SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

260

FROM: Successor Agency to the Redevelopment Agency

SUBMITTAL DATE:
November 6, 2014

SUBJECT: Successor Agency Annual Audit Report for the year ended June 30, 2014

RECOMMENDED MOTION: That the Board of Supervisors:

1. That the Board of Supervisors receives and files the attached Annual Audit Report for the year ended June 30, 2014, of the Successor Agency to the Redevelopment Agency for the County of Riverside.

Departmental Concurrence

BACKGROUND:
Summary

Pursuant to the Redevelopment Dissolution Law, Successor Agencies are to undertake the remainder of the actions required for the winding down of redevelopment activity of the Redevelopment Agencies and the Oversight Boards oversee these wind down activities of the Successor Agencies.

Continued on page 2

Alex Gann
Alex Gann
Deputy CEO

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	$ 0	$ 0	$ 0	$ 0	Consent ☐ Policy ☐
NET COUNTY COST	$ 0	$ 0	$ 0	$ 0	

SOURCE OF FUNDS:

Budget Adjustment: No

For Fiscal Year: 13-14

C.E.O. RECOMMENDATION:

Approved

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

☐ Positions Added ☐ Change Order

☐ A-30 ☐ 4/5 Vote

Prev. Agn. Ref.: **District:** **Agenda Number:** 4-1

BACKGROUND:
Summary (continued)

While the State Controller's Office has communicated to the California Committee on Municipal Accounting (CCMA) that there is currently no legislative basis to require a financial and compliance audit of the financial statements of the former redevelopment agencies, the Successor Agency to the Redevelopment Agency for the County of Riverside (Successor Agency) engages each year, the services of an independent auditor to perform an audit of their financial transactions for the fiscal year then ended.

Attached is the Successor Agency's Audit Report for the year ended June 30, 2014 that includes the note opinion from independent auditor, Teaman, Ramirez and Smith. Also attached is the independent auditor's report on internal control over financial reporting and on compliance and other matters. The audit was performed 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.

The result of the audit disclosed that the Successor Agency presents fairly, in all material respects, the financial position of the Agency, as of June 30, 2014 and that there is no instance of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Impact on Residents and Businesses
Although not required by State Law, the Successor Agency submits its audit report to the Board of Supervisors for transparency. Residents and businesses of Riverside County are assured that Successor Agency transactions are reported in accordance with generally accepted accounting principles and audited in accordance with government auditing standards.

TEAMAN, RAMIREZ & SMITH, INC.
CERTIFIED PUBLIC ACCOUNTANTS

October 9, 2014

Board of Supervisors
Successor Agency to the Redevelopment
Agency for the County of Riverside
County of Riverside, CA

We have audited the financial statements of fiduciary net position of the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency") for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 29, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during 2014. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Owner Participant Agreements in long-term liabilities is based on agreements with third parties. These agreements have specific requirements which could change the current estimate by management. We evaluated the key factors and assumptions used to develop the Owner Participant Agreements liability in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of the fair value of investments in Note 2A to the financial statements represents amounts susceptible to market fluctuation.
>
> The disclosure of Owner Participant Agreements long-term debt in Note 2E to the financial statements represents management's estimate and could differ depending on future events.

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The financial statements disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: adjustment of long-term related liabilities under the full accrual basis of accounting.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to *management's discussion and analysis*, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *combining schedules*, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method or preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of Board of Supervisors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Teaman Ramirez & Smith, Inc.

TRS TEAMAN, RAMIREZ & SMITH, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Supervisors
Successor Agency to the Redevelopment
Agency for the County of Riverside
Riverside, California

We have audited, 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, the financial statements of fiduciary net position of the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated October 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Teaman Ramirez & Smith, Inc.

Riverside, California
October 9, 2014

SUCCESSOR AGENCY TO THE

REDEVELOPMENT AGENCY FOR THE

COUNTY OF RIVERSIDE, CALIFORNIA

ANNUAL AUDIT REPORT

Year Ended June 30, 2014

Successor Agency to the
Redevelopment Agency for the County of Riverside, California
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Year Ended June 30, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Successor Agency to the Redevelopment
Agency for the County of Riverside
Riverside, California

Report on Financial Statements

We have audited the accompanying financial statements of fiduciary net position of the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency") as of and for the year ended June 30, 2014, and the related statement of changes in fiduciary net position and related notes to the financial statements, which collectively comprise the Agency'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 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 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 Agency'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 Agency'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 iii - vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated October 9, 2014, on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.

Teaman Ramirez & Smith, Inc.

Riverside, California
October 9, 2014

Management's Discussion and Analysis

As management of the Successor Agency to the Redevelopment Agency for the County of Riverside ("Successor Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the Successor Agency's financial statements, which follows this section.

Narrative Overview

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1x26, (the "Redevelopment Dissolution Law") and all redevelopment agencies in California were dissolved effective February 1, 2012. On January 10, 2012, the Board of Supervisors adopted Resolution No. 2012-034, in which the County of Riverside accepted the designation as Successor Agency to the Redevelopment Agency for the County of Riverside and further delegated the actions and functions performed by the Successor Agency to the Riverside County Economic Development Agency. On the same date, the Board also adopted Resolution No. 2012-035 which designated the Housing Authority of the County of Riverside as the Successor Agency for the redevelopment housing functions.

Pursuant to the Redevelopment Dissolution Law, Successor Agencies are to undertake the remainder of the actions required for the winding down of redevelopment activity and the Oversight Boards oversee the wind down activities of the Successor Agencies. On May 31, 2013, the Board of Supervisors directed that effective July 1, 2013, the administration of the Successor Agency be shifted to the Riverside County Executive Office.

This discussion and analysis is intended to serve as an introduction to the Successor Agency's basic financial statements.

Financial Highlights

As of the fiscal year ending June 30, 2014, financial highlights for the Successor Agency are as follows:

- The Successor Agency's total assets of $141,794,684 and deferred outflows of resources of $5,116,443 fall short of the Agency's total liabilities of $793,944,180 at the close of the fiscal year resulting in net position (deficit) of ($647,033,053).
- At the close of the current fiscal year, the Successor Agency reported total additions of $42,041,068 and total deductions of $76,945,830 which results to a shortfall in the additions of $34,904,762.
- The Successor Agency's total outstanding long-term debt decreased by $16,914,499 during the current fiscal year which represents a 2% decrease in the total debt.

Overview of the Financial Statements

The Successor Agency has two different types of sub-fiduciary funds, the Successor Agency Private Purpose Trust Fund (PPTF) is used to report resources held at the trustee and in reserves to cover bond expenses and obligations contracted to be paid out of the Agency's reