576	69,500	363,631	517,119	(153,488)	-29.7%
Net position:								
Net investment in capital assets	3,355,072	3,240,888	202,150	112,906	3,557,222	3,353,794	203,428	6.1%
Restricted	911,249	667,696	47,468	49,241	958,717	716,937	241,780	33.7%
Unrestricted	(1,689,770)	(1,242,905)	(225,964)	(113,124)	(1,915,734)	(1,356,029)	(559,705)	41.3%
Total net position	$ 2,576,551	$ 2,665,679	$ 23,654	$ 49,023	$ 2,600,205	$ 2,714,702	$ (114,497)	-4.2%

Analysis of Net Position

Below are the three components of net position and their respective balances as of June 30, 2017:

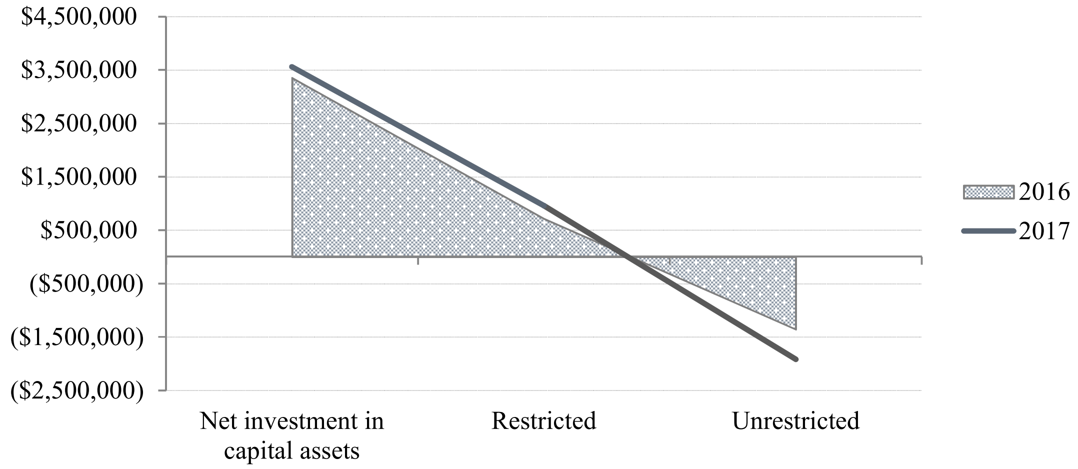
The largest portion of the County's net position reflects its net investment in capital assets of $3.56 billion, an increase of $203.4 million, or 6.1% from prior fiscal year. This component consists of capital assets such as land and easements, structures and improvements, infrastructure, and equipment, 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 net investment in 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 liquidated for these liabilities.

The restricted net position is $958.7 million, an increase of $241.8 million, or 33.7% from prior fiscal year, represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The unrestricted net position is negative $1.92 billion, a decrease of $559.7 million, or 41.3% from prior year. The negative unrestricted net position resulted from the implementation of GASB Statement No. 68 and its requirement to record a net pension liability on the government-wide financial statements.

The decrease in the overall net position of governmental and business-type activities was largely attributable to additional pension cost as a result of pension investment losses from an unfavorable investment return and higher than expected salary experience. The annual contribution to retirement plans for fiscal year 2016-17 was $276.8 million, an increase of $28.1 million, or 11.3%, from fiscal year 2015-16. The operating expenses in business-type activities were significantly higher than prior fiscal year. The increase, in large part, was attributable to costs associated with health care services provided to correctional inmates and mental health patients, an increased billing from contracted physicians, additional help from a collection agency which was hired in the current fiscal year, higher rates were charged for the use of temporary nurse registry, remediation costs increased for various active and inactive landfills, additional project costs rendered by the Housing Successor Agency as part of the wind-down activities, and more housing assistance payments due to higher payment standards for California Section 8 Housing Program participants.

Statement of Net Position
June 30, 2017 and 2016
(In thousands)



Management's Discussion & Analysis *(Unaudited)*

The following table provides information from the Statement of Activities of the County as of June 30, 2017 as compared to the prior year:

CHANGES IN NET POSITION
For the fiscal years ended June 30, 2017 and 2016
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2016	2017	2016	2017	2016	Dollar Change	Percentage Change
Revenues:								
Program revenues:								
Charges for services	$ 766,589	$ 734,769	$ 716,911	$ 676,526	$ 1,483,500	$ 1,411,295	$ 72,205	5.1%
Operating grants							-	
and contributions	1,912,480	1,907,919	-	-	1,912,480	1,907,919	4,561	0.2%
Capital grants							-	
and contributions	49,088	54,134	552	2,234	49,640	56,368	(6,728)	-11.9%
General revenues:							-	
Property taxes	367,937	346,851	-	-	367,937	346,851	21,086	6.1%
Sales and use taxes	27,881	29,573	-	-	27,881	29,573	(1,692)	-5.7%
Unrestricted intergovernmental revenue	258,999	232,453	-	-	258,999	232,453	26,546	11.4%
Investment earnings	12,918	12,948	2,182	2,720	15,100	15,668	(568)	-3.6%
Other	185,141	182,526	-	-	185,141	182,526	2,615	1.4%
Total revenues	3,581,033	3,501,173	719,645	681,480	4,300,678	4,182,653	118,025	2.8%
Expenses:								
General government	277,276	283,081	-	-	277,276	283,081	(5,805)	-2.1%
Public protection	1,465,762	1,328,608	-	-	1,465,762	1,328,608	137,154	10.3%
Public ways and facilities	199,023	149,768	-	-	199,023	149,768	49,255	32.9%
Health and sanitation	559,906	468,382	-	-	559,906	468,382	91,524	19.5%
Public assistance	1,024,047	980,550	-	-	1,024,047	980,550	43,497	4.4%
Education	24,603	23,283	-	-	24,603	23,283	1,320	5.7%
Recreation and cultural services	17,980	20,758	-	-	17,980	20,758	(2,778)	-13.4%
Interest on long-term debt	69,874	46,306	-	-	69,874	46,306	23,568	50.9%
Riverside University Health Systems - Medical Center	-	-	582,419	506,338	582,419	506,338	76,081	15.0%
Waste Resources	-	-	87,115	75,358	87,115	75,358	11,757	15.6%
Housing Authority	-	-	91,783	88,166	91,783	88,166	3,617	4.1%
Flood Control	-	-	3,903	3,591	3,903	3,591	312	8.7%
County Service Areas	-	-	370	413	370	413	(43)	-10.4%
Total expenses	3,638,471	3,300,736	765,590	673,866	4,404,061	3,974,602	429,459	10.8%
Excess (deficiency) before transfers	(57,438)	200,437	(45,945)	7,614	(103,383)	208,051	(311,434)	-149.7%
Transfer in (out)	(19,916)	(22,478)	19,916	22,478	-	-	-	0.0%
Change in net position, before extraordinary items	(77,354)	177,959	(26,029)	30,092	(103,383)	208,051	(311,434)	-149.7%
Extraordinary items	-	-	1,152	(2,803)	1,152	(2,803)	3,955	-141.1%
Change in net position	(77,354)	177,959	(24,877)	27,289	(102,231)	205,248	(307,479)	-149.8%
Net position, beginning of year, as restated	2,653,905	2,487,720	48,531	21,734	2,702,436	2,509,454	192,982	7.7%
Net position, end of year	$ 2,576,551	$ 2,665,679	$ 23,654	$ 49,023	$ 2,600,205	$ 2,714,702	$ (114,497)	-4.2%

Analysis of Changes in Net Position

The following are specific major factors that resulted in the net position changes in governmental activities between fiscal year 2016-17 and 2015-16 as shown in the table on page 9.

Revenues for governmental activities

Total revenues for governmental activities were $3.58 billion, an increase of $79.8 million, or 2.3% from the previous year. This increase consisted of an increase in program revenues of $31.3 million and general revenues of $48.5 million. The largest share of program revenues were operating grants and contributions which accounted for 70.1%. Operating grants and contributions are monies received from parties outside the County and are generally restricted to one or more specific programs such as State and Federal revenue for public assistance and health and sanitation. 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. General revenues are used to support program activities countywide. Example of general revenues include property tax, sales and use tax as well as other County levied tax, investment income, rents and concessions, contributions and donation, and sales of surplus property.

The increase in program revenues was primarily comprised of the following:

- Charges for services increased by $31.8 million, or 4.3%. The contract law enforcement revenue increased due to additional patrolling services and rates increased in contract city law enforcement services. The fire protection services increased along with forestry services. In addition to the presidential election and mail ballot election for the City of Riverside conducted in fiscal year 2016-17, the local ballot measures and special vacancy elections were added to the November 2016 election cycle.
- Operating grants and contributions increased by $4.6 million, or 0.2%. There was an increase of $38.2 million recognized as revenue from Local Revenue Funds Sales and Use Tax Growth Fund for supporting mental health treatment, detention health, juvenile justice programs, and children services. $37.8 million increased in federal and state funds for major public assistance programs. The caseload in CalFresh and Medi-Cal continued to grow due to the expansion of Affordable Care Act (ACA). The significant growth in the County's elderly population continued to affect the Adult Protective Services (APS) and In-Home Support Services (IHSS) programs. The adoptions assistance program required additional funding due to statewide changes which impacted the rates paid for the overall cost of the program. $12.9 million in Mental Health Service Act Fund due to the continued implementation of ACA, Behavioral Health Integration and the Whole-Person Care Initiatives, and service levels and access to the service throughout the County continued to increase with available funding. $10.4 million received from community corrections performance incentive fund for implementing an enhanced aftercare program for juveniles with intensive supervision following release from treatment. The overall increase was offset by $65.2 million decrease in federal and state grant reimbursement for road improvement due to several large highway inter-change improvement and grade separation projects that were completed. $23.5 million decrease in Proposition 172 statewide half-percent sales tax for support of local public safety functions in cities and counties. The allocation adjustment was made in true-up payments for the over allocation in previous years. As a result, the monthly apportionments were adjusted and anticipated to be lower than prior year. $6.7 million decrease in federal and state funds for California Work Opportunity and Responsibility to Kids (CalWorks), due to the decrease in caseload as the economy continued to improve.
- Capital grants and contributions decreased by $5.0 million, or 9.3%. The Alan M. Crogan Youth Treatment and Education Center construction was completed in fiscal year 2016-17 to provide enhanced aftercare programs for juveniles following release from treatment and assists them with community re-entry.

The increase in general revenues were largely attributable to:

- Property tax revenues increased by $21.0 million or 6.1%, due to the growth of assessed valuation based on the contributing factors including a decrease in Proposition 8 reductions and continued appreciation in sales prices in all sectors of the real estate market.
- Sales and use tax revenues decreased by $1.7 million, or 5.7%, due to the completion of the solar plant construction and continued low fuel prices.

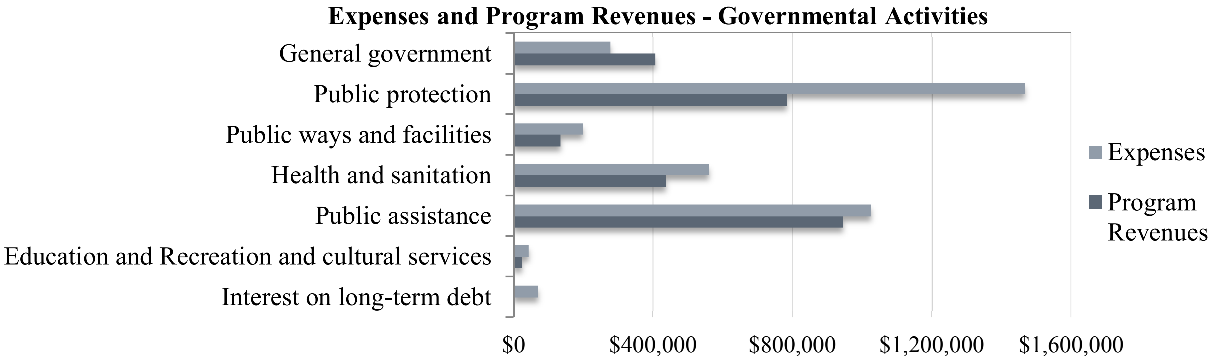
- Unrestricted intergovernmental revenue increased by $26.5 million, or 11.4%. In fiscal year 2015-16, a portion of the vehicle license fee realignment fund was redirected to family support service programs.
- Other revenue increased by $2.6 million, or 1.4%, due to contributions received from developers and community facilities districts for road improvement.

Expenses for governmental activities

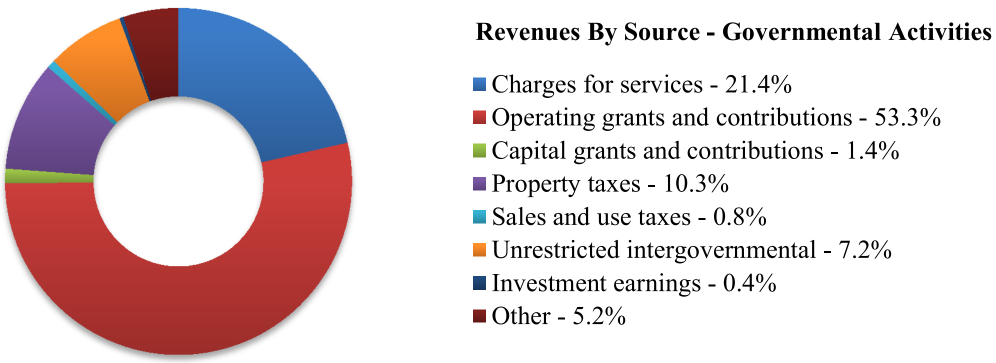
Total expenses for governmental activities were $3.64 billion for the current fiscal year, an increase of $337.7 million, or 10.2% ($314.1 million increase in functional expenses and $23.6 million increase in interest expense), as compared to prior fiscal year. The following are the key components accounting for the variances:

- The decrease in general government was primarily due to contributions that were made in fiscal year 2015-16 for supporting several building construction projects based on the anticipated project activity and cash flow expectations of projects in various stages of completion.
- The expenses in public protection increased by $137.2 million, or 10.3%, as of result of increased recruitment to meet state mandates and maintain service levels, merit increases, and employment leave paid for retirement. The service rate from the State Department of Forestry and Fire Protection was increased in an average of five percent per year over the last five years based on employee bargaining agreements and benefit rates. In addition, the State Department of Forestry and Fire Protection issued a $23.7 million credit memorandum for the second quarter payment in fiscal year 2015-16. The credit was to compensate for amounts owed by the newly incorporated cities which were ineligible to participate in the Vehicle License Fee (VLF) swap for replacing the vehicle license fee revenue loss when the VLF rate dropped from 2 to 0.65%.
- The increase in public ways and facilities was mainly caused by the construction costs associated with road improvement including extension and resurfacing due to recent development in the communities.
- The expenses in health and sanitation increased by $91.5 million, or 19.5 %. The health service levels throughout the County increased due to the continuation of implementing the Affordable Care Act, the behavioral Health Integration Initiative, the Whole-Person Care Initiative, and Drug Medi-Cal Organized Delivery System Waiver.
- The increase in public assistance was due to recruitment of additional social workers in response to continued caseload growth in CalFresh, Medi-Cal, and APS and IHSS programs, and increased demand in services related to health related function. The caseloads in CalFRESH, Medi-Cal programs continued to grow due to expansion under the Affordable Care Act. The Adult Protective Services and In-Home Support Services programs were affected by the significant growth in the County's elderly population. The average monthly caseload was projected to be 25 cases per social worker in fiscal year 2016-17 which was above the recommended standard of 16 cases per worker.
- The $23.6 million increase in Interest on Long-Term Debt which consisted of $5.2 million in Tax Revenue Anticipation Notes (TRANS) due to the notes being issued in a higher amount, and $18.4 million in bond issuance and capital lease according to the debt service payment schedule.

The following chart displays expenses and the associated program revenues by function for the governmental activities for the fiscal year ended June 30, 2017 (In thousands):



The chart below presents the percentage of total revenues by source for governmental activities:



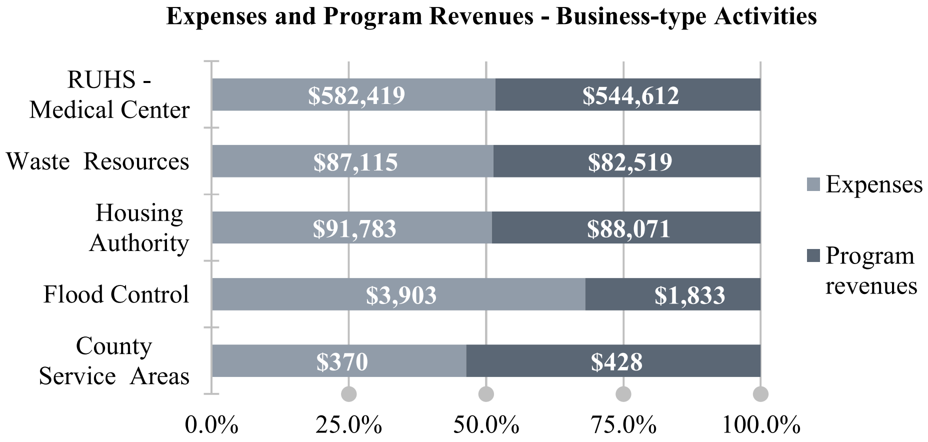
Business-type Activities

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

Revenues: For the current year, $716.9 million, or 99.6%, 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, $544.1 million, was received by RUHS-MC as compared to $511.7 million for the prior fiscal year. The increase was mainly attributed to higher patient revenue from potential insurance contracts and other sources, as well as increased state compensation for care of patients with Medi-Cal insurance

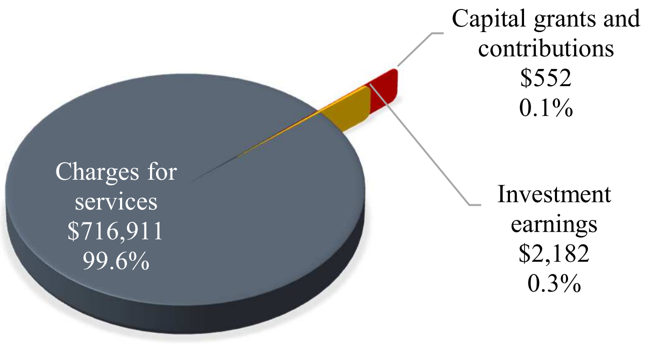
Expenses: Total expenses for business-type activities were $765.6 million for the fiscal year compared to $673.8 million for the prior fiscal year. This represents an increase of $91.7 million, or 13.6%. The majority of the expenses were incurred by RUHS-MC, Waste Resource, and Housing Authority. The increase was mainly attributed to operational costs incurred in the current fiscal year as noted earlier in the discussion of overall decrease in net position for business-type activities on page 8.

The following chart displays expenses and the associated program revenues by function for the business-type activities for the fiscal year ended June 30, 2017 (In thousands):



The chart below presents the percentage of total revenues by source for business-type activities:

Revenues By Source - Business-type Activities



FINANCIAL ANALYSIS OF FUND STATEMENTS

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

Governmental Funds

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 projects funds, debt service funds, and the permanent fund.

As of June 30, 2017, the County's governmental funds reported combined fund balances of $1.10 billion, a decrease of $132.3 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 – $4.8 million, 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 – $793.5 million, amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – $35.0 million, 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 – $48.6 million, 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 – $217.9 million, funds that are not reported in any other category and are available for any purpose within the general fund.

Total governmental fund revenue increased by $114.3 million, or 3.4%, from the prior fiscal year with $3.50 billion being recognized for the fiscal year ended June 30, 2017. Expenditures increased by $198.3 million, or 5.7%, from the prior fiscal year with $3.49 billion being expended for governmental functions during fiscal year 2015-16. Overall, governmental fund balance decreased by $132.3 million, or 10.7%. In comparison, fiscal year 2015-16 had a decrease in governmental fund balance of $124.8 million, or 9.2%, over fiscal year 2014-15.

The general fund is the primary operating fund of the County. At the end of fiscal year 2016-17, the general fund's total fund balance was $348.2 million, as compared to $371.5 million in fiscal year 2015-16. 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 $2.3 million, and the spendable portion was $345.9 million. The current year unassigned fund balance is 7.4% of the total general fund expenditures of $2.94 billion, as compared to 7.8% of the prior year expenditures total of $2.79 billion. The total fund balance of the general fund for the current year is 11.8% of the total general fund expenditures as compared to 13.3% for the prior year.

The fund balance of the County's general fund decreased by $23.3 million during the current fiscal year. As noted earlier in the discussion of overall decrease in net position on page 8, the decrease was due to an increase in contributions to the retirement plans. The total contribution made from the general fund was $206.5 million, an increase of $17.5 million, or 9.2% from prior fiscal year. Other factors to the decrease in fund balance were the result of operations as discussed in the general fund financial analysis on page 15 and 16.

Transportation fund balance decreased by $6.5 million, or 7.4%, due to a decrease in both federal and state aids as several large highway inter-change improvement and grade separation projects were completed. In addition, a downturn in Highway and Street Code Section Revenue 2103 from falling gasoline prices and the variable rate per gallon was dropped by $0.022 per gallon from $0.120 in fiscal year 2015-16 to $0.098 in fiscal year 2016-17.

Flood control fund balance increased by $19.1 million, or 9.2%. The net increase in fund balance was a result of increased property tax revenue which fluctuated from year to year based on property tax values and foreclosures within the zone boundary as well as economic activity within the County, and decreased construction activities during the current fiscal year.

Public facilities improvements capital projects fund balance increased from $133.6 million to $160.7 million, 20.2% or $27.0 million. The increase was caused by additional State aid received in current year for financing the new detention and youth treatment center construction.

Public financing authority fund balance decreased by $138.2 million, or 59.8%. The decrease was primarily due to the construction of the new detention center, courtrooms, and parking structures that continued in fiscal year 2016-17 which was financed with proceeds from the Series 2015 Bond issuance. The proceeds from Series 2015 Bond issuance have been spent as the capital projects progressed.

Other Governmental Funds

The $10.5 million, or 5.2%, decrease in nonmajor governmental funds fund balance was essentially from the scheduled annual principal payments of outstanding debts in debt service funds.

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 RUHS-MC, Waste Resources, and Housing Authority are shown in separate columns of the fund statements due to materiality criteria as defined by GASB Statement No. 34. 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 $107.1 million, compared to $107.8 million for prior fiscal year; this represents a decrease of $677.0 thousand, or 0.6%. The funds accounting for the majority of the variance were Waste Resources, Housing Authority, and Internal Service Funds. The total decrease in net position for Waste Resources and Housing Authority were $1.9 million and $1.9 million, respectively. Factors concerning the finances of these two funds have been previously discussed in the business-type activities on page 8. The increase of $3.0 million in the Internal Service Funds was mainly due to new rate methodologies used and personnel reduction in the Information Services Fund.

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 years ended June 30, 2017 and 2016
(In thousands)

	2017		2016		Increase / (Decrease)	
Revenues by Sources	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
Taxes	$ 292,674	9.6%	$ 279,945	9.6%	$ 12,729	4.5%
Intergovernmental revenues	1,974,075	64.5%	1,908,447	65.6%	65,628	3.4%
Charges for services	460,539	15.1%	465,333	16.0%	(4,794)	-1.0%
Other revenue	153,728	5.0%	129,586	4.5%	24,142	18.6%
Other financing sources	177,803	5.8%	126,014	4.3%	51,789	41.1%
Total	$ 3,058,819	100.0%	$ 2,909,325	100%	$ 149,494	5.1%

General fund revenues had an overall increase of $149.5 million, or 5.1%, from the prior year. The increase was due primarily to the changes in the following:

- The changes in *Taxes* during the current fiscal year were due to the assessment roll value for fiscal year 2016-17 being $255.10 billion, increased by $12.40 billion or 5.1%, from $242.70 billion in fiscal year 2015-16. Contributing factors to the increased assessment roll are a decrease in Proposition 8 reductions, continued appreciation in sales prices in all sectors of the real estate market and a minor increase in new construction.

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

- *Charges for services* decreased by $4.8 million, or 1.0%, primarily due to the current year proceeds for Capitated Medi-Cal, and Medi-Cal patients revenues were re-categorized to special revenue fund due to the funding sources are legally restricted. The overall decrease is partially offset by increased contractual law enforcement, fire protection and election service revenues. The increase in contractual law enforcement, fire protection and election service revenues were previously discussed on page 10.

- The increase in *Other revenue* was due to higher retirement discount being earned due to more pre-payment being made for the annual required contribution to the County Misc. and Safety pension plans, and contribution received from developers for road improvement. In fiscal year 2015-16, the court fines and penalties revenue were reduced as a result of the establishment of 18-month amnesty program in accordance to Senate Bill 85. The program allowed a reduction in the amount owed if individuals meet certain eligibility criteria.

- The significant changes in *Other financing sources* during the year was due to the issuance of capital leases for financing equipment and vehicle purchases, and construction of solar panels. In addition, a one-time contribution was received from the capital projects fund for debt service payments for various County facilities.

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

General Fund - Expenditures by Function
For the fiscal years ended June 30, 2017 and 2016
(In thousands)

	2017		2016		Increase / (Decrease)	
Expenditures by Function	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
General government	$ 133,217	4.3%	$ 113,779	3.9%	$ 19,438	17.1%
Public protection	1,317,038	42.7%	1,256,765	42.8%	60,273	4.8%
Public ways and facilities	-	0.0%	-	0.0%	-	0.0%
Health and sanitation	494,771	16.1%	468,272	16.0%	26,499	5.66%
Public assistance	920,185	29.9%	918,963	31.3%	1,222	0.1%
Other expenditures	77,844	2.5%	33,578	1.1%	44,266	131.8%
Other financing uses	139,043	4.5%	141,847	4.8%	(2,804)	-2.0%
Total	$ 3,082,098	100.0%	$ 2,933,204	100.0%	$ 148,894	5.1%

Total expenditures for the general fund were $3.08 billion, an increase of $148.9 million, or 5.1%, from the prior year. Significant changes are as follows:

- In *General government*, the main factors to the increase in fiscal year 2016-17 were a comprehensive review of potential cost saving opportunities within the criminal justice and other departments continued from prior year, electricity and water usage increased due to office expansion, and contributions to non-County agencies.

- The increase in *Public protection* was mainly caused by an increase in salary and benefit costs for increased recruitment to meet state mandates and maintain service levels, staffing increases for meeting the goal of 1.2 officers per 1,000 residents in the unincorporated area and the terms of the inmate settlement which requires additional health and mental health professionals and costs for office and treatment space, and employment leave paid for retirement. A new youth treatment and education center was opened in fiscal year 2016-17. In addition, insurance rates increased due to higher claim levels in general liability and workers' compensation.

- The increase in *Health and sanitation* was mainly due to the County continuing to implement the Affordable Care Act, the Behavioral Health Integration Initiative, the Whole-Person Care Initiative, and the Drug Medi-Cal Organized Delivery System Waiver. As a result, the service level throughout the County and general inflation on the cost of services increased.

- The increase in *Public assistance* was due to increased recruitment in response to the continued caseload growth in several programs. See explanation previously discussed on page 11.

- The increase in *Other expenditures* was mainly due to equipment and vehicle purchases, and the construction of solar panels financed by capital lease obligations.

- The main factors to the decrease in *Other financing uses* were contributions being made to other County funds in fiscal year 2015-16 for financing debt service payments according to the debt service schedule, construction costs of capital projects, and County program activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

This section provides a summary of the primary factors contributing 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 financial 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 $53.3 million, or 1.7%, from $3.12 billion to the final amended revenue budget of $3.08 billion. The major changes in appropriations are as follows:

Fines, forfeitures & penalties: Increased by $2.3 million or 3.6% from $63.5 million to $65.8 million due to a $3.0 million increase in Teeter Tax Losses Reserve Fund (TLRF). Under the California Teeter plan, the County advances participating agencies property tax allocations based on enrolled assessed valuation. In return, the County retains the actual taxes received, plus penalties and interest on delinquent taxes. The Tax Losses Reserve Fund, that is part of the Fines, forfeitures & penalties category, captures revenues and expenditures associated with the program. Revenue exceeding financing costs and the necessary tax loss reserve is discretionary revenue released to the general fund annually. The Executive Office estimated the reserve requirement balance was in excess of $3.0 million, allowing an increase in estimated revenue from the Tax Losses Reserve Fund. This increase was offset by a reduction of $1.3 million in fines and fees for contributions to trial court funding and Assembly Bill (AB) 233 realignment.

Rents and concessions: Increased by $2.4 million, or 8.0% from $30.1 million to $32.5 million. The Board approved an agreement with Burrtec Waste Industries, authorizing the disposal of up to 225,000 tons of out-of-county waste per year. The agreement is anticipated to generate a maximum of $2.4 million annually to be allocated to the general fund. The Executive Office made a budget adjustment to account for revenue received in fiscal year 2016-17 which was not included in the original budget.

Federal: There was an increase in Federal Aid of $21.1 million or 3.3% from $634.1 million to $655.2 million. A majority of the increase was $16.2 million related to Riverside University Health Systems Medical Center and Behavior Health's collaboration with a new Drug Medi-Cal Organized Delivery System which will enhance and expand substance abuse and prevention treatment services in the County. An additional $1.4 million growth rate was budgeted for Department of Public and Social Services (DPSS) Foster Parent Recruitment Retention Support Program and $1.0 million was attributed to a program that supports the recouping and collecting of child support revenue.

Charges for current services: Decreased by $55.3 million, or 10.4%, from $533.9 million to $478.6 million. There was an $8.5 million increase in the Sheriff's department budget due to increases in contractual revenue as the level of law enforcement services were modified for several cities and school districts. These increases were offset by $13.6 million of appropriation structural shortfalls in salaries and benefits. The Fire Department requested a budget adjustment in the amount of $4.4 million for its contract partners cost center budget which is fully reimbursable. A portion of this amount is due to the City of Eastvale increasing its cooperative agreement staffing with the opening of a new fire station. The Registrar of Voters expected to have higher than anticipated revenue for fiscal year 2016-17 due to elections that were added to the November 2016 and the 2017 election cycle. A budget adjustment of $1.2 million was made to cover the costs of the local ballot measures and special vacancy elections not previously included in the department's budget. All of these increases were then offset by intergovernmental activities, relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

Other revenue: Decreased by $20.0 million or 23.5% from $85.2 million to $65.2 million. There were increases in other revenue as the result of the Executive Office reassessing various project financing sources and assessing current needs. It was determined that a reserve for the East County Detention Center financing can be restructured to release $10.0 million in project funds. In addition, there was $3.3 million from the County Tobacco Securitization and $1.5 million reserved in the accumulative capital outlay fund that was not allocated to a project. The Executive Office recommended transferring these respective amounts to the capital improvement program for appropriate use. This allows for a return of $13.3 million from the capital improvement program to the general fund. A budget adjustment of $4.0 million was also made to account for higher premium and interest related to the TRANs. TRANs provides the needed cash to cover projected cash flow deficits within the general fund until property tax revenues are received. Finally there was a $1.6 million increase from the proceeds on the disposition of real property. These increases were also completely offset by intergovernmental activities, relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

Expenditure Appropriation Variances

The original adopted General Fund appropriation budget decreased by $61.6 million, or 1.9%, from $3.20 billion to the final amended appropriation budget of $3.14 billion. The major appropriation variances are described below.

General Government: The original adopted appropriation budget for General Government decreased by $34.5 million, or 15.1%, from $229.1 million to the final amended appropriation budget of $194.6 million. The major appropriation variances are described below.

- Other Charges decreased by $35.1 million or 44.6% from $78.7 million to $43.6 million mainly due to intergovernmental activities, relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

Public Protection: The original adopted budget for Public Protection increased by $16.1 million, or 1.2%, from $1.35 billion to the final amended appropriation budget of $1.36 billion. The major appropriation variances are described below.

- Services and supplies increased by $11.5 million or 2.8% from $411.8 million to $423.3 million. Fire Protection Contract Services increased by $4.4 million and mostly due to the opening of a new fire station and the remaining is due to the expected increase in Cal Fire cooperative agreement and this budget is 100% reimbursed by the contract partner. The Emergency Management department increased by $2.0 million in professional services which was offset by decreases in inter-fund expenditures and contributions to other non-county agencies. District Attorney cost increased by $1.0 million due to a new Case Management System Cost which including licenses and training

- Other charges increased by $3.3 million, or 6.5% from $51.0 million to $54.3 million. The main increase was $1.9 million for the Probation departments' expansion of their Palm Springs office to meet the growth related needs. There was also a $1.2 million increase to the Sheriff Department's encumbrances which carried over from the previous fiscal year.

Health and Sanitation: The original adopted budget for Health and Sanitation increased by $10.3 million, or 1.9%, from $535.0 million to the final amended appropriation budget of $545.2 million. The major appropriation variances are described below.

- Services & supplies increased $16.0 million or 13.3% from $120.2 million to $136.2 million. The variance was due to intergovernmental activities of $7.1 million. Detention Health increased by $2.2 million in order to align the budget with increases in service levels within the jails. There was a $1.9 million increase for Health Care Services for the drug Medi-Cal Organized Delivery system to ensure continuous quality improvement in treatment. Finally, a $1.2 million increase was due to the increase of California Children Services caseloads. These increases were offset by a cumulative decrease of $5.7 million in salaries and employee benefits, other charges and capital assets.

Debt Services: The appropriation budget decreased by $50.6 million or 58.7% from $86.3 million to $35.7 million.

- Principal on long-term debt was $56.2 million or 69.1% less than budget primarily due to a decrease in principal related to the hospitals SB 1732 - Medi-Cal Construction and Renovation Reimbursement Program.

- Interest on long-term debt increased by $5.6 million or 109.7%. The variance is a result of the Tax and Revenue Anticipation Notes to provide needed cash to cover the projected cash flow deficits of the County's general fund during the fiscal year. At the time of financing, the notes were issued in a higher amount than was budgeted, therefore, a budget adjustment of $5.5 million was needed to increase the estimated revenue and appropriation for a higher premium and interest on the notes.

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 $1.0 million resulting from unexpended appropriations of $196.3 million, or 6.3%, and overestimated revenue of $195.3 million, or 6.3%. The following contributed to the variance:

Revenue Variances

General Fund actual revenues of $2.90 billion were 6.3%, or $195.3 million, less than the final amended revenue budget of $3.07 billion.

Taxes: Actual revenues of $292.7 million were less than the final amended budget of $301.0 million by $8.3 million or 2.8%. This was the result of decreases of in property tax revenue of $4.0 million; $2.7 million from redevelopment and $1.3 million from property tax prior supplemental revenue. There was also a decrease of $2.4 million related to sales and use taxes.

Interest: Actual revenues of $7.9 million were $3.8 million or 92.0% more than final amended budget of $4.1 million. The primary variance was due to the Treasurer-Tax Collector department optimizing the investment selections and strategies which resulted in additional interest earnings.

Rents and concessions: Actual revenues of $13.4 million were $19.2 million or 58.9% less than final amended budget of $32.5 million. The primary variance is due to the Hospital receiving $6.0 million from SB1732 funds then applying it to its debt services. The balance of the variance is due to intergovernmental activities.

Federal aid: Actual revenues were $65.2 million or 10.0% less than final amended budget from $655.2 million to $589.9 million. Due to decreases in program related expenditures, DPSS public assistance programs received $45.0 million less in revenue than budget, Behavioral Health revenues were short by $14.5 million and Public Health's Women, Infant, children (WIC) – federal reimbursement program revenues also experienced a $3.2 million decline. Emergency Management Department revenues from the State Homeland Security Program (SHSP) was $2.0 million lower due to local jurisdictions not completing projects as anticipated therefore unable to receive SHSP pass-thru funding.

State: Actual revenues were $73.5 million or 5.4% less than the final amended budget from $1.35 to $1.28 billion. This was partially the result of a $21.9 million decrease in Proposition 172 revenue which is allocated on pro-rate basis to the District Attorney, Sheriff and Probation. The balance of the decrease was due to intergovernmental activities, relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

Charges for current Services: Actual revenues were $18.0 million or 3.8% less than the final amended budget of $478.6 million to $460.5 million, respectively. A majority of the variance is due to the Fire Department actual revenues coming in lower than budget. There was a $7.5 million decrease for fire protection revenue which is reimbursable based on the actual costs related to contract cities and a $1.1 million decrease for abatement. The Economic Development Agency (EDA) Energy Division utility reimbursements from proprietary fund departments were $2.7 million less than anticipated due to lower electric, water, fuel, trash and sewer costs. Code Enforcement actual revenues were less than budgeted by $1.3 million due to retirements and staff attrition. Sheriff Department actual revenues were also $1.3 million less than budgeted due to the realignment of Trial Court Funding and the costs of providing security for the Superior Court. Finally, inter-fund salary reimbursements for project manager staff time spent on Capital projects was lower than budgeted by $1.0 million due to the fluctuation of requested services.

Other revenue: Actual revenues were $18.8 million or 28.9% more than the final amended budget from $65.2 million to $46.4 million, respectively. The Emergency Management Department miscellaneous revenue was $2.5 million more than budgeted due to reimbursements related to the County's response to the San Bernardino County Environment Health Shooting and the Blue Cut Fire. A $1.7 million increase was due to revenue from the EL Sobrante Land Fill. The remaining variance is the result of intergovernmental activities, related to operating transfers in and out and elimination of transfers in and out within the same fund group.

Expenditure Variances

General Fund actual expenditures of $2.94 billion were $196.3 million or 6.3% less than the final appropriation budget of $3.14 billion. The major appropriation variances are described below.

General Government: Actual expenditures were $61.4 million or 31.5% less than the final amended budget.

- Salaries and employee benefits were $8.6 million or 8.4% less than budgeted. Decreases were noted in EDA for $2.6 million, Human Resources for $1.1 million, Assessor for $1.0 million, Treasurer-Tax Collector for $1.0 million, and $1.9 million related to intergovernmental activities.

- Services and supplies were $12.4 million or 12.3% less than budgeted due to decreases in Executive Office by $2.2 million, Assessor Office $3.4 million, EDA $5.5 million and the remaining are due to intergovernmental activities.

- Other Charges decreased by $31.9 million or 73.1% mainly due to decreases in contributions to other funds as directed by the Executive Office and intergovernmental activities.

- Intra-fund transfers were $6.7 million, or 9.8% less than budgeted. $3.6 million was attributed to the EDA Energy Division for project reimbursements and solar savings which were less than projected.

- Appropriation for contingencies were $14.2 million, or 100.0% less than budgeted. These budgets are established to cover urgent, unforeseeable events such as revenue shortfall, unanticipated expenditures, uncorrectable budget overrun and mission-critical issues at the Board of Supervisor's discretion. The decrease is due to departments realizing savings and in some cases receiving one-time revenues instead of using these budgeted funds.

Public Protection: Actual expenditures were $44.8 million or 3.3% less than the final amended budget.

- Salaries and employee benefits were $14.4 million or 1.6% less than budget, primarily due to intergovernmental activities of $12.9 million. There was also a $3.2 million decrease in Probation, a $1.8 million decrease in Fire Department and $1.1 million decrease in the Department of Child Support Services.

- Services and supplies were $24.4 million or 5.8% less than budgeted mainly due to the Fire Department's professional services and weed abatement charges.

- Other Charges were $2.4 million, or 4.5% less than budgeted mainly due to decreases in inter-fund expenditure maintenance for the Probation Department and decreases of intergovernmental activities.

- Capital assets were $3.6 million or 49.6% less than budgeted mainly due to County Clerk –Recorder, District Attorney, and Sheriff which have postponed budgeted capital projects.

Health and Sanitation: Actual expenditures were $50.4 million or 9.2% less than the final amended budget.

- Salaries and employee benefits were $20.0 million or 7.0% less than budget. The Behavioral Health Department had a salary savings of $8.0 million, Public Health had $2.8 million in savings, and Correction

Health had $1.3 million in salary savings. There was also a decrease of $5.3 million in intergovernmental activities.

- Services and supplies were $11.4 million or 8.4% less than budgeted mainly due to decreases of approximately $4.2 million related to postponement of non-fixed asset office equipment, $3.0 million from rent and lease buildings and $2.7 million in savings related to car pool expenses.

- Other charges were $8.0 million or 4.4% less than budgeted due to state realignment.

- Capital assets were $8.7 million or 93.9% less than budgeted mainly due to the postponement of the Behavioral Health budgeted building improvements.

Public Assistance: Actual expenditure were $80.8 million or 8.1% less than budgeted.

- Salaries and employee benefits were $30.6 million or 8.5% less than budgeted primarily related to DPSS salary savings and intergovernmental activities.

- Services and supplies were $30.4 million or 20.2% less than budgeted primarily due to DPSS postponement of computer equipment purchases, professional services, and building improvement maintenance.

- Other Charges were $19.0 million or 3.9% less than budgeted mainly due to the decreases in client services of $10.0 million and categorical assistance by $9.67 million.

Debt Service: Actual expenditures were less than budgeted by $23.1 million, or 64.8%.

- Principal on long-term debt was $23.1 million or 92.1% less than budget primarily due to decreases in the funding related to the hospitals SB 1732 - Medi-Cal Construction and Renovation Reimbursement Program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the County's capital assets for both its governmental and business-type activities amounted to $5.03 billion (net of accumulated depreciation). The capital assets include infrastructure, land & easements, land improvements, structures and improvements, equipment, construction in progress, and concession arrangements. 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 approximately 3.2% or $157.9 million, from $4.87 billion in fiscal year 2015-16 to $5.03 billion in fiscal year 2016-17.

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

- Infrastructure increased approximately $117.3 million which consisted of donated roads valued at $11.4 million, $35.5 million in flood storm drains and channels, and $70.4 million in roads, traffic signals, bridges and other infrastructures transferred out of construction in progress.

- Land easements increased approximately $24.0 million as a result of the following acquisitions: Approximately 47.4 acres of land for the Southwest Detention Center was acquired for $22.8 million. The Flood Control District had land additions of $1.2 million acquired through donated land of approximately 4.0 acres of the Murrieta Valley Shadow Canyon Trail Storm Drain.

- Land improvements did not incur any additions for the current fiscal year. The overall decrease of approximately $1.2 million was attributed in depreciation for the current fiscal year.

- Structures and improvements increased approximately $19.6 million as a result of the transfer in from construction in progress. The major increases were noted as follows: approximately $11.0 million in costs for East County Parking Structure, $2.1 million for Public Guardian Mental Health and $1.5 million for Myers Mental Health Building 1 & 2; and the RUHS-MC also experienced a transfer in from construction in progress in the amount of $1.8 million for the GI Laboratory to remodel the lower level of the Spine Clinic. However, during the current year approximately $48.1 million were incurred in depreciation & retirements which resulted in an overall decrease in structures and improvements of approximately $28.6 million.

- Equipment increased approximately $19.2 million. The primary increase of $4.6 million was due to the Fleet and Waste Resources Departments' acquisition of vehicles. The remaining balance of $14.6 million was due to increases in communication and office equipment, software, equipment leased vehicles and other miscellaneous equipment throughout the County.

- During the current fiscal year, construction in progress experienced additions in the amount of $305.5 million related to existing and new projects. The major increases were noted as follows: the Economic Development Agency incurred $146.5 million in costs for projects such as the East County Detention Center, the new secured Youth Rehabilitative Facility, and the remodeling of Public Defender Building; the Transportation and Land Management Agency incurred an additional $112.4 million for projects related to streets, bridges, sidewalks and signal lights; the RUHS-MC incurred $20.5 million in cost for projects such as the new EPIC Software and the Emergency Room Expansion; the Flood Control District incurred $12.2 million for storm drains and channels; the Crest project incurred an additional $6.7 million towards the new integrated property management system. Park District incurred an additional $3.7 million for projects related to the expansion of Santa Ana River Trail and the expansion of existing splash pad play area, water & filtration system. During the current year approximately $278.3 million of completed projects were transferred out of construction in progress to other capital asset classifications which resulted in an overall increase in construction in progress of approximately $27.2 million.

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

CAPITAL ASSETS (Net of Accumulated Depreciation)
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2016	2017	2016	2017	2016	Dollar Change	Percentage Change
Infrastructure	$ 1,982,715	$ 1,869,290	$ 49,778	$ 45,887	$ 2,032,493	$ 1,915,177	$ 117,316	6.1%
Land and easements	561,581	537,586	21,359	21,359	582,940	558,945	23,995	4.3%
Land improvements	82	84	7,693	8,905	7,775	8,989	(1,214)	-13.5%
Structures and improvements	1,193,632	1,218,915	125,329	128,610	1,318,961	1,347,525	(28,564)	-2.1%
Equipment	224,369	233,044	60,636	32,764	285,005	265,808	19,197	7.2%
Construction in porgress	756,804	709,599	36,345	56,380	793,149	765,979	27,170	3.5%
Concession arrangements	-	-	8,830	8,830	8,830	8,830	-	0.0%
Total outstanding	$ 4,719,183	$ 4,568,518	$ 309,970	$ 302,735	$ 5,029,153	$ 4,871,253	$ 157,900	3.2%

Additional information on the County's capital assets can be found in Note 8 on pages 76-78 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 $519.0 million as of June 30, 2017. The calculated legal debt limit for the County is $3.17 billion.

The following are credit ratings maintained by the County:

	Moody's Investors Services, Inc.	Standard & Poor's Corp.	Fitch
Tax and Revenue Anticipation Notes (TRANS)	Not Rated	SP-1+	F1+
Teeter Notes	MIG1	Not Rated	F1+
Long-Term General Obligations	Aa3	AA	AA-
Certificates of Participation	A2	AA-	A+
Pension Obligation Bonds	A2	AA-	A+
Lease Revenue Bonds	A1	AA-	A+

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, 2017.

COUNTY'S OUTSTANDING DEBT OBLIGATIONS
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2016	2017	2016	2017	2016	Dollar Change	Percentage Change
Loan payable	$ 2,205	$ 2,790	$ -	$ -	$ 2,205	$ 2,790	$ (585)	-21.0%
Bonds payable	1,206,942	1,195,027	92,371	106,428	1,299,313	1,301,455	(2,142)	-0.2%
Certificates of participation	94,467	108,937	-	-	94,467	108,937	(14,470)	-13.3%
Capital leases	180,290	160,110	8,423	7,438	188,713	167,548	21,165	12.6%
Total outstanding	$ 1,483,904	$ 1,466,864	$ 100,794	$ 113,866	$ 1,584,698	$ 1,580,730	$ 3,968	0.3%

The County of Riverside's total debt increased by 0.3% or $4.0 million during the current fiscal year. The increase was primarily due to new capital leases for equipment, vehicle and construction of solar panels, and the issuance of the 2016 Series A and A-T bonds for refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenues Bond (County Facilities Projects) 2008 Series A. The increase was partially offset by regularly scheduled principal reductions on the existing outstanding debt. Additional information on the County's long-term debt can be found in Note 14 on pages 86-95 of this report.

ECONOMIC FACTORS AND THE FISCAL YEAR 2017-18 BUDGET OUTLOOK

Beacon Economics' forecasts for long-term growth in Riverside County remain in an upward direction. The residential and nonresidential property markets continue to improve while unemployment rates continue to decline. The County's revenues most closely associated with the local real estate market continue to exhibit positive growth, albeit slightly slower than expectations as home sales have been disappointing. The current forecast is still calling for positive growth for real estate-driven revenues as home price growth and construction activity will support growth in the near term despite the lower than expected home sales volume. The sales tax receipts for fiscal year 2016-17 are down from the prior year, but we could see a return to positive growth as oil prices have rebounded and stabilized recently. The discretionary revenue for fiscal year 2017-18 is expected to increase by approximately 3% ($22.6 million) when compared to the fiscal year 2016-17 revised budget. The increase is due to growth in assessed valuation for property values, which increase the amount of fiscal year 2017-18 estimated property tax revenue estimates by more than $16.5 million over fiscal year 2016-17.

Management's Discussion & Analysis *(Unaudited)*

The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2017-18.

Source		Final Budget Estimate (In millions)
Taxes	$	351,100
Other taxes		63,121
Licenses, permits, franchise taxes		7,208
Fines, forfeitures, penalties		18,316
Use of money and property		11,419
State		247,785
Federal		3,400
Miscellaneous		50,175
Total	$	752,524

The County's employee retirement benefit contribution rate for fiscal year 2017-18 for miscellaneous members is 16.9% and the safety contribution rate is 28.2%. 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 2018-19 rates are projected at 18.9% (Miscellaneous) and 31.6% (Safety). Additional information regarding the County's retirement plans is included in Notes 20 and 21 of the financial statements and schedules of changes in net pension liability and related ratios, contributions, and funding progress which are included in the required supplementary information section.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Riverside, Office of the Auditor-Controller, County Administrative Center, 4080 Lemon Street - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326 Phone: (951) 955-3800; Fax: (951) 955-3802; website: www.auditorcontroller.org/ReportsPublications.

COUNTY OF RIVERSIDE

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BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE FINANCIAL STATEMENTS

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COUNTY OF RIVERSIDE

Statement of Net Position
June 30, 2017
(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)	$ 1,021,599	$ 163,408	$ 1,185,007	$ 41,628	$ -
Receivables, net (Notes 1 and 6)	475,652	185,805	661,457	2,776	-
Internal balances (Note 7)	127,670	(127,670)	-	-	-
Inventories	5,822	8,390	14,212	3	-
Prepaid items and deposits	5,846	6,203	12,049	-	-
Restricted cash and investments (Notes 4 and 5)	556,182	126,338	682,520	-	-
Other noncurrent receivables (Note 6)	23,805	-	23,805	-	-
Loans receivable (Note 6)	-	93,407	93,407	-	-
OPEB asset, net (Note 22)	33,340	-	33,340	-	-
Land held for resale	-	38,558	38,558	-	-
Capital assets (Note 8)					
Nondepreciable assets	1,318,385	66,534	1,384,919	373	-
Depreciable assets, net	3,400,798	243,436	3,644,234	1,766	-
Total assets	6,969,099	804,409	7,773,508	46,546	-
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	971,638	136,399	1,108,037	1,324	-
LIABILITIES:					
Current liabilities:					
Accounts payable	120,354	24,722	145,076	3,672	-
Salaries and benefits payable	122,345	21,187	143,532	250	-
Due to other governments	77,137	162,428	239,565	341	-
Interest payable	10,603	187	10,790	-	-
Deposits payable	1,005	166	1,171	-	-
Advances from grantors and third parties (Note 12)	296,184	-	296,184	-	-
Notes payable (Note 13)	83,462	-	83,462	-	-
Other liabilities	1,254	2,911	4,165	-	-
Interest rate swap (Note 14)	21,690	-	21,690	-	-
Long-term liabilities (Note 14)					
Due within one year	354,801	38,827	393,628	117	-
Due beyond one year	3,960,296	618,150	4,578,446	3,071	-
Total liabilities	5,049,131	868,578	5,917,709	7,451	-
DEFERRED INFLOWS OF RESOURCES (Note 15)	315,055	48,576	363,631	107	-
NET POSITION:					
Net investment in capital assets	3,355,072	202,150	3,557,222	2,139	-
Restricted for:					
Children's programs	-	-	-	38,173	-
Community development	143,770	-	143,770	-	-
Debt service	307,192	34,318	341,510	-	-
Health and sanitation	25,404	10,971	36,375	-	-
Public protection	72,230	-	72,230	-	-
Public ways and facilities	358,952	-	358,952	-	-
Other programs	3,701	2,179	5,880	-	-
Unrestricted	(1,689,770)	(225,964)	(1,915,734)	-	-
Total net position	$ 2,576,551	$ 23,654	$ 2,600,205	$ 40,312	$ -

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, 2017
(Dollars in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION/PROGRAM ACTIVITIES:				
Primary government:				
Governmental activities:				
General government	$ 277,276	$ 230,767	$ 156,147	$ 18,528
Public protection	1,465,762	417,682	365,710	-
Public ways and facilities	199,023	54,544	48,797	30,560
Health and sanitation	559,906	50,618	386,813	-
Public assistance	1,024,047	1,715	943,354	-
Education	24,603	401	9,116	-
Recreation and cultural services	17,980	10,862	2,543	-
Interest on long-term debt	69,874	-	-	-
Total governmental activities	3,638,471	766,589	1,912,480	49,088
Business-type activities:				
Riverside University Health Systems - Medical Center	582,419	544,060	-	552
Waste Resources Department	87,115	82,519	-	-
Housing Authority	91,783	88,071	-	-
Flood Control	3,903	1,833	-	-
County Service Areas	370	428	-	-
Total business-type activities	765,590	716,911	-	552
Total primary government	$ 4,404,061	$ 1,483,500	$ 1,912,480	$ 49,640
Component units:				
Children and Families Commission	$ 24,061	$ -	$ 20,448	$ -
Palm Desert Financing Authority	1,681	-	-	-
Total component units	$ 25,742	$ -	$ 20,448	$ -

General revenues:
Taxes:
Property taxes
Sales and use taxes
Other taxes
Unrestricted intergovernmental revenue
Investment earnings (loss)
Other
Transfers
Total general revenues and transfers
Changes in net position before extraordinary items
Extraordinary items
Extraordinary item
Changes in net position

NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)

NET POSITION, END OF YEAR

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

Net (Expenses) Revenues and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority	
					FUNCTION/PROGRAM ACTIVITIES:
					Primary government:
					Governmental activities:
$ 128,166	$ -	$ 128,166			General government
(682,370)	-	(682,370)			Public protection
(65,122)	-	(65,122)			Public ways and facilities
(122,475)	-	(122,475)			Health and sanitation
(78,978)	-	(78,978)			Public assistance
(15,086)	-	(15,086)			Education
(4,575)	-	(4,575)			Recreation and cultural services
(69,874)	-	(69,874)			Interest on long-term debt
(910,314)	-	(910,314)			Total governmental activities
					Business-type activities:
-	(37,807)	(37,807)			Riverside University Health Systems - Medical Center
-	(4,596)	(4,596)			Waste Resources Department
-	(3,712)	(3,712)			Housing Authority
-	(2,070)	(2,070)			Flood Control
-	58	58			County Service Areas
-	(48,127)	(48,127)			Total business-type activities
(910,314)	(48,127)	(958,441)			Total primary government
					Component units:
			$ (3,613)	$ -	Children and Families Commission
			-	(1,681)	Palm Desert Financing Authority
			(3,613)	(1,681)	Total component units
					General revenues:
					Taxes:
367,937	-	367,937	-	-	Property taxes
27,881	-	27,881	-	-	Sales and use taxes
20,844	-	20,844	-	-	Other taxes
258,999	-	258,999	-	-	Unrestricted intergovernmental revenue
12,918	2,182	15,100	183	14	Investment earnings (loss)
164,297	-	164,297	8	-	Other
(19,916)	19,916	-	-	-	Transfers
832,960	22,098	855,058	191	14	Total general revenues and transfers
(77,354)	(26,029)	(103,383)	(3,422)	(1,667)	Changes in net position before extraordinary items
					Extraordinary items
-	1,152	1,152	-	-	Extraordinary item
(77,354)	(24,877)	(102,231)	(3,422)	(1,667)	Changes in net position
2,653,905	48,531	2,702,436	43,734	1,667	NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)
$ 2,576,551	$ 23,654	$ 2,600,205	$ 40,312	$ -	NET POSITION, END OF YEAR

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

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BASIC FINANCIAL STATEMENTS- FUND FINANCIAL STATEMENTS

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COUNTY OF RIVERSIDE

Balance Sheet

Governmental Funds

June 30, 2017

(Dollars in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	General	Transportation	Flood Control	Teeter Debt Service
Assets:				
Cash and investments (Note 4)	$ 94,866	$ 123,984	$ 230,260	$ -
Accounts receivable (Notes 1 and 6)	13,865	223	265	-
Interest receivable (Note 6)	2,295	101	285	29
Taxes receivable (Note 6)	9,182	11	988	49,875
Due from other governments (Note 6)	363,548	10,387	356	-
Due from other funds (Note 7)	9,489	280	-	35
Inventories	1,981	1,102	-	-
Prepaid items and deposits	-	2,600	66	-
Restricted cash and investments (Notes 4 and 5)	365,394	-	1,660	40,819
Advances to other funds (Note 7)	7,369	-	-	-
Total assets	867,989	138,688	233,880	90,758
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 867,989	$ 138,688	$ 233,880	$ 90,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	$ 29,801	$ 30,877	$ 4,013	$ -
Salaries and benefits payable	104,327	3,020	1,468	-
Due to other governments	65,120	7	1,371	-
Due to other funds (Note 7)	865	210	144	7,296
Deposits payable	76	501	-	-
Advances from grantors and third parties (Note 12)	268,007	23,255	500	-
Teeter notes payable (Note 13)	-	-	-	83,462
Advances from other funds (Note 7)	-	-	-	-
Total liabilities	468,196	57,870	7,496	90,758
Deferred inflows of resources (Note 15)	51,562	-	988	-
Fund balances (Note 16):				
Nonspendable	2,314	1,113	68	-
Restricted	95,130	61,357	225,328	-
Committed	21,907	3,092	-	-
Assigned	10,989	15,256	-	-
Unassigned	217,891	-	-	-
Total fund balances	348,231	80,818	225,396	-
Total liabilities, deferred inflows of resources, and fund balances	$ 867,989	$ 138,688	$ 233,880	$ 90,758

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds	ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
$ 167,816	$ -	$ 147,483	$ 764,409	Cash and investments (Note 4)
-	-	4,527	18,880	Accounts receivable (Notes 1 and 6)
170	-	133	3,013	Interest receivable (Note 6)
-	-	1,298	61,354	Taxes receivable (Note 6)
12,166	-	14,888	401,345	Due from other governments (Note 6)
-	-	7,335	17,139	Due from other funds (Note 7)
-	-	-	3,083	Inventories
-	-	889	3,555	Prepaid items and deposits
-	93,045	55,264	556,182	Restricted cash and investments (Notes 4 and 5)
-	-	-	7,369	Advances to other funds (Note 7)
180,152	93,045	231,817	1,836,329	Total assets
-	-	-	-	Deferred outflows of resources
$ 180,152	$ 93,045	$ 231,817	$ 1,836,329	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
$ 13,718	$ -	$ 9,907	$ 88,316	Accounts payable
-	-	5,574	114,389	Salaries and benefits payable
-	-	10,595	77,093	Due to other governments
101	-	10,881	19,497	Due to other funds (Note 7)
-	-	428	1,005	Deposits payable
1,641	-	2,781	296,184	Advances from grantors and third parties (Note 12)
-	-	-	83,462	Teeter notes payable (Note 13)
4,000	-	-	4,000	Advances from other funds (Note 7)
19,460	-	40,166	683,946	Total liabilities
-	-	54	52,604	Deferred inflows of resources (Note 15)
				Fund balances (Note 16):
-	-	1,263	4,758	Nonspendable
150,711	93,045	167,975	793,546	Restricted
5,124	-	4,906	35,029	Committed
4,857	-	17,453	48,555	Assigned
-	-	-	217,891	Unassigned
160,692	93,045	191,597	1,099,779	Total fund balances
$ 180,152	$ 93,045	$ 231,817	$ 1,836,329	Total liabilities, deferred inflows of resources, and fund balances

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

COUNTY OF RIVERSIDE

MAY 9, 1893

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COUNTY OF RIVERSIDE

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2017
(Dollars in Thousands)

Fund balances - total governmental funds (page 33)		$ 1,099,779
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.		4,630,879
Net other post employment benefits (OPEB) assets, net pension liabilities, and deferred outflows and deferred inflows of resources related to pensions are not current financial resources and, therefore, are not reported in the governmental funds.		(1,438,283)
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Any liability of earned but unavailable revenue must be eliminated in the government-wide financial statements.		30,545
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	$ 1,206,942	
Capital lease obligations	123,762	
Certificates of participation	94,467	
Loans payable	2,205	
Accrued interest payable	10,603	
Accreted interest payable	167,146	
Accrued remediation cost	1,294	
Compensated absences	223,436	(1,829,855)
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 governmental activities, the assets and liabilities of these funds are included as governmental activities in the statement of net position.		83,486
Net position of governmental activities (page 27)		$ 2,576,551

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

COUNTY OF RIVERSIDE

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	General	Transportation	Flood Control	Teeter Debt Service
REVENUES:				
Taxes	$ 292,674	$ 7,695	$ 53,079	$ -
Licenses, permits, and franchise fees	18,400	3,140	-	-
Fines, forfeitures, and penalties	67,689	2,397	-	-
Use of money and property:				
Investment earnings	7,893	219	785	3
Rents and concessions	13,391	-	163	-
Aid from other governmental agencies:				
Federal	589,905	35,144	-	-
State	1,280,127	33,476	602	-
Other	104,043	9,561	-	-
Charges for services	460,539	42,055	5,489	-
Other revenue	46,355	10,751	19,134	-
Total revenues	2,881,016	144,438	79,252	3
EXPENDITURES:				
Current:				
General government	133,217	-	-	-
Public protection	1,317,038	5,436	-	-
Public ways and facilities	-	152,468	57,324	-
Health and sanitation	494,771	-	-	-
Public assistance	920,185	-	-	-
Education	643	-	-	-
Recreation and cultural services	354	-	-	-
Debt service:				
Principal	1,990	-	-	-
Interest	10,568	-	-	-
Cost of issuance	-	-	-	528
Capital outlay	64,289	-	-	-
Total expenditures	2,943,055	157,904	57,324	528
Excess (deficiency) of revenues over (under) expenditures	(62,039)	(13,466)	21,928	(525)
OTHER FINANCING SOURCES (USES):				
Transfers in	113,509	10,453	-	630
Transfers out	(139,043)	(3,439)	(2,855)	(105)
Issuance of refunding bonds	-	-	-	-
Premium on long-term debt	-	-	-	-
Contribution to governmental agency	-	-	-	-
Proceeds from sale of capital assets	5	-	-	-
Capital leases	64,289	-	-	-
Total other financing sources (uses)	38,760	7,014	(2,855)	525
NET CHANGE IN FUND BALANCES	(23,279)	(6,452)	19,073	-
Fund balances, beginning of year	371,510	87,270	206,323	-
FUND BALANCES, END OF YEAR	$ 348,231	$ 80,818	$ 225,396	$ -

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds	
				REVENUES:
$ -	$ -	$ 63,492	$ 416,940	Taxes
-	-	711	22,251	Licenses, permits, and franchise fees
-	-	1,110	71,196	Fines, forfeitures, and penalties
				Use of money and property:
478	1,511	1,345	12,234	Investment earnings
352	-	11,084	24,990	Rents and concessions
				Aid from other governmental agencies:
-	-	66,031	691,080	Federal
18,528	-	23,950	1,356,683	State
30,924	-	26,946	171,474	Other
72,164	-	54,989	635,236	Charges for services
10,481	-	15,573	102,294	Other revenue
132,927	1,511	265,231	3,504,378	Total revenues
				EXPENDITURES:
				Current:
59,693	-	38,398	231,308	General government
-	-	9,294	1,331,768	Public protection
709	-	15,887	226,388	Public ways and facilities
-	-	43,963	538,734	Health and sanitation
-	-	68,588	988,773	Public assistance
-	-	20,806	21,449	Education
-	-	20,688	21,042	Recreation and cultural services
				Debt service:
-	-	46,721	48,711	Principal
-	-	53,331	63,899	Interest
-	-	546	1,074	Cost of issuance
-	139,781	15,936	220,006	Capital outlay
60,402	139,781	334,158	3,693,152	Total expenditures
72,525	(138,270)	(68,927)	(188,774)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
14,023	86	141,522	280,223	Transfers in
(59,505)	-	(94,961)	(299,908)	Transfers out
-	-	39,985	39,985	Issuance of refunding bonds
-	-	5,216	5,216	Premium on long-term debt
-	-	(33,353)	(33,353)	Contribution to governmental agency
-	-	6	11	Proceeds from sale of capital assets
-	-	-	64,289	Capital leases
(45,482)	86	58,415	56,463	Total other financing sources (uses)
27,043	(138,184)	(10,512)	(132,311)	NET CHANGE IN FUND BALANCES
133,649	231,229	202,109	1,232,090	Fund balances, beginning of year
$ 160,692	$ 93,045	$ 191,597	$ 1,099,779	FUND BALANCES, END OF YEAR

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

COUNTY OF RIVERSIDE

MAY 9, 1893

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COUNTY OF RIVERSIDE

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 37)		$ (132,311)
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	$ 343,301	
Less loss on disposal of capital assets	(11,275)	
Less current year depreciation	(171,612)	160,414
Pension expense is not recorded on the governmental funds but is recognized on the statement of net position and Other Post Employment Benefit (OPEB) costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net position.		(89,238)
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		(22,247)
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.		1,053
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	(2,841)	
Change in accreted interest	(19,342)	
Change in long-term compensated absences	2,466	(19,717)
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.		24,692
Change in net position of governmental activities (page 29)		$ (77,354)

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, 2017

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 300,955	$ 300,955	$ 292,674	$ (8,281)
Licenses, permits, and fees	18,276	18,276	18,400	124
Fines, forfeitures, and penalties	63,505	65,817	67,689	1,872
Use of money and property:				
Investment earnings	4,103	4,110	7,893	3,783
Rents and concessions	30,148	32,548	13,391	(19,157)
Aid from other governmental agencies:				
Federal	634,069	655,151	589,905	(65,246)
State	1,357,435	1,353,670	1,280,127	(73,543)
Other	102,071	102,071	104,043	1,972
Charges for services	533,881	478,569	460,539	(18,030)
Other revenue	85,179	65,188	46,355	(18,833)
Total revenues	3,129,622	3,076,355	2,881,016	(195,339)
EXPENDITURES:				
Current:				
General government:				
Salaries and employee benefits	103,528	103,074	94,425	(8,649)
Services and supplies	93,744	100,464	88,063	(12,401)
Other charges	78,738	43,632	11,741	(31,891)
Capital assets	1,083	1,209	276	(933)
Intrafund transfers	(67,976)	(67,983)	(61,288)	6,695
Appropriation for contingencies	20,000	14,197	-	(14,197)
Total general government	229,117	194,593	133,217	(61,376)
Public protection:				
Salaries and employee benefits	889,043	889,729	875,346	(14,383)
Services and supplies	411,771	423,312	398,885	(24,427)
Other charges	50,983	54,310	51,888	(2,422)
Capital assets	6,583	7,353	3,705	(3,648)
Intrafund transfers	(12,653)	(12,838)	(12,786)	52
Total public protection	1,345,727	1,361,866	1,317,038	(44,828)
Health and sanitation:				
Salaries and employee benefits	286,491	284,953	264,940	(20,013)
Services and supplies	120,200	136,168	124,759	(11,409)
Other charges	183,002	181,172	173,142	(8,030)
Capital assets	11,140	9,296	563	(8,733)
Intrafund transfers	(65,913)	(66,388)	(68,633)	(2,245)
Total health and sanitation	534,920	545,201	494,771	(50,430)

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, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Public assistance:				
Salaries and employee benefits	$ 368,490	$ 360,608	$ 330,000	$ (30,608)
Services and supplies	145,088	150,329	119,933	(30,396)
Other charges	489,369	489,113	470,101	(19,012)
Capital assets	1,185	1,290	535	(755)
Intrafund transfers	(382)	(382)	(384)	(2)
Total public assistance	1,003,750	1,000,958	920,185	(80,773)
Education:				
Salaries and employee benefits	338	332	310	(22)
Services and supplies	336	336	333	(3)
Total education	674	668	643	(25)
Recreation and cultural services:				
Salaries and employee benefits	142	140	127	(13)
Services and supplies	330	270	225	(45)
Other charges	14	4	2	(2)
Capital assets	1	1	-	(1)
Intrafund transfers	(1)	(1)	-	1
Total recreation and culture	486	414	354	(60)
Debt service:				
Principal	81,229	25,064	1,990	(23,074)
Interest	5,061	10,614	10,568	(46)
Total debt service	86,290	35,678	12,558	(23,120)
Capital outlay	-	-	64,289	64,289
Total expenditures	3,200,964	3,139,378	2,943,055	(196,323)
Excess (deficiency) of revenues over (under) expenditures	(71,342)	(63,023)	(62,039)	984
OTHER FINANCING SOURCES (USES):				
Transfers in	-	113,509	113,509	-
Transfers out	-	(139,043)	(139,043)	-
Proceeds from sale of capital assets	-	-	5	5
Capital leases	-	-	64,289	64,289
Total other financing sources (uses)	-	(25,534)	38,760	64,294
NET CHANGE IN FUND BALANCE	(71,342)	(88,557)	(23,279)	65,278
Fund balance, beginning of year	371,510	371,510	371,510	-
FUND BALANCE, END OF YEAR	$ 300,168	$ 282,953	$ 348,231	$ 65,278

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, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 8,060	$ 8,060	$ 7,695	$ (365)
Licenses, permits, and franchise fees	3,360	3,360	3,140	(220)
Fines, forfeitures, and penalties	23	23	2,397	2,374
Use of money and property:				
Investment earnings	151	151	219	68
Aid from other governmental agencies:				
Federal	38,978	38,978	35,144	(3,834)
State	46,421	46,421	33,476	(12,945)
Other	11,342	11,342	9,561	(1,781)
Charges for services	78,123	68,371	42,055	(26,316)
Other revenue	9,231	9,036	10,751	1,715
Total revenues	195,689	185,742	144,438	(41,304)
EXPENDITURES:				
Current:				
Public protection	8,296	8,343	5,436	(2,907)
Public ways and facilities	191,706	190,028	152,468	(37,560)
Total expenditures	200,002	198,371	157,904	(40,467)
Excess (deficiency) of revenues over (under) expenditures	(4,313)	(12,629)	(13,466)	(837)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	10,453	10,453	-
Transfers out	-	(3,439)	(3,439)	-
Total other financing sources (uses)	-	7,014	7,014	-
NET CHANGE IN FUND BALANCE	(4,313)	(5,615)	(6,452)	(837)
Fund balance, beginning of year	87,270	87,270	87,270	-
FUND BALANCE, END OF YEAR	$ 82,957	$ 81,655	$ 80,818	$ (837)

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, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 53,009	$ 53,009	$ 53,079	$ 70
Use of money and property:				
Investment earnings	772	772	785	13
Rents and concessions	95	95	163	68
Aid from other governmental agencies:				
State	603	603	602	(1)
Charges for services	3,912	3,912	5,489	1,577
Other revenue	27,527	27,527	19,134	(8,393)
Total revenues	85,918	85,918	79,252	(6,666)
EXPENDITURES:				
Current:				
Public ways and facilities	162,170	159,315	57,324	(101,991)
Total expenditures	162,170	159,315	57,324	(101,991)
Excess (deficiency) of revenues over (under) expenditures	(76,252)	(73,397)	21,928	95,325
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(2,855)	(2,855)	-
Total other financing sources (uses)	-	(2,855)	(2,855)	-
NET CHANGE IN FUND BALANCE	(76,252)	(76,252)	19,073	95,325
Fund balance, beginning of year	206,323	206,323	206,323	-
FUND BALANCE, END OF YEAR	$ 130,071	$ 130,071	$ 225,396	$ 95,325

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, 2017

(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
ASSETS:	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Current assets:						
Cash and investments (Note 4)	$ 70,442	$ 85,811	$ 5,036	$ 2,119	$ 163,408	$ 257,190
Accounts receivable - net (Notes 1 and 6)	50,966	6,916	389	267	58,538	13,191
Interest receivable (Note 6)	46	207	-	10	263	290
Taxes receivable (Note 6)	-	-	-	9	9	-
Due from other governments (Note 6)	125,503	194	1,291	7	126,995	1,384
Due from other funds (Note 7)	3,569	-	-	1	3,570	932
Advances to other funds (Note 7)	-	22,469	-	-	22,469	-
Inventories	8,059	331	-	-	8,390	2,739
Land held for sale	-	-	38,558	-	38,558	-
Prepaid items and deposits	6,203	-	-	-	6,203	2,291
Restricted cash and investments (Notes 4 and 5)	34,511	70,664	17,974	3,189	126,338	-
Total current assets	299,299	186,592	63,248	5,602	554,741	278,017
Noncurrent assets:						
Loans receivable (Note 6)	-	5,000	88,407	-	93,407	-
Capital assets (Note 8):						
Nondepreciable assets	39,667	22,616	4,251	-	66,534	988
Depreciable assets	173,248	63,619	6,561	8	243,436	87,316
Total noncurrent assets	212,915	91,235	99,219	8	403,377	88,304
Total assets	512,214	277,827	162,467	5,610	958,118	366,321
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	119,939	11,127	4,768	565	136,399	50,625
LIABILITIES:						
Current liabilities:						
Accounts payable	17,668	3,693	46	3,315	24,722	32,038
Salaries and benefits payable	19,862	1,252	-	73	21,187	7,956
Due to other governments	161,714	18	696	-	162,428	44
Due to other funds (Note 7)	869	13	-	7	889	1,255
Interest payable	185	-	2	-	187	-
Deposits payable	13	38	-	115	166	-
Other liabilities	139	604	1,977	191	2,911	1,254
Accreted interest payable (Note 14)	231	-	-	-	231	-
Accrued closure and post-closure costs (Notes 10 and 23)	-	826	-	-	826	-
Accrued remediation costs (Note 23)	-	905	-	-	905	104
Compensated absences (Notes 1 and 14)	17,240	1,227	194	14	18,675	9,915
Capital lease obligations (Note 14)	3,883	-	-	-	3,883	21,204
Bonds payable (Note 14)	14,117	-	190	-	14,307	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	50,497
Total current liabilities	235,921	8,576	3,105	3,715	251,317	124,267
Noncurrent liabilities:						
Compensated absences (Note 2)	8,492	1,841	1,747	79	12,159	4,768
Advances from other funds (Note 7)	18,469	-	1,527	-	19,996	5,842
Accreted interest payable (Note 14)	72,669	-	-	-	72,669	-
Accrued closure and post-closure care costs (Note 10)	-	81,761	-	-	81,761	-
Accrued remediation costs (Notes 10 and 23)	-	44,349	-	-	44,349	104
Capital lease obligations (Notes 1 and 2)	4,540	-	-	-	4,540	35,319
Bonds payable (Note 14)	77,864	-	200	-	78,064	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	153,401
OPEB obligation, net (Notes 14 and 22)	-	135	-	-	135	-
Net pension liability (Note 20)	274,312	30,583	10,977	1,806	317,678	124,117
Other long-term liabilities (Note 14)	-	-	6,795	-	6,795	-
Total noncurrent liabilities	456,346	158,669	21,246	1,885	638,146	323,551
Total liabilities	692,267	167,245	24,351	5,600	889,463	447,818
DEFERRED INFLOWS OF RESOURCES (Note 15)	36,138	10,710	1,548	180	48,576	18,466
NET POSITION:						
Net investment in capital assets	112,511	86,235	3,396	8	202,150	31,677
Restricted for debt service	34,318	-	-	-	34,318	-
Restricted for health and sanitation	-	10,971	-	-	10,971	-
Restricted other	193	-	1,986	-	2,179	-
Unrestricted	(243,274)	13,793	135,954	387	(93,140)	(81,015)
Total net position	$ (96,252)	$ 110,999	$ 141,336	$ 395	156,478	$ (49,338)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(132,824)	
Net position of business-type activities					$ 23,654	

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, 2017
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
OPERATING REVENUES:						
Net patient revenue (Notes 1 and 18)	$ 456,403	$ -	$ -	$ -	$ 456,403	$ -
Charges for services	48,046	80,886	1,619	2,093	132,644	325,705
Other revenue	39,611	1,633	86,452	168	127,864	41,648
Total operating revenues	544,060	82,519	88,071	2,261	716,911	367,353
OPERATING EXPENSES:						
Cost of materials used	-	252	-	-	252	1,365
Personnel services	318,605	19,619	12,616	1,085	351,925	117,395
Communications	1,024	126	-	9	1,159	8,522
Insurance	8,460	1,150	-	3	9,613	24,877
Maintenance of building and equipment	14,325	3,834	2,982	98	21,239	30,425
Insurance claims	-	-	-	-	-	161,955
Supplies	64,203	1,473	-	14	65,690	42,713
Purchased services	101,293	4,514	1,719	1,279	108,805	32,424
Depreciation and amortization	24,740	6,370	1,296	4	32,410	21,379
Rents and leases of equipment	5,202	2,114	-	1	7,317	55,607
Public assistance	-	5	72,477	-	72,482	-
Utilities	3,060	258	588	87	3,993	3,056
Closure and post-closure care costs	-	2,656	-	-	2,656	-
Remediation costs	-	5,010	-	-	5,010	221
Other	14,728	37,253	4	33	52,018	5,552
Total operating expenses	555,640	84,634	91,682	2,613	734,569	505,491
Operating loss	(11,580)	(2,115)	(3,611)	(352)	(17,658)	(138,138)
NONOPERATING REVENUES (EXPENSES):						
Investment income	355	892	887	47	2,181	684
Interest expense	(9,343)	-	(101)	-	(9,444)	(3,135)
Gain on disposal of capital assets	-	128	-	-	128	1,278
Total nonoperating revenues (expenses)	(8,988)	1,020	786	47	(7,135)	(1,173)
Loss before capital contributions and transfers	(20,568)	(1,095)	(2,825)	(305)	(24,793)	(139,311)
Capital contributions	552	-	-	-	552	142,530
Transfers in (Note 7)	26,000	-	-	66	26,066	3,809
Transfers out (Note 7)	(5,626)	(315)	(209)	-	(6,150)	(4,040)
Change in net position before extraordinary item	358	(1,410)	(3,034)	(239)	(4,325)	2,988
Extraordinary item	-	-	(1,152)	-	(1,152)	-
CHANGE IN NET POSITION	358	(1,410)	(1,882)	(239)	(3,173)	2,988
Net position, beginning of the year, as previously reported	(96,610)	112,901	143,218	634		(52,326)
Adjustments to beginning net position (Note 3)	-	(492)	-	-		-
Net position, beginning of the year, as restated	(96,610)	112,409	143,218	634		(52,326)
NET POSITION, END OF YEAR	$ (96,252)	$ 110,999	$ 141,336	$ 395		$ (49,338)

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(21,704)
Change in net position of business-type activities	$ (24,877)

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, 2017
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Cash flows from operating activities						
Cash receipts from customers / other funds	$ 553,965	$ 81,124	$ 88,144	$ 2,233	$ 725,466	$ 358,849
Cash paid to suppliers for goods and services	(239,473)	(50,591)	(77,824)	(1,316)	(369,204)	(337,230)
Cash paid to employees for services	(307,553)	(18,875)	(12,403)	(998)	(339,829)	(112,359)
Net cash provided by (used in) operating activities	6,939	11,658	(2,083)	(81)	16,433	(90,740)
Cash flows from noncapital financing activities						
Advances to (from) other funds	(3,694)	3,694	-	-	-	-
Transfers received	26,000	-	-	66	26,066	3,809
Transfers paid	(5,626)	(315)	(209)	-	(6,150)	(4,040)
Net cash provided by (used in) noncapital financing activities	16,680	3,379	(209)	66	19,916	(231)
Cash flows from capital and related financing activities						
Proceeds (loss) from sale of capital assets	-	128	2	1	131	1,499
Acquisition and construction of capital assets	(30,060)	(6,830)	(95)	-	(36,985)	(7,428)
Principal paid on capital leases	(1,763)	-	-	-	(1,763)	(21,974)
Capital contributions	552	-	-	-	552	142,530
Principal paid on bonds payable	(10,470)	-	(175)	-	(10,645)	-
Interest paid on long-term debt	(9,402)	-	(32)	-	(9,434)	(3,135)
Net cash provided by (used in) capital and related financing activities	(51,143)	(6,702)	(300)	1	(58,144)	111,492
Cash flows from investing activities						
Loans made to others	-	-	(800)	-	(800)	-
Investment income (loss)	309	867	2,599	48	3,823	630
Net cash provided by (used in) investing activities	309	867	1,799	48	3,023	630
Net increase (decrease) in cash and cash equivalents	(27,215)	9,202	(793)	34	(18,772)	21,151
Cash and cash equivalents, beginning of year	132,168	147,273	23,803	5,274	308,518	236,039
Cash and cash equivalents, end of year	$ 104,953	$ 156,475	$ 23,010	$ 5,308	$ 289,746	$ 257,190
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Cash and investments per Statement of Net Position	$ 70,442	$ 85,811	$ 5,036	$ 2,119	$ 163,408	$ 257,190
Restricted cash and investments per Statement of Net Position	34,511	70,664	17,974	3,189	126,338	-
Total cash and cash equivalents per Statement of Net Position	$ 104,953	$ 156,475	$ 23,010	$ 5,308	$ 289,746	$ 257,190

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, 2017
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ (11,580)	$ (2,115)	$ (3,611)	$ (352)	$ (17,658)	$ (138,138)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	24,740	6,370	1,296	4	32,410	21,379
Decrease (Increase) accounts receivable	(3,152)	(1,379)	(86)	(35)	(4,652)	(7,278)
Decrease (Increase) taxes receivable	-	-	-	3	3	-
Decrease (Increase) due from other funds	(3,322)	-	-	1	(3,321)	(656)
Decrease (Increase) due from other governments	16,379	(16)	159	3	16,525	(570)
Decrease (Increase) inventories	32	(71)	-	-	(39)	260
Decrease (Increase) prepaid items and deposits	(1,803)	-	-	-	(1,803)	(1,950)
Increase (Decrease) accounts payable	(477)	909	(653)	80	(141)	3,848
Increase (Decrease) due to other funds	(441)	13	-	4	(424)	1,025
Increase (Decrease) due to other governments	3,764	3	696	(2)	4,461	(13)
Increase (Decrease) deposits payable	13	-	-	56	69	-
Increase (Decrease) accrued closure costs	-	2,656	-	-	2,656	-
Increase (Decrease) accrued remediation costs	-	5,010	-	-	5,010	208
Increase (Decrease) other liabilities	(28,266)	(32)	(97)	70	(28,325)	192
Increase (Decrease) estimated claims liability	-	-	-	-	-	25,917
Increase (Decrease) net pension liability	87,565	7,605	3,302	415	98,887	35,541
Increase (Decrease) deferred pensions	(78,635)	(7,119)	(2,834)	(336)	(88,924)	(30,459)
Increase (Decrease) service concession arrangement	-	(434)	-	-	(434)	-
Increase (Decrease) salaries and benefits payable	1,041	136	-	20	1,197	490
Increase (Decrease) compensated absences	1,081	103	(255)	(12)	917	(536)
Increase (Decrease) OPEB obligation, net	-	19	-	-	19	-
Net cash provided by (used in) operating activities	$ 6,939	$ 11,658	$ (2,083)	$ (81)	$ 16,433	$ (90,740)
Noncash investing, capital, and financing activities:						
Capital lease obligations	$ 2,748				$ 2,748	$ 16,194

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, 2017

(Dollars in Thousands)

	Pension Trust	Investment Trust	Private-Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 4)	$ -	$ -	$ 108,422	$ 277,134
Federal agency	-	2,206,827	-	-
Cash and cash equivalents	1,038	790,208	-	-
Mutual funds	41,741	-	-	-
Commercial paper	-	1,086,642	-	-
Negotiable CDs	-	152,366	-	-
Municipal bonds	-	386,553	-	-
Bonds - U.S. Treasury	-	264,477	-	-
Local agency obligation	-	167	-	-
Accounts receivable	186	5,995	1,589	366
Interest receivable	-	6,346	55	75
Taxes receivable	-	-	-	31,572
Due from other governments	-	-	2,569	-
Land held for sale	-	-	25,321	-
Total assets	42,965	4,899,581	137,956	309,147
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	-	-	20,352	-
LIABILITIES:				
Accounts payable	-	-	9,603	159,836
Due to other governments	-	-	3	149,311
Note payable	-	-	738,313	-
Interest payable	-	-	8,263	-
Accreted interest payable	-	-	12,795	-
Other long-term liabilities	-	-	643	-
Total liabilities	-	-	769,620	$ 309,147
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources	-	-	1,969	
NET POSITION:				
Net position (deficit) held in trust	$ 42,965	$ 4,899,581	$ (613,281)	

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, 2017
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private-Purpose Trust
ADDITIONS:			
Employer contributions	$ 1,365	$ -	$ -
Employee contributions	1,660	-	-
Contributions to pooled investments	-	28,800,919	-
Contributions to private-purpose trust	-	-	57,645
Investment income	9,937	-	276
Total additions	12,962	28,800,919	57,921
DEDUCTIONS:			
Distributions from pooled investments	-	28,539,966	-
Distributions from private-purpose trust	-	-	38,077
Administrative and other expenses	2,120	-	-
Total deductions	2,120	28,539,966	38,077
Change in net position	10,842	260,953	19,844
Net position held in trust, beginning of the year	32,123	4,638,628	(633,125)
Net position held in trust, end of the year	$ 42,965	$ 4,899,581	$ (613,281)

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

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BASIC FINANCIAL STATEMENTS-NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Riverside (the County) is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through a five member Board of Supervisors (the Board), which, as the governing body of the County, is responsible for the legislative and executive control of the County. Services provided by the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture services.

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 separate columns in the government-wide financial statements to emphasize that they are legally separate from the County.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of fourteen component units have been included and combined with financial data of the County. Twelve component units have an integral relationship with and serve as an extension of the County. Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, management has determined that each entity is presented as a blended component unit due to the composition of each governing board and the control of the day-to-day activities through the budget process. Two component units are presented discretely. Each blended and discretely presented component unit has a June 30 fiscal year-end.

Blended Component Units

Housing Authority of the County of Riverside (Housing Authority). The Board is the governing body of the Housing Authority. Among its duties, it approves the Housing Authority's budget, rates and charges for the use of facilities, and appoints the management. The County is responsible for all financial debt. The Housing Authority is reported as a proprietary fund type.

Riverside County Flood Control and Water Conservation District (Flood Control). The Board is the governing body of Flood Control. Among its duties, it approves Flood Control's budget, tax rates, contracts, and appoints the management. The County is responsible for all financial debt. Flood Control is reported as both governmental and proprietary fund types.

Riverside County Regional Park and Open-Space District (Park District). The Board is the governing board of the Park District. Among its duties, it approves the Park District's budget, contracts, fees and charges for park use, and appoints the management. The County is responsible for all financial debt and management has operational responsibility. The Park District is reported as both governmental and fiduciary fund types.

County of Riverside Asset Leasing Corporation (CORAL). The Board appoints the governing board of CORAL and CORAL provides services entirely to the County through the purchase of land and construction of facilities, which are then leased back to the County. The County is responsible for all financial debt, and management has operational responsibility. CORAL is reported as a governmental fund type.

Riverside County Service Areas (CSAs). The Board is the governing body of the CSAs. Among its duties, it approves the CSAs' budgets, approves parcel fees, and appoints the management. The County is responsible for all financial debt and management has operational responsibility. The CSAs are reported as either governmental or proprietary fund types.

Riverside County Public Financing Authority (Public Financing Authority). The Board is the governing body of the Public Financing Authority. The Public Financing Authority was formed for the purpose of assisting in financing public improvements of the County, the Riverside County Redevelopment Successor Agency and other local agencies. The County is responsible for all financial debt and management has operational responsibility. The Public Financing Authority is reported as a governmental fund type.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

Riverside County Infrastructure Financing Authority (IFA). The Board is the governing body of the IFA and the County is responsible for all its financial debt. The Riverside County Infrastructure Financing Authority (IFA) is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated September 15, 2015 by and between the County of Riverside and the Riverside County Flood Control and Water Conservation District. The IFA is authorized and empowered to issue bonds for the purpose of financing and refinancing public capital improvements of the County. The Infrastructure 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 County is responsible for all financial debt, and management has operational responsibility. The District Corporation is reported as a governmental fund type.

County of Riverside Bankruptcy Court Corporation (Bankruptcy Court). The Board is the governing body of the Bankruptcy Court. The Bankruptcy Court assists the County by providing for the acquisition, construction and renovation of public facilities and improvements. The County is responsible for all financial debt, and management has operational responsibility. The Bankruptcy Court is reported as a governmental fund type.

In-home Support Services Public Authority (IHSS PA). The Board is the governing body of the IHSS PA. The IHSS PA acts as the employer of record for purposes of collective bargaining for Riverside In-home Supportive Services providers and performs other IHSS PA functions as required and retained by the County. Management has operational responsibility. The IHSS PA is reported as a governmental fund type.

Perris Valley Cemetery District (the District). The Board is the governing body of the District. The District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created in July 1927 for the purpose of operating a public cemetery for the residents of Perris Valley. Management has operational responsibility. The District is reported as a governmental fund type.

Inland Empire Tobacco Securitization Authority (the Authority). The Board appoints two of the three members of the governing board of the Authority. The San Bernardino County Board of Supervisors appoints the third member. The Authority was created by a Joint Exercise of Powers Agreement (the Agreement) effective as of July 18, 2007, between Riverside County and San Bernardino County. The Authority was created for the purpose of securitizing the payments to be received by the County from the nation-wide Tobacco Settlement Agreement (the Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of bonds secured by those Payments or the lending of money based on thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such Payments of the County. The Authority is a blended component unit of the County because the Authority is providing services solely to the County and the County's Board has the ability to impose its will by removing the Authority's governing board at will. The County is responsible for all financial debt. The Authority is reported as a governmental fund type.

Discretely Presented Component Units

Riverside County Children and Families Commission (the Commission). The County Board established First 5 Riverside, also known as Riverside County Children and Families Commission, in 1999 under the provisions of the California Children and Families Act of 1998. The Commission was formed to develop, adopt, promote, and implement early childhood development programs.

A governing board of nine members, that administers the Commission, is appointed by the County Board. The Commission includes one member of the County Board. The Commission is a component unit of the County because the County's Board has the ability to remove some of the Commission's governing board at will. It is discretely presented because its governing board is not substantially the same as the County's governing board and it does not provide services entirely or exclusively to the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

Palm Desert Financing Authority (PDFA). The PDFA is a joint powers authority between the County and Palm Desert Successor Agency (the Agency) established on January 1, 2002, under Section 6502 of the Joint Powers Act, California Government Code Section 6500. The County and the Agency agreed to create the PDFA for the purpose of establishing a vehicle to reduce local borrowing costs, promote greater use of existing and new financial instruments and mechanisms, and assist local agencies in the financing of public capital improvements. Although the PDFA is a legally separate entity, in substance under GASB Statement No. 61, the County is financially accountable for the PDFA's issuance of the lease revenue bond that is under the PDFA's management (2008 Series A).

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

Additional detailed financial information for each of the discretely presented component units can be obtained from the Auditor-Controller's Office at the Robert T. Anderson Administrative Center, 4080 Lemon Street - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326.

Presentation of Financial Information Related to County Fiduciary Responsibilities

The basic financial statements also include an Investment Trust fund to account for cash and investments held by the County Treasurer for numerous self-governed school and special districts. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets. School and special district boards that are separately elected and that are independent of the County Board, administer activities of the school districts and special districts. The County Auditor-Controller makes disbursements upon the request of the responsible self-governed special district officers. The Board has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, or appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County. Twenty-eight cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements since each entity conducts its own day-to-day operations and is controlled by its own governing board.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, excluding fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County, and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely, to a significant extent, on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Expenses by function have been adjusted for any internal service profit/loss existing at fiscal year-end. In addition, 39.51%, or $23.3 million, of the County's $59.1 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

Transportation fund accounts for revenue consisting primarily of the County's share of highway user taxes which 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 the collection of delinquent taxes, which is then used to pay principal of the debt issued to finance the Teeter plan.

Public facilities improvements capital projects 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.

Public financing authority capital projects fund accounts for revenues and expenditures related to the acquisition and construction of the East County Detention Center. Revenues are obtained from State funding and bond proceeds.

The County reports the following major enterprise funds:

Riverside University Health Systems - Medical Center (RUHS-MC) 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 RUHS-MC. Revenue for this fund is primarily from charges for services, and secondarily from the County's general fund.

Waste Resources department (Waste Resources) accounts for solid waste revenues, expenses, and the allocation of net income for solid waste projects initiated for the public's benefit. The fund facilitates management and accounting of solid waste projects. Waste Resources prepares and maintains the County's solid waste management plan, provides environmental monitoring in accordance with state and federal mandates, and administers landfill closure and acquisition.

Housing Authority was established to provide affordable, decent, safe housing opportunities to low and moderate income families including elderly and handicapped persons, while supporting programs to foster economic self-sufficiency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The County reports the following additional fund types:

Internal service funds account for the County's records management and archives, fleet services, central mail, 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 statement 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

for a twelve month period. General capital assets acquisitions are reported as expenditures in governmental fund financial 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 governmental 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, 2017, which are carried at cost. Bond anticipation notes are carried at fair value/cost. Commercial paper is carried at amortized cost/cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value. Mutual funds are carried at fair value based on the funds' share price. Local Agency Obligations are carried at cost based on the value of each participating dollar.

The fair value of a participant's 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 77.8% of the funds on deposit in the County treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 22.1% of the total funds on deposit in the County treasury represented discretionary deposits.

Receivables

The RUHS-MC accounts receivable are reported at their gross value and, where appropriate, are reduced by contractual allowances and the estimated uncollectible amounts. The estimated allowance for uncollectibles and allowance for contractuals are $88.7 million and $141.9 million, respectively. The RUHS-MC has contracted with a Medi-Cal managed care plan to provide services to patients enrolled with Medicare and Medi-Cal programs. The RUHS-MC receives a fixed monthly premium payment for each patient enrolled. Revenue under this agreement is recognized in the period in which the RUHS-MC is required to provide services.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and the Revenue and Taxation Code. Property is assessed by the County Assessor and State Board of Equalization at 100.0% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions. The total for fiscal year 2016-17 gross assessed valuation (for tax purposes) of the County was $255.9 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)Basis of Presentation (Continued)

finance the annual requirements of voter-approved debt (approved by the electorate prior to June 20, 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.

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 2016-17, there were no amounts greater than 1% of the tax levy for participating entities.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The prepaid assets recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is nonspendable. The consumption method is used to account for prepaid items. Under the consumption method, prepaid items are recorded as expenditures during the period benefited by the prepayment.

Inventories, which consist of materials and supplies held for consumption, are valued at the lower of cost (on a first-in, first-out basis) or market value in the proprietary funds. Inventories for all governmental funds are valued at average cost. The consumption method is used to account for inventories. Under the consumption method of accounting, inventories are recorded as expenditures when consumed rather than when purchased. Material amounts of inventory are reported as assets of the respective fund. Reported inventories of governmental funds are equally offset by a nonspendable fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Capital assets received by the County through a Service Concession Arrangement and donated capital assets, including works of art and historical treasures, are recorded at the estimated acquisition value at the date of donation. 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

drains, dams, and basins. The capitalization threshold for equipment is $5.0 thousand; buildings, land and land improvements are $5.0 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 $5.0 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	2-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the changes in financial position.

Leases

The County leases various assets under both operating and capital lease agreements. For governmental funds, assets under capital leases and the related lease obligations are reported in the government-wide financial statements. For proprietary funds, the assets and related lease obligations are recorded in the appropriate enterprise or internal service fund and the government-wide financial statements.

Restricted Assets

The County maintains various restricted asset accounts as a result of debt agreements and certain state statutes. The agreements authorizing the issuance of CORAL and Housing Authority obligations include certain covenants pertaining to the disposition of bond proceeds for construction, acquisition, and bond redemption purposes. Waste Resources has restricted assets to meet requirements of state and federal laws and regulations to finance closure and post-closure maintenance activities at landfill sites. The general fund has restricted assets for program money where use is legally or contractually restricted.

Employee Compensated Absences

County policy permits employees in some bargaining units to accumulate earned, but unused vacation, holiday, and sick pay benefits. Vacation and holiday pay are accrued when incurred. For other bargaining units, annual leave is earned and accrued, but not vacation or sick leave. Proprietary funds report accrued vacation and holiday pay as a liability of the individual fund while governmental funds record amounts that are due and payable at year-end as a liability of the fund and amounts due in the future as a liability in the government-wide financial statements. At June 30, 2017, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net position was $269.2 million.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The County allows unlimited accumulation of sick leave. Upon service retirement, disability retirement, or death of an employee or officer, and subject to the provisions of any applicable agreement between the employing agency and CalPERS, unused accumulated sick leave for most employees with at least 5 but less than 15 years of service shall be credited at the rate of 50.0% of current salary value thereof provided however, that the total payment shall not exceed a sum equal to 960 hours of full pay.

Unused accumulated sick leave for employees with more than 15 or more years of service shall be credited at the rate of the current salary value provided however, that the total payment shall not exceed a sum equal to 960 hours of full pay. In addition, the employee may also elect to place the payable amount of sick leave into a VEBA (Voluntary Employee Beneficiary Association) account, which may be used for future health care costs.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the County recognizes deferred outflows of resources and inflows of resources. The deferred outflow of resources is defined as a consumption of net position by the government that is applicable to the future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 15 for a detailed listing of the deferred inflows and outflows of resources the County has recognized.

Long-term Debt

The County reports long-term debt of governmental funds in the government-wide statement of net position. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide statement of net position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund and the government-wide statement of net position.

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, bond issuance costs, and deferred losses on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount, and deferred losses on refundings.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs are reported as debt service expenditures whether or not withheld from the actual debt proceeds received.

Pensions

For purposes of measuring the net pensions liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position has been determined on the same basis as it is reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Landfill Closure and Post-Closure Care Costs

Waste Resources provides for closure and post-closure care costs over the life of the operating landfills as the permitted airspace of the landfill is used. Accordingly, the entire closure and post-closure care cost is recognized as expense by the time the landfills are completely filled. Waste Resources also recognizes as expense closure and post-closure care costs for inactive landfills that have been closed under state and federal regulations.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

phase. Upon notification, Waste Resources provides for these costs based on the most recent cost study information available.

Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate. These transactions are subject to elimination upon consolidation and are referred to as either "due to/due from other funds" (the current portion of interfund loans) or "advances to/advances from other funds" (the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are neither available for appropriation nor available as financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Net Position

The government-wide financial statements and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted net position, or unrestricted net position.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation.

Unrestricted Net Position – This category represents net position of the County, not restricted for any project or other purpose.

Fund Balance

In the fund financial statements, fund balance may be categorized as nonspendable, restricted, committed, assigned, and unassigned. All of the County's governmental fund balances will be comprised of the following categories:

- Nonspendable fund balance – amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.
- Restricted fund balance – amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – amounts that are committed can only be used for specific purposes determined by formal action from the Board, the County's highest level of decision-making authority. Commitments may be changed or lifted only by the County's Board taking the same formal action that imposed the constraint originally.
- Assigned fund balance – amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed. The Board delegates the County Executive Officer or an Executive Officer designee for the establishment of assignments within the general fund. Assigned amounts cannot cause a deficit in unassigned fund balance.
- Unassigned fund balance – funds that are not reported in any other category and are available for any purpose within the general fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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 budget stabilization of $190.3 million, which is 25.0% of discretionary revenue.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 74 is effective for reporting periods beginning after June 15, 2016.

Governmental Accounting Standards Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures.* The objective of this statement is to assure financial statements prepared by state and local governments in conformity with generally accepted accounting principles accepted in the United States of America provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. GASB Statement No. 77 is effective for reporting periods beginning after December 15, 2015.

Governmental Accounting Standards Board Statement No. 78

In December of 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The objective of this statement is to address a practice issue regarding the scope and the applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue is associated with pensions provided through certain multiple-employers defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. GASB Statement No. 78 is effective for reporting periods beginning after December 15, 2015.

Governmental Accounting Standards Board Statement No. 80

In January of 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.* The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. GASB Statement No. 80 is effective for reporting periods beginning after June 15, 2016.

Governmental Accounting Standards Board Statement No. 82

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68 and No. 73.* The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 is effective for reporting periods beginning after June 15, 2016.

Future Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB Statement No. 75 is effective for reporting periods beginning after June 15, 2017. The County has elected not to early implement this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Governmental Accounting Standards Board Statements (Continued)

Governmental Accounting Standards Board Statement No. 81

In March of 2016, GASB issued Statement No. 81, *Irrevocable Split–Interest Agreements.* The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situation in which a government is a beneficiary of the agreement. GASB Statement No. 81 is effective for reporting periods beginning after December 15, 2016. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. GASB Statement No. 83 is effective for reporting periods beginning after June 15, 2018. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017.* The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 is effective for reporting periods beginning after June 15, 2017. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 is effective for reporting periods beginning after June 15, 2017. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as deferred inflows of resources or deferred outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. The County has elected not to early implement this statement.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

On or before October 2 of each fiscal year, after conducting public hearings concerning the proposed budget, the County Board adopts a budget in accordance with the provisions of Sections 29000-29144 and 30200 of the Government Code of the State of California (the Government Code), commonly known as the County Budget Act, and Board Resolution No. 90-338. Annual budgets are adopted on the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Budgeted governmental funds consist of the general fund, major funds, and some nonmajor funds (all special revenue funds, certain debt service funds, and certain capital projects funds). Annual budgets are not adopted for the following funds: CORAL, District Court Financing Corporation, the CORAL Capital Projects Fund, Redevelopment Agency (RDA) Housing Successor Agency, Public Financing Authority and the Perris Valley Cemetery Permanent Fund.

As adopted by the Board, expenditures are controlled by the County at the budgetary unit level, which is the organization level, for each appropriation (object) class. The appropriation classes are salaries and benefits, services and supplies, other charges, capital assets, transfers out, and intrafund transfers. The separately prepared Expenditure by Appropriation – Budget and Actual report, showing budgetary comparisons at the object level of control, is available in the Auditor-Controller's Office.

Each year the original budget, as published in a separate report titled the "Adopted Budget," is adjusted to reflect increases or decreases in revenues and changes in fund balance. These changes are offset by an equal change in available appropriations. The County Executive Officer is authorized by the Board to transfer appropriations between appropriation classes within the same budgetary unit. Transfers of appropriations between budgetary units require approval of the Board (legal level of control). Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act. All annual appropriations lapse at year-end.

Budgetary comparison statements are prepared for the general fund, special revenue funds, certain debt service funds, and certain capital projects funds. The budgetary comparison statements are a part of the basic financial statements. Each budgetary comparison statement provides three separate types of information: (1) the original budget; (2) the final amended budget, which included legally authorized changes regardless of when they occurred; and (3) the actual amount of inflows and outflows in the budget-to-actual comparison.

Individual Fund Deficits

For the year ended June 30, 2017, Enterprise funds (EF) and Internal Service Funds (ISF) individual Fund Deficits are as follows (In thousands):

Proprietary Funds:		
EF - Riverside University Health Systems - Medical Center	$	96,252
ISF - Records Management and Archives	$	213
ISF - Information Services	$	36,155
ISF - Risk Management	$	32,187
ISF - Temporary Assistance Pool	$	414
ISF - EDA Facilities Management	$	21,721

The primary reason for the fund deficits in all funds listed is due to net pension liability related to GASB Statement No. 68 Pension Statement.

Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in capital outlay by $64.3 million in the general fund. This excess of expenditures resulted from the acquisition of $64.3 million of capital leases. Accordingly, this is being funded by other financing sources-capital leases.

NOTE 3 – RESTATEMENTS OF BEGINNING FUND BALANCES / NET POSITION

The County's beginning net position has been restated to reflect the cumulative effect of prior year adjustments. A summary of the restatements as of June 30, 2017 is as follows (In thousands):

Government-wide:

	Primary Government	
Description	Governmental Activities	Business-type Activities
Government-wide net position as of June 30, 2016, as previously reported	$ 2,665,679	$ 49,023
Fund financial statements:		
Prior period adjustments:		
Depreciation expense adjustment (1)	-	(492)
Government-wide financial statements:		
Prior period adjustments:		
Accumulated depreciation adjustment (2)	(11,774)	-
Net position as of June 30, 2016, as restated	$ 2,653,905	$ 48,531

Fund Financials:

	Proprietary Funds
	Enterprise Funds
Description	Waste Resources
Fund balances as of June 30, 2016, as previously reported	$ 112,901
Prior Period Adjustments:	
Depreciation expense adjustment (1)	(492)
Fund balances as of June 30, 2016, as restated	$ 112,409

(1) The adjustment was made due to the depreciation expense being understated in the prior year for a completed construction in progress project.

(2) The adjustment was made to reflect the accumulated depreciation not being recorded in prior years for certain infrastructures and building assets.

NOTE 4 – CASH AND INVESTMENTS

As of June 30, 2017, 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	$ 1,021,599	$ 163,408	$ 41,628	$ 5,315,575	$ 6,542,210
Restricted cash and investments	556,182	126,338	-	-	682,520
Total cash and investments	$ 1,577,781	$ 289,746	$ 41,628	$ 5,315,575	$ 7,224,730

As of June 30, 2017, cash and investments consist of the following (In thousands):

Deposits	$ 312,529
Investments	6,912,201
Total cash and investments	$ 7,224,730

Investment in State Investment Pool

The County 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 prorated 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, 2017 reported under investments CORAL had $2.5 million and RUHS-Medical Center had $0.7 million for a total amount of $3.2 million in LAIF. Also reported under restricted cash, Housing Authority had $0.9 million in LAIF.

GASB Statement No. 79 establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The statement also establishes additional note disclosures for qualifying external investment pools. There was no material impact on the County's financial statement as a result of the implementation of GASB Statement No. 79.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements of the 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 is 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.

NOTE 4 – CASH AND INVESTMENTS (Continued)

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 below.

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 not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law or a letter of credit issued by the Federal Home Loan Bank of San Francisco (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 $324.4 million. Investment securities are registered and held in the name of the County.

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.

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 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)	4 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) or Corporate Notes	3 Years	20%	5% *
CalTRUST short term fund	Daily Liquidity	1%	1%
Money market mutual funds (MMF)	Daily Liquidity	20%	None
Local agency investment fund (LAIF)	Daily Liquidity	Max $50M	N/A
Cash/deposit account	N/A	N/A	N/A

* Maximum of 5% per issuer in combined commercial paper, certificate & time deposits, and medium term notes.

** For credit rated below AA-/Aa3, 2% maximum in one issuer only for State of California debt.

NOTE 4 – CASH AND INVESTMENTS (Continued)

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

As of June 30, 2017, the County and Component Units had the following investments (In thousands):

	June 30, 2017	Interest Rate Range	Maturity	Weighted Average Maturity (Years)	Minimum Legal Rating
County treasurer investments					
Investments by fair value level					
U.S. treasuries	$ 364,517	0.625 - 1.500%	09/17 - 10/19	0.79	N/A
Federal home loan mortgage corp.	1,326,735	0.700 - 2.050%	07/17 - 06/22	2.88	N/A
Federal national mortgage association	271,705	0.800 - 1.550%	05/18 - 07/21	2.73	N/A
Federal home loan bank	660,977	0.625 - 1.700%	07/17 - 12/21	1.29	N/A
Federal farm credit bank	528,235	0.610 - 1.770%	07/17 - 05/21	1.93	N/A
Farmer mac	253,920	0.945 - 1.337%	09/17 - 07/19	0.84	N/A
Municipal notes	511,968	0.723 - 3.000%	07/17 - 10/20	0.66	AA-/Aa3
Commercial paper	1,433,984	0.770 - 1.340%	08/17 - 02/18	0.14	A1/P1
Corporate notes	63,687	1.000 - 1.125%	04/18 - 05/18	0.82	AA/Aa2
Total county treasurer investments by fair value level	5,415,728				
Investments measured at amortized cost					
Municipal notes	20,801	3.000%	07/18 - 07/20	6.01	AA-/Aa3
Negotiable certificate of deposits	210,000	1.040 - 1.350%	08/17 - 12/17	0.24	A-1/P-1
Managed rate accounts	250,000	0.900 - 1.060%	07/17	0.00	N/A
Local agency obligations	230	1.531%	06/20	2.96	N/R
CalTRUST short term fund	54,108	1.090%	07/17	0.00	N/R
Money market mutual funds (2)	785,000	0.854 - 1.193%	07/01 - 07/11	0.01	AAA/Aaa
Total investments measured at amortized cost	1,320,139				
Total county treasurer investments	6,735,867				
Blended component unit investments					
Investments by fair value level					
U.S. treasuries	494	0.000%	less than a year	-	-
Total blended component unit investments by fair value level	494				
Investments measured at amortized cost					
Money market funds	93,847	0.100 -0.863%	07/01/17	N/A	AAA/Aaa
Certificates of deposit	2,800	0.100%	07/17 - 10/17		
U.S. treasuries	2,958	0.510%	07/01/17		
Local agency investment funds	3,199	1.030%	07/17		N/A
Mutual funds	41,741	0.100 - 4.560%	06/30/17		
Government obligation funds	28,068	0.010 - 0.880%	07/01/17		
Investment agreements	3,227	0.000%			
Total blended component unit investments measured at amortized cost	175,840				
Total blended component unit investments	176,334				
Total investments	$ 6,912,201				

(1) Investment ratings are from Standard and Poor's (S&P) and Moody's Investor Service (Moody's).

(2) Government Code requires money market mutual funds to be rated.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The County has the following recurring fair value measurements as of June 30, 2017 (In thousands):

		Fair Value Measurements Using				
Rating (1) June 30, 2017	% of Portfolio	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	June 30, 2017	
						County treasurer investments
						Investments by fair value level
AA+/Aaa	5.41%	$ 364,517			$ 364,517	U.S. treasuries
AA+/Aaa	19.70%		1,326,735		1,326,735	Federal home loan mortgage corp.
AA+/Aaa	4.03%		271,705		271,705	Federal national mortgage association
AA+/Aaa	9.81%		660,977		660,977	Federal home loan bank
AA+/Aaa	7.84%		528,235		528,235	Federal farm credit bank
N/R	3.77%		253,920		253,920	Farmer mac
AAA/Aaa	7.60%		511,968		511,968	Municipal notes
AAA/Aaa	21.29%		1,433,984		1,433,984	Commercial paper
AA+/Aa1	0.95%		63,687		63,687	Corporate notes
	80.40%	364,517	5,051,211	-	5,415,728	Total county treasurer investments by fair value level
						Investments measured at amortized cost
AAA/Aaa	0.32%				20,801	Municipal notes
AA-/Aa1	3.12%				210,000	Negotiable certificate of deposits
N/R	3.71%				250,000	Managed rate accounts
N/R	0.00%				230	Local agency obligations
AAA/Aaa	0.80%				54,108	CalTRUST short term fund
AAA/Aaa	11.65%				785,000	Money market mutual funds (3)
	19.60%				1,320,139	Total investments measured at amortized cost
	100.00%	364,517	5,051,211	-	6,735,867	Total county treasurer investments
						Blended component unit investments
						Investments by fair value level
	0.28%	494			494	U.S. treasuries
	0.28%	494	-	-	494	Total blended component unit investments by fair value level
						Investments measured at amortized cost
AAA/Aaa	53.22%				93,847	Money market funds
	1.59%				2,800	Certificates of deposit
AAAm/Aaa-mf	1.68%				2,958	U.S. treasuries
N/R	1.81%				3,199	Local agency investment funds
	23.67%				41,741	Mutual funds
AAA/Aaa	15.92%				28,068	Government obligation funds
	1.83%				3,227	Investment agreements
	99.72%				175,840	Total blended component unit investments measured at amortized cost
	100.00%	494	-	-	176,334	Total blended component unit investments
		$ 365,011	$ 5,051,211	$ -	$ 6,912,201	Total investments

The County and its component units categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

● Level 1: Investments reflect prices quoted in active markets for identical assets; ● Level 2: Investments reflect prices quoted for similar observable assets; and,
● Level 3: Investments reflect prices based upon unobservable resources.

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2017 is as follows (In thousands):

Governmental Activities			
General Fund Restricted Subfund Money			$ 365,394
Flood Control Customer Deposits			1,660
Teeter Debt Service - Teeter Plan			40,819
Public Financing Authority - Capital Projects			93,045
Other Governmental Funds			
CORAL			
Local Agency Investment Fund	2,538		
Restricted Cash and Other Investments	18,619	21,157	
District Court Financing Corporation		1,921	
Infrastructure Financing Authority		11,320	
Inland Empire Tobacco Securitization Authority		19,471	
Public Financing Authority - Debt Service		1,395	
Total Other Governmental Funds			55,264
Total Governmental Activities			**556,182**
Business-type Activities			
Riverside University Health Systems - Medical Center			
Local Agency Investment Fund		661	
Restricted Cash and Other Investments		33,850	
Total Riverside University Health Systems - Medical Center			34,511
Waste Resources			
Remediation costs		32,038	
Closure and post-closure care costs		30,785	
Customer deposits		557	
Advances from grantors & 3rd parties		587	
Deposit payable		38	
Deferred inflow of resources		6,659	
Total Waste Resources			70,664
Housing Authority			
Local Agency Investment Fund		920	
Restricted Cash and Other Investments		17,054	
Total Housing Authority			17,974
Other Enterprise Funds - Flood Control Customer Deposits			3,189
Total Business-type Activities			**126,338**
Total Restricted Cash and Investments			**$ 682,520**

NOTE 6 – RECEIVABLES

Receivables at year-end of major individual funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows (In thousands):

Receivables **Governmental activities:**	Accounts	Interest	Taxes	Due From Other Govts	Total Governmental Activities
General fund	$ 13,865	$ 2,295	$ 9,182	$ 363,548	$ 388,890
Transportation	223	101	11	10,387	10,722
Flood Control	265	285	988	356	1,894
Teeter debt service	-	29	49,875	-	49,904
Public facilities improvements	-	170	-	12,166	12,336
Nonmajor governmental funds	4,527	133	1,298	14,888	20,846
Internal service funds	13,191	290	-	1,384	14,865
Total receivables	$ 32,071	$ 3,303	$ 61,354	$ 402,729	$ 499,457

Receivables **Business-type activities:**	Accounts	Interest	Taxes	Loans	Due From Other Govts	Allowance for Uncollectibles	Total Business-type Activities
Riverside University Health Systems - Medical Center	$ 281,567	$ 46	$ -	$ -	$ 125,503	$ (230,601)	$ 176,515
Waste Resources	6,916	207	-	5,000	194	-	12,317
Housing Authority	272,742	-	-	88,407	1,291	(272,353)	90,087
Nonmajor funds	267	10	9	-	7	-	293
Total receivables	$ 561,492	$ 263	$ 9	$ 93,407	$ 126,995	$ (502,954)	$ 279,212

NOTE 7 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2017 is as follows (In thousands):

Due to/from other funds :

	Receivable Fund			
Payable Fund	General Fund	Transportation	Teeter Debt Service	Other Governmental Funds
General Fund				
Delinquent property tax	$ -	$ -	$ 35	$ -
Interfund activity	-	-	-	217
Total General Fund				
Transportation				
Interfund activity	210	-	-	-
Total Transportation				
Flood Control				
Interfund activity	-	-	-	-
Total Flood Control				
Teeter Debt Service				
Interfund activity	7,296	-	-	-
Total Teeter Debt Service				
Public Facilities Improvements Capital Projects				
Capital projects	8	-	-	-
Interfund activity	-	-	-	-
Total Public Facilities Imprv Cap Proj				
Other Governmental Funds				
Capital projects	121	280	-	-
Interfund activity	114	-	-	6,979
Medical services	-	-	-	-
Total Other Governmental Funds				
Riverside University Health Systems				
Interfund activity	275	-	-	139
Law Enforcement	455	-	-	-
Total Riverside University Health Systems				
Waste Resources				
Interfund activity	13	-	-	-
Total Waste Resources				
Other Enterprise Funds				
Interfund activity	-	-	-	-
Total Other Enterprise Funds				
Internal Service Funds				
Interfund activity	997	-	-	-
Total Internal Service Funds				
Total Receivable	$ 9,489	$ 280	$ 35	$ 7,335

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 $3.4 million to the Economic Development Agency for the internal service fund start up costs. The General Fund advanced Housing Authority $1.5 million to pay off the principal and interest on predevelopment loans. The General Fund advanced $2.5 million to Riverside County Information Technology for technology intiatitive costs.

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

(a) Interfund Receivables/ Payables (Continued)

Receivable Fund				
Riverside University Health Systems-Medical Center	Other Enterprise Funds	Internal Service Funds	Total Payable	
				General Fund
$ -	$ -	$ -	$ 35	Delinquent property tax
274	-	339	830	Interfund activity
			865	**Total General Fund**
				Transportation
-	-	-	210	Interfund activity
			210	**Total Transportation**
				Flood Control
-	-	144	144	Interfund activity
			144	**Total Flood Control**
				Teeter Debt Service
-	-	-	7,296	Interfund activity
			7,296	**Total Teeter Debt Service**
				Public Facilities Improvements Capital Projects
-	-	-	8	Capital projects
-	-	93	93	Interfund activity
			101	**Total Public Facilities Imprv Cap Proj**
				Other Governmental Funds
-	-	-	401	Capital projects
3,088	-	280	10,461	Interfund activity
19	-	-	19	Medical services
			10,881	**Total Other Governmental Funds**
				Riverside University Health Systems
-	-	-	414	Interfund activity
-	-	-	455	Law Enforcement
			869	**Total Riverside University Health Systems**
				Waste Resources
-	-	-	13	Interfund activity
			13	**Total Waste Resources**
				Other Enterprise Funds
-	1	6	7	Interfund activity
			7	**Total Other Enterprise Funds**
				Internal Service Funds
188	-	70	1,255	Interfund activity
			1,255	**Total Internal Service Funds**
$ 3,569	$ 1	$ 932	$ 21,641	**Total Receivable**

Advances to/from other funds (Continued):

Waste Resources advanced $4.0 million to Public Facilities Capital Project Improvement Fund for East County Detention Center. Waste Resources advanced $18.5 million to RUHS-MC for consulting services.

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers

(b) Between Funds within the Governmental Activities:[1]

	Transfer In				
Transfer-Out	General Fund	Transportation	Teeter Debt Service	Public Facilities Improvements Capital Projects	Public Financing Authority
General Fund					
*To finance capital projects	$ -	$ -	$ -	$ 13,698	$ -
*For debt service payments	-	-	630	-	-
*Operating contribution	-	201	-	-	-
*For professional services	-	4,508	-	-	-
*To fund pension obligation	-	-	-	-	-
Total general fund					
Transportation					
*To finance capital projects	-	-	-	101	-
*For professional services	2,324	-	-	-	-
*To fund pension obligation	-	-	-	-	-
Total transportation					
Flood Control					
*For debt service payments	-	-	-	-	-
Total Flood Control					
Teeter Debt Service					
*For debt service payments	105	-	-	-	-
Total teeter debt service					
Public Facilities Improvements Capital Projects					
*To finance capital projects	46,856	3,907	-	-	-
*For professional services	-	-	-	-	-
Total public facilities imprv cap proj					
Other Governmental Funds					
*To finance capital projects	-	77	-	217	-
*For debt service payments	-	-	-	-	86
*For Fire protection services	47,029	-	-	-	-
*For professional services	16,894	1,760	-	-	-
*Operating contribution	119	-	-	7	-
*To fund pension obligation	182	-	-	-	-
Total other governmental funds					
RUHS-MC					
*To fund pension obligation	-	-	-	-	-
Total RUHS-MC					
Waste Resources					
*To fund pension obligation	-	-	-	-	-
Total Waste Resources					
Housing Authority					
*To fund pension obligation	-	-	-	-	-
Total Housing Authority					
Internal Service Funds					
*For business services	-	-	-	-	-
*To fund pension obligation	-	-	-	-	-
Total Internal Service Funds					
Total transfers in	$ 113,509	$ 10,453	$ 630	$ 14,023	$ 86

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

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers (Continued)

(b) Between Governmental and Business-type Activities:[2]

Transfer In					
Other Governmental Funds	Riverside University Health Systems-Medical Center (RUHS-MC)	Other Enterprise Funds	Internal Service Funds	Total Transfers Out	*Principal purpose for transfer
					General Fund
$ -	$ -	$ -	$ 20	$ 13,718	*To finance capital projects
58,261	-	-	-	58,891	*For debt service payments
8,941	21,000	-	574	30,716	*Operating contribution
4,358	-	-	-	8,866	*For professional services
26,852	-	-	-	26,852	*To fund pension obligation
				139,043	**Total general fund**
					Transportation
-	-	-	-	101	*To finance capital projects
32	-	-	-	2,356	*For professional services
982	-	-	-	982	*To fund pension obligation
				3,439	**Total transportation**
					Flood Control
2,855	-	-	-	2,855	*For debt service payments
				2,855	**Total Flood Control**
					Teeter Debt Service
-	-	-	-	105	*For debt service payments
				105	**Total teeter debt service**
					Public Facilities Improvements Capital Projects
2,066	5,000	-	1,417	59,246	*To finance capital projects
259	-	-	-	259	*For professional services
				59,505	**Total public facilities imprv cap proj**
					Other Governmental Funds
-	-	-	-	294	*To finance capital projects
14,834	-	-	-	14,920	*For debt service payments
-	-	-	-	47,029	*For Fire protection services
8,265	-	-	-	26,919	*For professional services
4,098	-	66	-	4,290	*Operating contribution
1,327	-	-	-	1,509	*To fund pension obligation
				94,961	**Total other governmental funds**
					RUHS-MC
5,626	-	-	-	5,626	*To fund pension obligation
				5,626	**Total RUHS-MC**
					Waste Resources
315	-	-	-	315	*To fund pension obligation
				315	**Total Waste Resources**
				-	Housing Authority
209	-	-	-	209	*To fund pension obligation
				209	**Total Housing Authority**
					Internal Service Funds
-	-	-	1798	1,798	*For business services
2,242	-	-	-	2,242	*To fund pension obligation
				4,040	**Total Internal Service Funds**
$ 141,522	$ 26,000	$ 66	$ 3,809	$ 310,098	

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows (In thousands):

	Balance July 1, 2016	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2017
Governmental activities:						
Capital assets, not being depreciated:						
Land & easements	$ 537,586	$ -	$ 29,976	$ (5,981)	$ -	$ 561,581
Construction in progress	709,599	-	282,651	(395)	(235,051)	756,804
Total capital assets, not being depreciated	1,247,185	-	312,627	(6,376)	(235,051)	1,318,385
Capital assets, being depreciated:						
Infrastructure						
Flood channels	268,496	-	228	-	-	268,724
Flood storm drains	451,899	-	7,102	-	38,913	497,914
Flood dams and basins	44,527	-	-	-	-	44,527
Roads	2,134,330	-	11,850	-	143,274	2,289,454
Traffic signals	42,806	-	-	-	1,906	44,712
Bridges	210,290	-	-	-	32,125	242,415
Runways	24,179	-	-	-	-	24,179
Sewer systems	2,924	-	-	-	-	2,924
Communication towers	16,146	-	-	-	-	16,146
Parks trails and improvements	17,140	-	-	-	1,724	18,864
Land improvements	110	-	-	-	-	110
Structures and improvements	1,681,786	-	66	(6,359)	17,077	1,692,570
Equipment	556,368	-	35,899	(31,096)	32	561,203
Total capital assets, being depreciated	5,451,001	-	55,145	(37,455)	235,051	5,703,742
Less accumulated depreciation for:						
Infrastructure	(1,343,447)	(10,934)	(112,763)	-	-	(1,467,144)
Land improvements	(26)	-	(2)	-	-	(28)
Structures and improvements	(462,871)	(840)	(37,222)	1,995	-	(498,938)
Equipment	(323,324)	-	(43,004)	29,494	-	(336,834)
Total accumulated depreciation	(2,129,668)	(11,774)	(192,991)	31,489	-	(2,302,944)
Total capital assets, being depreciated, net	3,321,333	(11,774)	(137,846)	(5,966)	235,051	3,400,798
Governmental activities capital assets, net	$ 4,568,518	$ (11,774)	$ 174,781	$ (12,342)	$ -	$ 4,719,183

NOTE 8 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2017 was as follows (In thousands):

	Restated Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Business-type activities:					
Capital assets, not being depreciated:					
Land & easements	$ 21,359	$ 1,491	$ (1,491)	$ -	$ 21,359
Construction in progress	56,380	25,404	(2,459)	(42,980)	36,345
Concession arrangements	8,830	-	-	-	8,830
Total capital assets, not being depreciated	86,569	26,895	(3,950)	(42,980)	66,534
Capital assets, being depreciated:					
Land improvements	21,123	-	-	-	21,123
Infrastructure-landfill liners	67,056	-	-	8,864	75,920
Infrastructure-other	25,959	151	(162)	64	26,012
Structures and improvements	245,805	979	-	2,506	249,290
Equipment	129,111	17,474	(3,295)	31,546	174,836
Total capital assets, being depreciated	489,054	18,604	(3,457)	42,980	547,181
Less accumulated depreciation for:					
Land improvements	(12,218)	(1,212)	-	-	(13,430)
Infrastructure-landfill liners	(36,105)	(3,316)	-	-	(39,421)
Infrastructure-other	(11,515)	(1,218)	-	-	(12,733)
Structures and improvements	(117,195)	(6,766)	-	-	(123,961)
Equipment	(96,347)	(19,898)	2,045	-	(114,200)
Total accumulated depreciation	(273,380)	(32,410)	2,045	-	(303,745)
Total capital assets, being depreciated, net	215,674	(13,806)	(1,412)	42,980	243,436
Business-type activities capital assets, net	$ 302,243	$ 13,089	$ (5,362)	$ -	$ 309,970

Depreciation

Depreciation expense was charged to governmental functions as follows (In thousands):

General government	$ 38,797
Public protection	11,569
Health and sanitation	1,412
Public assistance	1,352
Public ways and facilities	114,242
Recreation and cultural services	1,014
Education	3,226
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	21,379
Total depreciation expense – governmental functions	$ 192,991

NOTE 8 – CAPITAL ASSETS (Continued)

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

Riverside University Health Systems-Medical Center	$ 24,740
Waste Resources	6,370
Housing Authority	1,296
County Service Areas	3
Flood Control	1
Total depreciation expense – business-type functions	$ 32,410

Capital Leases

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

	Governmental Activities	Business-type Activities
Land	$ 488	$ -
Structures and improvements	122,019	-
Equipment	157,963	9,377
Less: Accumulated amortization	(80,622)	(4,399)
Total leased property, net	$ 199,848	$ 4,978

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2017 was as follows (In thousands):

	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	$ 373	$ -	$ -	$ -	$ 373
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	373	-	-	-	373
Capital assets, being depreciated					
Building and improvements	1,898	-	-	-	1,898
Machinery and equipment	100	-	-	-	100
Total capital assets, being depreciated	1,998	-	-	-	1,998
Less accumulated depreciation for:					
Building and improvements	(113)	(54)	-	-	(167)
Machinery and equipment	(51)	(14)	-	-	(65)
Total accumulated depreciation	(164)	(68)	-	-	(232)
Total capital assets, being depreciated, net	1,834	(68)	-	-	1,766
Total capital assets, net	$ 2,207	$ (68)	$ -	$ -	$ 2,139

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA)

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCA)* defines an SCA as a type of public-private or public-public partnership. As used in GASB Statement No. 60, an SCA is an arrangement between a government (the transferor) and an operator in which all of the following criteria are met*:*

a) The transferor conveys to the operator the right and related obligation to provide public service through the use and operation of a capital asset (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 SCAs in the County's financial statements. GASB Statement No. 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as such an operator.

McIntyre Park Campground

On October 15, 1985, and as later amended, the Park District (the Park) entered into an agreement with California East Coast, Inc. (the "Company"), under which the Company will operate and collect user fees from a campground, camp store, boat launch and recovery ramp, day-use area and marina fuel station through a lease with the Park at McIntyre County Park through the year 2047. The Company will pay the Park between ten and seventeen percent of the revenues it earns from the operation of the campground. The Company is required to operate and maintain the campground in accordance with the Lease Contract. The Park reports the campground as a capital asset with a carrying amount of $51.6 thousand at year-end. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

Riviera RV Resort

On or about January 1, 1970, and as later amended, the County and later the Park entered into an agreement with Cavan Inc., now Destiny RV, LLC who assigned its lease rights to Riviera-Reynolds (the "Company"). Under the terms of the agreement, the Company is permitted to engage in the operation of a travel trailer park, rental of spaces in the park, food service operations including a grocery store, boat launching ramp and other associated camping functions through June 2044. The Company will pay the Park the greater of $3.0 hundred or seven percent of gross receipts earned from operation of the RV Park. The Park reports the RV Park as a capital asset with a carrying amount of $131.4 thousand at year-end. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

Lake Skinner Recreation Area

On or about November 2007, the Park entered into an agreement with Pyramid Enterprise, Inc. d.b.a. Rocky Mountain Recreation Company of Piru, California (the "Company") to sublease its rights to Lake Skinner Recreation Area Concessionaire. Under the provisions of the agreement, the Company is permitted to engage in the operation of a marina, camp store, cafe, parking lots, laundry facility, fueling station, and bike shop. The monthly payment from the Company to the Park will be the greater of the combination of 7% of all retail gross sales, 9% of all rental gross sales, and 2% of all fuel gross sales or $2.5 thousand. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability. The term of the agreement is 10 years, renewable in 5 year increments.

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

Gopher Hole Camp Store

On February 7, 2017 the Park entered into an agreement with Pyramid Enterprises, Inc. d.b.a. Rocky Mountain Recreation Company of Piru, California (the "Company") to lease the Rancho Jurupa Regional Park Gopher Hole camp store. Under the provisions of the agreement, the Company is permitted to engage in the operation of the store, office, storage 107 and storage 102. The Company will also provide the following services to park guest: bike rentals, miniature and disc golf, supply rentals, beer and wine sales, and special event coordination/cooperation. All remaining areas will remain under the control and responsibility of the Park. The term of the agreement is 3 years, with the option to renew 2 more years.

Edom Hill Transfer Station

On November 2, 2002, the Department of Waste Resources entered into a 30-year agreement with Burrtec Recovery and Transfer LLC (Burrtec), under which Burrtec has the rights to construct the Edom Hill Transfer Station in order to serve the traditional users/waste-shed of the closed Edom Hill Landfill and operate the transfer station.

Cove Waterpark and Dropzone Waterpark

On April 18, 2017, the Economic Development Agency (the Agency) entered into a 5-year agreement with Standguard Aquatics, Inc., a Georgia Corporation (the "Company") to operate and maintain the Cove Waterpark and the Dropzone Waterpark (the "Waterparks") in a clean, safe and good condition. The Waterparks are to be operated as paid recreational and competitive use facilities with food and beverage and other concessions as provided by the Agency. The Company shall pay the Agency a quarterly percentage rent. The percentage rent shall be calculated by multiplying the gross revenues from the Waterparks for the applicable quarterly period by a factor of 10 percent. The Agency 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 Agency also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability. The term of the agreement is 5 years, renewable in one 5 year extension.

A summary of the important details and capital assets pertaining to the SCAs are described below (In thousands).

	Date SCA Entered Into	Term of SCA	Expiration of SCA	Revenue Sharing	Minimum Rent Payment (per month)
McIntyre Park Campground	10/15/1985	62 years	10/15/2047	Between 10.0% and 17.0% of the revenues it earns from the operation of the campground.	$ -
Riviera RV Resort	1/1/1970	74 years	6/30/2044	Greater of $3 hundred or 7.0% of gross receipts earned from operation of the RV park.	-
Lake Skinner Recreation Area	11/1/2007	10 years	10/31/2017	Greater of the combination of 7.0% of all retail gross sales, 9.0% of all rental gross sales, and 2.0% of all fuel gross sales or $2.5 thousand.	-
Gopher Hole Camp Store	2/7/2017	3 years	2/7/2020	10.0% of monthly gross revenues from the operation of the store.	-
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.	-
Cove and Dropzone Waterparks	4/18/2017	5 years	5/18/2022	10.0% of the quarterly gross revenues from the operation of the waterparks.	-
					$ -

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

Capital assets balance for the SCAs for the fiscal year ended June 30, 2017, and over the terms of the agreements are as follows (In thousands):

	Structures & Structure Improvements
McIntyre Park Campground	$ 52
Riviera RV Resort	131
Lake Skinner Recreation Area	-
Gopher Hole Camp Store	-
Edom Hill Transfer Station	8,830
Cove and Dropzone Waterparks	50,806
	$ 59,819

The deferred inflows of resources activity for the SCA for the year ended June 30, 2017 are as follows (In thousands):

SCA Capital Assets	Balance July 1, 2016	Additions/ Restatements	Amortization[1]	Balance June 30, 2017
McIntyre Park Campground[2]	$ -	$ -	$ -	$ -
Riviera RV Resort[2]	-	-	-	-
Lake Skinner Recreation Area[2]	-	-	-	-
Gopher Hole Camp Store[2]	-	-	-	-
Edom Hill Transfer Station	7,093	-	(434)	6,659
Cove and Dropzone Waterparks[2]	-	-	-	-
Total Deferred inflows	$ 7,093	$ -	$ (434)	$ 6,659

[1] Amortization calculated using the straight-line method for the term of the agreement for the SCA.

[2] No upfront payments received or installment payments that are required to be reported as a deferred inflow of resources.

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require Waste Resources to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Waste Resources will recognize the remaining estimated cost of $11.1 million as the remaining estimated capacity of 19.2 million tons is filled. Waste Resources expects all currently permitted landfill capacities to be filled by 2098. The total estimated closure liability of $19.5 million and post-closure care cost of $31.1 million is based on what it would cost to perform all closure and post-closure care costs at present value. Actual costs may be different due to inflation, changes in technology, or changes in regulations.

In addition to the liability amounts calculated per California Department of Resources, Recycling, and Recovery (CalRecycle) regulations that are designated to the Escrow Funds, Waste Resources is also responsible for the post-closure care costs related to twenty-six (26) other landfill sites that have been inactive or closed since before 1988. Liability for these sites fluctuates dependent on the needs of each site and changes to or the implementation of laws and regulations. As of June 30, 2017, the post-closure liability is estimated at $32.0 million.

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

Facility Name (City)	Total Estimate	Capacity Used as of June 30, 2017	Outstanding Recognized Liability	Estimated Years Remaining
Badlands (Moreno Valley)	$ 10,208	64.3%	$ 6,558	5
Blythe (Blythe)	4,927	32.2%	1,586	30
Edom Hill (Cathedral City)	5,484	100.0%	5,484	-
Lamb Canyon (Beaumont)	7,997	50.8%	4,063	12
Desert Center (Desert Center)	397	69.7%	277	70
Mecca II (Mecca)	869	98.8%	858	81
Oasis (Oasis)	719	93.7%	674	46
Total Closure Estimate	$ 30,601		$ 19,500	

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (Continued)

Post-Closure Escrow Fund Landfill Sites

Facility Name (City)	Estimated Liability	
Badlands (Moreno Valley)	$	8,116
Blythe (Blythe)		2,519
Coachella (Coachella)		1,395
Double Butte (Winchester)		2,128
Edom Hill (Cathedral City)		2,614
Highgrove (Riverside)		1,742
Lamb Canyon (Beaumont)		5,801
Mead Valley (Perris)		1,355
Anza (Anza)		1,584
Desert Center (Desert Center)		1,221
Mecca II (Mecca)		1,332
Oasis (Oasis)		1,281
Total Post-Closure Estimate	$	31,088

Waste Resources is required by state and federal laws and regulations to make annual contributions to a trust fund to finance closure and post-closure care. Title 27 of the California Code of Regulations (CCR) requires solid waste landfill operators to demonstrate the availability of financial resources to conduct closure and post-closure maintenance activities. Waste Resources expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional closure and post-closure requirements are determined (due to changes in technology or applicable laws or regulations), these costs may need to be covered by charges to future landfill users.

In accordance with Sections 22228 and 22245 of the CCR, the County has implemented Pledge of Revenue agreements between the County and the California Department of Resources, Recycling and Recovery (CalRecycle) for six active landfills and six closed landfills to demonstrate financial responsibility for post-closure maintenance costs. Waste Resources has determined that the projected net revenues, after current operating costs, from tipping fees during the 30 year period of post-closure care maintenance will, during each year of this period, be greater than the yearly monitoring and post-closure care maintenance costs for each landfill. It is agreed that the amount of these Pledge of Revenue agreements may increase or decrease to match any adjustments to the identified cost estimates, which is mutually agreed to by Waste Resources and CalRecycle.

NOTE 11 – OPERATING LEASES

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2017 (In thousands):

Year Ending June 30	
2018	$ 41,047
2019	32,213
2020	27,559
2021	24,213
2022	19,780
2023 - 2027	44,849
2028 - 2032	1,492
2033 - 2037	1,512
2038 - 2042	903
2043 - 2047	683
Total Minimum Payments	$ 194,251

Total rental expenditure/expense for the year ended June 30, 2017 was $115.0 million, of which $7.3 million was recorded in the enterprise funds.

NOTE 12 – ADVANCES FROM GRANTORS AND THIRD PARTIES

Under both the accrual and modified accrual bases 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, 2017 of advances from grantors and third parties is as follows (In thousands):

	Balance June 30, 2017
General Fund:	
Advances on state and federal grants for mental health services	$ 148,729
Advances on state funding for social services	65,628
Advances on state grants for probation services	25,280
Advances on state grants and other 3rd party advances for public health services	12,453
Advances on state and federal grants for sheriff services	7,317
Advances on state grants and other federal grants for environmental health services	2,492
Advances on state grants and other 3rd party advances for emergency management services	2,187
Advances on state grants for Citizen's Option for Public Safety Program	2,097
Advances on state grants for district attorney services	1,279
Advances on state grants for veteran services	284
Other advances	261
Total general fund	268,007
Transportation Special Revenue Fund:	
Developer fees	17,142
Federal exchange and state match	2,780
Survey fees	843
Advances from developers for median projects	791
Utility relocation	670
Transportation Uniform Mitigation Fee (TUMF) credit	330
Deposit based fees	296
Advances for community facilities districts improvement projects	243
Road deposits	160
Total transportation special revenue fund	23,255
Flood Special Revenue Fund:	
Advances for flood control projects	500
Total flood special revenue fund	500
Public Facilities Improvements Capital Projects Fund:	
Advances for facility renewal projects	1,534
Advance for Mecca mandatory tenant improvements	84
Advance for construction of law building	23
Total public facilities improvements capital projects fund	1,641
Other Governmental Funds:	
Advance from state for community service block grant	1,765
Camping and recreation fees	598
Advance from state for the community recidivism reduction grant program	373
Advances for aviation projects	31
Advance from 3rd parties for recreational events	14
Total other governmental funds	2,781
Grand total of advances from grantors and third parties	$ 296,184

NOTE 13 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes (TRANs)

On July 1, 2016, the County issued $340.0 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which will be paid by June 30, 2017. The notes were issued with a yield rate of 0.68% and a stated interest rate of 3.0%. 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 2016-17, the County retired $88.5 million and issued $83.5 million 2016 Series A teeter obligation notes (tax-exempt), leaving an outstanding balance of $83.5 million at June 30, 2017.

Short-term debt activity for the year ended June 30, 2017, was as follows (In thousands):

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
TRANs	$ -	$ 340,000	$ (340,000)	$ -
Teeter notes	88,507	83,462	(88,507)	83,462
Total	$ 88,507	$ 423,462	$ (428,507)	$ 83,462

NOTE 14 – LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of capital lease obligations, bonds, notes, and other liabilities that are payable from the general, debt service, enterprise, and internal service funds. The calculated legal debt limit for the County is $3.17 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, 2017 (In thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2018	$ 34,370	$ 3,972
2019	30,121	1,850
2020	22,749	1,339
2021	14,003	925
2022	10,061	517
2023-2027	37,183	96
2028-2032	39,902	-
2033-2037	35,047	-
2038-2042	15,295	-
2043-2047	9,137	-
Total minimum payments	247,868	8,699
Less amount representing interest	(67,578)	(276)
Present value of net minimum lease payments	$ 180,290	$ 8,423

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

The following schedules provide details of all certificates of participation, bonds payable, and notes payable for the County that are outstanding as of June 30, 2017 (In thousands):

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2017
Governmental activities:				
Certificates of Participation				
CORAL				
1990 Monterey Avenue: Serial Certificates	$ 8,800	Variable	2020	$ 2,800
2007 Series A - Public Safety Communication and Refunding Projects	73,775	4.00% - 5.00%	2017	10,875
2009 Series A - Public Safety Communication and Woodcrest Library Refunding Projects	45,685	Variable	2039	45,025
2009 Larson Justice Center Refunding: Serial Certificates	24,680	2.00% - 5.00%	2021	13,492
Total CORAL	152,940			72,192
District Court Financing Corporation				
U.S. District Court Project: Term/Series 1999	2,165	7.59%	2020	1,391
U.S. District Court Project: Term/Series 2002	925	3.00%	2020	215
Total District Court Financing Corporation	3,090			1,606
Flood Control				
Zone 4 - 2015 Negotiable Promissory Note	21,000	2.00% - 5.00%	2025	20,669
Total Flood Control	21,000			20,669
Total certificates of participations	$ 177,030			$ 94,467
Bonds payable				
CORAL				
2012 CAC Annex Refunding Project	$ 33,360	2.00% - 5.00%	2031	$ 29,078
2008 A Southwest Justice Center: Term Certificates	78,895	5.16%	2032	71,140
1997 B & C (Hospital): Term Bonds (Series C)	1,733	5.81%	2019	1,733
2013 Probation & RCIT: Term Bonds (Series A)	66,015	3.00% - 5.25%	2043	63,290
2014 Lease Refunding Court Facilities Project, Series A	10,890	2.00% - 5.00%	2033	9,507
2014 Lease Refunding Court Facilities Project, Series B	7,605	0.55% - 2.73%	2019	3,910
Total CORAL	198,498			178,658
Taxable Pension Obligation Bonds				
Pension Obligation Bonds (Series 2005-A)	400,000	4.91% - 5.04%	2035	286,535
Total Taxable Pension Obligation Bonds	400,000			286,535

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2017
Bonds payable (continued)				
Inland Empire Tobacco Securitization Authority				
Series 2007 A	$ 87,650	5.10%	2021	$ 49,550
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	18,949
Series 2007 F	27,076	8.00%	2057	27,075
Total Inland Empire Tobacco Securitization Authority	294,084			255,984
Riverside County Public Financing Authority				
Series 2012	17,640	3.00% - 5.00%	2021	14,005
Series 2015	325,000	2.00% - 5.00%	2046	349,524
Total Riverside County Public Financing Authority	342,640			363,529
Riverside County Infrastructure Financing Authority				
Series 2015 A	72,825	2.00% - 5.00%	2033	77,093
Series 2016 A	36,740	2.00% - 4.00%	2031	41,898
Series 2016 A-T	3,245	1.18% - 1.34%	2018	3,245
Total Riverside County Infrastructure Financing Authority	112,810			122,236
Total bonds payable	$ 1,348,032			$ 1,206,942
Loans payable				
CORAL				
2011 Monroe Park Building Refunding	$ 5,535	3.54%	2021	$ 2,205
Total 2011 Monroe Park Building Refunding	5,535			2,205
Total loans payable	$ 5,535			$ 2,205
Total governmental activities	$ 1,530,597			$ 1,303,614
Business-Type Activities				
Bonds payable				
Riverside University Health Systems - Medical Center (RUHS-MC)				
1997 A Serial Capital Appreciation Bonds (net of future capital appreciation of $130.5 million)	$ 41,170	5.70% - 6.01%	2026	$ 31,351
1997 Term bond (Series C)	1,532	5.81%	2019	1,397
2012 Term bond (Series A)	87,510	2.00% - 5.00%	2029	56,250
2012 Term bond (Series B)	3,020	3.25%	2019	2,983
Total RUHS-MC	133,232			91,981
Housing Authority				
1998 Series A: Term Bonds	2,405	6.85%	2018	$ 390
Total Housing Authority	2,405			390
Total bonds payable	$ 135,637			$ 92,371
Total business-type activities	$ 135,637			$ 92,371

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2017, annual debt service requirements of governmental activities to maturity are as follows (In thousands):

Governmental Activities	Loans Payable		Certificates of Participation	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
2018	$ 605	$ 73	$ 16,022	$ 4,073
2019	620	51	17,581	3,203
2020	650	29	18,323	2,314
2021	330	6	18,570	1,407
2022	-	-	9,110	784
2023 - 2027	-	-	8,780	1,464
2028 - 2032	-	-	1,185	678
2033 - 2037	-	-	1,580	404
2038 - 2042	-	-	1,189	73
Total requirements	2,205	159	92,340	14,400
Bond discount/premium, net	-	-	2,127	-
Total	$ 2,205	$ 159	$ 94,467	$ 14,400

Governmental Activities	Bonds Payable	
Fiscal Year Ending June 30	Principal	Interest
2018	$ 115,555	$ 49,327
2019	62,268	44,563
2020	51,548	39,700
2021	46,775	36,443
2022	50,615	34,283
2023 - 2027	219,250	135,018
2028 - 2032	168,085	94,239
2033 - 2037	176,402	60,659
2038 - 2042	94,280	33,378
2043 - 2047	113,068	10,553
2048 - 2052	-	-
2053 - 2057	69,481	4,671
Total requirements	1,167,327	542,834
Bond discount/premium, net	39,615	-
Total	$ 1,206,942	$ 542,834

As of June 30, 2017, annual debt service requirements of business-type activities and the discretely presented component unit to maturity are as follows (In thousands):

Business-type Activities	Bonds Payable		Other Long-term Liabilities	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
2018	$ 14,307	$ 5,415	$ -	$ -
2019	13,182	8,180	-	-
2020	4,981	15,769	-	-
2021	4,664	16,086	-	-
2022	4,376	16,374	-	-
2023 - 2027	25,602	69,145	6,795	-
2028 - 2032	20,636	1,207	-	-
Total requirements	87,748	132,176	6,795	-
Bond discount/premium, net	4,623	-	-	-
Total	$ 92,371	$ 132,176	$ 6,795	$ -

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2017 (In thousands):

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Governmental Activities:				
Certificates of Participation:				
Court Financing (U.S. District Court Project)	$ 4,026	$ -	$ (1,007)	$ 3,019
Bonds:				
Inland Empire Tobacco Securitization Authority	143,778	20,349	-	164,127
Total governmental-type activities	$ 147,804	$ 20,349	$ (1,007)	$ 167,146
Business-type Activities:				
Lease Revenue Bonds:				
Riverside University Health Systems - Medical Center (1997A Hosp)	$ 69,488	$ 6,182	$ (2,770)	$ 72,900
Total business-type activities	$ 69,488	$ 6,182	$ (2,770)	$ 72,900

The accreted interest payable balances at June 30, 2017 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.

The increases of $20.3 million and $6.2 million represent current year's accretion for governmental activities and business-type activities, respectively. The accumulated accretion for business-type activities is $72.9 million at June 30, 2017. The accumulated accretion for U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority in governmental activities is $167.1 million. The un-accreted balances at June 30, 2017 are $40.3 million for the 1997-A Hospital RUHS-MC project, $4.2 million for the U.S. District Court, and $3.3 billion for the Authority Capital Appreciation Bonds.

Bonds, Certificates of Participation / Refunding

In October 2016, the Infrastructure Financing Authority issued $40.0 million in lease revenue refunding bonds, 2016 Series A and Series A-T. The 2016 Series bonds are being issued for the purpose of (i) refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenues Bonds (County Facilities Projects) 2008 Series A, (ii) finance the acquisition, construction and installation of certain capital improvements to be owned and operated by the County, and (iii) pay the costs incurred in connections with the issuance of the bonds. The new bonds have an interest rate of 1% to 4%.

Defeasance of Debt

In December 2009, CORAL issued $24.7 million of certificates of participation (2009 Larson Justice Center Project Refunding Certificate of Participation) to provide funds to refund and prepay the certificates of participation relating to the 1998 Larson Justice Center Project with an outstanding principal amount of $23.7 million; to fund the reserve fund; and to pay certain costs 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.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

In December 2009, CORAL also issued $45.7 million of certificates of participation (2009 Public Safety Communication and Woodcrest Library Projects Refunding Certification of Participation) to provide funds to refund and redeem the certificates of participation relating to 2007 Series B Public Safety Communication Project with an outstanding principal amount of $37.4 million; to provide funds to refund and retire the series 2006 Certificates of Participation Anticipation Note relating to Woodcrest Library Project with an outstanding principal amount of $6.0 million; to fund capitalized interest on a portion of the certificates of participation through July 1, 2012; to fund a security deposit with respect to base rental payable under the sublease; and to pay certain costs 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 costs 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.

In 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; 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 $90.0 million in lease revenue bonds (2012 Series A and Taxable Series B County of Riverside Capital Projects) to provide funds to refund and prepay CORAL's Leasehold Revenue Bonds, 1997 Series B with an outstanding principal amount of $64.4 million; to provide funds ($30.0 million) for improvements to the Medical Center Campus; deposit funds into the debt service reserve fund; and pay certain costs of issuance incurred in connection with this refunding. The refunding resulted in a redemption premium of $639.4 thousand for the 1997 Series B lease revenue bonds and a net premium of $6.9 million for the 2012 Series A and Taxable Series B. The reacquisition price exceeded the net carry amount of the old debt by $26.6 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $8.0 million and a reduction of $7.1 million in future debt service payments.

On June 2014, CORAL issued $18.5 million in lease revenue bonds (2014 A & B Court Facilities Project) to provide funds mainly to refund 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 costs of issuance incurred in connection with this refunding. The refunding resulted in a premium of $756.0 thousand for the 2014 A and B Court Facilities Project. The reacquisition price exceeded the net carry amount of the old debt by $1.5 million. This amount is being netted against the new debt and amortized over the new debt life. The transaction resulted in an economic gain of $4.2 million and a reduction of $3.3 million in future debt service payments.

On October 2016, the Infrastructure Finance Authority issued $40.0 million in lease revenue bonds (2016 Series A and Series A-T) for the purpose of refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenue Bonds (County Facilities Projects) 2008 Series A, with a total outstanding principal amount of $40.4 million, to finance the acquisition, construction and installation of certain capital improvements to be owned and operated by the County, and to pay costs incurred in connection with the issuance of the bonds. The refunding resulted in an unamortized bond premium of $5.2 million, loss on refunding of $3.8 million, and a net carrying value of $41.3 million.

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.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Single Family and Multi-Family Mortgage Revenue Bonds (Continued)

A total of $24.0 million of Mortgage Revenue Bonds have been issued and $18.7 million is outstanding as of June 30, 2017. 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 $83.8 million at June 30, 2017, to provide financing or improvements benefiting certain property owners. Special assessment bonds consist of Community Facilities District Bonds and Assessment District Bonds.

The County, including its special districts, is not liable for the payment of principal or interest on the bonds, which are obligations solely of the benefited property owners. Certain debt service transactions relating to certain special assessment bonds are accounted for in the agency funds.

The County is not obligated and does not expect to advance any available funds from the County general fund to the Community Facilities Districts or the Assessment Districts for any current or future delinquent debt service obligations. The County Special Districts continue to use all means available to bring current any delinquent special assessment taxes, including workouts, settlement agreements, and foreclosure actions when necessary.

The Flood Control has issued special assessment bonds, totaling $475.0 thousand as June 30, 2017, 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 Financing 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 Public Financing Authority will have any ongoing payment obligation. The State has committed to indemnify the County in the lease.

Interest Rate Swap

Objective of the Interest Rate Swap: As a means to lower financing costs and to reduce the risks to CORAL associated with the fluctuation in market interest rates, CORAL entered into an amended and restated interest rate swap in connection with the Southwest Justice Center Series 2008 Series A Leasehold Revenue Bonds in the notional amount of $76.3 million. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 5.2%.

Terms: The bonds and the related swap agreement mature on November 1, 2032, and the swap's notional amount of $76.3 million approximately matches a portion of $78.9 million variable-rate bonds. The swap was effective at the same time the bonds were issued on May 24, 2000, and was amended and restated as of December 10, 2008. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty. The notional value of the swap and the principal amount of the associated debt decline starting in fiscal year 2014-15. Under the amended and restated swap agreement, CORAL pays Wells Fargo Bank, N.A. a fixed payment rate of 5.2%.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap (Continued)

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 $301.6 thousand for the year ended June 30, 2017.

Fair Value: As of June 30, 2017 and 2016, the swap had a negative fair value of $21.7 million and $29.1 million, respectively, a decrease in fair value of $7.4 million occurred during the fiscal year 2016-17. The fair value was recorded in the CORAL's statement of net position as interest rate swap liability and deferred outflows of resources in the assets section. Because the coupons on the Southwest Justice Center Series 2008 A Leasehold Revenue Refunding Bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was the quoted market price from Wells Fargo Bank, N.A. at June 30, 2017.

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's) or Baa2 (Moody's), a collateral agreement will be executed within 30 days or the fair value of the swap will be fully collateralized by the counterparty.

Basis Risks: The swap exposes CORAL to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2017, CORAL's rate was 64.0% of LIBOR, or 0.1%, whereas BMA or the reset rate on bonds was 0.1%. The synthetic rate on the bonds at June 30, 2017 was 5.2%.

Termination Risks: CORAL always has the right to terminate the swap. Wells Fargo Bank, N.A. is limited in so far as both CORAL and the insurer are not performing. The swap may be terminated by CORAL if Wells Fargo Bank, N.A.'s credit quality rating falls below A- as issued by Standard & Poor's or A3 by Moody's. Additionally, the swap 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 swap is terminated, the variable rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap had a negative fair value, CORAL would be liable to Wells Fargo Bank, N.A. for a payment equal to the swap's fair value.

Swap Payment and Associated Debt: Using rates as of June 30, 2017, debt service requirements of the variable-rate debt and net swap payments, *assuming current interest rates remain the same* for their term, were as follows (In thousands):

	Variable Rate Bonds			
Fiscal Year Ending June 30, 2017	Principal	Interest	Net Swap Payments	Total Interest
2018	$ 2,895	$ 1,000	$ 2,580	$ 3,580
2019	3,000	958	2,470	3,428
2020	3,205	913	2,354	3,267
2021	3,410	865	2,231	3,096
2022	3,620	814	2,100	2,914
2023-2027	17,270	3,206	8,271	11,477
2028-2032	22,540	1,460	3,767	5,227
2033-2034	6,410	38	94	132
	$ 62,350	$ 9,254	$ 23,867	$ 33,121

As rates vary, variable-rate bond interest payments and net swap payments will vary.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities

The following is a summary of governmental activities long-term liabilities transactions for the year ended June 30, 2017 (In thousands):

	Balance June 30, 2016	New Additions	Payments / Reclass	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Debt long-term liabilities:					
Bonds payable	$ 1,195,027	$ 45,201	$ (33,286)	$ 1,206,942	$ 115,555
Capital lease obligations	160,110	80,483	(60,303)	180,290	28,971
Certificates of participation	108,937	-	(14,470)	94,467	16,022
Loans payable	2,790	-	(585)	2,205	605
Total debt long-term liabilities	1,466,864	125,684	(108,644)	1,483,904	161,153
Other long-term liabilities:					
Accreted interest payable	147,804	20,349	(1,007)	167,146	-
Compensated absences (a)	241,121	390	(3,392)	238,119	142,168
Estimated claims liabilities (b)	177,981	75,510	(49,593)	203,898	50,497
Net pension liabilites (d)	1,559,119	661,409	-	2,220,528	-
Accrued remediation costs (c)	1,862	508	(868)	1,502	983
Total other long-term liabilities	2,127,887	758,166	(54,860)	2,831,193	193,648
Total governmental activities – long-term liabilities	$ 3,594,751	$ 883,850	$ (163,504)	$ 4,315,097	$ 354,801

(a) General Fund, Special Revenue Funds, and Internal Service Funds 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.
(d) General Fund, Special Revenue, Capital Project and Internal Service Funds are used to liquidate net pension liabilities.

The following is a summary of business-type activities long-term liabilities transactions for the year ended June 30, 2017 (In thousands):

	Balance June 30, 2016	New Additions	Payments / Reclass	Balance June 30, 2017	Amounts Due Within One Year
Business-type Activities:					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses	$ 106,428	$ 4,623	$(18,680)	$ 92,371	$ 14,307
Capital lease obligations	7,438	2,748	(1,763)	8,423	3,883
Total debt long-term liabilities	113,866	7,371	(20,443)	100,794	18,190
Other long-term liabilities:					
Accreted interest payable	69,488	6,182	(2,770)	72,900	231
Accrued closure and post-closure costs	79,931	2,656		82,587	826
Compensated absences	29,917	1,184	(267)	30,834	18,675
Accrued remediation costs	40,244	5,010	-	45,254	905
OPEB obligation, net	116	19	-	135	-
Net pension liabilites	218,791	98,887	-	317,678	-
Other long-term liabilities (a)	6,795	-	-	6,795	-
Total other long-term liabilities	445,282	113,938	(3,037)	556,183	20,637
Total business-type activities – long-term liabilities	$ 559,148	$ 121,309	$(23,480)	$ 656,977	$ 38,827
Discretely Presented Component Unit					
Debt long-term liabilities:					
Bonds payable	$ 40,401	$ -	$(40,401)	$ -	$ -
Other long-term liabilities:					
Compensated absences	116	214	(130)	200	117
Net pension liability	1,777	1,211	-	2,988	-
Total discretely presented component unit – long-term liabilities	$ 42,294	$ 1,425	$(40,531)	$ 3,188	$ 117

(a) The Housing Authority (Business-type Activity) has two notes payable, totaling $6.8 million, under "Other long-term liabilities."

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

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 14.1% to the County and 85.9% to the Inland Empire Tobacco Securitization Authority for calendar year 2017. During the fiscal year ended June 30, 2017, $19.4 million was received by the Inland Empire Tobacco Securitization Authority; $10.0 million, or 51.5%, was distributed to the County per the above agreement, leaving $9.4 million, or 48.5%, of the specific tobacco settlement revenues available to be pledged (see page 157). The County is under no obligation to make payments of the principal or accreted value 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.*

The Housing Authority 1998 bonds are secured by an agreement with the City of Corona, which has pledged to pay $218.0 thousand to the Housing Authority each year until the bonds are redeemed in their entirety on December 1, 2018. The bond indenture requires the Housing Authority to remit the entire $218.0 thousand received each year to the bond trustee to pay for the bond's annual debt service payments.

The Housing Authority reports the $218.0 thousand received each year as revenue. MBIA Insurance Corporation has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2017, before applying the deferred charge, was $565.0 thousand.

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognized deferred outflows of resources in the government-wide and proprietary fund financial statements. These items are a consumption of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The County has two items that are reportable on the government-wide statement of net position: the first item relates to outflows from charges in the net pension liability (Notes 20 and 21) and the second item relates to the interest rate swap (Note 14) that have met all requirements other than timing. Deferred outflows of resources that are reported in the proprietary funds are included in the government-wide statement of net position.

Deferred outflows of resources balances for the year ended June 30, 2017 were as follows (In thousands):

	Balance June 30, 2017
Government-wide deferred outflows of resources:	
Governmental activities:	
Interest rate swap	$ 21,690
Pension	949,948
Total governmental activities	971,638
Business-type activities:	
Defeasance of debt	69
Pension	136,330
Total business-type activities	136,399
Total government-wide deferred outflows of resources	$ 1,108,037
Discretely presented component unit deferred outflows of resources:	
Pension	$ 1,324
Total discretely presented component unit deferred outflows of resources	$ 1,324

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognized deferred inflows of resources in the governmental fund and government-wide financial statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The largest portions of the County's deferred inflows of resources are pensions, Senate Bill (SB) 90 and Teeter tax loss reserve. Pensions are related to GASB Statement No. 68, which can be found in Notes 20 and 21. SB90 is California SB90 of 1972, which established a requirement that the State of California reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. Teeter tax loss reserve pursuant to California Revenue and Taxation Code Section 4703 was established as a tax loss reserve fund for covering losses that may occur in the amount of tax liens as a result of special sales of tax defaulted property.

Deferred inflows of resources balances for the year ended June 30, 2017 were as follows (In thousands):

	Balance June 30, 2017
Government-wide deferred inflows of resources:	
Governmental activities:	
Teeter tax loss reserve	$ 22,059
Pension	292,996
Total governmental activities	315,055
Business-type activities:	
Service concession arrangement	6,659
Pension	41,917
Total business-type activities	48,576
Total government-wide deferred inflows of resources	$ 363,631
Governmental funds deferred inflows of resources:	
General Fund:	
SB 90	$ 23,805
Teeter tax loss reserve	22,059
Property tax	4,739
Sales tax	959
Total general fund	51,562
Flood Control Special Revenue Fund:	
Property tax	937
Special assessments	51
Total flood control special revenue fund	988
Other Governmental Funds:	
Property tax	4
Soccer field reservations	50
Total other governmental funds	54
Total governmental funds deferred inflows of resources	$ 52,604
Discretely presented component unit deferred inflows of resources:	
Pension	$ 107
Total discretely presented component unit deferred inflows of resources	$ 107

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NOTE 16 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. (See Note 1 for a description of each category.) A detailed schedule of fund balances as of June 30, 2017 is as follows (In thousands):

	Major Funds					
	General Fund	Transportation	Flood Control	Public Facilities Improvements Capital Projects	Public Financing Authority	Total Major Governmental Funds
Fund balances:						
Nonspendable						
Inventory	$ 1,975	$ 1,101	$ -	$ -	$ -	$ 3,076
Prepaid items	-	-	67	-	-	67
Imprest cash	339	12	1	-	-	352
Permanent fund	-	-	-	-	-	-
Total nonspendable	**2,314**	**1,113**	**68**	**-**	**-**	**3,495**
Restricted						
Aging	-	-	-	-	-	-
Air quality planning	202	-	-	-	-	202
Airport	-	-	-	-	-	-
Auto theft interdiction	515	-	-	-	-	515
CAP local initiative program	-	-	-	-	-	-
Construction & capital projects	8,904	-	-	114,832	93,045	216,781
Court services	8,611	-	-	-	-	8,611
Debt services	1,819	-	-	2,333	-	4,152
District attorney	19,753	-	-	-	-	19,753
Domestic violence	1,917	-	-	-	-	1,917
Emergency medical services	5,972	-	-	-	-	5,972
Emergency preparedness	-		-	-	-	-
Endowment care	-	-	-	-	-	-
Environmental health	328	-	-	-	-	328
Public ways and facilities	-	-	225,328	21,961	-	247,289
Fire protection	-	-	-	897	-	897
Geographical info system	-	-	-	-	-	-
Hazmat	2,662	-	-	-	-	2,662
Humane services	134	-	-	-	-	134
Landscape maintenance	-	4,514	-	-	-	4,514
Libraries	-	-	-	-	-	-
Mental health	7,515	-	-	-	-	7,515
Modernization	6,663	-	-	-	-	6,663
Other purposes	1,927	-	-	-	-	1,927
Parks and recreation	-	-	-	10,688	-	10,688
Public assistance	2,716	-	-	-	-	2,716
Public health	4,178	-	-	-	-	4,178
Public protection	3,093	-	-	-	-	3,093
Public safety revenue	1,794	-	-	-	-	1,794
Roads	-	56,843	-	-	-	56,843
Sheriff patrol	8,466	-	-	-	-	8,466
Solar	-					
Teeter tax losses	7,961	-	-	-	-	7,961
Total restricted	**95,130**	**61,357**	**225,328**	**150,711**	**93,045**	**625,571**

Note: Encumbrances - see Note 23 – Contingencies and Commitments

NOTE 16 – FUND BALANCES (Continued)

Nonmajor Funds						
Special Revenue Funds	**Debt Service Funds**	**Capital Projects Funds**	**Permanent Fund**	**Total Nonmajor Governmental Funds**	**Total Governmental Funds**	
						Fund balances:
						Nonspendable
$ -	$ -	$ -	$ -	$ -	$ 3,076	Inventory
7	-	580	-	587	654	Prepaid items
54	-	-	-	54	406	Imprest cash
-	-	-	622	622	622	Permanent fund
61	**-**	**580**	**622**	**1,263**	**4,758**	**Total nonspendable**
						Restricted
(29)	-	-	-	(29)	(29)	Aging
307	-	-	-	307	509	Air quality planning
1,718	-	-	-	1,718	1,718	Airport
-	-	-	-	-	515	Auto theft interdiction
(786)	-	-	-	(786)	(786)	CAP local initiative program
-	-	6,811	-	6,811	223,592	Construction & capital projects
-	-	-	-	-	8,611	Court services
-	59,249	-	-	59,249	63,401	Debt services
-	-	-	-	-	19,753	District attorney
-	-	-	-	-	1,917	Domestic violence
-	-	-	-	-	5,972	Emergency medical services
2,809	-	-		2,809	2,809	Emergency preparedness
-	-	-	46	46	46	Endowment care
-	-	-	-	-	328	Environmental health
-	-	-	-	-	247,289	Public ways and facilities
19,874	-	1,207	-	21,081	21,978	Fire protection
1,264	-	-	-	1,264	1,264	Geographical info system
-	-	-	-	-	2,662	Hazmat
-	-	-	-	-	134	Humane services
22,650	-	-	-	22,650	27,164	Landscape maintenance
29,747	-	-	-	29,747	29,747	Libraries
-	-	-	-	-	7,515	Mental health
-	-	-	-	-	6,663	Modernization
484	-	-	-	484	2,411	Other purposes
6,711	-	5,473	-	12,184	22,872	Parks and recreation
5,783	-	-	-	5,783	8,499	Public assistance
(3,031)	-	-	-	(3,031)	1,147	Public health
17	-	-	-	17	3,110	Public protection
-	-	-	-	-	1,794	Public safety revenue
1,317	-	-	-	1,317	58,160	Roads
5,523	-	-	-	5,523	13,989	Sheriff patrol
831				831	831	Solar
-	-	-	-	-	7,961	Teeter tax losses
95,189	**59,249**	**13,491**	**46**	**167,975**	**793,546**	**Total restricted**

NOTE 16 – FUND BALANCES (Continued)

	Major Funds					
	General Fund	Transportation	Flood Control	Public Facilities Improvements Capital Projects	Public Financing Authority	Total Major Governmental Funds
Fund balances:						
Committed						
Code enforcement	$ -	$ 2,738	$ -	$ -	$ -	$ 2,738
Community improvement	172	-	-	-	-	172
Construction & capital projects	500	3	-	5,124	-	5,627
EDA special projects	-	-	-	-	-	-
Environmental programs	1,696	351	-	-	-	2,047
Legal services	1,214	-	-	-	-	1,214
Other purposes	2,630	-	-	-	-	2,630
Parks	-	-	-	-	-	-
Planning	-	-	-	-	-	-
Sheriff correction	15,276	-	-	-	-	15,276
Solar program	-	-	-	-	-	-
Youth protection	419	-	-	-	-	419
Total committed	**21,907**	**3,092**	**-**	**5,124**	**-**	**30,123**
Assigned						
Airports	-	-	-	-	-	-
Capital improvement projects	357	-	-	3	-	360
Construction & capital projects	-	-	-	4,854	-	4,854
Debt service	-	-	-	-	-	-
Equipment	-	6,625	-	-	-	6,625
Other purposes	338	-	-	-	-	338
Probation	5,300	-	-	-	-	5,300
Professional services	1,689	-	-	-	-	1,689
Public protection	1,495	-	-	-	-	1,495
Roads	-	8,631	-	-	-	8,631
Sheriff correction	1,810	-	-	-	-	1,810
Total assigned	**10,989**	**15,256**	**-**	**4,857**	**-**	**31,102**
Unassigned	**217,891**	**-**	**-**	**-**	**-**	**217,891**
Total fund balances	**$ 348,231**	**$ 80,818**	**$ 225,396**	**$ 160,692**	**$ 93,045**	**$ 908,182**

Note: Encumbrances - see Note 23 – Contingencies and Commitments

NOTE 16 – FUND BALANCES (Continued)

Nonmajor Funds						
Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds	Total Governmental Funds	
						Fund balances:
						Committed
$ -	$ -	$ -	$ -	$ -	$ 2,738	Code enforcement
-	-	-	-	-	172	Community improvement
-	-	-	-	-	5,627	Construction & capital projects
478	-	-	-	478	478	EDA special projects
-	-	-	-	-	2,047	Environmental programs
-	-	-	-	-	1,214	Legal services
-	-	-	-	-	2,630	Other purposes
3,935	-	-	-	3,935	3,935	Parks
(70)	-	-	-	(70)	(70)	Planning
-	-	-	-	-	15,276	Sheriff correction
563	-	-	-	563	563	Solar program
-	-	-	-	-	419	Youth protection
4,906	**-**	**-**	**-**	**4,906**	**35,029**	**Total committed**
						Assigned
2,640	-	-	-	2,640	2,640	Airports
-	-	-	-	-	360	Capital improvement projects
-	-	7,452	-	7,452	12,306	Construction & capital projects
-	4,385	-	-	4,385	4,385	Debt service
-	-	-	-	-	6,625	Equipment
2,976	-	-	-	2,976	3,314	Other purposes
-	-	-	-	-	5,300	Probation
-	-	-	-		1,689	Professional services
-	-	-	-	-	1,495	Public protection
-	-	-	-	-	8,631	Roads
-	-	-	-	-	1,810	Sheriff correction
5,616	**4,385**	**7,452**	**-**	**17,453**	**48,555**	**Total assigned**
-	**-**	**-**	**-**	**-**	**217,891**	**Unassigned**
$ 105,772	**$ 63,634**	**$ 21,523**	**$ 668**	**$ 191,597**	**$ 1,099,779**	**Total fund balances**

NOTE 17 – RISK MANAGEMENT

The County is self-insured for general liability, medical malpractice, and workers' compensation claims. The County records estimated liabilities for general liability, medical malpractice, and workers' compensation claims filed or estimated to be filed for incidents that have occurred. Estimated liability accruals include those incidents that are reported as well as an amount for those incidents that incurred but are not reported (IBNR) at fiscal year end. The funding of these estimates is based on actuarial experience and projections. The County fully self-insures short-term disability and unemployment insurance. Life insurance and long-term disability programs are fully insured. Depending on the plan, group health, dental, and vision may be either self-insured or fully insured.

The County supplements its self-insurance for general liability, medical malpractice, and workers' compensation with catastrophic excess insurance coverage. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are $10 million, subject to a self-insured retention (SIR) of $2 million for each occurrence. A SIR is a form of a deductible. The County also purchases an additional $15 million per occurrence in excess of the $10 million for a total of $25 million in limits. Medical malpractice utilizes an excess policy providing coverage on a per occurrence basis. Limits under the malpractice policy are $20 million subject to a SIR of $1.1 million. The maximum limit under the excess workers' compensation, Section A, is statutory (unlimited); Section B, employer liability is $5 million per claim. Section A is subject to a $2 million SIR for each accident, employee injury, or disease. Settlements have not exceeded coverage for each of the past three fiscal years.

The County's property insurance program provides insurance coverage for all risks subject to a $50,000 per occurrence deductible; flood coverage is subject to a 2.0% deductible (subject to a $100,000 minimum) per unit within a 100-year flood zone (as determined by Federal Emergency Management Agency) and $25,000 per unit deductible outside a 100-year flood zone. (A 'unit' is defined as a separate building, contents in a separate building, property in the open (yard), or time element coverage in a separate building.) The County's property is categorized into four towers and the overall all risk coverage is $600 million. Earthquake (covering scheduled locations equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each tower of $90 million with an additional $290.5 million excess rooftop limit available to any one tower. The excess rooftop limit may be triggered during the policy year if a covered earthquake event somewhere in the state has depleted the initial underlying limits. Earthquake coverage is subject to a deductible equal to 5.0% of replacement cost value per unit subject to a $100,000 minimum per unit. Boiler and machinery coverage is included and provides up to $100 million per accident in limits, with a $5,000 per occurrence deductible. The limits in each tower are shared with other counties on a per event basis. Should a catastrophic event occur and losses exceed the limits, the County would be responsible.

The activities related to such programs are accounted for in Internal Service Funds (ISF). Accordingly, estimated liabilities for claims, including loss adjustment expenses, filed or to be filed, for incidents that have occurred through June 30, 2017, 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 2016-17, the Board approved to continue reduced funding at slightly below the 60.0% confidence level for the general liability ISF and for the workers' compensation ISF. Funding for the medical malpractice ISF was at the 70.0% confidence level. Revenues for these internal service funds are primarily provided by other County departments and are intended to cover the self-insured claim payments, insurance premiums, and operating expenses. The revenue is not used to cover catastrophic events and/or other uninsured liabilities. Cash available in the risk management and workers' compensation ISF at June 30, 2017, plus revenues to be collected during fiscal year 2017-18, are expected to be sufficient to cover all fiscal year 2017-2018 payments. The carrying amount of unpaid claim liabilities is $203.9 million. The liabilities are discounted at 2.0% for general liability and medical malpractice and 2.5% for workers' compensation.

	June 30, 2016	June 30, 2017
Unpaid claims, beginning of year	$ 158,952	$ 177,981
Increase in provision for insured events of prior years	3,893	5,176
Incurred claims for current year	78,262	70,334
Claim payments	(63,126)	(49,593)
Unpaid claims, end of year	$ 177,981	$ 203,898

NOTE 18 – MEDI-CAL AND MEDICARE PROGRAMS

RUHS-MC 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 the Medi-Cal Managed Care Assembly Bill (AB) 85 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. RUHS-MC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by RUHS-MC 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 RUHS-MC’s Medicare cost reports through June 30, 2014 and Medi-Cal cost reports through June 30, 2015. RUHS-MC 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, 2014. For Medi-Cal Fee for Service, RUHS-MC is settled through the California public hospital P-14 cost reports. Notice of final settlement has been received through June 30, 2009.

California’s 1115 Waiver Renewal Medi-Cal 2020 was approved on December 30, 2015 by the Centers for Medicare and Medicaid Services. In connection with Medi-Cal 2020, the Global Payment Program (GPP) establishes a statewide pool of funding for uninsured by combining Disproportionate Share Hospital Program (DSH) and uncompensated care funding. GPP incentivizes Designated Public Hospitals (DPH) to deliver more cost-effective and higher value care for indigent, uninsured individuals. GPP combines funding into global budgets for DPHs to draw down by earning points for services provided to uninsured patients. For fiscal year ending June 30, 2017, RUHS-MC recognized $58 million of GPP revenue. The Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program is designed to build upon the foundational delivery system transformation work, expansion of coverage, and increased access to coordinated primary care achieved through the prior California Section 1115 Bridge to Reform demonstration. PRIME is a pay-for-performance program that uses evidence-based quality improvement methods to achieve performance targets and improve health outcomes for patients. RUHS-MC recognized $27 million in PRIME for fiscal year ending June 30, 2017.

Redirection of 1991 State Health Realignment

Realignment was affected by California electing to implement a state-run Medicaid Expansion program through the Affordable Care Act (ACA). The State anticipates that counties’ costs and responsibilities for the health care services for the indigent population has decreased for much of this population who became eligible for coverage through Medi-Cal or the Healthcare Exchange offering affordable coverage through Covered California. On June 27, 2013, Governor Brown signed into law AB 85 that provides a mechanism for the State to redirect State health realignment funding to fund social service programs.

The redirected amount was determined according to an agreed to formula option for California’s twelve public hospital system counties, thirty-four County Medical Services Program (CMSP) counties, and the remaining twelve counties (Article 13 counties). The formula options were developed in consultation with the counties and California

NOTE 18 – MEDI-CAL AND MEDICARE PROGRAMS (Continued)

Department of Health Care Services (DHCS) to ensure continued viability of the county safety net. For CMSP counties, AB85 outlines that 60% of health-realignment that would have otherwise been received will be redirected, while the remaining two county groups had an option to either have 60% of health realignment redirected, or, to use a formula-based approach that takes into account a county's cost and revenue experience, and redirect 80% (70% in FY 13-14) of the savings realized by the county.

RUHS-MC is fully reserved for any estimated liabilities due back to the State for any State health realignment overpayments. RUHS-MC recognized $4.7 million in revenue for the fiscal year ending June 30, 2017 from state health realignment.

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS

Under Title I (Section 6500 et seq.) of the Government Code, the County has participated in jointly governed organizations with various entities for a variety of purposes. The board of directors for each of these organizations is composed of one representative of each member organization. The County maintains no majority influence or budgetary control over the following entities and County transactions with these jointly governed organizations are not material to the financial statements. The following jointly governed organizations were not included as either blended or discretely presented component units in these financial statements.

A representation of the jointly governed organizations on which the County served at June 30, 2017 follows:

The California State Association of Counties (CSAC) Excess Insurance Authority was formed in October 1979 and has a current membership of 52 California counties. The CSAC operates programs for excess workers' compensation, two excess liability programs, two property programs, and medical malpractice. It also provides support services for selected programs such as claims administration, risk management, loss prevention and training, and subsidies for actuarial studies and claims audits.

Coachella Valley Association of Governments (the Association) 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, and Temecula, and the County of Riverside for the purpose of planning, acquiring, administering, operating, and maintaining land and facilities for ecosystem conservation and habitat reserves for the Stephen's Kangaroo Rat and other endangered species under Article 1, Chapter 5, Division 7, Title 1 of the Government Code.

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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 was 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 was formed in January 2004 with the responsibility of issuing the permits required to implement the Multi-Species Habitat Conservation Plan, which will ultimately create a 500,000-acre reserve system in the County. The conservation plan's proposed reserve system protects habitat for 146 varieties of species.

Coachella Valley Conservation Commission (CVCC) was formed in October 2005. The CVCC is a Joint Powers Agreement Agency comprised of the cities of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage and Riverside, and the Coachella Valley Water District as well as the Imperial Irrigation District. The purpose of the CVCC is to implement the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). The CVMSHCP's goal is to enhance and maintain biological diversity and ecosystem processes while allowing future economic growth.

Southern California Regional Airport Authority (SCRAA) was originally founded in 1985 by the joint powers authority to begin the process of regionalizing aviation. It has been reactivated in an attempt to reduce projected future passenger loads at Los Angeles International Airport (LAX), by spreading the growth in commercial air traffic to other regional airports. The Southern California Association of Governments (SCAG) has also coordinated dispersal planning of the significant new MAP (million air passengers) that would have to be absorbed at other airports if LAX's future MAP is reduced.

Coachella Valley Enterprise Zone Authority (CVEZA) was formed in September 2010 by the Joint Powers Agreement comprised of the County of Riverside, the City of Indio, and the City of Coachella. The purpose of the authority is to manage, coordinate, market, and administer economic development programs and projects in the enterprise zone areas.

NOTE 20 – RETIREMENT PLAN

General Information about the Pension Plans

Plan descriptions. The County, Flood Control, Park District, and Waste Resources contract with the CalPERS to provide retirement benefits to their employees. CalPERS is a common investment and administrative agent for participating public entities within the State of California. State statutes, governed by the Public Employees' Retirement Law (PERL), have established benefit provisions as well as other requirements. The County may select from a variety of optional benefit provisions offered by CalPERS. Upon selecting the benefit provisions and entering into a contractual agreement with CalPERS, the benefit provisions may be adopted through local ordinance. CalPERS issues a comprehensive annual financial report (CAFR) which details its plan assets, liabilities, and plan activity. The County receives an annual actuarial valuation report which summarizes plan assets, liabilities, and employer rates for its plans. Under GASB Statement No. 68, both the County (Miscellaneous and Safety) and Flood Control (Miscellaneous) are agent multiple-employer defined benefit pension plans, while the Park District (Miscellaneous) and Waste Resources (Miscellaneous) are cost-sharing multi-employer defined benefit pension plans due to their pooling composite. Copies of the CalPERS CAFR may be obtained from: California Public Employees' Retirement System, 400 Q Street, P.O. Box 942701, Sacramento, CA 94229-2701.

Benefits provided. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments (COLA), and death benefits to plan members and plan beneficiaries. The County of Riverside has three retirement Tiers through the California Public Employee's Retirement System (CalPERS). Tier I - Applicable to employees hired prior to August 23, 2012. Formula is 3.0% at age 50 for County Safety plan employees and age 60 for other Miscellaneous plan employees. Tier II - Applicable to employees hired after August 23, 2012 through December 31, 2012. Formula is 2.0% at age 50 for County Safety plan employees and age 60 for other Miscellaneous plan employees. Tier III - Applicable to new CalPERS members hired after January 1, 2013 as a result of Public Employees' Pension Reform Act of 2013 (PEPRA). New lower retirement benefit formulas, final compensation periods, and contribution requirements were implemented. Formula is 2.7% at age 57 for County Safety plan employees and 2.0% at age 62 for other Miscellaneous plan employees. New members who were hired by Waste Resources on or after August 23, 2012 are applicable to the County Miscellaneous plan. Listed below is a table with the new retirement options and provision changes.

Summary of Benefits by plan:

	Plan	Employer Paid Member Contribution (EPMC)	Earliest Retirement Age	PEPRA Compensation Limits	Final Compensation	Effective Date
Tier I						
County Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
County Safety	3.0% at 50	Yes	50	N/A	12 months	N/A
Flood Control Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
Park District Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
Waste Resources Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
Tier II						
County Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
County Safety	2.0% at 50	No	50	N/A	36 months	8/23/2012
Flood Control Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
Park District Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
Waste Resources Miscellaneous	N/A	N/A	N/A	N/A	N/A	N/A
Tier III (PEPRA)						
County Miscellaneous	2.0% at 62	No	52	$ 118,775	36 months	1/1/2013
County Safety	2.7% at 57	No	50	$ 142,530	36 months	1/1/2013
Flood Control Miscellaneous	2.0% at 62	No	52	$ 118,775	36 months	1/1/2013
Park District Miscellaneous	2.0% at 62	No	52	$ 118,775	36 months	1/1/2013
Waste Resources Miscellaneous	N/A	N/A	N/A	N/A	N/A	N/A

NOTE 20 – RETIREMENT PLAN (Continued)

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	9,667	2,275	215	73	102
Inactive employees entitled to but yet receiving benefits	11,941	1,118	131	137	50
Active employees	16,891	3,680	231	156	25
	38,499	7,073	577	366	177

Contributions. Active plan members in CalPERS may be required to contribute up to 8.0% (Miscellaneous employees) and up to 9.0% (Safety employees) of their annual covered salary as specified in the governing Memorandum of Understanding or as provided by state 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 Resources are required to contribute the actuarially determined annual required contributions necessary to fund the plans.

For fiscal year 2016-17, the employer and employee contribution rates were:

	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
County contribution rates:					
County Tier I	16.5%	26.5%	22.2%	13.5%	13.5%
County Tier II	16.5%	26.5%	22.2%	7.8%	N/A
County Tier III	16.5%	26.5%	22.2%	6.9%	N/A
Plan Members contribution rates					
County Tier I	8.0%	9.0%	8.0%	8.0%	8.0%
County Tier II	7.0%	9.0%	7.0%	7.0%	N/A
County Tier III	6.5%	10.8% *	6.5%	6.5%	N/A

*During the term of Memorandum of Understanding (MOU), the employee contributions pursuant to the cost-sharing provision cannot exceed less than that which the employees are obligated under the MOU to contribute.

Net Pension Liability

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015.

NOTE 20 – RETIREMENT PLAN (Continued)

Actuarial assumptions. For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liability were based on the following actuarial methods and assumptions:

By Plan	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions:					
Discount Rate	7.65%	7.65%	7.65%	7.65%	7.65%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services
Investment Rate of Return	7.65%	7.65%	7.65%	7.65%	7.65%
Mortality Rate Table for all Plans (1)	Derived using CalPERS' Membership Data for all Funds				
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter				

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. More details on this table are available in the 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of assumptions. There were no changes of assumptions.

Discount rate. The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term,

NOTE 20 – RETIREMENT PLAN (Continued)

the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99	2.43
Inflation Sensitive	6.0%	0.45	3.36
Private Equity	10.0%	6.83	6.95
Real Estate	10.0%	4.50	5.13
Infrastructure and Forestland	2.0%	4.50	5.09
Liquidity	1.0%	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability for Agent Multiple-Employer Defined Benefit Pension Plan

The following table shows the changes in net pension liability recognized over the measurement period (In thousands).

Measurement Period June 30, 2016	County Miscellaneous	County Safety	Flood Control Miscellaneous	Total
Total pension liability				
Service cost	$ 175,662	$ 86,039	$ 2,736	$ 264,437
Interest	457,630	212,548	12,356	682,534
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	141,472	47,893	3,136	192,501
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(234,668)	(105,002)	(7,290)	(346,960)
Net change in total pension liability	540,096	241,478	10,938	792,512
Total pension liability - beginning (a)	5,658,056	2,739,990	160,644	8,558,690
Total pension liability - ending (c)	$ 6,198,152	$ 2,981,468	$ 171,582	$ 9,351,202
Plan fiduciary net position				
Contributions - employer	$ 157,639	$ 76,363	$ 3,445	$ 237,447
Contributions - employee	82,884	32,073	1,356	116,313
Net investment income	24,832	10,790	666	36,288
Benefit payments, including refunds of employee contributions	(234,668)	(105,002)	(7,290)	(346,960)
Administrative expense	(2,894)	(1,306)	(73)	(4,273)
Net change in plan fiduciary net position	27,793	12,918	(1,896)	38,815
Plan fiduciary net position - beginning (b)	4,537,003	2,143,911	118,376	6,799,290
Plan fiduciary net position - ending (d)	$ 4,564,796	$ 2,156,829	$ 116,480	$ 6,838,105
Net pension liability - beginning (a) - (b)	1,121,053	596,079	42,268	1,759,400
Net pension liability - ending (c) - (d)	$ 1,633,356	$ 824,639	$ 55,102	$ 2,513,097

NOTE 20 – RETIREMENT PLAN (Continued)

Changes in Proportionate Share of the Net Pension Liability for Cost Sharing Multiple-Employer Defined Benefit Pension Plans

The following table shows the proportionate share of the net pension liability over the measurement period.

	Park District Miscellaneous Increase (Decrease)			Waste Resources Miscellaneous Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	Total Net Pension Liability
Balance at 06/30/2015	$ 35,493	$ 28,464	$ 7,029	$ 42,771	$ 33,096	$ 9,675	$ 16,704
Balance at 06/30/2016	$ 37,974	$ 28,823	$ 9,151	$ 45,402	$ 33,112	$ 12,290	$ 21,441
Net changes during 2015-16	$ 2,481	$ 359	$ 2,122	$ 2,631	$ 16	$ 2,615	$ 4,737

The following table shows the total net pension liability for both Agent and Cost Sharing Multiple-Employer plans by primary government and component unit.

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total Net Pension Liability
Agent Multiple-Employer Plan	$ 2,204,721	$ 305,388	$ 2,988	$ 2,513,097
Cost Sharing Multiple-Employer Plan	9,151	12,290	-	21,441
Total:	$ 2,213,872	$ 317,678	$ 2,988	$ 2,534,538

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the County's net pension liability, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate (In thousands):

Net Pension Liability By Plan	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
County Miscellaneous	$ 2,556,310	$ 1,633,356	$ 876,790
County Safety	1,279,013	824,639	455,534
Flood Control Miscellaneous	77,849	55,102	36,264
Park District Miscellaneous	14,258	9,151	4,932
Waste Resources Miscellaneous	19,147	12,290	6,622
Total:	$ 3,946,577	$ 2,534,538	$ 1,380,142

Pension plan fiduciary net position. Detailed information about the pension's plan fiduciary net position is available in the separately issued CalPERS financial report. The pension's plan fiduciary net position may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, CalPERS must keep deficiency reserves, fiduciary self-insurance, and Other Post-Employment Benefit (OPEB) expense as assets. These amounts are excluded for rate setting purposes in the actuarial valuation report. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

NOTE 20 – RETIREMENT PLAN (Continued)

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and plan fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows of resources and deferred outflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the plan for the 2015-16 measurement period was obtained by dividing the total service years of the sum of remaining service lifetimes of the active employees by the total number of participants (active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. The future service is based on the members' probability of decrementing due to an event other than receiving cash refund.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2016, the Park District and Waste Resources reported a liability of $9.1 million and $12.3 million, respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Park District's and Waste Resources' proportions were 0.26345 percent and 0.35378 percent, respectively, which was an increase of 0.00725 percent and 0.00112 percent, respectively, from their proportion measured as of June 30, 2015.

For the year-ended June 30, 2017, the County recognized pension expense of $381.7 million. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

NOTE 20 – RETIREMENT PLAN (Continued)

At June 30, 2017, the deferred outflows of resources and deferred inflows of resources related to pensions are reported from the following sources (In thousands):

	Agent Multiple-Employer			Cost Sharing Multiple-Employer		
Deferred Outflows of Resources By Plan:	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Difference between projected and actual earnings on pension plan investments - investment earnings less than projected	$ 420,072	$ 190,205	$ 10,366	$ 3,008	$ 2,327	$ 625,978
Difference between expected and actual experience	117,752	55,509	3,066	38	29	176,394
Adjustment due to differences in proportions	-	-	-	335	483	818
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	178,196	91,330	3,896	1,094	832	275,348
Total	$ 716,020	$ 337,044	$ 17,328	$ 4,475	$ 3,671	$ 1,078,538

	Agent Multiple-Employer			Cost Sharing Multiple-Employer		
Deferred Inflows of Resources By Plan:	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Difference between projected and actual earnings on pension plan investments - investment earnings greater than projected	$ (158,998)	$ (71,694)	$ (4,033)	$ (1,140)	$ (882)	$ (236,747)
Difference between expected and actual experience	-	-	-	(9)	(7)	(16)
Changes of assumptions	(58,511)	(36,037)	(1,341)	(359)	(277)	(96,525)
Adjustment due to differences in proportions	-	-	-	-	(91)	(91)
Difference in employer contributions and proportionate share of contributions	-	-	-	(48)	-	(48)
Total	$ (217,509)	$ (107,731)	$ (5,374)	$ (1,556)	$ (1,257)	$ (333,427)

The follow table summarizes the total deferred outflows of resources and deferred inflows of resources by primary government and component unit.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	$ 940,884	$ (291,403)
Business-type Activities	136,330	(41,917)
Discretely Presented Component Unit	1,324	(107)
Total	$ 1,078,538	$ (333,427)

$275.3 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

NOTE 20 – RETIREMENT PLAN (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (In thousands):

Year Ended June 30	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
2018	$ 48,417	$ 20,046	$ 1,423	$ 206	$ 243	$ 70,335
2019	48,417	20,046	1,485	258	225	70,431
2020	143,157	55,894	3,498	877	740	204,166
2021	80,324	33,231	1,652	484	374	116,065
2022	-	7,222	-	-	-	7,222
Thereafter	-	1,544	-	-	-	1,544
	$ 320,315	$ 137,983	$ 8,058	$ 1,825	$ 1,582	$ 469,763

Payable to the Pension Plan

At June 30, 2017, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2017.

NOTE 21 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The County provides a part-time and temporary employees' retirement plan (the Plan) to provide retirement benefits to eligible employees as a substitute for benefits under social security. The Plan is an IRS Section 401(a) defined benefit plan. This Plan is self-funded and self-administered. Effective July 20, 2010, the County Board of Supervisors appointed U.S. Bank as the Plan's investment consultant, investment manager and trustee. Contributions made to the Plan are deposited with U.S. Bank, who maintains the responsibility of investing contributions in a diversified portfolio and reported at fair value. No financial report has been issued separately for public view under the defined benefit pension plan.

Benefits provided. Retirement benefits are determined as 2.0 percent of the employee's compensation and payable as a single life annuity. The eligible retirement age is 65. Participants are immediately 100% vested in the Plan upon enrollment. Benefits are payable for the life of the employee only. The normal retirement benefit is accrued to the date of termination. A lump sum distribution is paid if the actuarial equivalent benefit is less than $5,000. Actuarial Equivalence for this purpose is based on the greater of the factor produced under the UP1984 unisex mortality table at 6% or the applicable mortality table and interest rate under 417(e).

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	231
Inactive employees entitled to but yet receiving benefits	6,666
Active employees	2,397
	9,294

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions. Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. According to the July 1, 2016 valuation, the County's current required contribution rate is 3.08%. Overall, the Plan's unfunded actuarially 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) lump sum interest changed from 6.2 percent to 5.0 percent, which resulted in higher liabilities; and 3) assets were lower than expected due to unfavorable investment return on Plan assets (-0.36 percent compared to 6.0 percent assumed). The Plan's current funded ratio is 90%. The Plan actuary calculates the minimum recommended employer contribution rate through preparation of an actuarial valuation report and the County determines the contribution rates. Administrative costs of the Plan are paid by the Trustee from Plan assets.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Inflation	2.8%
Salary Increases	3.0%
Payroll Growth	3.0%
Investment Rate of Return:	5.9%

Mortality rates are based on the most recent CalPERS mortality table developed in 1997-2011 CalPERS Experience Study, with generational future improvement using scale MP-2014.

The actuarial assumption is used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Nominal Return	Expected Volatility
U.S. Equity	40.39%	8.5%	17.0%
International Developed Equity	12.72%	9.0%	18.8%
Emerging Market Equity	5.77%	10.8%	26.0%
U.S. Core Fixed Income	35.58%	4.0%	4.5%
Real Estate	5.54%	8.0%	21.0%

Discount rate. The discount rate used to measure the total pension liability was 5.92 percent. The projected cash flow used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the County contributions will be made at rates equal to the difference between actuarially determined contribution

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (In thousands):

	Governmental Activities Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) - (b)**
Measurement Period June 30, 2015	**$ 35,462**	**$ 31,879**	**$ 3,583**
Changes of the year:			
Service cost	1,718	-	1,718
Interest	2,186	-	2,186
Change of assumptions	(594)	-	(594)
Differences between expected and actual experience	1,524	-	1,524
Contributions - employer	-	668	(668)
Contributions - employee	-	1,399	(1,399)
Net investment income (loss)	-	(117)	117
Benefit payments, including refunds of employee contributions	(1,507)	(1,507)	-
Administrative expense	-	(189)	189
Net changes	3,327	254	3,073
Measurement Period June 30, 2016	**$ 38,789**	**$ 32,133**	**$ 6,656**

Changes in Assumptions and Methods since the Prior Valuation

1) Update to GASB Statement No. 68 discount rate from 6.00% as of 6/30/2015 to 5.92% as of 7/1/2016 to reflect revised projection of assets and municipal bond index as of 6/30/2016.

2) Update to assumed mortality improvement scale from MP-2014 to MP-2016.

3) Allowance to outstanding benefit payment due to current retirees who retired beyond normal retirement date but have yet to receive an enhanced benefit.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 5.92 percent, as well as what the County's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (4.92 percent) or 1-percentage-point higher (6.92 percent) than the current rate (In thousands):

	1% Decrease (4.92%)	Current Discount Rate (5.92%)	1% Increase (6.92%)
Governmental Activities	$ 12,937	$ 6,656	$ 1,368

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension plan fiduciary net position

Statement of Fiduciary Net Position
June 30, 2017

ASSETS	Pension Trust
Cash and investments	$ 37,425
Accounts receivable	186
Total assets	37,611
LIABILITIES	
Accounts payable	
Total liabilities	-
NET POSITION	
Held in trust for pension benefits	$ 37,611

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

ADDITIONS:	
Contribution to pension trust:	
Employer	$ 1,365
Employee	1,659
Investment income	4,184
Total additions	7,208
DEDUCTIONS:	
Benefits paid to participants	1,720
Total deductions	1,720
Net position held in trust, beginning of the year	32,123
Net position held in trust, end of the year	$ 37,611

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows of resources and deferred outflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

Recognition of Gains and Losses (Continued)

The EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2015-16 measurement period is 7.97 years, which was obtained by dividing the total service years of 74,073 (the sum of remaining service lifetimes of the active employees) by 9,294 (total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving cash refund.

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended June 30, 2017, the County recognized pension expense of $1.7 million. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (In thousands):

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,660	$ -
Changes of assumptions	2,250	(520)
Net difference between projected and actual earnings on pension plan investments	2,789	(1,073)
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	1,365	-
Total	$ 9,064	$ (1,593)

$1.4 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a deduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (In thousands):

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2018	$ 954
2019	954
2020	1,492
2021	1,105
2022	697
Thereafter	904
	$ 6,106

Payable to the Pension Plan

At June 30, 2017, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2017.

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

The County and its Special Districts, Flood Control, Park District, and Waste Resources, offer post employment benefits to eligible County retirees. The postemployment benefit plan is an agent multiple-employer defined benefit post employment healthcare plan (OPEB Plan). Benefit provisions are established and amended through negotiations between the County and the various bargaining units.

The post employment benefits provided:

- The County provides retiree medical benefits for eligible retirees enrolled in County sponsored plans. The benefits are provided in the form of:
    - Monthly County contributions toward the retiree's medical premium, and
    - Monthly contributions of $25 per month to the Riverside Sheriffs' Association (RSA) Benefit Trust for RSA law enforcement retirees.
- Previously, the County allowed certain retirees to receive coverage prior to age 65 by paying premiums that were developed by blending active and retiree costs, which resulted in an implicit subsidy to retirees. The implicit subsidy has been discontinued since January 1, 2011.

A qualified Internal Revenue Code Section 115 Trust has been established for the County and Special Districts, with the exception of Waste Resources, with the California Employers' Retiree Benefit Trust (CERBT) for the purpose of receiving employer contributions that will prefund health and other post employment costs for retirees and their beneficiaries. The CERBT administers each plan's assets and issues a financial report available for public review, which includes financial statements and required supplementary information for the trust fund. The CERBT report may be obtained from CalPERS Affiliate Programs Services Division, CERBT (OPEB), P.O. Box 1494 Sacramento, CA 95812-1494.

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

Funding Policy and Annual OPEB Cost

It is the policy of the County, along with the special districts (Park District and Flood Control) to fully contribute an amount at least equal to the Annual Required Contribution (ARC), as determined by the Post-Retirement Benefits Actuarial Valuation for each trust. To facilitate funding for the ARC, the County has developed a rate structure. It is the policy of the Waste Resources to fund the ARC on a pay-as-you-go basis.

Contribution requirements of the plan members and the County are established and may be amended through negotiations between the County and the respective bargaining units. The liabilities and annual cost due to the County's contractual agreements to assist with retiree health care cost are calculated in accordance with Governmental 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 the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over 30 years (7 years for Waste Resources).

The County's annual OPEB cost for the current year and the related information for each plan are as follows (In thousands, except for contribution rates):

	County	Flood Control	Park District	Waste Resources
Contribution rates:				
County	Bargaining Unit Determined $25-$256	Bargaining Unit Determined $25-$256	Bargaining Unit Determined $25-$256	Bargaining Unit Determined $25-$256
Plan members	$551-$1,653	$551-$1,653	$551-$1,653	$551-$1,653
Annual required contribution	$ 1,190	$ 2	$ -	$ 135
Interest on net OPEB obligation	(2,268)	(40)	(21)	9
Adjustment to annual required contribution	1,822	56	17	(123)
Annual OPEB cost	744	18	(4)	21
Contributions made	(1,318)	-	-	(2)
Increase in net OPEB obligation (asset)	(574)	18	(4)	19
Net OPEB obligation (asset) beginning of year	(31,781)	(683)	(316)	116
Net OPEB obligation (asset) end of year	$ (32,355)	$ (665)	$ (320)	$ 135

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years for each of the plans were as follows (In thousands):

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
County	06/30/15	$ 942	466.7 %	$ (29,398)
	06/30/16	649	467.2	(31,781)
	06/30/17	744	177.2	(32,355)
Flood Control	06/30/15	(30)	83.3	(577)
	06/30/16	(7)	628.6	(683)
	06/30/17	18	0.0	(665)
Park District	06/30/15	(4)	225.0	(312)
	06/30/16	(4)	0.0	(316)
	06/30/17	(4)	0.0	(320)
Waste Resources	06/30/15	17	17.7	140
	06/30/16	5	580.0	116
	06/30/17	21	9.5	135

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

Funded Status and Funding Progress

The following is funded status information for each plan as of July 1, 2016, which is the most recent actuarial valuation date (In thousands):

	County	Flood Control	Park District	Waste Resources
Actuarial accrued liability (a)	$ 42,057	$ 498	$ 113	$ 755
Actuarial value of plan assets (b)	34,122	555	306	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	$ 7,935	$ (57)	$ (193)	$ 755
Funded ratio (b) / (a)	81.1%	111.4%	270.8%	0.0%
Covered payroll (c)	$ 1,376,908	$ 17,706	$ 7,090	$ 2,384
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a) - (b)] / (c))	0.6%	-0.3%	-2.7%	31.7%

Actuarial valuations are estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the Annual Required Contributions (ARC) of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are projected about the future. The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information reflecting whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the plan members. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant costing methods and projected assumptions were as follows:

	County	Flood Control	Park District	Waste Resources
Actuarial valuation date	7/1/2016	7/1/2016	7/1/2015	7/1/2015
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	7 years
Actuarial assumptions:				
Investment rate of return	7.3%	6.1%	7.3%	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%	2.8%

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. Litigation where loss to the County is reasonably possible has not been accrued. In the opinion of management, the ultimate outcome of these claims will not materially affect the operations of the County.

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). Section 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 Riverside County Redevelopment Successor Agency (92.0%) consist of bond debt service payments. The range of potential loss of revenue is 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, 2016, indicated no items found of noncompliance with Federal grants and regulations. The fiscal year 2016-17 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 31, 2018.

Commitments

At June 30, 2017 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. $165.9 million will be payable upon future performance under the contracts.

Landfill Construction and Consulting Contracts

Waste Resources enters into various construction and consulting contracts to facilitate its landfill operations and continues the process of installing landfill liners as needed at Badlands and Lamb Canyon landfills, in accordance with state and federal laws and regulations. Waste Resources does not anticipate a new area landfill expansion at the Lamb Canyon landfill in the next five years, but does plan to complete two expansion projects at Badlands landfill which will increase refuse airspace and days of site life in the current burial area. The northwestern berm construction at the Badlands landfill will cost approximately $1.9 million and the cost of the 7.2-acre liner expansion on the north part of the site is now estimated at $2.2 million. Both Badlands landfill projects are expected to be completed in the next five years.

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 is required. In addition to groundwater contamination, asbestos has been found in six facilities. As of June 30, 2017, the governmental activities reflect a $1.5 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.

NOTE 23 – COMMITMENTS AND CONTINGENCIES (Continued)

Enterprise Funds

The Waste Resources Department has established restricted cash funds to set aside for future remediation costs as they are required to be performed. Investments of $32.0 million are held for these purposes at June 30, 2017 and are classified as accrued remediation in the statements of net position.

The Waste Resources Department is aware of air/gas contamination at 17 landfills, 11 of which are closed, and required to have corrective action plans. Based on engineering studies, Waste Resources estimates the present value of the total costs of corrective action for foreseeable water quality contaminant releases, and/or non-water quality corrective action measures at $41.5 million as of June 30, 2017.

In addition to the liability amounts calculated per CalRecycle regulations that are designated to the Escrow Funds, the Waste Resources Department is also responsible for the corrective action costs related to Nineteen (19) other landfill sites that have been inactive or closed since before 1988. Liability for these sites fluctuates dependent on the needs of each site and changes to or the implementation of laws and regulations. As of June 30, 2017, the post-closure liability is estimated at $3.7 million.

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, 2017, the encumbrance balances for the governmental funds are reported as follows (In thousands):

	Restricted	Assigned	Total
Major Governmental Funds			
General Fund:			
Capital improvement projects	$ -	$ 357	$ 357
Community improvement	-	5	5
Court facilities	-	16	16
Criminal justice system review	-	526	526
District attorney programs	-	83	83
Energy projects	-	160	160
Environmental health	-	470	470
Facility maintenance	-	96	96
Fire protection	-	1,402	1,402
Health care programs	-	899	899
Human resources programs	-	168	168
Legal services	-	413	413
Other purposes	-	11	11
Probation programs	-	5,300	5,300
Public health	-	16	16
Sheriff correction	-	780	780
Sheriff court services	-	20	20
Sheriff patrol	-	579	579
Sheriff support	-	431	431
Veteran services	-	178	178
Transportation:			
Equipment	-	545	545
Roads	114	-	114
Nonmajor Governmental Funds			
Special Revenue Funds:			
CAP local initiative program	383	-	383
Emergency medical services	8	-	8
Library services	75	-	75
Public ways and facilities	50	-	50
Total Encumbrances	**$ 630**	**$ 12,455**	**$ 13,085**

NOTE 24 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANs)

On July 3, 2017, the County issued $340.0 million in Tax and Revenue Anticipation Notes in the form of a 2018 Maturity bond due June 29, 2018. The stated interest rate for the bond is set at 2.0% per annum with a yield of 0.9%. 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 2018 and legally available for payment thereof. Proceeds for the bonds will be used for fiscal year 2018 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 2017, Fitch, one of the three major credit ratings, has assigned the County's bonds and certificates of participation ratings as follows:

- Riverside County implied general obligation (GO) bond rating at 'AA-'.
- Riverside County pension obligation bonds (POB-Series 2005A) at 'A+'.
- Riverside County certificates of participation (COPs-, 2005A, 2007A, 2007B, 2009) at 'A+'.
- Riverside County Asset Leasing Corporation certificates of participation (CORAL- COPS/Series 2006A and lease revenue bonds (LRBs), Series 1997A, 1997B, 1997C, 2013A) at 'A+'.
- Riverside County Public Financing Authority (LRBs) (Series 2012 and 2015) 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 economy is large, diverse, and well-situated for long-term growth. It has affordable housing stock, capacity for additional development, proximity to employment centers including San Bernardino, Orange County, and Los Angeles, and a location along a major distribution route. The County is exposed to considerable housing market and tax base volatility as it was one of the worst – affected regions in the country during the economic downturn. However, both the housing market and assessed values have improved significantly over the past several years and a large amount of state revenue in the budget moderates the effect of this cyclicality on overall revenues.

State and federal health, social services, and criminal justice pass-through funds comprise a substantial amount of the County's budget, as is typical for California counties. The County's non-discretionary general fund revenues are primarily provided by state funds and federal funds, which account for an estimated 64.6% of the fiscal 2018 budget. Discretionary revenues (i.e., excluding state and federal funds) comprise about 24% of the County's fiscal 2018 total general fund revenues and are primarily generated by property taxes, which account for 47% of fiscal 2018 budgeted discretionary revenues.

Growth in total general fund revenues have been generally above U.S. economic performance. Property tax revenue has increased each of the last five years, with assessed value increasing 5.5% in fiscal 2018. The County estimates fiscal 2018 general fund discretionary revenues will increase approximately 3% over the prior year.

The County has limited capacity to independently raise revenues under state law, particularly Proposition 13 which generally allows for a maximum increase of 2% annual in property tax assessments other than resales and Proposition 218 which requires voter approval for new or increased general taxes.

Discretionary spending is focused on public safety, which accounts for 76% of the discretionary fiscal 2018 budget, public assistance at 6%, and health and sanitation at 4%.

The County's fixed-costs burden is relatively low with carrying costs for debt, pensions, and retiree healthcare accounting for 10% of fiscal 2016 governmental spending. The County has a contentious relationship with its employee groups. The County's employees are represented by six labor organizations.

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Riverside County Bonds and Certificates of Participation (Continued)

Contracts for three of those bargaining units expired in 2016. The County has reached impasse with one of those units and two of them implemented a two-day strike in September 2017. In addition, members of another bargaining unit recently rejected a tentative agreement with the County. According to the County, the primary negotiation issues relate to merit increases. In addition, the County is in negotiations with two other bargaining units whose contracts recently expired. The County has the ability to ultimately impose terms and contracts are not subject to binding arbitration. The County has demonstrated its capacity to implement layoffs and furloughs in times of revenue decline.

The County estimates the ongoing cost of a recently settled inmate class action lawsuit at about $40 million per year. This compares to a fiscal 2018 total discretionary budget of $756 million and overall budget of $5.45 billion. It has identified offsets, including adjusting and delaying staffing for the new John J. Benoit Detention Center and establishing a requirement for County departments to absorb any staffing cost increases. In addition, the County is in the process of implementing recommendations from a Strategic Plan for Criminal Justice produced by KPMG Consulting for the County and a preliminary jail utilization report provided by California Forward, a bipartisan governance reform organization. The County expects implementation of both to result in considerable cost savings, as well as revenue recovery.

The County has demonstrated a high degree of financial resilience through spending restraint and financial management policies and retains strong gap closing capacity despite budget pressures. The unrestricted general fund balance at year-end fiscal 2016 was $270 million, or 9.2% of total general fund spending. Fitch expects that the County would maintain reserves at solid levels throughout a moderate economic down turn.

The County's most recent five-year plan projects modest deficits through fiscal 2019 and includes remediation strategies. The unassigned general fund balance reserve was budgeted at $173.4 million (or nearly 23% of discretionary revenues) for fiscal 2017, down from $221 million in fiscal 2016. The County expects to return to its Board policy reserve target of 25% of discretionary revenue by fiscal 2022. Spending restraint will likely be required in order to meet that target, given expected increased costs for salaries and benefits, uncertainty about future In-Home Support Services costs, and operating costs related to the new correctional facility. In addition, the County will face the challenges of absorbing settlement costs associated with the inmate class action lawsuit mentioned earlier for additional health and mental health professional staffing and managing exposure to its hospital operation, particularly in the evolving healthcare environment.

Teeter Obligation Notes, Series A

On October 10, 2017, the County issued $78.7 million in 2017 Teeter Obligation Notes, Series A (Tax-Exempt) to refund a portion of the outstanding 2016 Teeter Obligation Notes, Series A, 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 2017 Notes bear an interest rate of 3.0% for 2017 Teeter Obligation Note, Series A and a maturity date of October 25, 2018, 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 2017-18 will be 10.2% and 17.9%, respectively. Fiscal year 2018-19 contribution rates for miscellaneous and safety are estimated at 10.5% and 18.5%, respectively. They will be accounted for in fiscal year 2017-18 and future budget years.

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Successor Agency to the Redevelopment Agency for the County of Riverside, California

On July 6, 2017, the Agency issued $63,005,000 2017 Tax Allocation Refunding Bonds, Series B, as a result of current low interest rates to save money on debt service, to refund the Jurupa Valley Project Area 2017 Tax Allocation Refunding Bonds of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the project area.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF RIVERSIDE

Required Supplementary Information

June 30, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD

(Dollar amounts in thousands)

County Miscellaneous, Agent Multiple Employer Plan

Measurement Period	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Total pension liability			
Service cost	$ 175,662	$ 162,257	$ 158,164
Interest	457,630	418,860	377,221
Changes of benefit terms	-	-	-
Differences between expected and actual experience	141,472	15,756	-
Changes of assumptions	-	(109,320)	-
Benefit payments, including refunds of employee contributions	(234,668)	(217,701)	(195,420)
Net change in total pension liability	540,096	269,852	339,965
Total pension liability - beginning	5,658,056	5,388,204	5,048,239
Total pension liability - ending (a)	$ 6,198,152	$ 5,658,056	$ 5,388,204
Plan fiduciary net position			
Contributions - employer	$ 157,639	$ 98,867	$ 134,673
Contributions - employee	82,884	76,078	69,872
Net investment income	24,832	104,069	666,911
Benefit payments, including refunds of employee contributions	(234,668)	(217,701)	(195,420)
Administrative expense	(2,894)	(5,345)	-
Net change in plan fiduciary net position	27,793	55,968	676,036
Plan fiduciary net position - beginning	4,537,003	4,481,035	3,804,999
Plan fiduciary net position - ending (b)	$ 4,564,796	$ 4,537,003	$ 4,481,035
Plan's net pension liability - ending (a) - (b)	$ 1,633,356	$ 1,121,053	$ 907,169
Plan fiduciary net position as a percentage of the total pension liability	73.6%	80.2%	83.2%
Covered payroll (2)	$ 1,010,690	$ 909,644	$ 842,865
Plan's net pension liability as a percentage of covered payroll	161.6%	123.2%	107.6%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD (Continued)
(Dollar amounts in thousands)

County Safety, Agent Multiple Employer Plan

Measurement Period	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Total pension liability			
Service cost	$ 86,039	$ 80,457	$ 77,706
Interest	212,548	195,332	181,393
Changes of benefit terms	-	-	-
Differences between expected and actual experience	47,893	22,825	-
Changes of assumptions	-	(53,617)	-
Benefit payments, including refunds of employee contributions	(105,002)	(97,869)	(91,921)
Net change in total pension liability	241,478	147,128	167,178
Total pension liability - beginning	2,739,990	2,592,862	2,425,684
Total pension liability - ending (a)	$ 2,981,468	$ 2,739,990	$ 2,592,862
Plan fiduciary net position			
Contributions - employer	$ 76,363	$ 65,364	$ 72,947
Contributions - employee	32,073	30,313	28,396
Net investment income	10,790	46,730	312,502
Benefit payments, including refunds of employee contributions	(105,002)	(97,869)	(91,921)
Administrative expense	(1,306)	(2,398)	-
Net change in plan fiduciary net position	12,918	42,140	321,924
Plan fiduciary net position - beginning	2,143,911	2,101,771	1,779,847
Plan fiduciary net position - ending (b)	$ 2,156,829	$ 2,143,911	$ 2,101,771
Plan's net pension liability - ending (a) - (b)	$ 824,639	$ 596,079	$ 491,091
Plan fiduciary net position as a percentage of the total pension liability	72.3%	78.2%	81.1%
Covered payroll (2)	$ 341,419	$ 320,550	$ 279,508
Plan's net pension liability as a percentage of covered payroll	241.5%	186.0%	175.7%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD (Continued)

(Dollar amounts in thousands)

Flood Control Miscellaneous, Agent Multiple Employer Plan

Measurement Period	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Total pension liability			
Service cost	$ 2,736	$ 2,606	$ 2,659
Interest	12,356	11,562	10,889
Changes of benefit terms	-	-	-
Differences between expected and actual experience	3,136	1,641	-
Changes of assumptions	-	(2,831)	-
Benefit payments, including refunds of employee contributions	(7,290)	(6,729)	(6,007)
Net change in total pension liability	10,938	6,249	7,541
Total pension liability - beginning	160,644	154,395	146,854
Total pension liability - ending (a)	$ 171,582	$ 160,644	$ 154,395
Plan fiduciary net position			
Contributions - employer	$ 3,445	$ 2,918	$ 2,793
Contributions - employee	1,356	1,276	1,394
Net investment income	666	2,660	17,670
Benefit payments, including refunds of employee contributions	(7,290)	(6,729)	(6,007)
Administrative expense	(73)	(133)	-
Net change in plan fiduciary net position	(1,896)	(8)	15,850
Plan fiduciary net position - beginning	118,376	118,384	102,534
Plan fiduciary net position - ending (b)	$ 116,480	$ 118,376	$ 118,384
Plan's net pension liability - ending (a) - (b)	$ 55,102	$ 42,268	$ 36,011
Plan fiduciary net position as a percentage of the total pension liability	67.9%	73.7%	76.7%
Covered payroll (2)	$ 16,643	$ 15,838	$ 15,385
Plan's net pension liability as a percentage of covered payroll	331.1%	266.9%	234.1%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: There were no changes of assumptions during the measurement period ended June 30, 2016. In measurement period ended June 30, 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In measurement period ended June 30, 2014, amounts reported were based on the 7.5 percent discount rate.

SCHEDULE OF PLAN CONTRIBUTIONS

(Dollar amounts in thousands)

County Miscellaneous, Agent Multiple Employer Plan

Fiscal year	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 160,437	$ 143,300	$ 126,838
Contributions in relation to the actuarially determined contribution	(178,196)	(159,154)	(132,619)
Contribution deficiency (excess)	$ (17,759)	$ (15,854)	$ (5,781)
Covered payroll **	$ 1,056,636	$ 1,010,690	$ 909,644
Contributions as a percentage of covered payroll	16.9%	15.7%	14.6%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

County Safety, Agent Multiple Employer Plan

Fiscal year	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 85,699	$ 69,936	$ 62,624
Contributions in relation to the actuarially determined contribution	(91,330)	(83,166)	(71,228)
Contribution deficiency (excess)	$ (5,631)	$ (13,230)	$ (8,604)
Covered payroll **	$ 340,897	$ 341,419	$ 320,550
Contributions as a percentage of covered payroll	26.8%	24.4%	22.2%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017

SCHEDULE OF PLAN CONTRIBUTIONS (Continued)

(Dollar amounts in thousands)

Flood Control Miscellaneous, Agent Multiple Employer Plan

Fiscal year	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 3,896	$ 3,442	$ 2,918
Contributions in relation to the actuarially determined contribution	(3,896)	(3,442)	(2,918)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll **	$ 17,143	$ 16,643	$ 15,838
Contributions as a percentage of covered payroll	22.7%	20.7%	18.4%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2016-17 were derived from the June 30, 2014 funding valuation report.

	County Miscellaneous	County Safety	Flood Control Miscellaneous
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	25 Years as of the Valuation Date	25 Years as of the Valuation Date	25 Years as of the Valuation Date
Asset valuation method	Market Value of Assets	Market Value of Assets	Market Value of Assets
Inflation	2.75%	2.75%	2.75%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Payroll growth	3.0%	3.0%	3.0%
Investment rate of return*	7.65%	7.65%	7.65%

The Retirement Age is determined by the probabilities of retirement which are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

The Mortality is based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Net of pension plan investment and administrative expenses; includes inflation.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

As of the Measurement Date
(Dollar amounts in thousands)

Park District Miscellaneous, Cost Sharing Multiple Employer Plan

Measurement Period	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Employer's proportion of the net pension liability (asset)	0.26345%	0.25620%	0.09946%
Employer's proportionate share of the net pension liability (asset)	$ 9,151	$ 7,029	$ 6,189
Employer's covered payroll (2)	6,791	5,799	4,992
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	134.8%	121.2%	124.0%
Pension plan's fiduciary net position as a percentage of the total pension liability	75.9%	80.2%	81.8%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS (Continued)

As of the Measurement Date
(Dollar amounts in thousands)

Waste Resources Miscellaneous, Cost Sharing Multiple Employer Plan

Measurement Period	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Employer's proportion of the net pension liability (asset)	0.35378%	0.35266%	0.13583%
Employer's proportionate share of the net pension liability (asset)	$ 12,290	$ 9,675	$ 8,452
Employer's covered payroll (2)	2,339	2,298	3,082
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	525.4%	421.0%	274.2%
Pension plan's fiduciary net position as a percentage of the total pension liability	72.9%	77.4%	79.8%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

SCHEDULE OF PLAN CONTRIBUTIONS

(Dollar amounts in thousands)

Park District Miscellaneous, Cost Sharing Multiple Employer Plan

Fiscal year	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 1,094	$ 1,062	$ 950
Contributions in relation to the actuarially determined contribution	(1,094)	(1,062)	(950)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll**	6,201	$ 6,791	$ 5,799
Contributions as a percentage of covered payroll	17.6%	15.6%	16.4%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Waste Resources Miscellaneous, Cost Sharing Multiple Employer Plan

Fiscal year	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 905	$ 863	$ 623
Contributions in relation to the actuarially determined contribution	(832)	(411)	(189)
Contribution deficiency (excess)	$ 73	$ 452	$ 434
Covered payroll**	1,981	$ 2,339	$ 2,298
Contributions as a percentage of covered payroll	42.0%	17.6%	8.2%

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** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: There were no changes of assumptions during the measurement period ended June 30, 2016. In measurement period ended June 30, 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In measurement period ended June 30, 2014, amounts reported were based on the 7.5 percent discount rate.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD
(Dollar amounts in thousands)

Riverside County – Part-time and Temporary Help Retirement

Measurement Period	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Total pension liability			
Service cost	$ 1,718	$ 1,512	$ 1,557
Interest	2,186	1,983	1,800
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,524	795	1,146
Changes of assumptions	(594)	2,939	-
Benefit payments, including refunds of employee contributions	(1,507)	(1,511)	(1,762)
Net change in total pension liability	3,327	5,718	2,741
Total pension liability - beginning	35,462	29,744	27,003
Total pension liability - ending (a)	$ 38,789	$ 35,462	$ 29,744
Plan fiduciary net position			
Contributions - employer	$ 668	$ 607	$ 956
Contributions - employee	1,399	1,267	1,394
Net investment income (expense)	(117)	131	4,437
Benefit payments, including refunds of employee contributions	(1,507)	(1,511)	(1,762)
Administrative expense	(189)	(217)	(228)
Other	-	-	-
Net change in plan fiduciary net position	254	277	4,797
Plan fiduciary net position - beginning	31,879	31,602	26,805
Plan fiduciary net position - ending (b)	$ 32,133	$ 31,879	$ 31,602
Net pension liability (asset) - ending (a) - (b)	$ 6,656	$ 3,583	$ (1,858)
Plan fiduciary net position as a percentage of the total pension liability - (b)/(a)	82.8%	89.9%	106.2%
Covered payroll (2)	$ 39,761	$ 32,963	$ 29,517
Net pension liability (asset) as a percentage of covered payroll	16.7%	10.9%	6.3%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule:

Changes of assumptions:

1) Update to GASB Statement No. 68 discount rate from 6.0% as of 7/1/2015 to 5.9% as of 7/1/2016 to reflect revised projection of assets and municipal bond index as of 7/1/2016.

2) Update to assumed mortality improvement scale from MP-2014 to MP-2016.

3) Allowance to outstanding benefit payment due to current retirees who retired beyond normal retirement date but have yet to receive an enhanced benefit.

SCHEDULE OF PLAN CONTRIBUTIONS

(Dollar amounts in thousands)

Riverside County – Part-time and Temporary Help Retirement

Fiscal Year	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 727	$ 122	$ 252
Contributions in relation to the actuarially determined contribution	(1,365)	(639)	(529)
Contribution deficiency (excess)	$ (638)	$ (517)	$ (277)
Covered payroll **	44,525	$ 39,761	$ 32,963
Contributions as a percentage of covered payroll	-3.1%	1.6%	1.6%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule

Valuation date: July 1, 2016
Methods and assumptions used to determine contribution rates:
Actuarial cost method: Entry Age Normal
Amortization method: Level-Dollar Projected Payroll
Remaining amortization period: 20 –year Amortization of Unfunded Liability, plus Normal Cost, less expected Employee Contributions
Asset valuation method: Market Value
Inflation: 3.0%
Salary increases: 3.0%
Investment rate of return: 5.9% (net of administrative expense)
Retirement age: 65
Mortality: *Actives*

RP-2006 combined annuitant/non-annuitant mortality table with generational future improvement from 2006 using scale MP-2016.

Full-time Actives (no longer accruing benefits)

Mortality rates are based on the most recent CalPERS mortality table developed in the 1997-2011 CalPERS Experience Study, with generational future improvements from 2008 using scale MP-2016.

Age	30	40	50	60	70	80	90
Male	0.05%	0.08%	0.16%	0.35%	1.77%	5.28%	16.19%
Female	0.03%	0.05%	0.11%	0.22%	1.26%	3.69%	12.33%

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017
OPEB – SCHEDULES OF FUNDING PROGRESS
(Dollars in Thousands)

County of Riverside

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2014	$ 34,098	$ 40,121	$ 6,023	84.99 %	$ 1,152,127	0.52 %
July 1, 2015	34,486	41,249	6,763	83.60	1,281,024	0.53
July 1, 2016	34,122	42,057	7,935	81.13	1,376,908	0.58

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, 2014	$ 532	$ 479	$ (53)	111.06 %	$ 16,297	-0.33 %
July 1, 2015	556	395	(161)	140.76	17,194	-0.94
July 1, 2016	555	498	(57)	111.45	17,706	-0.32

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)
July 1, 2011	$ 232	$ 139	$ (93)	166.91 %	$ 4,871	-1.91 %
July 1, 2013	259	132	(127)	196.21	4,607	-2.76
July 1, 2015 *	306	113	(193)	270.80	7,090	-2.72

*The most recent actuarial valuation. Actuarial valuations every two years.

Waste Resources Department

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2009	$ -	$ 1,089	$ 1,089	0.00 %	$ 3,302	32.98 %
July 1, 2012	-	982	982	0.00	2,495	39.36
July 1, 2015 *	-	755	755	0.00	2,384	31.67

*The most recent actuarial valuation. Actuarial valuations every three years.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES

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COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Teeter Debt Service Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ -	$ -	$ 3	$ 3
Other revenue	2,170	1,540	-	(1,540)
Total revenues	2,170	1,540	3	(1,537)
EXPENDITURES:				
Current:				
General government	2,170	2,065	-	(2,065)
Debt service:				
Cost of issuance	-	-	528	528
Total expenditures	2,170	2,065	528	(1,537)
Excess (deficiency) of revenues over (under) expenditures	-	(525)	(525)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	630	630	-
Transfers out	-	(105)	(105)	-
Total other financing sources (uses)	-	525	525	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Public Facilities Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ 404	$ 404	$ 478	$ 74
Rents and concessions	360	360	352	(8)
Aid from other governmental agencies:				
State	-	36,748	18,528	(18,220)
Other	29,271	30,924	30,924	-
Charges for services	127,649	115,212	72,164	(43,048)
Other revenue	12,326	24,149	10,481	(13,668)
Total revenues	170,010	207,797	132,927	(74,870)
EXPENDITURES:				
Current:				
General government	188,390	151,877	59,693	(92,184)
Public ways and facilities	15,304	14,730	709	(14,021)
Total expenditures	203,694	166,607	60,402	(106,205)
Excess (deficiency) of revenues over (under) expenditures	(33,684)	41,190	72,525	31,335
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,023	14,023	-
Transfers out	-	(59,505)	(59,505)	-
Total other financing sources (uses)	-	(45,482)	(45,482)	-
NET CHANGE IN FUND BALANCE	(33,684)	(4,292)	27,043	31,335
Fund balance, beginning of year	133,649	133,649	133,649	-
FUND BALANCE, END OF YEAR	$ 99,965	$ 129,357	$ 160,692	$ 31,335

NONMAJOR GOVERNMENTAL FUNDS

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COUNTY OF RIVERSIDE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017
(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	$ 114,271	$ 19,111	$ 13,434	$ 667	$ 147,483
Accounts receivable	2,145	2,382	-	-	4,527
Interest receivable	71	41	20	1	133
Taxes receivable	1,298	-	-	-	1,298
Due from other governments	14,330	-	558	-	14,888
Due from other funds	7,219	-	116	-	7,335
Prepaid items and deposits	7	-	882	-	889
Restricted cash and investments	-	42,348	12,916	-	55,264
Total assets	139,341	63,882	27,926	668	231,817
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	$ 139,341	$ 63,882	$ 27,926	$ 668	$ 231,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts payable	$ 4,015	$ 248	$ 5,644	$ -	$ 9,907
Salaries and benefits payable	5,332	-	242	-	5,574
Due to other governments	10,595	-	-	-	10,595
Due to other funds	10,364	-	517	-	10,881
Deposits payable	428	-	-	-	428
Advances from grantors and third parties	2,781	-	-	-	2,781
Total liabilities	33,515	248	6,403	-	40,166
Deferred inflows of resources	54	-	-	-	54
Fund balances:					
Nonspendable	61	-	580	622	1,263
Restricted	95,189	59,249	13,491	46	167,975
Committed	4,906	-	-	-	4,906
Assigned	5,616	4,385	7,452	-	17,453
Total fund balances	105,772	63,634	21,523	668	191,597
Total liabilities, deferred inflows of resources, and fund balances	$ 139,341	$ 63,882	$ 27,926	$ 668	$ 231,817

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
REVENUES:					
Taxes	$ 63,492	$ -	$ -	$ -	$ 63,492
Licenses, permits and franchise fees	711	-	-	-	711
Fines, forfeitures and penalties	1,110	-	-	-	1,110
Use of money and property:					
Investment earnings	168	1,048	126	3	1,345
Rents and concessions	8,166	2,918	-	-	11,084
Aid from other governmental agencies:					
Federal	66,031	-	-	-	66,031
State	22,620	-	1,330	-	23,950
Other	26,946	-	-	-	26,946
Charges for services	49,015	3,008	2,916	50	54,989
Other revenue	5,962	9,411	200	-	15,573
Total revenues	244,221	16,385	4,572	53	265,231
EXPENDITURES:					
Current:					
General government	19,427	18,971	-	-	38,398
Public protection	9,294	-	-	-	9,294
Public ways and facilities	15,887	-	-	-	15,887
Health and sanitation	43,963	-	-	-	43,963
Public assistance	68,588	-	-	-	68,588
Education	20,806	-	-	-	20,806
Recreation and cultural services	17,052	-	3,636	-	20,688
Debt service:					
Principal	-	46,721	-	-	46,721
Interest	-	53,331	-	-	53,331
Cost of issuance	-	546	-	-	546
Capital outlay	-	-	15,936	-	15,936
Total expenditures	195,017	119,569	19,572	-	334,158
Excess (deficiency) of revenues over (under) expenditures	49,204	(103,184)	(15,000)	53	(68,927)
OTHER FINANCING SOURCES (USES):					
Transfers in	25,879	102,263	13,380	-	141,522
Transfers out	(78,191)	(14,973)	(1,797)	-	(94,961)
Issuance of refunding bonds	-	39,985	-	-	39,985
Premium on long-term debt	-	5,216	-	-	5,216
Contribution to governmental agency	-	(33,353)	-	-	(33,353)
Proceeds on sale of capital assets	6	-	-	-	6
Total other financing sources (uses)	(52,306)	99,138	11,583	-	58,415
NET CHANGE IN FUND BALANCES	(3,102)	(4,046)	(3,417)	53	(10,512)
Fund balances, beginning of year	108,874	67,680	24,940	615	202,109
FUND BALANCES, END OF YEAR	$ 105,772	$ 63,634	$ 21,523	$ 668	$ 191,597

SPECIAL REVENUE FUNDS

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COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

These funds were established for the purpose of accounting for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted in expenditures for the specified purposes.

COMMUNITY SERVICES

This fund provides financing for public services. Public services provided by this fund group are: Housing and Urban Development (HUD) Community Services Grant, Economic Development Agency (EDA) Administration, Community Action Partnership, Job Training Partnership, Office on Aging, USEDA (United States Economic Development Administration) Grant, County Free Library, Structural Fire Protection, Homeless Housing Relief, Home Program, EDA U.S. Department of Agriculture Rural Development, Workforce Development, Healthy Kids, and Bio-terrorism Preparedness. The primary source of revenue for this fund is from State/Federal Grants.

COUNTY SERVICE AREAS

This county service area fund was established to provide authorized services such as road, park, lighting maintenance, fire protection, or water to specified areas in the County. They are financed by ad valorem property taxes in the area benefited, or by special assessments levied on specific properties.

REGIONAL PARK AND OPEN-SPACE

The Regional Park and Open-Space District is a special district established to provide legal authority and expanded opportunity for open space acquisition and management and transferred regional park responsibility from the County to the Regional Park and Open-Space District.

AIR QUALITY IMPROVEMENT

This fund accounts for Riverside County's portion of State of California motor vehicle fees restricted for the use of reducing air pollution.

IN-HOME SUPPORT SERVICES (IHSS)

The goal of the IHSS program is to enable elderly and/or disabled persons to remain safely in independent living as long as possible. This in-home assistance is designed to allow persons to remain in their home rather than be placed in an institutional setting. IHSS receives revenue for the following services: meal preparation and clean-up, food shopping, bathing, dressing, personal care, domestic services (cleaning), and assistance with medications.

PERRIS VALLEY CEMETERY DISTRICT

The Perris Valley Cemetery District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The Perris Valley Cemetery District was created in July 1927 for the purpose operating a public cemetery for the residents of the Perris Valley.

OTHER SPECIAL REVENUE

This fund provides financing to make services available to the public and governmental agencies. At the current time, the other special revenue fund accounts for the following services: Rideshare, Assessment District Community Facility District 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, 2017
(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	$ 57,327	$ 23,020	$ 11,702	$ 168
Accounts receivable	1,961	-	143	-
Interest receivable	9	29	14	-
Taxes receivable	988	205	89	-
Due from other governments	11,525	69	187	139
Due from other funds	374	-	6,845	-
Prepaid items and deposits	7	-	-	-
Total assets	72,191	23,323	18,980	307
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 72,191	$ 23,323	$ 18,980	$ 307
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	$ 3,116	$ 401	$ 277	$ -
Salaries and benefits payable	3,724	194	546	-
Due to other governments	10,586	-	8	-
Due to other funds	3,519	-	6,845	-
Deposits payable	13	66	-	-
Advances from grantors and third parties	2,139	-	598	-
Total liabilities	23,097	661	8,274	-
Deferred inflows of resources	-	-	50	-
Fund balances (Note 16):				
Nonspendable	33	1	10	-
Restricted	47,274	22,650	6,711	307
Committed	408	-	3,935	-
Assigned	1,379	11	-	-
Total fund balances	49,094	22,662	10,656	307
Total liabilities, deferred inflows of resources, and fund balances	$ 72,191	$ 23,323	$ 18,980	$ 307

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total	
				ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
$ 460	$ 710	$ 20,884	$ 114,271	Cash and investments
-	-	41	2,145	Accounts receivable
-	1	18	71	Interest receivable
-	4	12	1,298	Taxes receivable
1,718	-	692	14,330	Due from other governments
-	-	-	7,219	Due from other funds
-	-	-	7	Prepaid items and deposits
2,178	715	21,647	139,341	Total assets
-	-	-	-	Deferred outflows of resources
$ 2,178	$ 715	$ 21,647	$ 139,341	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
$ 13	$ 23	$ 185	$ 4,015	Accounts payable
403	-	465	5,332	Salaries and benefits payable
-	-	1	10,595	Due to other governments
-	-	-	10,364	Due to other funds
-	349	-	428	Deposits payable
-	-	44	2,781	Advances from grantors and third parties
416	372	695	33,515	Total liabilities
-	4	-	54	Deferred inflows of resources
				Fund balances (Note 16):
5	-	12	61	Nonspendable
1,757	339	16,151	95,189	Restricted
-	-	563	4,906	Committed
-	-	4,226	5,616	Assigned
1,762	339	20,952	105,772	Total fund balances
$ 2,178	$ 715	$ 21,647	$ 139,341	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Special Revenue Funds

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement
REVENUES:				
Taxes	$ 56,812	$ 813	$ 4,966	$ -
Licenses, permits, and franchise fees	-	-	-	-
Fines, forfeitures, and penalties	337	-	-	104
Use of money and property:				
Investment earnings	6	79	33	-
Rents and concessions	1,163	-	1,025	-
Aid from other governmental agencies:				
Federal	62,485	-	-	-
State	17,950	9	305	485
Other	24,154	173	820	-
Charges for services	15,783	10,845	8,811	-
Other revenue	5,084	106	210	-
Total revenues	183,774	12,025	16,170	589
EXPENDITURES:				
Current:				
General government	11,782	-	-	350
Public protection	2,983	17	783	-
Public ways and facilities	202	8,217	-	-
Health and sanitation	42,895	1,068	-	-
Public assistance	61,298	-	-	-
Education	20,806	-	-	-
Recreation and cultural services	314	668	16,070	-
Total expenditures	140,280	9,970	16,853	350
Excess (deficiency) of revenues over (under) expenditures	43,494	2,055	(683)	239
OTHER FINANCING SOURCES (USES):				
Transfers in	17,728	3,132	2,158	-
Transfers out	(65,702)	(5,029)	(1,049)	(265)
Proceeds on sale of capital assets	-	6	-	-
Total other financing sources (uses)	(47,974)	(1,891)	1,109	(265)
NET CHANGE IN FUND BALANCES	(4,480)	164	426	(26)
Fund balances, beginning of year	53,574	22,498	10,230	333
FUND BALANCES, END OF YEAR	$ 49,094	$ 22,662	$ 10,656	$ 307

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total	
				REVENUES:
$ -	$ 229	$ 672	$ 63,492	Taxes
-	-	711	711	Licenses, permits, and franchise fees
-	-	669	1,110	Fines, forfeitures, and penalties
				Use of money and property:
-	3	47	168	Investment earnings
-	-	5,978	8,166	Rents and concessions
				Aid from other governmental agencies:
3,158	-	388	66,031	Federal
3,361	3	507	22,620	State
-	24	1,775	26,946	Other
41	278	13,257	49,015	Charges for services
-	-	562	5,962	Other revenue
6,560	537	24,566	244,221	Total revenues
				EXPENDITURES:
				Current:
-	-	7,295	19,427	General government
-	131	5,380	9,294	Public protection
-	-	7,468	15,887	Public ways and facilities
-	-	-	43,963	Health and sanitation
7,290	-	-	68,588	Public assistance
-	-	-	20,806	Education
-	-	-	17,052	Recreation and cultural services
7,290	131	20,143	195,017	Total expenditures
(730)	406	4,423	49,204	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
841	-	2,020	25,879	Transfers in
(497)	(334)	(5,315)	(78,191)	Transfers out
-	-	-	6	Proceeds on sale of capital assets
344	(334)	(3,295)	(52,306)	Total other financing sources (uses)
(386)	72	1,128	(3,102)	NET CHANGE IN FUND BALANCES
2,148	267	19,824	108,874	Fund balances, beginning of year
$ 1,762	$ 339	$ 20,952	$ 105,772	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Community Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 54,609	$ 56,609	$ 56,812	$ 203
Fines, forfeitures, and penalties	400	400	337	(63)
Use of money and property:				
Investment earnings	7	7	6	(1)
Rents and concessions	1,323	1,323	1,163	(160)
Aid from other governmental agencies:				
Federal	69,501	76,633	62,485	(14,148)
State	8,753	8,994	17,950	8,956
Other	21,478	21,478	24,154	2,676
Charges for services	40,775	33,689	15,783	(17,906)
Other revenue	18,208	9,458	5,084	(4,374)
Total revenues	215,054	208,591	183,774	(24,817)
EXPENDITURES:				
Current:				
General government	15,070	15,284	11,782	(3,502)
Public protection	57,965	10,087	2,983	(7,104)
Public ways and facilities	-	206	202	(4)
Health and sanitation	47,033	44,643	42,895	(1,748)
Public assistance	74,741	73,492	61,298	(12,194)
Education	24,837	22,405	20,806	(1,599)
Recreation and cultural services	571	364	314	(50)
Total expenditures	220,217	166,481	140,280	(26,201)
Excess (deficiency) of revenues over (under) expenditures	(5,163)	42,110	43,494	1,384
OTHER FINANCING SOURCES (USES):				
Transfers in	-	17,728	17,728	-
Transfers out	-	(65,702)	(65,702)	-
Total other financing sources (uses)	-	(47,974)	(47,974)	-
NET CHANGE IN FUND BALANCE	(5,163)	(5,864)	(4,480)	1,384
Fund balance, beginning of year	53,574	53,574	53,574	-
FUND BALANCE, END OF YEAR	$ 48,411	$ 47,710	$ 49,094	$ 1,384

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule

County Service Areas Special Revenue Fund

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes	$ 793	$ 793	$ 813	$ 20
Use of money and property:				
Investment earnings	42	42	79	37
Rents and concessions	1	1	-	(1)
Aid from other governmental agencies:				
State	8	8	9	1
Other	156	156	173	17
Charges for services	12,991	11,008	10,845	(163)
Other revenue	46	(36)	106	142
Total revenues	14,037	11,972	12,025	53
EXPENDITURES:				
Current:				
Public protection	791	669	17	(652)
Public ways and facilities	14,221	11,887	8,217	(3,670)
Health and sanitation	800	1,101	1,068	(33)
Recreation and cultural services	2,223	1,987	668	(1,319)
Total expenditures	18,035	15,644	9,970	(5,674)
Excess (deficiency) of revenues over (under) expenditures	(3,998)	(3,672)	2,055	5,727
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,132	3,132	-
Transfers out	-	(5,029)	(5,029)	-
Proceeds on sale of capital assets			6	6
Total other financing sources (uses)	-	(1,897)	(1,891)	6
NET CHANGE IN FUND BALANCE	(3,998)	(5,569)	164	5,733
Fund balance, beginning of year	22,498	22,498	22,498	-
FUND BALANCE, END OF YEAR	$ 18,500	$ 16,929	$ 22,662	$ 5,733

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Regional Park and Open-Space Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 4,930	$ 4,930	$ 4,966	$ 36
Use of money and property:				
Investment earnings	19	19	33	14
Rents and concessions	1,102	1,102	1,025	(77)
Aid from other governmental agencies:				
State	181	181	305	124
Other	730	730	820	90
Charges for services	11,024	13,722	8,811	(4,911)
Other revenue	4,182	3,234	210	(3,024)
Total revenues	22,168	23,918	16,170	(7,748)
EXPENDITURES:				
Current:				
Public protection	659	792	783	(9)
Public ways and facilities	-	-	-	-
Recreation and cultural services	26,321	29,295	16,070	(13,225)
Total expenditures	26,980	30,087	16,853	(13,234)
Excess (deficiency) of revenues over (under) expenditures	(4,812)	(6,169)	(683)	5,486
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,158	2,158	-
Transfers out	-	(1,049)	(1,049)	-
Total other financing sources (uses)	-	1,109	1,109	-
NET CHANGE IN FUND BALANCE	(4,812)	(5,060)	426	5,486
Fund balance, beginning of year	10,230	10,230	10,230	-
FUND BALANCE, END OF YEAR	$ 5,418	$ 5,170	$ 10,656	$ 5,486

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Fines, forfeitures and penalties	$ 60	$ 60	$ 104	$ 44
Use of money and property:				
Investment earnings	1	1	-	(1)
Aid from other governmental agencies:				
State	450	450	485	35
Total revenues	511	511	589	78
EXPENDITURES:				
Current:				
General government	586	354	350	(4)
Total expenditures	586	354	350	(4)
Excess (deficiency) of revenues over (under) expenditures	(75)	157	239	82
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(265)	(265)	-
Total other financing sources (uses)	-	(265)	(265)	-
NET CHANGE IN FUND BALANCE	(75)	(108)	(26)	82
Fund balance, beginning of year	333	333	333	-
FUND BALANCE, END OF YEAR	$ 258	$ 225	$ 307	$ 82

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
In-Home Support Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Aid from other governmental agencies:				
Federal	$ 4,451	$ 4,451	$ 3,158	$ (1,293)
State	4,591	4,591	3,361	(1,230)
Charges for services	870	29	41	12
Total revenues	9,912	9,071	6,560	(2,511)
EXPENDITURES:				
Current:				
Public assistance	9,912	9,415	7,290	(2,125)
Total expenditures	9,912	9,415	7,290	(2,125)
Excess (deficiency) of revenues over (under) expenditures	-	(344)	(730)	(386)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	841	841	-
Transfers out	-	(497)	(497)	-
Total other financing sources (uses)	-	344	344	-
NET CHANGE IN FUND BALANCE	-	-	(386)	(386)
Fund balance, beginning of year	2,148	2,148	2,148	-
FUND BALANCE, END OF YEAR	$ 2,148	$ 2,148	$ 1,762	$ (386)

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Perris Valley Cemetery District Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 271	$ 271	$ 229	$ (42)
Use of money and property:				
Investment earnings	1	1	3	2
Aid from other governmental agencies:				
State	3	3	3	-
Other	29	29	24	(5)
Charges for services	290	290	278	(12)
Total revenues	594	594	537	(57)
EXPENDITURES:				
Current:				
Public protection	666	339	131	(208)
Total expenditures	666	339	131	(208)
Excess (deficiency) of revenues over (under) expenditures	(72)	255	406	151
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(334)	(334)	-
Total other financing sources (uses)	-	(334)	(334)	-
NET CHANGE IN FUND BALANCE	(72)	(79)	72	151
Fund balance, beginning of year	267	267	267	-
FUND BALANCE, END OF YEAR	$ 195	$ 188	$ 339	$ 151

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 626	$ 626	$ 672	$ 46
License, permits, and franchise fees	700	700	711	11
Fines, forfeitures, and penalties	2	459	669	210
Use of money and property:				
Investment earnings	45	45	47	2
Rents and concessions	6,104	6,076	5,978	(98)
Aid from other governmental agencies:				
Federal	2,787	3,131	388	(2,743)
State	173	643	507	(136)
Other	1,699	1,699	1,775	76
Charges for services	13,917	14,201	13,257	(944)
Other revenue	1,744	1,076	562	(514)
Total revenues	27,797	28,656	24,566	(4,090)
EXPENDITURES:				
Current:				
General government	9,148	8,620	7,295	(1,325)
Public protection	6,506	6,281	5,380	(901)
Public ways and facilities	12,682	12,970	7,468	(5,502)
Total expenditures	28,336	27,871	20,143	(7,728)
Excess (deficiency) of revenues over (under) expenditures	(539)	785	4,423	3,638
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,020	2,020	-
Transfers out	-	(5,315)	(5,315)	-
Total other financing sources (uses)	-	(3,295)	(3,295)	-
NET CHANGE IN FUND BALANCE	(539)	(2,510)	1,128	3,638
Fund balance, beginning of year	19,824	19,824	19,824	-
FUND BALANCE, END OF YEAR	$ 19,285	$ 17,314	$ 20,952	$ 3,638

DEBT SERVICE FUNDS

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COUNTY OF RIVERSIDE

DEBT SERVICE FUNDS

These funds are used to account for the accumulation of resources and payment of long-term debt principal and interest.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

CORAL is a non-profit public benefit corporation established to assist the County of Riverside by acquiring equipment and facilities financed from the proceeds of borrowing and leasing such equipment and facilities to the County.

COUNTY OF RIVERSIDE DISTRICT COURT FINANCING CORPORATION (DISTRICT COURT FINANCING CORPORATION)

The District Court Financing Corporation is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction, and development of a United States District Courthouse, financed from the proceeds of the sale of certificates of participation.

INFRASTRUCTURE FINANCING AUTHORITY

The Infrastructure Financing Authority is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement by and between the County of Riverside and the Riverside County Flood Control and Water Conservation District. The authority is authorized and empowered to issue bonds for the purpose of financing and refinancing public capital improvements of the County.

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.

FLOOD CONTROL

The Flood Control debt service fund was established to service the debt incurred by Zone 4 for the construction of Zone 4 flood controls facilities. The fund receives transfers from Zone 4 revenues to pay principal and interest on promissory notes.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Debt Service Funds
June 30, 2017
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Infrastructure Financing Authority	Pension Obligation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Cash and investments	$ -	$ -	$ 1	$ 19,110
Accounts receivable	-	-	-	2,382
Interest receivable	11	1	-	16
Restricted cash and investments	19,561	1,921	-	-
Total assets	19,572	1,922	1	21,508
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	$ 19,572	$ 1,922	1	$ 21,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	$ 248	$ -	$ -	$ -
Total liabilities	248	-	-	-
Deferred inflows of resources	-	-	-	-
Fund balances (Note 16):				
Restricted	19,324	1,922	1	17,123
Assigned	-	-	-	4,385
Total fund balances	19,324	1,922	1	21,508
Total liabilities, deferred inflows of resources, and fund balances	$ 19,572	$ 1,922	$ 1	$ 21,508

Inland Empire Tobacco Securitization Authority	Public Financing Authority	Flood Control	Total	
				ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
$ -	$ -	$ -	$ 19,111	Cash and investments
-	-	-	2,382	Accounts receivable
12	1	-	41	Interest receivable
19,471	1,395	-	42,348	Restricted cash and investments
19,483	1,396	-	63,882	Total assets
-	-	-	-	Deferred outflows of resources
$ 19,483	$ 1,396	$ -	$ 63,882	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
$ -	$ -	$ -	$ 248	Accounts payable
-	-	-	248	Total liabilities
-	-	-	-	Deferred inflows of resources
				Fund balances (Note 16):
19,483	1,396	-	59,249	Restricted
-	-	-	4,385	Assigned
19,483	1,396	-	63,634	Total fund balances
$ 19,483	$ 1,396	$ -	$ 63,882	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Debt Service Funds

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Infrastructure Financing Authority	Pension Obligation
REVENUES:				
Use of money and property:				
Investment earnings	$ 94	$ 10	$ 1	$ 848
Rents and concessions	321	2,597	-	-
Charges for services	-	-	-	3,008
Other revenue	-	-	-	-
Total revenues	415	2,607	1	3,856
EXPENDITURES:				
Current:				
General government	1,884	1,456	-	5,096
Debt service:				
Principal	19,840	461	2,740	17,985
Interest	10,388	430	3,980	14,949
Cost of issuance	-	-	546	-
Total expenditures	32,112	2,347	7,266	38,030
Excess (deficiency) of revenues over (under) expenditures	(31,697)	260	(7,265)	(34,174)
OTHER FINANCING SOURCES (USES):				
Transfers in	36,172	-	6,638	39,651
Transfers out	(3,573)	-	(11,314)	-
Issuance of refunding bonds	-	-	39,985	-
Premium on long-term debt	-	-	5,216	-
Contribution to governmental agency	-	-	(33,353)	-
Total other financing sources (uses)	32,599	-	7,172	39,651
NET CHANGE IN FUND BALANCES	902	260	(93)	5,477
Fund balances, beginning of year	18,422	1,662	94	16,031
FUND BALANCES, END OF YEAR	$ 19,324	$ 1,922	$ 1	$ 21,508

Inland Empire Tobacco Securitization Authority	Public Financing Authority	Flood Control	Total	
				REVENUES:
				Use of money and property:
$ 81	$ 14	-	$ 1,048	Investment earnings
-	-	-	2,918	Rents and concessions
-	-	-	3,008	Charges for services
9,411	-	-	9,411	Other revenue
9,492	14	-	16,385	Total revenues
				EXPENDITURES:
				Current:
107	10,428	-	18,971	General government
				Debt service:
3,000	775	1,920	46,721	Principal
6,445	16,203	936	53,331	Interest
-	-	-	546	Cost of issuance
9,552	27,406	2,856	119,569	Total expenditures
(60)	(27,392)	(2,856)	(103,184)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
-	16,946	2,856	102,263	Transfers in
-	(86)	-	(14,973)	Transfers out
-	-	-	39,985	Issuance of refunding bonds
-	-	-	5,216	Premium on long-term debt
-	-	-	(33,353)	Contribution to governmental agency
-	16,860	2,856	99,138	Total other financing sources (uses)
(60)	(10,532)	-	(4,046)	NET CHANGE IN FUND BALANCES
19,543	11,928	-	67,680	Fund balances, beginning of year
$ 19,483	$ 1,396	$ -	$ 63,634	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Pension Obligation Debt Service Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ -	$ -	$ 848	$ 848
Aid from other governmental agencies:				
State	-	100	-	(100)
Charges for services	37,935	383	3,008	2,625
Total revenues	37,935	483	3,856	3,373
EXPENDITURES:				
Current:				
General government	5,001	5,101	5,096	(5)
Debt service:				
Principal	17,985	17,985	17,985	-
Interest	14,949	14,949	14,949	-
Total expenditures	37,935	38,035	38,030	(5)
Excess (deficiency) of revenues over (under) expenditures	-	(37,552)	(34,174)	3,378
OTHER FINANCING SOURCES (USES):				
Transfers in	-	39,651	39,651	-
Total other financing sources (uses)	-	39,651	39,651	-
NET CHANGE IN FUND BALANCE	-	2,099	5,477	3,378
Fund balance, beginning of year	16,031	16,031	16,031	-
FUND BALANCE, END OF YEAR	$ 16,031	$ 18,130	$ 21,508	$ 3,378

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.

INFRASTRUCTURE FINANCING AUTHORITY

The Infrastructure Financing Authority is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement by and between the County of Riverside and the Riverside County Flood Control and Water Conservation District. The authority is authorized and empowered to issue bonds for the purpose of financing and refinancing public capital improvements of the County.

COUNTY OF RIVERSIDE

Combining Balance Sheet
Capital Projects Funds
June 30, 2017
(Dollars in Thousands)

	PSEC	CORAL	Flood Control
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Cash and investments	$ 253	$ -	$ 18
Interest receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid items and deposits	580	-	-
Restricted cash and investments	-	1,596	-
Total assets	833	1,596	18
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 833	$ 1,596	$ 18
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	$ -	$ 57	$ -
Salaries and benefits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	57	-
Deferred inflows of resources	-	-	-
Fund balances (Note 16):			
Nonspendable	580	-	-
Restricted	-	1,539	18
Assigned	253	-	-
Total fund balances	833	1,539	18
Total liabilities, deferred inflows of resources, and fund balances	$ 833	$ 1,596	$ 18

Regional Park and Open-Space	CREST	Infrastructure Financing Authority	Total	
				ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
$ 5,473	$ 7,690	$ -	$ 13,434	Cash and investments
6	11	3	20	Interest receivable
558	-	-	558	Due from other governments
116	-	-	116	Due from other funds
302	-	-	882	Prepaid items and deposits
-	-	11,320	12,916	Restricted cash and investments
6,455	7,701	11,323	27,926	Total assets
-	-	-	-	Deferred outflows of resources
$ 6,455	$ 7,701	$ 11,323	$ 27,926	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
$ 586	$ 139	$ 4,862	$ 5,644	Accounts payable
-	242	-	242	Salaries and benefits payable
396	121	-	517	Due to other funds
982	502	4,862	6,403	Total liabilities
-	-	-	-	Deferred inflows of resources
				Fund balances (Note 16):
-	-	-	580	Nonspendable
5,473	-	6,461	13,491	Restricted
-	7,199	-	7,452	Assigned
5,473	7,199	6,461	21,523	Total fund balances
$ 6,455	$ 7,701	$ 11,323	$ 27,926	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, 2017
(Dollars in Thousands)

	PSEC	CORAL	Flood Control
REVENUES:			
Use of money and property:			
Investment earnings	$ -	$ 58	$ -
Aid from other governmental agencies:			
State	-	-	-
Charges for services	-	-	-
Other revenue	-	-	-
Total revenues	-	58	-
EXPENDITURES:			
Current:			
Recreation and cultural services	-	-	-
Capital outlay	-	5,923	-
Total expenditures	-	5,923	-
Excess (deficiency) of revenues over (under) expenditures	-	(5,865)	-
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	-	(5,865)	-
Fund balances, beginning of year	833	7,404	18
FUND BALANCES, END OF YEAR	$ 833	$ 1,539	$ 18

Regional Park and Open-Space	CREST	Infrastructure Financing Authority	Total	
				REVENUES:
				Use of money and property:
$ 22	$ 37	$ 9	$ 126	Investment earnings
				Aid from other governmental agencies:
1,330	-	-	1,330	State
-	2,916	-	2,916	Charges for services
200	-	-	200	Other revenue
1,552	2,953	9	4,572	Total revenues
				EXPENDITURES:
				Current:
3,636	-	-	3,636	Recreation and cultural services
-	5,151	4,862	15,936	Capital outlay
3,636	5,151	4,862	19,572	Total expenditures
(2,084)	(2,198)	(4,853)	(15,000)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
2,066	-	11,314	13,380	Transfers in
(994)	(803)	-	(1,797)	Transfers out
1,072	(803)	11,314	11,583	Total other financing sources (uses)
(1,012)	(3,001)	6,461	(3,417)	NET CHANGE IN FUND BALANCES
6,485	10,200	-	24,940	Fund balances, beginning of year
$ 5,473	$ 7,199	$ 6,461	$ 21,523	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Flood Control Capital Projects Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Other revenue	$ 950	$ 950	$ -	$ (950)
Total revenues	950	950	-	(950)
EXPENDITURES:				
Capital outlay	950	950	-	(950)
Total expenditures	950	950	-	(950)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	18	18	18	-
FUND BALANCE, END OF YEAR	$ 18	$ 18	$ 18	$ -

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Regional Park and Open-Space Capital Projects Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ -	$ -	$ 22	$ 22
Aid from other governmental agencies:				
State	2,314	2,314	1,330	(984)
Other revenue	3,902	1,836	200	(1,636)
Total revenues	6,216	4,150	1,552	(2,598)
EXPENDITURES:				
Current:				
Recreation and cultural services	7,703	6,749	3,636	(3,113)
Total expenditures	7,703	6,749	3,636	(3,113)
Excess (deficiency) of revenues over (under) expenditures	(1,487)	(2,599)	(2,084)	515
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,066	2,066	-
Transfers out	-	(994)	(994)	-
Total other financing sources (uses)	-	1,072	1,072	-
NET CHANGE IN FUND BALANCE	(1,487)	(1,527)	(1,012)	515
Fund balance, beginning of year	6,485	6,485	6,485	-
FUND BALANCE, END OF YEAR	$ 4,998	$ 4,958	$ 5,473	$ 515

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule

CREST Capital Projects Fund

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ 25	$ 25	$ 37	$ 12
Charges for services	4,094	4,094	2,916	(1,178)
Total revenues	4,119	4,119	2,953	(1,166)
EXPENDITURES:				
Current:				
Capital outlay	9,949	9,146	5,151	(3,995)
Total expenditures	9,949	9,146	5,151	(3,995)
Excess (deficiency) of revenues over (under) expenditures	(5,830)	(5,027)	(2,198)	2,829
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(803)	(803)	-
Total other financing sources (uses)	-	(803)	(803)	-
NET CHANGE IN FUND BALANCE	(5,830)	(5,830)	(3,001)	2,829
Fund balance, beginning of year	10,200	10,200	10,200	-
FUND BALANCE, END OF YEAR	$ 4,370	$ 4,370	$ 7,199	$ 2,829

PERMANENT FUND

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COUNTY OF RIVERSIDE

PERMANENT FUND

PERRIS VALLEY CEMETERY ENDOWMENT FUND

This fund is used to account for financial resources to be used for future maintenance of the Perris Valley Cemetery. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. Only income earned on these resources may be used for services, supplies or capital asset acquisition. The principal must be preserved intact.

COUNTY OF RIVERSIDE

Balance Sheet

Permanent Fund

June 30, 2017

(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Assets:	
Cash and investments	$ 667
Interest receivable	1
Total assets	668
Deferred outflows of resources	-
Total assets and deferred outflows of resources	$ 668
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:	
Liabilities:	
Total liabilities	$ -
Deferred inflows of resources	-
Fund balance (Note 16):	
Nonspendable	622
Restricted	46
Total fund balance	668
Total liabilities, deferred inflows of resources, and fund balnce	$ 668

COUNTY OF RIVERSIDE

Statement of Revenues, Expenditures, and Changes in Fund Balance
Permanent Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
REVENUES:	
Use of money and property:	
Investment earnings	$ 3
Charges for services	50
Total revenues	53
EXPENDITURES:	
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	53
NET CHANGE IN FUND BALANCE	53
Fund balance, beginning of year	615
FUND BALANCE, END OF YEAR	$ 668

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NONMAJOR ENTERPRISE FUNDS

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COUNTY OF RIVERSIDE

NONMAJOR ENTERPRISE FUNDS

These funds are used to account for operations providing goods or services to the general public. The accounting for these funds is similar to private enterprise accounting (accrual basis of accounting). 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, 2017
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
ASSETS:			
Current assets:			
Cash and investments	$ 267	$ 1,852	$ 2,119
Accounts receivable-net	-	267	267
Interest receivable	-	10	10
Taxes receivable	9	-	9
Due from other governments	-	7	7
Due from other funds	-	1	1
Restricted cash and investments	-	3,189	3,189
Total current assets	276	5,326	5,602
Noncurrent assets:			
Capital assets:			
Depreciable assets	7	1	8
Total noncurrent assets	7	1	8
Total assets	283	5,327	5,610
DEFERRED OUTFLOWS OF RESOURCES	-	565	565
LIABILITIES:			
Current liabilities:			
Accounts payable	22	3,293	3,315
Salaries and benefits payable	-	73	73
Due to other funds	-	7	7
Deposits payable	115	-	115
Other liabilities	-	191	191
Compensated absences	-	14	14
Total current liabilities	137	3,578	3,715
Noncurrent liabilities:			
Compensated absences	-	79	79
Net pension liability	-	1,806	1,806
Total noncurrent liabilities	-	1,885	1,885
Total liabilities	137	5,463	5,600
DEFERRED INFLOWS OF RESOURCES	-	180	180
NET POSITION:			
Net investment in capital assets	7	1	8
Unrestricted	139	248	387
Total net position	$ 146	$ 249	$ 395

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
OPERATING REVENUES:			
Charges for services	$ 376	$ 1,717	$ 2,093
Other	52	116	168
Total operating revenues	428	1,833	2,261
OPERATING EXPENSES:			
Personnel services	-	1,085	1,085
Communications	9	-	9
Insurance	3	-	3
Maintenance of building and equipment	98	-	98
Supplies	5	9	14
Purchased services	152	1,127	1,279
Depreciation and amortization	3	1	4
Rents and leases of equipment	-	1	1
Utilities	87	-	87
Other	13	20	33
Total operating expenses	370	2,243	2,613
Operating income (loss)	58	(410)	(352)
NONOPERATING REVENUES (EXPENSES):			
Investment income	1	46	47
Total nonoperating revenues (expenses)	1	46	47
Income (loss) before transfers	59	(364)	(305)
Transfers in	66	-	66
CHANGE IN NET POSITION	125	(364)	(239)
Net position, beginning of year	21	613	634
NET POSITION, END OF YEAR	$ 146	$ 249	$ 395

COUNTY OF RIVERSIDE
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
Cash flows from operating activities			
Cash receipts from customers / other funds	$ 431	$ 1,802	$ 2,233
Cash paid to suppliers for goods and services	(294)	(1,022)	(1,316)
Cash paid to employees for services	-	(998)	(998)
Net cash provided by (used in) operating activities	137	(218)	(81)
Cash flows from noncapital financing activities			
Transfers received	66	-	66
Net cash provided by (used in) noncapital financing activities	66	-	66
Cash flows from capital and related financing activities			
Proceeds(loss) from sale of capital assets	1	-	1
Net cash provided by (used in) capital and related financing activities	1	-	1
Cash flows from investing activities			
Investment income (loss)	1	47	48
Net cash provided by (used in) investing activities	1	47	48
Net increase (decrease) in cash and cash equivalents	205	(171)	34
Cash and cash equivalents, beginning of year	62	5,212	5,274
Cash and cash equivalents, end of year	$ 267	$ 5,041	$ 5,308

	County Service Areas	Flood Control	Total
Reconciliation of cash and cash equivalents to the Statement of Net Position			
Cash and investments per Statement of Net Position	$ 267	$ 1,852	$ 2,119
Restricted cash and investments per Statement of Net Position	-	3,189	3,189
Total cash and cash equivalents per Statement of Net Position	$ 267	$ 5,041	$ 5,308

	County Service Areas	Flood Control	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	$ 58	$ (410)	$ (352)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	3	1	4
Decrease (Increase) accounts receivable	-	(35)	(35)
Decrease (Increase) taxes receivable	3	-	3
Decrease (Increase) due from other funds	-	1	1
Decrease (Increase) due from other governments	-	3	3
Increase (Decrease) accounts payable	17	63	80
Increase (Decrease) due to other funds	-	4	4
Increase (Decrease) due to other governments	-	(2)	(2)
Increase (Decrease) deposits payable	56	-	56
Increase (Decrease) other liabilities	-	70	70
Increase (Decrease) net pension liability	-	415	415
Increase (Decrease) deferred pensions	-	(336)	(336)
Increase (Decrease) salaries and benefits payable	-	20	20
Increase (Decrease) compensated absences	-	(12)	(12)
Net cash provided by (used in) operating activities	$ 137	$ (218)	$ (81)

INTERNAL SERVICE FUNDS

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COUNTY OF RIVERSIDE

INTERNAL SERVICE FUNDS

These funds were established to account for the goods and services provided by a County department to other County departments, or to other internal governments, on a cost-reimbursement basis.

RECORDS MANAGEMENT AND ARCHIVES

This fund was established to account for the operations of the Records Management and Archives Program, which is responsible for providing consistent standards and support services that promote responsible record keeping countywide. Sources of revenue include records storage, reformatting, preservation, and consulting services.

FLEET SERVICES

This fund finances the operation and maintenance of County vehicles, including the Sheriff's Department. Revenue is obtained on a cost-reimbursement basis.

INFORMATION SERVICES

These funds are supported by the revenues generated for services including software systems support, computer networks, data structure design, and organization of the County's computer systems.

PRINTING SERVICES

These funds account for the financing of printing and central mail services provided to County departments on a cost-reimbursement basis. This fund also provides services such as the paper reclamation program, which collects and sells County department waste paper for recycling.

SUPPLY SERVICES

This fund finances the operation that provides County departments with merchandise and services on a cost-reimbursement basis.

RISK MANAGEMENT

These funds account for the financing of employee insurance benefits and County self-insurance programs. These funds include medical, dental, disability, and unemployment insurance as well as general liability, medical malpractice, and workers' 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, EDA (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, 2017
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	$ 660	$ 10,540	$ 21,873	$ 2,211	$ 2,977
Accounts receivable-net	-	221	325	17	2
Interest receivable	1	9	18	2	3
Due from other governments	-	99	7	80	4
Due from other funds	14	-	-	-	-
Inventories	-	588	1,112	198	343
Prepaid items and deposits	-	428	1,465	-	-
Total current assets	675	11,885	24,800	2,508	3,329
Noncurrent assets:					
Capital assets:					
Nondepreciable assets	-	753	235	-	-
Depreciable assets	216	36,289	47,386	485	131
Total noncurrent assets	216	37,042	47,621	485	131
Total assets	891	48,927	72,421	2,993	3,460
DEFERRED OUTFLOWS OF RESOURCES	446	1,917	26,883	545	371
LIABILITIES:					
Current liabilities:					
Accounts payable	4	916	2,497	121	331
Salaries and benefits payable	64	416	3,641	49	62
Due to other governments	-	-	-	-	7
Due to other funds	141	-	-	-	-
Other liabilities	-	102	-	-	-
Accrued remediation costs	-	104	-	-	-
Compensated absences	71	384	5,243	58	69
Capital lease obligations	-	8,642	12,562	-	-
Estimated claims liabilities	-	-	-	-	-
Total current liabilities	280	10,564	23,943	228	469
Noncurrent liabilities:					
Compensated absences	-	243	2,296	4	42
Advances from other funds	-	-	2,500	-	-
Capital lease obligations	-	6,669	28,650	-	-
Accrued remediation costs	-	104	-	-	-
Estimated claims liabilities	-	-	-	-	-
Net pension liability	1,107	4,504	67,630	1,806	861
Total noncurrent liabilities	1,107	11,520	101,076	1,810	903
Total liabilities	1,387	22,084	125,019	2,038	1,372
DEFERRED INFLOWS OF RESOURCES	163	630	10,440	373	117
NET POSITION:					
Net investment in capital assets	216	21,627	6,409	485	131
Unrestricted	(429)	6,503	(42,564)	642	2,211
Total net position	$ (213)	$ 28,130	$ (36,155)	$ 1,127	$ 2,342

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
					ASSETS:
					Current assets:
$ 201,772	$ 1,445	$ 8,750	$ 6,962	$ 257,190	Cash and investments
12,609	-	7	10	13,191	Accounts receivable-net
244	-	5	8	290	Interest receivable
-	-	1,194	-	1,384	Due from other governments
178	-	581	159	932	Due from other funds
-	-	222	276	2,739	Inventories
398	-	-	-	2,291	Prepaid items and deposits
215,201	1,445	10,759	7,415	278,017	Total current assets
					Noncurrent assets:
					Capital assets:
-	-	-	-	988	Nondepreciable assets
23	-	33	2,753	87,316	Depreciable assets
23	-	33	2,753	88,304	Total noncurrent assets
215,224	1,445	10,792	10,168	366,321	Total assets
8,168	969	11,326	-	50,625	DEFERRED OUTFLOWS OF RESOURCES
					LIABILITIES:
					Current liabilities:
24,670	30	3,340	129	32,038	Accounts payable
1,678	156	1,796	94	7,956	Salaries and benefits payable
-	-	1	36	44	Due to other governments
190	-	915	9	1,255	Due to other funds
62	-	1,090	-	1,254	Other liabilities
-	-	-	-	104	Accrued remediation costs
1,774	151	2,143	22	9,915	Compensated absences
-	-	-	-	21,204	Capital lease obligations
50,497	-	-	-	50,497	Estimated claims liabilities
78,871	337	9,285	290	124,267	Total current liabilities
					Noncurrent liabilities:
1,384	18	656	125	4,768	Compensated absences
-	-	3,342	-	5,842	Advances from other funds
-	-	-	-	35,319	Capital lease obligations
-	-	-	-	104	Accrued remediation costs
153,401	-	-	-	153,401	Estimated claims liabilities
19,240	2,191	26,778	-	124,117	Net pension liability
174,025	2,209	30,776	125	323,551	Total noncurrent liabilities
252,896	2,546	40,061	415	447,818	Total liabilities
2,683	282	3,778	-	18,466	DEFERRED INFLOWS OF RESOURCES
					NET POSITION:
23	-	33	2,753	31,677	Net investment in capital assets
(32,210)	(414)	(21,754)	7,000	(81,015)	Unrestricted
$ (32,187)	$ (414)	$ (21,721)	$ 9,753	$ (49,338)	Total net position

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenses, and Changes in Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
OPERATING REVENUES:					
Charges for services	$ 1,170	$ 30,142	$ 116,773	$ 3,027	$ 8,373
Other revenue	-	1,429	2,622	1,466	4,482
Total operating revenues	1,170	31,571	119,395	4,493	12,855
OPERATING EXPENSES:					
Cost of materials used	-	1,314	-	-	-
Personnel services	1,055	4,698	58,933	1,124	897
Communications	9	42	8,245	9	13
Insurance	77	224	567	24	38
Maintenance of building and equipment	114	3,123	12,328	211	101
Insurance claims	-	-	5	-	-
Supplies	5	6,958	11,772	2,324	12,442
Purchased services	249	1,782	5,657	993	484
Depreciation and amortization	21	10,419	9,877	98	11
Rents and leases of equipment	298	1,099	1,558	-	6
Utilities	31	120	1,350	11	86
Remediation	-	221	-	-	-
Other	27	208	795	66	37
Total operating expenses	1,886	30,208	111,087	4,860	14,115
Operating income (loss)	(716)	1,363	8,308	(367)	(1,260)
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	3	13	13	3	5
Interest expense	-	(206)	(2,929)	-	-
Gain (loss) on disposal of capital assets	17	985	46	166	8
Total nonoperating revenues (expenses)	20	792	(2,870)	169	13
Income (loss) before capital contributions and transfers	(696)	2,155	5,438	(198)	(1,247)
Capital contributions	-	-	43	-	-
Transfers in	250	-	1,382	-	-
Transfers out	(271)	(86)	(1,177)	(21)	(17)
CHANGE IN NET POSITION	(717)	2,069	5,686	(219)	(1,264)
Net position, beginning of year	504	26,061	(41,841)	1,346	3,606
NET POSITION, END OF YEAR	$ (213)	$ 28,130	$ (36,155)	$ 1,127	$ 2,342

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
					OPERATING REVENUES:
$ 63,396	$ 4,153	$ 97,819	$ 852	$ 325,705	Charges for services
11,982	2	13,267	6,398	41,648	Other revenue
75,378	4,155	111,086	7,250	367,353	Total operating revenues
					OPERATING EXPENSES:
-	-	-	51	1,365	Cost of materials used
17,740	3,029	28,394	1,525	117,395	Personnel services
60	1	143	-	8,522	Communications
23,532	83	332	-	24,877	Insurance
35	4	13,870	639	30,425	Maintenance of building and equipment
161,950	-	-	-	161,955	Insurance claims
4,935	183	3,019	1,075	42,713	Supplies
7,767	998	12,198	2,296	32,424	Purchased services
18	-	6	929	21,379	Depreciation and amortization
1,171	234	51,235	6	55,607	Rents and leases of equipment
27	-	1,431	-	3,056	Utilities
-	-	-	-	221	Remediation
2,227	162	1,748	282	5,552	Other
219,462	4,694	112,376	6,803	505,491	Total operating expenses
(144,084)	(539)	(1,290)	447	(138,138)	Operating income (loss)
					NONOPERATING REVENUES (EXPENSES):
614	-	12	21	684	Investment income (loss)
-	-	-	-	(3,135)	Interest expense
(28)	-	-	84	1,278	Gain (loss) on disposal of capital assets
586	-	12	105	(1,173)	Total nonoperating revenues (expenses)
(143,498)	(539)	(1,278)	552	(139,311)	Income (loss) before capital contributions and transfers
142,487	-	-	-	142,530	Capital contributions
1,548	64	565	-	3,809	Transfers in
(1,917)	(44)	(507)	-	(4,040)	Transfers out
(1,380)	(519)	(1,220)	552	2,988	CHANGE IN NET POSITION
(30,807)	105	(20,501)	9,201	(52,326)	Net position, beginning of year
$ (32,187)	$ (414)	$ (21,721)	$ 9,753	$ (49,338)	NET POSITION, END OF YEAR

COUNTY OF RIVERSIDE

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
Cash flows from operating activities					
Cash receipts from internal services provided	$ 1,156	$ 31,384	$ 119,501	$ 4,470	$ 12,858
Cash paid to suppliers for goods and services	(673)	(14,798)	(42,620)	(3,468)	(13,569)
Cash paid to employees for services	(1,010)	(4,320)	(56,868)	(1,147)	(868)
Net cash provided by (used in) operating activities	(527)	12,266	20,013	(145)	(1,579)
Cash flows from noncapital financing activities					
Advances (to) from other funds	-	-	-	-	-
Transfers received	250	-	1,382	-	-
Transfers paid	(271)	(86)	(1,177)	(21)	(17)
Net cash provided by (used in) noncapital financing activities	(21)	(86)	205	(21)	(17)
Cash flows from capital and related financing activities					
Proceeds (loss) from sale of capital assets	17	985	46	359	8
Acquisition and construction of capital assets	(68)	(3,758)	(3,162)	-	-
Principal paid on capital leases	-	(9,066)	(12,908)	-	-
Capital contributions	-	-	43	-	-
Interest paid on long-term debt	-	(206)	(2,929)	-	-
Net cash provided by (used in) capital and related financing activities	(51)	(12,045)	(18,910)	359	8
Cash flows from investing activities					
Investment income (loss)	4	14	(1)	3	5
Net cash provided by (used in) investing activities	4	14	(1)	3	5
Net increase (decrease) in cash and cash equivalents	(595)	149	1,307	196	(1,583)
Cash and cash equivalents, beginning of year	1,255	10,391	20,566	2,015	4,560
Cash and cash equivalents, end of year	$ 660	$ 10,540	$ 21,873	$ 2,211	$ 2,977
Reconciliation of cash and cash equivalents to the Statement of Net Position					
Cash and investments per Statement of Net Position	$ 660	$ 10,540	$ 21,873	$ 2,211	$ 2,977
Total cash and cash equivalents per Statement of Net Position	$ 660	$ 10,540	$ 21,873	$ 2,211	$ 2,977
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ (716)	$ 1,363	$ 8,308	$ (367)	$ (1,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	21	10,419	9,877	98	11
Decrease (Increase) accounts receivable	-	(133)	(34)	(2)	7
Decrease (Increase) taxes receivable	-	-	-	-	-
Decrease (Increase) bond issuance cost	-	-	-	-	-
Decrease (Increase) due from other funds	(14)	-	51	-	-
Decrease (Increase) due from other governments	-	(54)	89	(21)	(4)
Decrease (Increase) deferred outflows of resources	-	-	-	-	-
Decrease (Increase) inventories	-	111	154	118	(14)
Decrease (Increase) prepaid items and deposits	-	(428)	(1,465)	-	-
Increase (Decrease) accounts payable	(4)	455	968	58	(347)
Increase (Decrease) due to other funds	141	(1)	-	-	-
Increase (Decrease) due to other governments	-	-	-	-	(1)
Increase (Decrease) deposits payable	-	-	-	-	-
Increase (Decrease) accrued closure costs	-	-	-	-	-
Increase (Decrease) accrued remediation costs	-	208	-	-	-
Increase (Decrease) other liabilities	-	(52)	-	(6)	-
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) net pension liability	327	1,358	18,685	327	266
Increase (Decrease) deferred pensions	(294)	(1,177)	(15,811)	(221)	(234)
Increase (Decrease) salaries and benefits payable	3	154	(58)	(55)	8
Increase (Decrease) compensated absences	9	43	(751)	(74)	(11)
Net cash provided by (used in) operating activities	$ (527)	$ 12,266	$ 20,013	$ (145)	$ (1,579)
Noncash investing, capital, and financing					
Capital lease obligations		$ 6,401	$ 9,793		

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
					Cash flows from operating activities
$ 68,121	$ 4,155	$ 109,983	$ 7,221	$ 358,849	Cash receipts from internal services provided
(174,082)	(1,788)	(81,375)	(4,857)	(337,230)	Cash paid to suppliers for goods and services
(16,551)	(2,943)	(27,135)	(1,517)	(112,359)	Cash paid to employees for services
(122,512)	(576)	1,473	847	(90,740)	Net cash provided by (used in) operating activities
					Cash flows from noncapital financing activities
-	-	-	-	-	Advances (to) from other funds
1,548	64	565	-	3,809	Transfers received
(1,917)	(44)	(507)	-	(4,040)	Transfers paid
(369)	20	58	-	(231)	Net cash provided by (used in) noncapital financing activities
					Cash flows from capital and related financing activities
-	-	-	84	1,499	Proceeds (loss) from sale of capital assets
(8)	-	(5)	(427)	(7,428)	Acquisition and construction of capital assets
-	-	-	-	(21,974)	Principal paid on capital leases
142,487	-	-	-	142,530	Capital contributions
-	-	-	-	(3,135)	Interest paid on long-term debt
142,479	-	(5)	(343)	111,492	Net cash provided by (used in) capital and related financing activities
					Cash flows from investing activities
573	-	12	20	630	Investment income (loss)
573	-	12	20	630	Net cash provided by (used in) investing activities
20,171	(556)	1,538	524	21,151	Net increase (decrease) in cash and cash equivalents
181,601	2,001	7,212	6,438	236,039	Cash and cash equivalents, beginning of year
$ 201,772	$ 1,445	$ 8,750	$ 6,962	$ 257,190	Cash and cash equivalents, end of year
					Reconciliation of cash and cash equivalents to the Statement of Net Position
$ 201,772	$ 1,445	$ 8,750	$ 6,962	$ 257,190	Cash and investments per Statement of Net Position
$ 201,772	$ 1,445	$ 8,750	$ 6,962	$ 257,190	Total cash and cash equivalents per Statement of Net Position
					Reconciliation of operating income (loss) to net cash provided by (used in) operating activities
$ (144,084)	$ (539)	$ (1,290)	$ 447	$ (138,138)	Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities
18	-	6	929	21,379	Depreciation and amortization
(7,107)	-	(7)	(2)	(7,278)	Decrease (Increase) accounts receivable
-	-	-	-	-	Decrease (Increase) taxes receivable
-	-	-	-	-	Decrease (Increase) bond issuance cost
(178)	-	(488)	(27)	(656)	Decrease (Increase) due from other funds
28	-	(608)	-	(570)	Decrease (Increase) due from other governments
-	-	-	-	-	Decrease (Increase) deferred outflows of resources
-	-	(73)	(36)	260	Decrease (Increase) inventories
(57)	-	-	-	(1,950)	Decrease (Increase) prepaid items and deposits
1,542	(123)	1,704	(405)	3,848	Increase (Decrease) accounts payable
190	-	749	(54)	1,025	Increase (Decrease) due to other funds
-	-	1	(13)	(13)	Increase (Decrease) due to other governments
-	-	-	-	-	Increase (Decrease) deposits payable
-	-	-	-	-	Increase (Decrease) accrued closure costs
-	-	-	-	208	Increase (Decrease) accrued remediation costs
30	-	220	-	192	Increase (Decrease) other liabilities
25,917	-	-	-	25,917	Increase (Decrease) estimated claims liability
5,844	713	8,021	-	35,541	Increase (Decrease) net pension liability
(5,128)	(646)	(6,948)	-	(30,459)	Increase (Decrease) deferred pensions
260	(5)	158	25	490	Increase (Decrease) salaries and benefits payable
213	24	28	(17)	(536)	Increase (Decrease) compensated absences
$ (122,512)	$ (576)	$ 1,473	$ 847	$ (90,740)	Net cash provided by (used in) operating activities
					Noncash investing, capital, and financing activities:
				$ 16,194	Capital lease obligations

COUNTY OF RIVERSIDE

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FIDUCIARY FUNDS

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COUNTY OF RIVERSIDE

FIDUCIARY FUNDS

These funds were established for the purpose of accounting for assets held in a 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, 2017
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	$ 127,232	$ 10,840	$ 85,945	$ 53,117	$ 277,134
Accounts receivable	366	-	-	-	366
Interest receivable	65	-	10	-	75
Taxes receivable	64	-	31,508	-	31,572
Total assets	$ 127,727	$ 10,840	$ 117,463	$ 53,117	$ 309,147
LIABILITIES:					
Accounts payable	$ 95,225	$ 10,840	$ 654	$ 53,117	$ 159,836
Due to other governments	32,502	-	116,809	-	149,311
Total liabilities	$ 127,727	$ 10,840	$ 117,463	$ 53,117	$ 309,147

COUNTY OF RIVERSIDE

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Other				
Assets				
Cash and investments	$ 118,567	$ 5,911,051	$ 5,902,386	$ 127,232
Accounts receivable	388	1,066	1,088	366
Interest receivable	59	65	59	65
Taxes receivable	66	64	66	64
Total assets	$ 119,080	$ 5,912,246	$ 5,903,599	$ 127,727
Liabilities				
Accounts payable	$ 89,591	$ 734,605	$ 728,971	$ 95,225
Due to other governments	29,489	5,197,905	5,194,892	32,502
Total liabilities	$ 119,080	$ 5,932,510	$ 5,923,863	$ 127,727
Payroll Deductions				
Assets				
Cash and investments	$ 9,556	$ 2,297,959	$ 2,296,675	$ 10,840
Total assets	$ 9,556	$ 2,297,959	$ 2,296,675	$ 10,840
Liabilities				
Accounts payable	$ 9,556	$ 1,659,156	$ 1,657,872	$ 10,840
Total liabilities	$ 9,556	$ 1,659,156	$ 1,657,872	$ 10,840
Property Tax Assessments				
Assets				
Cash and investments	$ 82,974	$ 4,866,396	$ 4,863,425	$ 85,945
Interest receivable	82	10	82	10
Taxes receivable	33,048	31,508	33,048	31,508
Total assets	$ 116,104	$ 4,897,914	$ 4,896,555	$ 117,463
Liabilities				
Accounts payable	$ 657	$ 211,783	$ 211,786	$ 654
Due to other governments	115,447	5,065,577	5,064,215	116,809
Total liabilities	$ 116,104	$ 5,277,360	$ 5,276,001	$ 117,463

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

Warrants	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	$ 91,824	$ 11,233,094	$ 11,271,801	$ 53,117
Total assets	$ 91,824	$ 11,233,094	$ 11,271,801	$ 53,117
Liabilities				
Accounts payable	$ 91,824	$ 6,346,043	$ 6,384,750	$ 53,117
Total liabilities	$ 91,824	$ 6,346,043	$ 6,384,750	$ 53,117

Total Agency Funds	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	$ 302,921	$ 24,308,501	$ 24,334,288	$ 277,134
Accounts receivable	388	1,066	1,088	366
Interest receivable	141	75	141	75
Taxes receivable	33,114	31,573	33,115	31,572
Total assets	$ 336,564	$ 24,341,215	$ 24,368,632	$ 309,147
Liabilities				
Accounts payable	$ 191,628	$ 8,951,588	$ 8,983,380	$ 159,836
Due to other governments	144,936	10,263,482	10,259,107	149,311
Total liabilities	$ 336,564	$ 19,215,070	$ 19,242,487	$ 309,147

STATISTICAL SECTION

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Statistical Section

This section of the County of Riverside (the County) Comprehensive Annual Financial Report presents additional detail, historical perspective, and context to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information, and assessing the County's financial condition.

Contents **Table(s)**

Financial Trends Information **T1 – T5**

These tables contain trend information to assist readers in understanding and assessing how the County's financial position has changed over time.

Net Position by Component
Changes in Net Position
Governmental Activities Tax Revenues by Source
Fund Balances of Governmental Funds
Changes in Fund Balances of Governmental Funds

Revenue Capacity Information **T6 – T10**

These tables contain information to assist readers in understanding and assessing the factors affecting the County's local revenue sources, property tax, sales and use tax, and other taxes.

General Government Tax Revenues by Source
Assessed Value and Estimated Actual Value of Taxable Property
Property Tax Rates, Direct and Overlapping Governments
Principal Property Tax Payers
Property Tax Levies and Collections

Debt Capacity Information **T11 – T15**

These tables contain information to assist readers in understanding and assessing the County's current level of outstanding debt, and the County's ability to issue additional debt.

Ratios of Outstanding Debt by Type
Ratios of General Bonded Debt Outstanding
Direct and Overlapping Governmental Activities Debt
Legal Debt Margin Information
Pledged-Revenue Coverage

Economic and Demographic Information **T16 – T17**

These tables provide economic and demographic information to assist readers in understanding the socioeconomic environment within which the County operates, and to facilitate the comparisons of financial information over time.

Demographic and Economic Statistics
Principal Employers

Operating Information **T18 – T20**

These tables provide contextual information about the County's operations and resources to assist readers in understanding and assessing the County's financial condition as it relates to the services that the County provides.

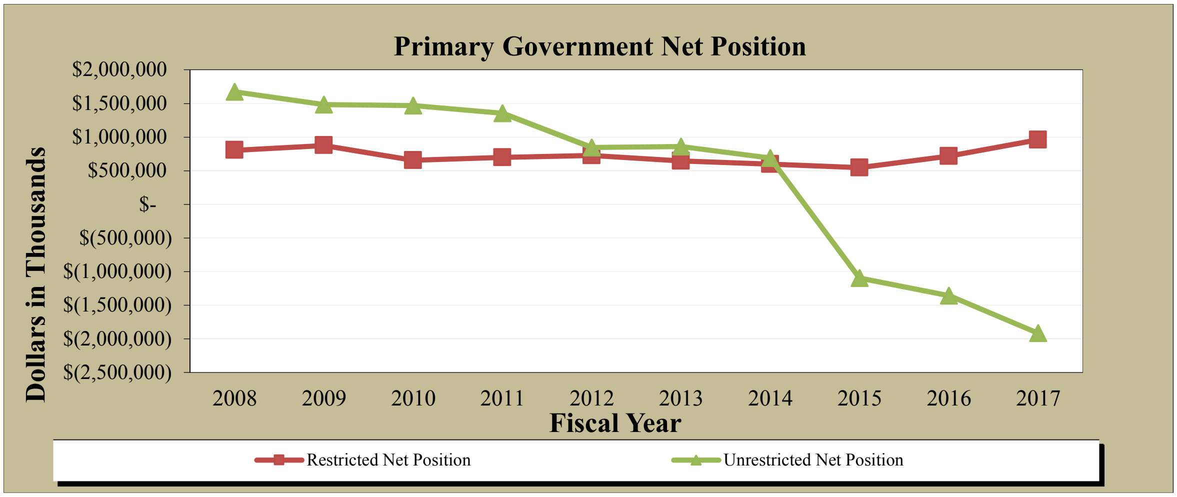
Full-time Equivalent County Government Employees by Function/Program
Operating Indicators by Function
Capital Asset Statistics by Function

Source: Unless otherwise noted, the information in these tables is derived from Riverside County's Comprehensive Annual Financial Reports for the relevant years.

Table 1

COUNTY OF RIVERSIDE
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

				Fiscal Year Ending June 30	
	2017	**2016**	**2015**	**2014**	**2013**
Governmental activities					
Net investment in capital assets	$ 3,355,072	$ 3,240,888	$ 3,009,048	$ 3,165,319	$ 2,998,987
Restricted	911,249	667,696	489,359	499,463	550,326
Unrestricted	(1,689,770)	(1,242,905)	(971,969)	718,105	771,883
Governmental activities, total net position	$ 2,576,551	$ 2,665,679	$ 2,526,438	$ 4,382,887	$ 4,321,196
Business-type activities					
Net investment in capital assets	$ 202,150	$ 112,906	$ 95,160	$ 147,806	$ 118,594
Restricted	47,468	49,241	56,569	96,904	94,346
Unrestricted	(225,964)	(113,124)	(122,341)	(27,903)	88,852
Business-type activities, total net position	$ 23,654	$ 49,023	$ 29,388	$ 216,807	$ 301,792
Primary government					
Net investment in capital assets	$ 3,557,222	$ 3,353,794	$ 3,104,208	$ 3,313,125	$ 3,117,581
Restricted	958,717	716,937	545,928	596,367	644,672
Unrestricted	(1,915,734)	(1,356,029)	(1,094,310)	690,202	860,735
Primary government, total net position	$ 2,600,205	$ 2,714,702	$ 2,555,826	$ 4,599,694	$ 4,622,988



Source: Auditor-Controller, County of Riverside

Table 1

			Fiscal Year Ending June 30		
2012	**2011**	**2010**	**2009**	**2008**	
					Governmental activities
$ 2,740,429	$ 1,687,128	$ 1,594,275	$ 1,204,971	$ 802,981	Net investment in capital assets
683,835	656,347	604,942	824,139	769,368	Restricted
851,269	1,295,657	1,395,141	1,402,813	1,572,150	Unrestricted
$ 4,275,533	$ 3,639,132	$ 3,594,358	$ 3,431,923	$ 3,144,499	Governmental activities, total net position
					Business-type activities
$ 130,510	$ 113,489	$ 96,901	$ 81,512	$ 69,441	Net investment in capital assets
41,103	43,086	50,386	52,502	36,074	Restricted
(5,456)	59,550	72,397	80,238	101,683	Unrestricted
$ 166,157	$ 216,125	$ 219,684	$ 214,252	$ 207,198	Business-type activities, total net position
					Primary government
$ 2,870,939	$ 1,800,617	$ 1,691,176	$ 1,286,483	$ 872,422	Net investment in capital assets
724,938	699,433	655,328	876,641	805,442	Restricted
845,813	1,355,207	1,467,538	1,483,051	1,673,833	Unrestricted
$ 4,441,690	$ 3,855,257	$ 3,814,042	$ 3,646,175	$ 3,351,697	Primary government, total net position

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

Fiscal Year Ending June 30

	2017	2016	2015	2014	2013
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 230,767	$ 201,495	$ 164,830	$ 162,926	$ 138,851
Public protection	417,682	398,070	371,237	352,178	339,379
Other activities	118,140	135,204	109,773	100,791	110,231
Operating grants and contributions	1,912,480	1,907,919	1,800,158	1,593,627	1,503,390
Capital grants and contributions	49,088	54,134	31,579	29,890	27,695
Governmental activities program revenues	2,728,157	2,696,822	2,477,577	2,239,412	2,119,546
Business-type activities:					
Charges for services:					
Riverside University Health Systems - Medical Center	544,060	511,666	504,811	400,630	450,340
Other activities	172,851	164,860	161,008	155,336	150,407
Capital grants and contributions	552	2,234	536	450	698
Business-type activities program revenues	717,463	678,760	666,355	556,416	601,445
Primary government program revenues	3,445,620	3,375,582	3,143,932	2,795,828	2,720,991
Expenses					
Governmental activities:					
General government	277,276	283,081	179,575	228,146	194,641
Public protection	1,465,762	1,328,608	1,217,731	1,191,438	1,065,373
Public ways and facilities	199,023	149,768	177,870	108,380	89,469
Health and sanitation	559,906	468,382	499,669	460,963	422,982
Public assistance	1,024,047	980,550	970,415	851,246	807,611
Education	24,603	23,283	23,409	24,420	18,998
Recreation and cultural services	17,980	20,758	18,335	20,077	12,274
Interest on long-term debt	69,874	46,306	45,904	47,236	29,453
Governmental activities expenses	3,638,471	3,300,736	3,132,908	2,931,906	2,640,801
Business-type activities:					
Riverside University Health Systems - Medical Center	582,419	506,338	468,562	482,240	473,916
Waste Resources Department	87,115	75,358	56,299	62,721	53,069
Housing Authority	91,783	88,166	90,903	94,716	90,678
Flood Control	3,903	3,591	3,056	2,561	2,472
County Service Areas	370	413	390	429	459
Business-type activities expenses	765,590	673,866	619,210	642,667	620,594
Primary government expenses	4,404,061	3,974,602	3,752,118	3,574,573	3,261,395
Net (expense)/revenue					
Governmental activities	(910,314)	(603,914)	(655,331)	(692,494)	(521,255)
Business-type activities	(48,127)	4,894	47,145	(86,251)	(19,149)
Primary government, net (expense) / revenue	$ (958,441)	$ (599,020)	$ (608,186)	$ (778,745)	$ (540,404)

Source: Auditor-Controller, County of Riverside

Table 2

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
					Program revenues
					Governmental activities:
					Charges for services:
$ 147,510	$ 159,570	$ 140,723	$ 143,644	$ 171,403	General government
316,778	326,237	331,162	311,565	316,719	Public protection
116,509	105,931	95,438	100,819	123,483	Other activities
1,447,694	1,393,016	1,384,791	1,344,611	1,315,716	Operating grants and contributions
27,909	32,114	31,112	29,771	25,333	Capital grants and contributions
2,056,400	2,016,868	1,983,226	1,930,410	1,952,654	Governmental activities program revenues
					Business-type activities:
					Charges for services:
371,827	386,533	367,273	360,584	333,414	Riverside University Health Systems - Medical Center
133,838	140,327	134,257	139,206	146,065	Other activities
335	-	1,165	310	306	Capital grants and contributions
506,000	526,860	502,695	500,100	479,785	Business-type activities program revenues
2,562,400	2,543,728	2,485,921	2,430,510	2,432,439	Primary government program revenues
					Expenses
					Governmental activities:
270,474	298,032	323,949	285,393	331,741	General government
1,047,202	1,021,288	1,062,213	1,095,587	1,122,370	Public protection
84,797	87,424	31,024	31,283	20,558	Public ways and facilities
374,950	369,984	347,634	392,945	330,206	Health and sanitation
827,092	907,202	820,637	770,484	752,779	Public assistance
10,376	15,816	19,866	15,954	17,977	Education
15,806	9,364	12,206	6,039	12,457	Recreation and cultural services
39,098	88,998	80,754	89,741	96,173	Interest on long-term debt
2,669,795	2,798,108	2,698,283	2,687,426	2,684,261	Governmental activities expenses
					Business-type activities:
417,074	401,120	389,991	379,278	353,481	Riverside University Health Systems - Medical Center
57,272	56,688	49,956	61,116	64,538	Waste Resources Department
91,469	86,027	81,426	81,139	74,252	Housing Authority
2,306	3,711	3,233	3,816	5,201	Flood Control
456	383	454	457	343	County Service Areas
568,577	547,929	525,060	525,806	497,815	Business-type activities expenses
3,238,372	3,346,037	3,223,343	3,213,232	3,182,076	Primary government expenses
					Net (expense)/revenue
(613,395)	(781,240)	(715,057)	(757,016)	(731,607)	Governmental activities
(62,577)	(21,069)	(22,365)	(25,706)	(18,030)	Business-type activities
$ (675,972)	$ (802,309)	$ (737,422)	$ (782,722)	$ (749,637)	Primary government, net (expense) / revenue

Continued

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

June 30, 2017

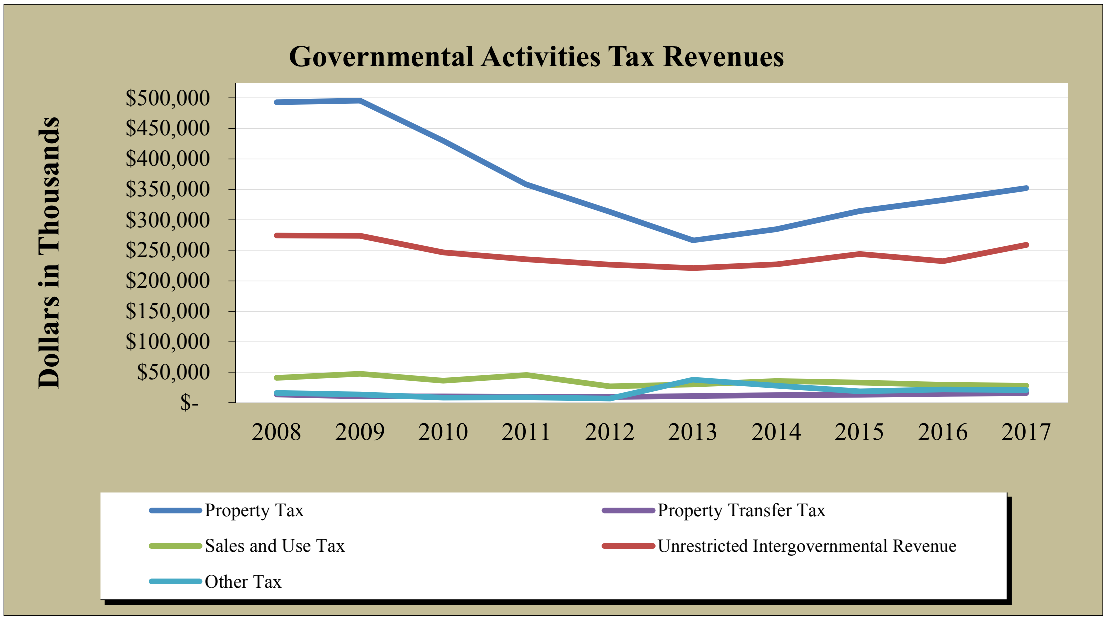
					Fiscal Year Ending June 30
	2017	**2016**	**2015**	**2014**	**2013**
Continued:					
Primary government, net (expense) / revenue	$ (958,441)	$ (599,020)	$ (608,186)	$ (778,745)	$ (540,404)
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes	367,937	346,851	327,504	297,107	277,417
Sales and use tax	27,881	29,573	32,851	35,443	29,751
Other taxes	20,844	22,005	18,632	27,764	37,883
Intergovernmental revenue - not restricted to programs:					
Unrestricted intergovernmental revenue	258,999	232,453	244,003	227,303	220,811
Investment earnings	12,918	12,948	8,700	11,317	2,035
Other	164,297	160,521	164,177	167,992	168,454
Transfers	(19,916)	(22,478)	(11,250)	(9,645)	(1,049)
Extraordinary item	-	-	-	-	(158,337)
Governmental activities	832,960	781,873	784,617	757,282	576,965
Business-type activities:					
Investment earnings	2,182	2,720	895	1,319	(33)
Other	-	-	-	-	-
Transfers	19,916	22,478	11,250	9,645	1,049
Extraordinary item	1,152	(2,803)	(905)	(9,698)	154,589
Business-type activities	23,250	22,395	11,240	1,266	155,605
Total primary government	856,210	804,268	795,857	758,548	732,570
Change in net position					
Governmental activities	(77,354)	177,959	129,286	64,788	55,710
Business-type activities	(24,877)	27,289	58,385	(84,985)	136,456
Primary government change in net position	$ (102,231)	$ 205,248	$ 187,671	$ (20,197)	$ 192,166

			Fiscal Year Ending June 30		
2012	2011	2010	2009	2008	
					Continued:
$ (675,972)	$ (675,972)	$ (737,422)	$ (737,422)	$ (782,722)	Primary government, net (expense) / revenue
					General revenues and other changes in net position
					Governmental activities:
					Taxes:
322,337	367,867	440,282	506,222	506,327	Property taxes
26,744	45,489	36,289	47,683	40,985	Sales and use tax
6,715	9,004	8,610	13,771	15,898	Other taxes
					Intergovernmental revenue - not restricted to programs:
226,384	235,153	246,493	273,825	274,282	Unrestricted intergovernmental revenue
11,801	19,494	29,026	87,041	138,071	Investment earnings
169,399	142,966	91,044	121,880	85,924	Other
(11,702)	(10,355)	(17,436)	(25,713)	(10,322)	Transfers
502,638	-	-	-	-	
1,254,316	809,618	834,308	1,024,709	1,051,165	Governmental activities
					Business-type activities:
907	538	1,442	6,142	10,389	Investment earnings
-	6,617	-	-	-	Other
11,702	10,355	17,436	25,713	10,322	Transfers
-	-	-	-	-	Extraordinary item
12,609	17,510	18,878	31,855	20,711	Business-type activities
1,266,925	827,128	853,186	1,056,564	1,071,876	Total primary government
					Change in net position
640,921	28,378	119,251	267,693	319,558	Governmental activities
(49,968)	(3,559)	(3,487)	6,149	2,681	Business-type activities
$ 590,953	$ 24,819	$ 115,764	$ 273,842	$ 322,239	Primary government change in net position

Table 3

COUNTY OF RIVERSIDE
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

Fiscal Year Ending June 30	Property Tax	Property Transfer Tax	Sales and Use Tax	Unrestricted Intergovernmental Revenue	Other Tax	Total
2017	$ 352,132	$ 15,805	$ 27,881	$ 258,999	$ 20,844	$ 675,661
2016	332,338	14,513	29,573	232,453	22,005	630,882
2015	314,599	12,905	32,851	244,003	18,632	622,990
2014	284,819	12,288	35,443	227,303	27,764	587,617
2013	266,294	11,123	29,751	220,811	37,883	565,862
2012	312,972	9,365	26,744	226,384	6,715	582,180
2011	357,908	9,959	45,489	235,153	9,004	657,513
2010	429,604	10,678	36,289	246,493	8,610	731,674
2009	495,598	10,624	47,683	273,825	13,771	841,501
2008	492,849	13,478	40,985	274,282	15,898	837,492



Source: Auditor-Controller, County of Riverside

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, 2017

	Fiscal Year Ending June 30			
	2017	**2016**	**2015**	**2014**
General Fund				
Nonspendable	$ 2,314	$ 2,369	$ 2,001	$ 2,045
Restricted	95,130	99,639	122,967	117,595
Committed	21,907	40,310	39,422	32,820
Assigned	10,989	11,870	5,144	7,772
Unassigned	217,891	217,322	225,855	203,444
Total general fund	348,231	371,510	395,389	363,676
Transportation				
Nonspendable	1,113	3,654	3,776	1,101
Restricted	61,357	68,191	49,875	62,767
Committed	3,092	2,847	2,719	2,244
Assigned	15,256	12,578	14,782	14,063
Total transportation	80,818	87,270	71,152	80,175
Flood Control				
Nonspendable	68	366	731	1
Restricted	225,328	205,957	236,749	-
Committed	-	-	-	258,580
Assigned	-	-	3,174	-
Total Flood Control	225,396	206,323	240,654	258,581
Public Facilities Improvements				
Restricted	150,711	119,441	120,141	123,860
Committed	5,124	4,877	3,000	3,000
Assigned	4,857	9,331	15,480	7,803
Total public facilities improvements	160,692	133,649	138,621	134,663
Public Financing Authority				
Restricted	93,045	231,229	302,498	-
Total public financing authority	93,045	231,229	302,498	-
Redevelopment Capital Projects				
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total redevelopment capital projects	-	-	-	-
Nonmajor Governmental Funds				
Nonspendable	1,263	1,225	1,181	1,208
Restricted	167,975	168,868	168,472	182,139
Committed reported in:				
Special revenue funds	4,906	2,830	4,402	9,750
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Assigned	17,453	29,186	34,552	32,370
Total nonmajor governmental funds	191,597	202,109	208,607	225,467
Total all governmental funds	$ 1,099,779	$ 1,232,090	$ 1,356,921	$ 1,062,562

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 years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are presented for comparison purposes.

Source: Auditor-Controller, County of Riverside

Table 4

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

			Fiscal Year Ending June 30	
	2013	2012	2011	2010
General Fund				
Nonspendable	$ 3,247	$ 1,834	$ 2,214	$ 3,201
Restricted	101,440	101,651	98,552	93,653
Committed	42,183	52,439	50,097	250,444
Assigned	10,460	8,764	3,463	2,998
Unassigned	199,919	171,910	189,236	36,190
Total general fund	357,249	336,598	343,562	386,486
Transportation				
Nonspendable	1,044	1,014	-	-
Restricted	79,127	95,805	-	-
Committed	1,310	1,811	-	-
Assigned	12,821	4,935	-	-
Total transportation	94,302	103,565	-	-
Flood Control				
Nonspendable	1	1	1	1
Restricted	-	-	-	-
Committed	253,117	252,368	237,211	222,944
Assigned	1,807	3,890	13,741	18,979
Total Flood Control	254,925	256,259	250,953	241,924
Public Facilities Improvements				
Restricted	153,404	131,184	158,628	200,501
Committed	1,912	-	6,451	10,850
Assigned	44,244	111,324	128,023	127,302
Total public facilities improvements	199,560	242,508	293,102	338,653
Public Financing Authority				
Restricted	-	-	-	-
Total public financing authority	-	-	-	-
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	1,168	1,241	84,769	84,744
Restricted	174,552	354,214	410,787	434,900
Committed reported in:				
Special revenue funds	15,763	12,973	21,381	6,196
Debt service funds	-	-	1,206	1,206
Capital projects funds	151	323	1,690	355
Assigned	17,088	25,763	86,572	30,314
Total nonmajor governmental funds	208,722	394,514	606,405	557,715
Total all governmental funds	$ 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 years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are presented for comparison purposes.

Source: Auditor-Controller, County of Riverside

Table 4

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

June 30, 2017

	Fiscal Year Ending June 30	
	2009	**2008**
General Fund		
Reserved	$ 91,196	$ 84,466
Unreserved, designated	203,821	335,630
Unreserved, undesignated	77,104	58,672
Total general fund	372,121	478,768
Transportation		
Reserved	-	-
Unreserved, designated	-	-
Unreserved, undesignated	-	-
Total transportation	-	-
Flood Control		
Reserved	1,794	4,500
Unreserved, designated	30,149	1,755
Unreserved, undesignated	196,973	193,170
Total Flood Control	228,916	199,425
Public Facilities Improvements		
Reserved	538,431	590,915
Unreserved, undesignated	-	-
Total public facilities improvements	538,431	590,915
Redevelopment Capital Projects		
Reserved	189,627	122,036
Unreserved, undesignated	116,076	234,582
Total redevelopment capital projects	305,703	356,618
Nonmajor Governmental Funds		
Reserved	371,076	331,147
Unreserved, designated reported in:		
Special revenue funds	27,666	37,121
Capital projects funds	6,933	6,935
Unreserved, undesignated reported in:		
Special revenue funds	151,939	139,367
Total nonmajor governmental funds	557,614	514,570
Total all governmental funds	$ 2,002,785	$ 2,140,296

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 years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are presented for comparison purposes.

Source: Auditor-Controller, County of Riverside

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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, 2017

Fiscal Year Ending June 30

	2017	2016	2015	2014	2013
Revenues					
Taxes	$ 416,940	$ 398,139	$ 379,358	$ 361,900	$ 347,166
Licenses, permits, and franchise fees	22,251	22,782	21,893	20,377	18,798
Fines, forfeitures, and penalties	71,196	74,349	79,059	82,290	86,381
Use of money and property:					
Investments earnings	12,234	11,736	7,989	10,187	2,370
Rents and concessions	24,990	51,695	25,548	29,925	19,246
Aid from other governmental agencies:					
Federal	691,080	686,964	634,269	544,478	569,330
State	1,356,683	1,345,344	1,304,580	1,172,107	1,047,485
Other	171,474	163,165	153,687	136,461	132,120
Charges for services	635,236	585,977	519,382	483,346	464,274
Other revenue	102,294	49,934	119,337	88,055	91,329
Total revenues	3,504,378	3,390,085	3,245,102	2,929,126	2,778,499
Expenditures					
General government	231,308	219,333	190,209	214,212	208,242
Public protection	1,331,768	1,271,121	1,202,873	1,186,900	1,117,397
Public ways and facilities	226,388	299,431	292,096	177,965	177,467
Health and sanitation	538,734	470,022	482,545	421,494	393,557
Public assistance	988,773	983,963	928,098	851,061	798,850
Education	21,449	20,003	20,755	19,470	18,819
Recreation and cultural services	21,042	24,232	23,716	15,911	16,590
Debt service:					
Principal	48,711	68,951	83,928	70,840	55,363
Interest	63,899	44,091	44,005	45,953	27,988
Cost of issuance	1,074	895	950	623	378
Capital outlay	220,006	92,800	103,211	58,046	25,427
Total expenditures	3,693,152	3,494,842	3,372,386	3,062,475	2,840,078
Revenues over (under) expenditures	(188,774)	(104,757)	(127,284)	(133,349)	(61,579)
Other financing sources (uses)					
Transfers in	280,223	350,235	550,783	248,448	231,574
Transfers out	(299,908)	(373,384)	(559,368)	(253,012)	(233,809)
Issuance of debt	-	-	346,000	64,000	-
Issuance of refunding bonds	39,985	72,825	-	20,510	19,140
Discount on long-term debt	-	-	-	-	-
Premium on long-term debt	5,216	7,612	28,699	1,338	759
Redemption of refunded debt	-	(89,345)	-	-	(18,155)
Contribution to governmanental agency	(33,353)	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Proceeds from the sale of capital assets	11	-	-	-	-
Capital leases	64,289	11,829	54,529	2,965	1,721
Total other financing sources (uses)	56,463	(20,228)	420,643	84,249	1,230
Net change in fund balances	$ (132,311)	$ (124,985)	$ 293,359	$ (49,100)	$ (60,349)
Debt service as a % of non-capital expenditures	3.36%	3.63%	4.27%	4.21%	3.35%

Source: Auditor-Controller, County of Riverside

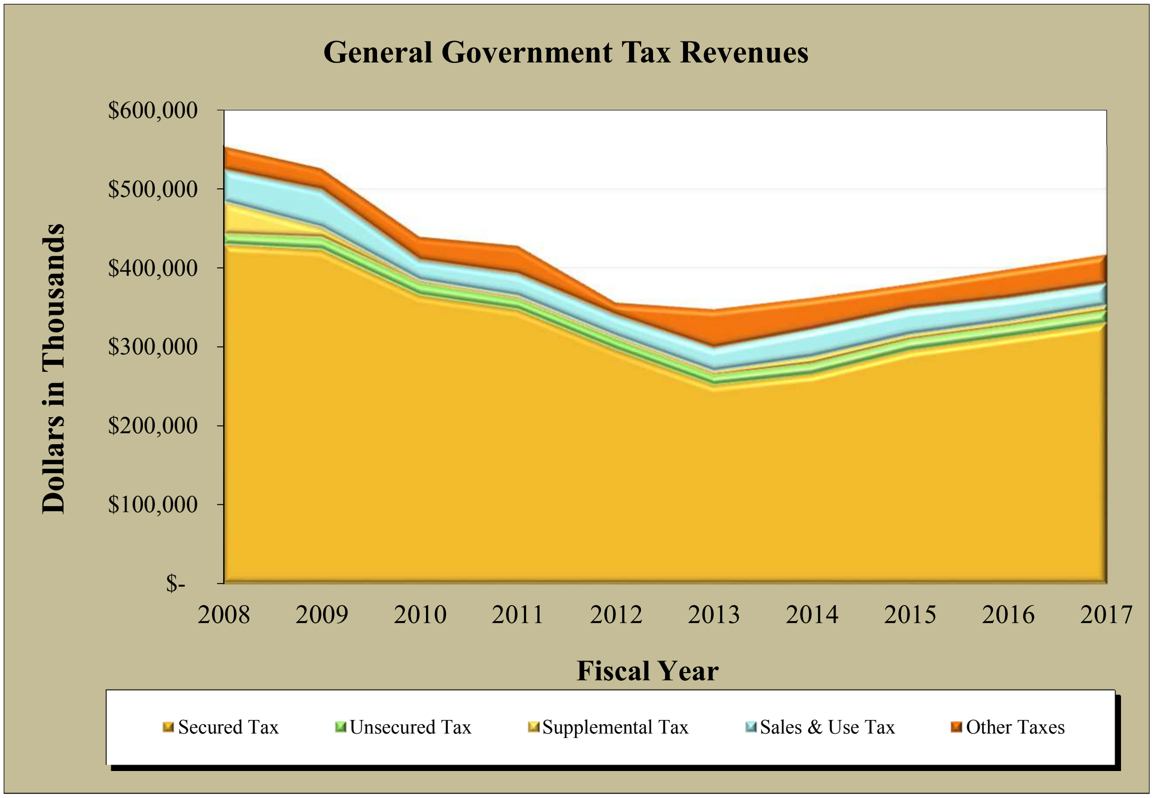
Table 5

		Fiscal Year Ending June 30			
2012	**2011**	**2010**	**2009**	**2008**	
					Revenues
$ 355,796	$ 427,892	$ 439,435	$ 525,238	$ 553,158	Taxes
19,513	20,294	19,197	22,546	24,652	Licenses, permits, and franchise fees
90,163	95,290	114,320	108,572	92,029	Fines, forfeitures, and penalties
					Use of money and property:
10,827	18,305	26,929	81,040	128,307	Investments earnings
19,588	17,659	17,393	17,151	15,486	Rents and concessions
					Aid from other governmental agencies:
577,654	609,531	636,167	546,030	544,587	Federal
986,658	921,329	857,191	955,389	971,299	State
156,678	130,362	172,598	140,757	103,858	Other
449,888	458,744	469,340	460,439	447,889	Charges for services
95,119	95,279	65,711	84,348	102,132	Other revenue
2,761,884	2,794,685	2,818,281	2,941,510	2,983,397	Total revenues
					Expenditures
291,227	311,025	554,315	430,712	409,336	General government
1,072,442	1,081,489	1,068,051	1,126,662	1,083,719	Public protection
168,015	176,184	130,310	148,544	152,603	Public ways and facilities
375,668	353,904	341,244	390,668	375,259	Health and sanitation
802,104	824,471	812,848	766,407	747,576	Public assistance
18,942	19,282	18,910	15,731	17,907	Education
15,220	18,755	12,620	12,801	11,647	Recreation and cultural services
					Debt service:
65,002	80,928	73,378	54,587	46,483	Principal
49,041	83,902	78,689	86,768	91,126	Interest
15	5,212	1,819	2,436	3,868	Cost of issuance
22,583	30,439	39,844	48,899	36,691	Capital outlay
2,880,259	2,985,591	3,132,028	3,084,215	2,976,215	Total expenditures
(118,375)	(190,906)	(313,747)	(142,705)	7,182	Revenues over (under) expenditures
					Other financing sources (uses)
323,052	267,985	463,296	538,029	805,400	Transfers in
(332,724)	(277,943)	(479,143)	(562,345)	(814,607)	Transfers out
-	170,481	81,745	-	294,084	Issuance of debt
33,360	-	70,365	78,895	111,125	Issuance of refunding bonds
-	-	(626)	-	(2,898)	Discount on long-term debt
2,840	-	937	-	3,272	Premium on long-term debt
(32,797)	-	-	-	-	Redemption of refunded debt
-	-	-	-	-	Contribution to governmentl agency
-	-	(65,713)	(76,300)	(24,290)	Payment to escrow agent
-	6	-	-	1,159	Proceeds from the sale of capital assets
2,671	8,321	31,018	22,746	8,670	Capital leases
(3,598)	168,850	101,879	1,025	381,915	Total other financing sources (uses)
$ (121,973)	$ (22,056)	$ (211,868)	$ (141,680)	$ 389,097	Net change in fund balances
4.50%	6.17%	5.85%	5.54%	5.28%	Debt service as a % of non-capital expenditures

Table 6

COUNTY OF RIVERSIDE
General Government Tax Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)
June 30, 2017

Fiscal Year Ending June 30	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
2017	$ 329,728	$ 15,220	$ 7,461	$ 27,881	$ 36,650	$ 416,940
2016	312,004	13,798	6,247	29,573	36,517	398,139
2015	294,888	13,909	6,168	32,851	31,542	379,358
2014	264,643	13,597	8,165	35,443	40,052	361,900
2013	251,236	12,459	4,714	29,751	49,006	347,166
2012	295,974	13,499	3,498	26,626	16,199	355,796
2011	346,356	13,404	3,681	28,393	36,058	427,892
2010	364,810	15,270	3,778	25,762	29,815	439,435
2009	422,329	15,071	12,981	47,683	27,174	525,238
2008	428,790	13,193	40,815	40,985	29,375	553,158



Source: Auditor-Controller, County of Riverside

COUNTY OF RIVERSIDE

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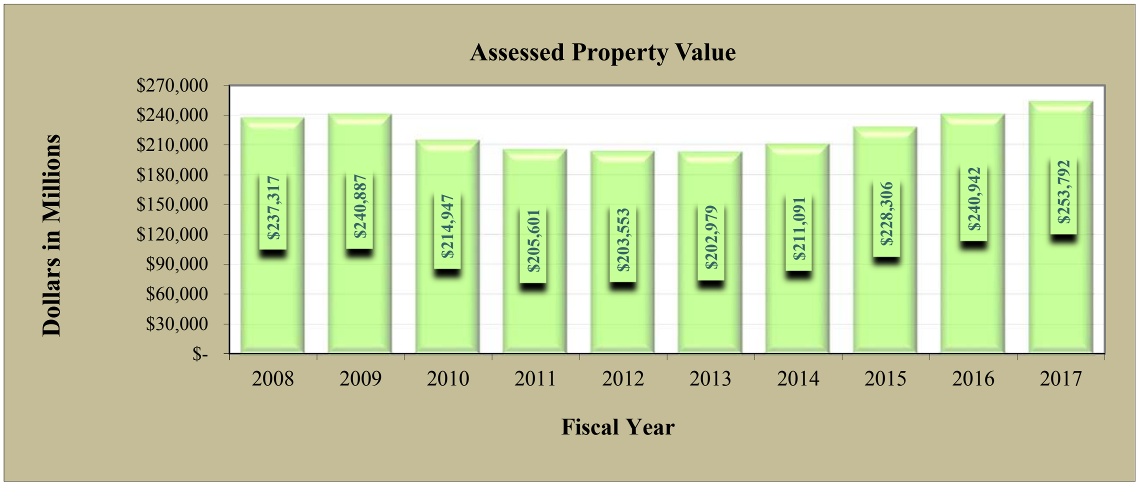
Table 7

COUNTY OF RIVERSIDE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2017

				Fiscal Year Ending June 30	
	2017	**2016**	**2015**	**2014**	**2013**
Real property					
Secured property	$ 253,728,054	$ 240,984,595	$ 228,131,826	$ 210,523,063	$ 201,971,552
Unsecured property	8,200,349	7,717,964	7,676,875	7,868,150	8,123,443
Total gross assessed value	261,928,403	248,702,559	235,808,701	218,391,213	210,094,995
Less:					
Tax-exempt real property	8,136,300	7,760,338	7,502,942	7,300,462	7,116,048
Total taxable assessed value	$ 253,792,103	$ 240,942,221	$ 228,305,759	$ 211,090,751	$ 202,978,947
Total direct tax rate	1.0	1.0	1.0	1.0	1.0
Estimated actual taxable value	$ 338,389,470	$ 321,256,295	$ 304,407,678	$ 281,454,335	$ 270,638,596
Assessed value as a % of actual value	77.40%	77.42%	77.46%	77.59%	77.63%



Source: Auditor-Controller, County of Riverside

Table 7

Fiscal Year Ending June 30					
2012	**2011**	**2010**	**2009**	**2008**	
					Real property
$ 202,313,851	$ 204,153,163	$ 213,144,336	$ 238,312,506	$ 235,351,116	Secured property
8,057,242	8,121,065	8,227,172	8,685,393	7,540,803	Unsecured property
210,371,093	212,274,228	221,371,508	246,997,899	242,891,919	**Total gross assessed value**
					Less:
6,818,361	6,673,229	6,424,030	6,111,231	5,574,813	Tax-exempt real property
$ 203,552,732	$ 205,600,999	$ 214,947,478	$ 240,886,668	$ 237,317,106	**Total taxable assessed value**
1.0	1.0	1.0	1.0	1.0	**Total direct tax rate**
$ 271,403,643	$ 274,134,665	$ 286,596,637	$ 321,182,224	$ 316,422,808	**Estimated actual taxable value**
77.51%	77.43%	77.24%	76.90%	76.76%	**Assessed value as a % of actual value**

Table 8

COUNTY OF RIVERSIDE
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
June 30, 2017

Fiscal	County Direct Rates		Range of Overlapping Rates			
Year Ending June 30	Secured Property Tax Levy	Debt Service	Total City Rate	Total School Districts Rate	Total Special Districts Rate	Total Direct & Overlapping Rates
2017	1.00000%	0.11550%	0% to .00617%	0 to .16601%	0% to .50000%	1.11440% to 1.50000%
2016	1.00000%	0.11440%	0% to .00576%	0 to .15335%	0% to .50000%	1.11440% to 1.50000%
2015	1.00000%	0.14640%	0% to .00626%	0 to .17234%	0% to .53052%	1.14640% to 1.53052%
2014	1.00000%	0.13830%	0% to .00673%	.01768% to .17571%	0% to .55075%	1.13830% to 1.55075%
2013	1.00000%	0.14340%	0% to .00572%	.01702% to .17570%	0% to .58076%	1.14340% to 1.58076%
2012	1.00000%	0.12540%	0% to .00571%	.01700% to .14030%	0% to .53864%	1.12540% to 1.53864%
2011	1.00000%	0.12540%	0% to .00575%	.01499% to .13224%	0% to .50000%	1.12540% to 1.50000%
2010	1.00000%	0.12220%	.00064% to .00577%	.01242% to .12628%	0% to .50000%	1.12220% to 1.50000%
2009	1.00000%	0.10950%	.00119% to .00747%	.01254% to .10963%	0% to .50000%	1.10950% to 1.50000%
2008	1.00000%	0.09190%	.00178% to .00627%	.00549% to .08521%	0% to .50000%	1.09190% to 1.50000%

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, 2017

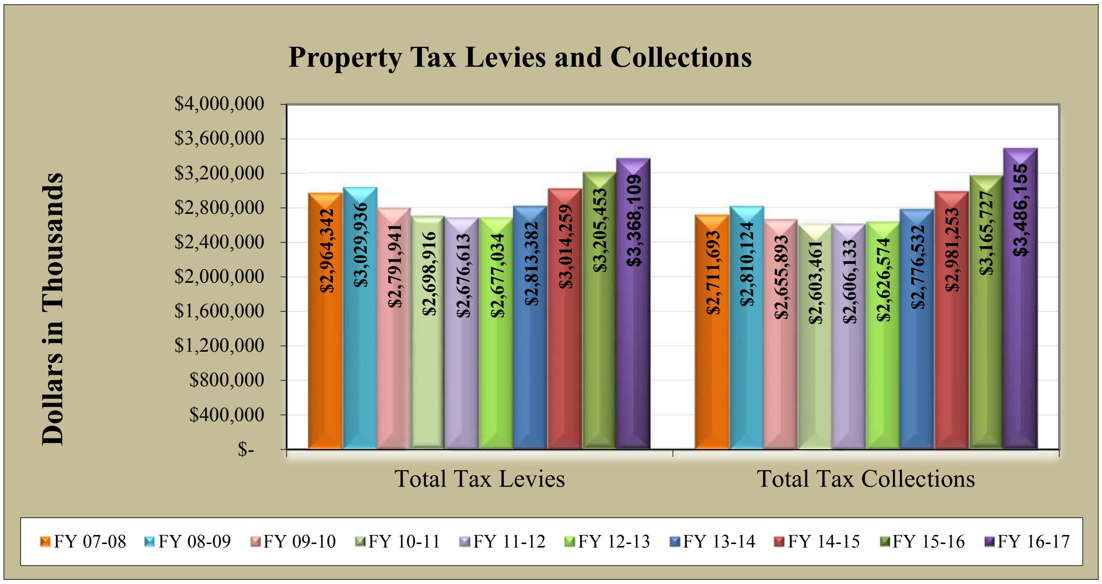
	Fiscal Year			
	2017		2008	
Tax payer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Southern California Edison Company	$ 51,918	1.46%	$ 12,524	0.42%
Centex Homes	-	0.00%	13,896	0.46%
Southern California Gas Company	11,008	0.31%	4,446	0.15%
Verizon California, Inc.	9,158	0.26%	8,944	0.30%
KB Home Coastal Inc.	-	0.00%	7,972	0.27%
CPV Sentienel, LLC	7,966	0.22%	-	0.00%
Lennar Homes of California Inc.	3,731	0.10%	6,106	0.20%
Pulte Home Corporation	-	0.00%	4,705	0.16%
Standard Pacific Corp.	-	0.00%	4,683	0.16%
KSL Desert Resorts, Inc.	-	0.00%	4,442	0.15%
Western Pacific Housing Inc.	-	0.00%	3,605	0.12%
Costco Wholesale Group	3,366	0.09%	-	0.00%
Blythe Energy, LLC	3,268	0.09%	-	0.00%
Ross Dress for Less Inc	3,231	0.09%	-	0.00%
Chelsea GCA Realty Partnership	3,222	0.09%	-	0.00%
Total	$ 96,868	2.71%	$ 71,323	2.39%

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, 2017

		Collected within the Fiscal Year of the Levy			Total Collections as of June 30	
Fiscal Year Ending June 30	Total Secured Tax Levy for Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2017	$ 3,368,109	$ 3,322,587	98.65%	$ 163,568	$ 3,486,155	103.50%
2016	3,205,453	3,159,497	98.57%	6,230	3,165,727	98.76%
2015	3,014,259	2,968,113	98.47%	13,140	2,981,253	98.91%
2014	2,813,382	2,763,665	98.23%	12,867	2,776,532	98.69%
2013	2,677,034	2,618,818	97.83%	7,756	2,626,574	98.12%
2012	2,676,613	2,605,691	97.35%	442	2,606,133	97.37%
2011	2,698,916	2,603,461	96.46%	-	2,603,461	96.46%
2010	2,791,941	2,652,513	95.01%	3,380	2,655,893	95.13%
2009	3,029,936	2,807,718	92.67%	2,406	2,810,124	92.75%
2008	2,964,342	2,708,669	91.38%	3,024	2,711,693	91.48%



*Delinquent taxes reported by year of collection; data by levy year unavailable.

Source: Auditor-Controller, County of Riverside

COUNTY OF RIVERSIDE

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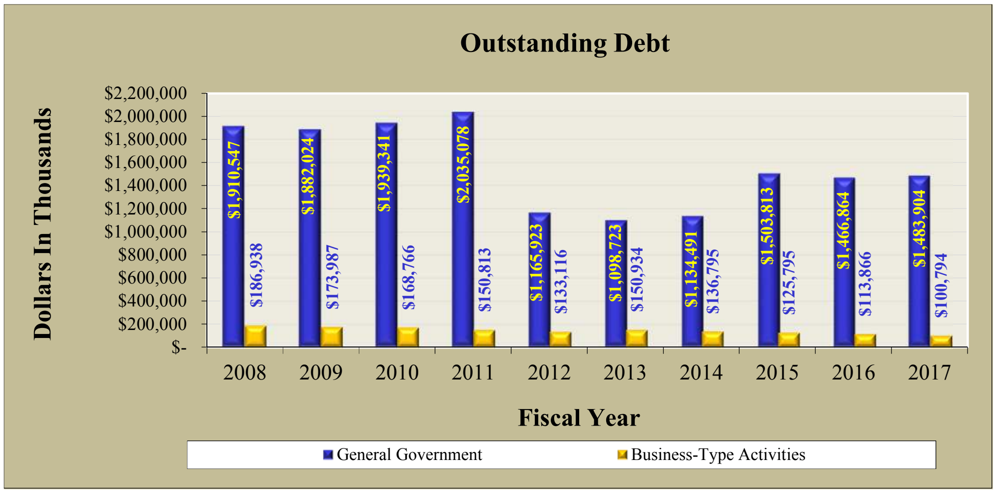
Table 11

COUNTY OF RIVERSIDE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2017

				Fiscal Year Ending June 30	
	2017	**2016**	**2015**	**2014**	**2013**
General government					
Bonds	$ 1,206,942	$ 1,195,027	$ 1,141,497	$ 810,186	$ 744,460
Certificates of participation	94,467	108,937	211,688	240,593	282,095
Notes and loans	2,205	2,790	3,350	3,890	4,420
Capital leases	180,290	160,110	147,278	79,822	67,748
Business-type activities					
Bonds	92,371	106,428	119,917	132,941	143,710
Capital leases	8,423	7,438	5,878	3,854	7,224
Total primary government	$ 1,584,698	$ 1,580,730	$ 1,629,608	$ 1,271,286	$ 1,249,657
Percentage of personal income	1.88%	1.95%	2.23%	1.65%	1.66%
Per capita	$ 665	$ 673	$ 765	$ 558	$ 554



Note: Per Capita is an estimate for fiscal years 2015-16 and 2016-17

Source: California State Department of Finance
Auditor-Controller, County of Riverside
Bureau of Economic Analysis

Table 11

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
					General government
$ 750,492	$ 1,551,323	$ 1,408,017	$ 1,359,277	$ 1,086,397	Bonds
309,511	367,272	385,447	391,914	408,024	Certificates of participation
4,925	5,355	21,987	13,222	310,809	Notes and loans
100,995	111,128	123,890	117,611	105,317	Capital leases
					Business-type activities
121,061	134,983	147,924	159,959	170,814	Bonds
12,055	15,830	20,842	14,028	16,124	Capital leases
$ 1,299,039	$ 2,185,891	$ 2,108,107	$ 2,056,011	$ 2,097,485	**Total primary government**
1.78%	3.07%	3.37%	3.28%	3.25%	**Percentage of personal income**
$ 583	$ 986	$ 985	$ 975	$ 1,004	**Per capita**

Table 12

COUNTY OF RIVERSIDE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Bonds	$ 1,299,313	$ 1,301,455	$ 1,261,414	$ 943,127	$ 888,170
Less:					
Amounts available in debt service fund	63,634	67,680	71,947	80,405	79,951
Total net obligation bonds outstanding	$ 1,235,679	$ 1,233,775	$ 1,189,467	$ 862,722	$ 808,219
Percentage of estimated					
Actual taxable value of property	0.37%	0.38%	0.39%	0.31%	0.30%
Per capita	$ 518	$ 525	$ 515	$ 378	$ 358

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Source: California State Department of Finance

Table 12

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
$ 871,553	$ 1,686,306	$ 1,555,941	$ 1,519,236	$ 1,257,211	**Bonds**
					Less:
78,236	151,405	127,206	147,568	119,597	Amounts available in debt service fund
$ 793,317	$ 1,534,901	$ 1,428,735	$ 1,371,668	$ 1,137,614	**Total net obligation bonds outstanding**
0.30%	0.56%	0.51%	0.43%	0.36%	**Percentage of estimated Actual taxable value of property**
$ 356	$ 692	$ 668	$ 651	$ 545	**Per capita**

Table 13

COUNTY OF RIVERSIDE
Direct and Overlapping Govermental Activities Debt
as of June 30, 2017
(Dollars in Thousands)

Governmental Unit	Debt Outstanding	Estimated Applicable Percentage	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	$ 11,415,271	87.00071%	$ 9,931,367
Subtotal, overlapping debt			9,931,367
County of Riverside direct debt			1,483,904
Total direct and overlapping debt			$ 11,415,271

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

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Table 14

COUNTY OF RIVERSIDE
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Debt limit	$ 3,172,401	$ 3,011,778	$ 2,853,822	$ 2,638,634	$ 2,537,237
Total net debt applicable to limit	(1,235,679)	(1,233,775)	(1,189,467)	(862,722)	(808,219)
Legal debt margin	$ 1,936,722	$ 1,778,003	$ 1,664,355	$ 1,775,912	$ 1,729,018
Total net debt applicable to the limit as a percentage of debt limit	39.0%	41.0%	41.7%	32.7%	31.8%

Legal Debt Margin Calculated for Fiscal Year 2017

Assessed value	$ 255,866,489
Less: Homeowners exemptions	2,074,387
Total assessed value	253,792,102
Debt limit (1.25% of total assessed value)	3,172,401
Debt applicable to limit:	
General obligation bonds (Governmental & Business-type)	1,299,313
Less: Amount set aside for repayment of general obligation debt	63,634
Total net debt applicable to limit	1,235,679
Legal debt margin	$ 1,936,722

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

2012	2011	2010	2009	2008	
			Fiscal Year	**Ending June 30**	
$ 2,544,409	$ 2,570,012	$ 2,686,843	$ 3,011,083	$ 2,966,464	Debt limit
(793,317)	(1,534,901)	(1,428,735)	(1,211,709)	(966,800)	Total net debt applicable to limit
$ 1,751,092	$ 1,035,111	$ 1,258,108	$ 1,799,374	$ 1,999,664	Legal debt margin
31.2%	59.7%	53.2%	40.2%	32.6%	Total net debt applicable to the limit as a percentage of debt limit

Table 15

COUNTY OF RIVERSIDE
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2017

Fiscal Year Ending June 30	Lease Revenue Bonds					
	Revenue from Lease Payments	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	$ 25,491	$ 1,901	$ 23,590	$ 20,525	$ 17,974	61.27%
2016	27,319	1,182	26,137	19,844	18,648	67.90%
2015	24,867	3,464	21,403	19,221	19,268	55.61%
2014	25,770	1,666	24,104	16,370	16,147	74.13%
2013	25,182	1,517	23,665	14,159	12,707	88.09%
2012	22,779	2,805	19,974	16,325	15,583	62.60%
2011	16,067	2,072	13,995	15,355	16,039	44.58%
2010	30,318	3,336	26,982	14,455	16,642	86.77%
2009	39,334	10,682	28,652	13,160	16,865	95.43%
2008	60,656	43,790	16,866	12,545	17,116	56.86%

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Source: Auditor-Controller, County of Riverside

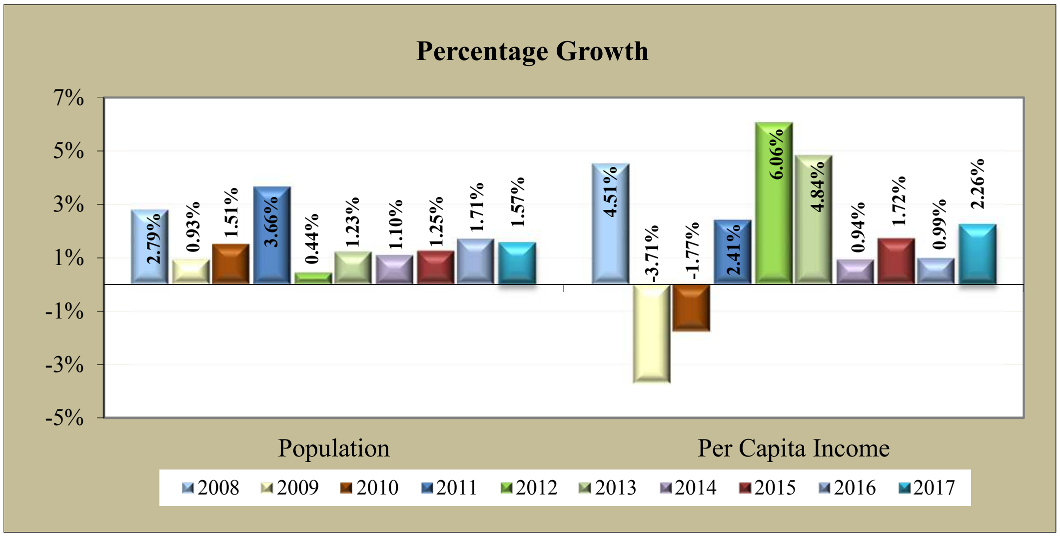
Table 15

Inland Empire Tobacco Securitization Bonds						
Revenue from Tobacco Settlement	Less: Operating Expenses	Net Available Revenue	Debt Service			Fiscal Year Ending June 30
			Principal	Interest	Coverage	
$ 9,492	$ 107	$ 9,385	$ 3,000	$ 6,445	99.36%	**2017**
8,913	103	8,810	2,270	6,559	99.79%	**2016**
9,092	113	8,979	2,325	6,665	99.88%	**2015**
9,283	105	9,178	2,435	6,781	99.59%	**2014**
15,687	123	15,564	8,650	7,193	98.24%	**2013**
9,462	107	9,355	1,655	5,301	134.49%	**2012**
9,290	123	9,167	6,135	3,615	94.02%	**2011**
6,496	155	6,341	3,610	3,794	85.64%	**2010**
9,500	134	9,366	4,235	3,995	113.80%	**2009**
7,798	2,448	5,350	3,785	3,306	75.45%	**2008**

Table 16

COUNTY OF RIVERSIDE
Demographic and Economic Statistics
Last Ten Fiscal Years
June 30, 2017

Fiscal Year Ending June 30	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2017	2,384,783	$ 90,160,000[1]	$ 35,286[1]	428,489	5.60%
2016	2,347,828	86,888,000[1]	34,506[1]	427,537	5.90%
2015	2,308,441	81,296,000[1]	34,169[1]	425,883	6.60%
2014	2,279,967	78,239,388	33,590	426,227	8.40%
2013	2,255,059	76,289,477	33,278	425,968	10.20%
2012	2,227,577	71,555,000	31,742	425,707	12.60%
2011	2,217,778	69,438,900	29,927	424,086	14.40%
2010	2,139,535	64,376,498	29,222	423,986	14.50%
2009	2,107,653	63,228,086	29,748	419,643	14.00%
2008	2,088,322	64,504,000	30,894	420,450	8.40%



Notes 1:	Projection based on 10 years' running average (2007 - 2016)

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, 2017

	Fiscal Year			
	2017		2008	
Employer	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	22,538	2.27%	19,595	2.31%
University of California, Riverside	8,686	0.87%	6,657	0.79%
March Air Reserve Base	8,500	0.86%	8,400	0.99%
Amazon	7,500	0.75%	-	0.00%
Stater Brothers Markets	-	0.00%	6,425	0.76%
Kaiser Permanente Riverside Medical Center	5,739	0.58%	3,200	0.38%
Corona-Norco Unified School District	5,399	0.54%	-	0.00%
Riverside Unified School District	4,236	0.43%	4,041	0.48%
Pechanga Resort & Casino	4,000	0.40%	4,800	0.57%
Riverside University Health Systems - Medical Center	3,876	0.39%	-	0.00%
Eisenhower Medical Center	3,665	0.37%	1,990	0.31%
Abbott Vascular	-	0.00%	4,500	0.53%
Riverside Community College District	-	0.00%	3,753	0.38%
Temecula Valley Unified School District	-	0.00%	2,952	0.35%
Total	74,139	7.46%	66,313	7.85%

Source: Economic Development Agency

Table 18

COUNTY OF RIVERSIDE
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
June 30, 2017

			Full-time Equivalent Employees		
	2017	**2016**	**2015**	**2014**	**2013**
Function/Program					
General government					
Legislative and administrative	85	88	84	86	89
Finance	407	422	408	415	399
Counsel	73	72	70	66	65
Personnel	185	185	180	157	154
Elections	30	31	23	24	25
Communication	-	-	-	-	-
Property management	424	398	404	394	397
Promotion	43	51	54	43	45
Other general	30	28	27	85	32
Public protection					
Judicial	1,161	1,214	1,202	1,239	1,221
Police protection	2,293	2,470	2,466	2,410	2,351
Detention and correction	2,321	2,419	2,389	2,216	2,169
Fire protection	226	227	227	212	212
Protection/inspection	77	82	76	83	86
Other protection	942	639	554	830	544
Administration	81	68	68	81	82
Public ways and facilities					
Public ways	345	384	387	375	370
Parking facilities	15	19	17	17	20
Health and sanitation					
Health	2,559	2,640	2,236	2,075	1,959
Hospital care	32	33	32	35	37
Public health ambulatory care	-	-	267	-	266
California children's services	145	141	142	139	134
Public assistance					
Aid programs	4,006	4,199	3,980	3,610	3,484
Veterans' services	16	14	14	13	13
Other assistance	185	207	270	271	291
Education, recreation and culture					
Library services	17	4	5	7	7
Agricultural extension	3	5	5	5	5
Cultural services	2	2	2	2	2
County business-type functions					
Hospital care	2,587	2,482	2,399	2,517	2,581
Sanitation	174	163	164	153	153
Internal service	2,037	3,213	2,876	2,763	2,641
Special districts/Component units	611	993	739	719	693
Total	21,112	22,893	21,767	21,042	20,527

Note: Temporary employees, 1,387, filled as of June 1, 2017 are included in the total number employees.
Source: County of Riverside, fiscal year 2017-18 Recommended Budget

Table 18

2012	2011	2010	2009	2008	Function/Program
					General government
81	87	98	92	96	Legislative and administrative
405	411	438	456	522	Finance
65	64	70	69	69	Counsel
159	172	167	182	216	Personnel
34	39	42	41	40	Elections
11	11	12	11	10	Communication
507	531	500	494	468	Property management
117	139	180	186	177	Promotion
31	32	36	36	39	Other general
					Public protection
1,294	1,345	1,444	1,485	1,506	Judicial
2,304	2,408	2,449	2,586	2,474	Police protection
2,085	2,067	2,076	2,220	2,174	Detention and correction
200	198	188	190	199	Fire protection
86	87	100	98	114	Protection/inspection
600	615	669	737	778	Other protection
75	62	65	58	60	Administration
					Public ways and facilities
411	413	465	506	532	Public ways
18	18	20	-	-	Parking facilities
					Health and sanitation
2,118	2,063	2,024	2,075	2,214	Health
34	31	31	30	30	Hospital care
-	-	-	-	-	Public health ambulatory care
140	138	143	148	168	California children's services
					Public assistance
3,334	3,089	3,132	3,159	3,297	Aid programs
12	12	12	12	13	Veterans' services
289	355	348	285	305	Other assistance
					Education, recreation and culture
10	1	-	1	1	Library services
5	5	5	5	6	Agricultural extension
3	3	3	3	2	Cultural services
					County business-type functions
2,351	2,295	2,246	2,186	2,097	Hospital care
160	174	198	211	206	Sanitation
2,775	2,315	2,418	1,723	2,202	**Internal service**
660	591	547	533	534	**Special districts/Component units**
20,374	19,771	20,126	19,818	20,549	**Total**

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2017

		Fiscal Year Ending June 30				
Function/Program		2017	2016	2015	2014	2013
Agricultural Commissioner						
Export phytosanitary certificates	d	13,478	13,546	14,825	16,067	18,346
Pesticide use inspections	e	800	1,211	1,025	834	783
Weights and measures regulated		141,939	141,092	139,701	138,321	138,547
Agriculture quality inspections		605	350	497	524	456
Plant pest inspections		7,468	9,846	10,792	11,635	10,361
Nursery acreage inspected		6,727	7,708	7,020	7,064	6,156
Weights and measures inspected		60,197	75,508	63,695	80,461	63,653
Assessor-Clerk-Recorder						
Assessments		925,405	919,810	914,886	909,432	906,467
Official records recorded		587,906	555,870	540,589	530,777	648,812
Vital records copies issued		89,691	86,597	75,708	85,309	78,405
Official records copies issued		23,093	23,014	18,307	22,329	32,792
Auditor-Controller						
Invoices paid		280,498	359,917	368,001	425,003	426,660
Vendor warrants (checks) issued		234,781	227,037	228,750	232,034	259,458
Active vendors		35,198	28,697	30,604	84,680	80,011
Payroll warrants (checks) issued		568,689	564,546	541,390	524,990	509,376
Average payroll warrants (checks) per pay period		21,873	21,713	20,823	20,192	19,591
Audits per fiscal year		55	35	26	34	25
Tax bills levied		1,019,903	1,008,147	1,003,952	998,203	984,268
Tax refunds/roll changes processed		53,234	19,561	47,556	22,435	63,500
Community Action Partnership						
Utility assistance (households)		18,017	15,743	15,115	16,087	13,911
Weatherization (households)		1,260	997	967	479	179
Energy education attendees	a	7,428	10,398	6,395	4,991	6,368
Disaster relief (residents)	b	13,400	13,734	13,387	24,274	11,316
Income tax returns prepared	b	5,239	4,545	4,325	3,453	3,111
After school programs (students)		2,703	2,198	2,114	20,700	19,200
Homeless program (bed nights)	c	-	-	-	-	-
Homeless program (meals)	c	-	-	-	-	-
Leadership program enrollment	b	-	-	-	-	-
Mediation (cases)		2,009	2,579	2,527	2,723	1,905
Environmental Health						
Facilities inspections		28,205	30,919	31,897	35,325	32,045
Public Health						
Patient visits		124,031	143,956	134,481	124,099	135,795
Patient services		242,554	299,048	290,900	363,442	353,269
Animal Control Services						
Animal impounds (live animals)		38,858	41,773	37,644	37,037	35,201
Spays and neuters completed		15,337	14,508	13,216	13,690	11,908
Animal licenses sold		58,995	76,157	65,020	122,105	-
Service calls fielded		40,039	41,614	40,251	-	-

Note:
a - Number of pamphlets mailed
b - Program not yet started / not tracked
c - Homeless program reporting responsibilities were transferred from Community Action Partnership (CAP) to Department of Social Services (DPSS) at the end of fiscal year 2007-08
d - Phytosanitary = Plant pest cleanliness
e - Pesticide Use Inspections = Environmental monitoring

Source: Various County Departments

Table 19

Fiscal Year Ending June 30					
2012	**2011**	**2010**	**2009**	**2008**	
					Function/Program
					Agricultural Commissioner
19,875	-	25,745	36,772	29,288 d	Export phytosanitary certificates
793	764	682	831	903 e	Pesticide use inspections
137,727	134,290	131,175	129,528	129,726	Weights and measures regulated
553	693	643	668	643	Agriculture quality inspections
11,931	9,584	9,667	48,944	25,987	Plant pest inspections
6,920	6,338	6,923	7,627	7,851	Nursery acreage inspected
51,074	56,751	77,278	80,862	83,269	Weights and measures inspected
					Assessor-Clerk-Recorder
904,706	904,040	941,928	942,174	938,462	Assessments
592,531	612,804	673,674	682,708	773,308	Official records recorded
78,768	80,391	87,194	97,422	97,427	Vital records copies issued
26,153	28,990	26,348	33,135	34,711	Official records copies issued
					Auditor-Controller
389,798	412,374	488,192	522,097	504,866	Invoices paid
255,463	265,979	300,428	320,613	255,767	Vendor warrants (checks) issued
78,887	65,090	64,761	59,685	75,575	Active vendors
509,468	506,870	532,904	532,202	522,215	Payroll warrants (checks) issued
19,595	19,495	19,737	20,469	20,085	Average payroll warrants (checks) per pay period
26	26	30	30	31	Audits per fiscal year
972,577	999,241	977,115	974,041	1,004,076	Tax bills levied
79,606	123,476	115,904	152,672	89,527	Tax refunds/roll changes processed
					Community Action Partnership
21,912	22,207	27,956	12,869	9,902	Utility assistance (households)
842	1,375	2,083	1,033	853	Weatherization (households)
14,950	13,807	11,725	10,775	19,396 a	Energy education attendees
13,968	12,058	17,989	15,336	16,366 b	Disaster relief (residents)
2,711	3,006	2,257	2,011	1,828 b	Income tax returns prepared
20,700	18,400	13,800	11,000	10,905	After school programs (students)
-	-	-	-	12,822 c	Homeless program (bed nights)
-	-	-	-	25,644 c	Homeless program (meals)
166	593	182	-	209 b	Leadership program enrollment
2,181	2,178	2,237	1,821	2,144	Mediation (cases)
					Environmental Health
36,201	31,801	31,213	34,273	33,009	Facilities inspections
					Public Health
109,870	106,532	142,617	125,767	149,223	Patient visits
392,621	390,607	313,409	466,800	601,889	Patient services
					Animal Control Services
36,518	49,408	62,770	71,834	30,305	Animal impounds (live animals)
9,771	8,305	7,225	8,480	7,208	Spays and neuters completed
-	-	-	-	-	Animal licenses sold
-	-	-	-	-	Service calls fielded

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function (Continued)
Last Ten Fiscal Years
June 30, 2017

		Fiscal Year Ending June 30				
		2017	2016	2015	2014	2013
Function/Program						
County Library						
Total circulation - books		2,513,032	2,704,884	2,792,388	3,023,637	3,059,094
Reference questions answered		479,917	478,827	487,093	371,953	434,057
Patron door count		3,606,142	4,069,001	4,216,087	3,919,125	4,148,012
Programs offered		9,680	10,423	9,547	6,819	6,521
Program attendance		163,198	176,502	154,391	139,223	143,053
Riverside University Health Systems - Medical Center						
Emergency room treatments		77,963	88,780	84,697	88,853	119,606
Emergency room services - MH		12,854	12,896	12,989	13,531	14,275
Clinic visits		99,309	116,277	104,693	124,255	125,471
Admissions		17,826	19,863	19,404	22,738	24,260
Patient days		104,854	104,276	106,466	118,467	124,599
Discharges		18,397	19,147	19,387	22,773	24,279
Fire						
Medical assistance		119,868	112,799	103,407	99,058	97,054
Fires extinguished		15,975	14,988	13,823	13,632	13,517
Other services		24,053	22,163	22,680	20,846	20,049
Communities served		94	94	94	94	94
Mental Health						
Mental health clients (crisis/long-term care)		43,013	42,764	41,942	39,765	37,591
Substance abuse clients		15,966	15,723	15,812	15,457	15,755
Detention clients		13,690	12,627	12,380	12,137	11,899
Probate conservatorship clients		453	479	404	379	355
Mental health conservatorship clients		647	1,005	986	942	858
Probation						
Adults on probation	a	12,185	14,422	16,496	16,922	17,406
Juveniles in secure detention	b	137	153	134	156	194
Juveniles in treatment facilities	b	60	57	57	79	86
Juveniles in detention facilities	a	5,978	6,375	5,810	7,154	8,505
Public Social Services						
CalWORKs clients		26,306	29,090	32,030	33,159	33,341
Food stamp clients		127,778	132,274	128,656	121,949	116,333
Medi-Cal clients		351,817	341,519	298,461	186,911	135,570
In-home support services		27,564	24,888	25,703	23,061	20,641
Foster care placements		3,670	4,063	4,041	3,725	3,237
Child welfare services		9,761	10,471	10,757	9,958	9,178
Homeless program (bed nights)	c	7,384	7,384	7,384	8,296	8,296
Homeless program (meals)	c	14,767	14,767	14,767	16,592	16,592

Note:
a - Average monthly
b - Average daily
c - Homeless program reporting responsibilities were transferred from Community Action Partnership (CAP) to Department of Social Services (DPSS) at the end of fiscal year 2007-08

Source: Various County Departments

Table 19

Fiscal Year Ending June 30					
2012	**2011**	**2010**	**2009**	**2008**	**Function/Program**
					County Library
3,387,218	3,724,657	3,718,343	3,464,547	3,280,929	Total circulation - books
441,269	404,913	370,619	382,795	426,533	Reference questions answered
4,080,738	731,699	3,599,064	3,170,424	2,744,576	Patron door count
8,382	7,624	7,214	5,618	5,570	Programs offered
163,692	163,416	148,612	127,717	103,393	Program attendance
					Riverside University Health Systems - Medical Center
101,952	99,706	96,993	88,459	82,584	Emergency room treatments
16,750	15,376	14,288	9,702	7,867	Emergency room services - MH
127,546	129,041	131,624	129,171	124,318	Clinic visits
23,949	23,638	23,536	23,253	23,433	Admissions
121,949	123,250	121,915	118,452	115,811	Patient days
23,694	23,668	23,559	23,238	23,440	Discharges
					Fire
96,843	97,066	94,193	91,707	89,404	Medical assistance
12,990	4,271	4,449	4,406	5,659	Fires extinguished
11,856	16,522	17,076	18,486	19,472	Other services
78	78	78	78	78	Communities served
					Mental Health
35,696	33,260	30,657	30,065	29,814	Mental health clients (crisis/long-term care)
17,849	16,987	16,736	18,712	17,746	Substance abuse clients
10,544	8,874	10,831	12,781	9,441	Detention clients
351	424	474	256	206	Probate conservatorship clients
879	832	675	240	279	Mental health conservatorship clients
					Probation
14,992	16,271	17,790	17,469	17,022 a	Adults on probation
193	225	248	241	293 b	Juveniles in secure detention
107	128	125	112	113 b	Juveniles in treatment facilities
9,148	10,741	11,385	10,783	12,463 a	Juveniles in detention facilities
					Public Social Services
33,682	33,412	31,022	26,905	22,310	CalWORKs clients
107,076	91,606	74,484	52,877	36,339	Food stamp clients
130,562	124,061	116,758	107,904	101,542	Medi-Cal clients
19,070	18,201	16,852	16,307	14,845	In-home support services
3,113	3,130	3,085	3,486	5,057	Foster care placements
9,664	9,916	9,591	10,217	11,912	Child welfare services
8,331	10,746	12,900	10,854	- c	Homeless program (bed nights)
16,660	21,494	25,800	21,707	- c	Homeless program (meals)

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function (Continued)
Last Ten Fiscal Years
June 30, 2017

		Fiscal Year Ending June 30				
Function/Program		**2017**	**2016**	**2015**	**2014**	**2013**
Registrar of Voters						
Voting precincts		1,126	869	1,193	846	1,218
Polling places		587	564	546	545	642
Voters	a	1,022,375	911,269	891,630	887,000	943,402
Poll workers		3,087	2,234	2,200	2,200	2,960
Sheriff						
Number of bookings		49,896	49,864	54,025	60,826	57,330
Coroner case load		14,476	13,885	12,958	12,164	11,639
Calls for services	b	187,087	193,763	190,816	176,339	172,664
Transportation and Land Management Agency - Building & Safety						
Building permits issued	c	-	-	1,028	905	1,116
Building plans checked	c	-	-	-	799	908
Building structures inspected	c	-	-	-	957	901
Veterans' Services						
Phone inquiries answered	d	36,971	38,812	32,778	31,445	36,107
Client interviews	d	21,183	25,072	17,281	17,448	14,714
Claims filed	d	6,789	6,792	6,345	5,998	5,735
Emails	d	14,280	9,884	6,584	3,138	-
Veterans reached at outreach events		3,014	3,591	3,725	-	-
Waste Resources						
Landfill tonnage		1,408,688	1,320,497	1,475,122	1,383,266	1,102,626
Recycling tonnage		2,463	2,052	1,386	2,503	2,679

Notes:

a - Number of voters that were mailed voting materials for all elections in the fiscal year
b - Unincorporated areas
c - Information not available for fiscal year 2016-17
d - Program not yet started / not tracked

Source: Various County Departments

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	**Function/Program**
					Registrar of Voters
853	1,649	2,370	2,387	3,474	Voting precincts
522	746	1,158	1,205	2,017	Polling places
852,217	1,009,933	1,815,892	1,747,556	1,705,406 a	Voters
2,300	3,281	4,186	6,287	8,355	Poll workers
					Sheriff
53,691	53,974	55,306	62,007	59,054	Number of bookings
10,947	10,555	10,027	9,582	9,394	Coroner case load
176,062	232,821	255,601	302,400	280,000 b	Calls for services
					Transportation and Land Management Agency - Building & Safety
836	863	1,568	1,337	2,658	Building permits issued
740	817	1,537	1,220	2,328 c	Building plans checked
676	1,168	1,774	2,650	4,506 c	Building structures inspected
					Veterans' Services
36,707	43,617	41,569	39,393	29,553 d	Phone inquiries answered
14,990	15,630	25,209	13,955	10,571 d	Client interviews
6,030	5,485	5,581	5,812	5,194 d	Claims filed
-	-	-	-	- d	Emails
-	-	-	-	-	Veterans reached at outreach events
					Waste Resources
1,071,309	1,071,394	1,032,942	1,024,267	1,220,124	Landfill tonnage
2,206	2,499	1,803	2,356	3,385	Recycling tonnage

Table 20

COUNTY OF RIVERSIDE
Capital Asset Statistics by Function
Last Ten Fiscal Years
June 30, 2017

	Fiscal Year Ending June 30				
	2017	**2016**	**2015**	**2014**	**2013**
Function/Program					
County Libraries					
Branch libraries	35	35	35	35	35
Book mobiles	2	2	2	2	2
Books in collection	1,341,967	1,168,364	1,382,932	1,393,689	1,657,925
Museum	1	1	-	-	-
Riverside University Health Systems - Medical Center					
Major clinics	4	4	4	4	4
Routine and specialty clinics	44	44	44	44	37
Beds licensed	439	439	439	439	439
Fire					
Stations	37	37	37	37	38
Trucks	158	158	158	145	142
Parks and Recreation					
Regional parks	11	11	14	11	11
Historic sites	5	5	5	5	5
Nature centers	4	4	4	4	4
Archaeological sites	6	6	5	6	6
Wildlife reserves	9	9	7	9	9
RV and mobile home parks	2	2	2	3	3
Managed areas	5	5	5	5	5
Recreational facilities	1	3	1	3	2
Community centers	-	1	1	-	-
Sheriff					
Patrol stations	10	10	10	10	10
Patrol vehicles	966	930	932	928	916
Waste Resources					
Landfills	6	6	6	6	6
Capacity in tons	62,668,370	62,191,202	54,232,021	54,230,474	54,230,474

Source: Various County Departments

Table 20

Fiscal Year Ending June 30					
2012	**2011**	**2010**	**2009**	**2008**	**Function/Program**
					County Libraries
33	33	33	33	33	Branch libraries
2	2	2	2	2	Book mobiles
1,570,834	1,668,434	1,612,925	1,564,186	1,552,108	Books in collection
-	-	-	-	-	Museum
					Riverside University Health Systems - Medical Center
4	4	4	4	4	Major clinics
-	30	30	30	30	Routine and specialty clinics
439	439	439	439	439	Beds licensed
					Fire
42	46	49	49	49	Stations
145	156	154	149	143	Trucks
					Parks and Recreation
11	12	12	13	13	Regional parks
5	4	4	6	6	Historic sites
4	4	4	5	5	Nature centers
6	6	6	7	7	Archaeological sites
9	9	9	16	16	Wildlife reserves
3	3	3	-	-	RV and mobile home parks
5	5	5	-	-	Managed areas
2	2	-	-	-	Recreational facilities
-	-	-	-	-	Community centers
					Sheriff
10	10	10	10	10	Patrol stations
915	896	883	923	974	Patrol vehicles
					Waste Resources
6	6	6	6	6	Landfills
54,189,339	54,177,558	51,794,663	51,794,663	51,609,663	Capacity in tons

Riverside County Comprehensive Annual Financial Report

MAY 9, 1893

Paul Angulo, CPA, MA
County Auditor-Controller

APPENDIX C

FORM OF BOND COUNSEL OPINION

October 24, 2018

County of Riverside
Riverside, California

County of Riverside
2018 Series A Teeter Obligation Notes (Tax-Exempt)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Riverside, California (the "Issuer") in connection with the authorization of issuance of $74,190,000 aggregate principal amount of County of Riverside 2018 Series A Teeter Obligation Notes (Tax-Exempt) (the "Notes") pursuant to and by authority of Resolution No. 97-203 of the Board of Supervisors of the Issuer adopted on July 29, 1997, as heretofore amended and supplemented and as further supplemented by Resolution No. 2018-171 of the Board of Supervisors of the Issuer adopted on September 18, 2018 (collectively, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the Issuer, dated the date hereof (the "Tax Certificate"), an opinion of counsel to the Issuer, certificates of the Issuer, the Fiscal Agent 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 Notes 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 Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the 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 assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, 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 foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. 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 Notes and express no opinion with respect thereto.

Based on and subject to the foregoing and the default judgment entered on September 12, 1997 by the Superior Court of the State of California for the County of Riverside in the action entitled County of Riverside v. All Persons, No. 299847, filed July 31, 1997, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer.

2. The Notes constitute the valid and binding obligations of the Issuer.

3. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and interest on the Notes is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under the Internal Revenue Service Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. 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 Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Riverside, California (the "County") in connection with the issuance by the County of its $74,190,000 2018 Series A Teeter Obligation Notes (Tax Exempt) (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on July 29, 1997 and ratified, confirmed and modified on November 4, 1997, as amended and supplemented on August 18, 1998, on September 7, 1999, on September 26, 2000, on September 11, 2001, on October 8, 2002, on October 21, 2003, on October 26, 2004, on December 6, 2005, on October 17, 2006, on October 30, 2007, on November 18, 2008, on November 24, 2009, on September 14, 2010, on September 27, 2011, on September 11, 2012, on September 10, 2013, on September 9, 2014, on September 15, 2015, on September 13, 2016, on September 12, 2017 and on September 18, 2018 (collectively, the "Resolution"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners of the Notes and to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"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.

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Participating Underwriters" shall mean each of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"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" shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange 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 60 days after the end of the fiscal quarters ending September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019 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 of the occurrence of any of the following events with respect to the Notes not less than 10 business days after 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 Notes, or other material events affecting the tax status of the Notes;

(vii) modifications to the rights of Owners of the Notes, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property 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) Whenever the County obtains knowledge of the occurrence of a Listed Event, listed under Subsection (a)(ii), (vi) (except for adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, for which no materiality determination is required), (vii), (viii) (except for tender offers, for which no materiality determination is required), (x), (xiii) or (xiv) the County shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the County determines that knowledge of the occurrence of a Listed Event listed under Subsection (a)(ii), (vi) (except for adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, for which no materiality determination is required), (vii), (viii) (except for tender offers, for which no materiality determination is required), (x), (xiii) or (xiv) would be material under applicable federal securities laws, the County shall promptly file, or cause to be filed, a notice of such event with the MSRB and the Repository not more than 10 business days following the event. 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 Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 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 Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. 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 Disclosure Certificate.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure 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 and regulations) or interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, 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 Notes, 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 a majority of the Owners of the Notes, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure 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 Disclosure 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 Disclosure 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 Disclosure 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 Disclosure Certificate, the County shall have no obligation under this Disclosure 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 Disclosure Certificate, any Owner or Beneficial Owner of the Notes 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 Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution with respect to the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees 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 Notes.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California and the federal securities laws.

Dated: October 24, 2018

COUNTY OF RIVERSIDE

By:______________________________________
Its:______________________________________

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE REPORT

Name of Issuer:	County of Riverside, California
Name of Bond Issue:	$74,190,000 County of Riverside 2018 Series A Teeter Obligation Notes (Tax-Exempt)
Issuance Date:	October 24, 2018

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Quarterly Report with respect to the above-named Notes as required by Section 3 of the Continuing Disclosure Certificate executed and delivered by the County. [The County anticipates that such report will be filed by __________].

Dated:

COUNTY OF RIVERSIDE

By ____
Authorized Officer

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, premium, if any, accreted value and interest on the Notes to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

COUNTY OF RIVERSIDE 2018 SERIES A TEETER OBLIGATION NOTES (TAX-EXEMPT)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: Royce Printing
www.royceprinting.com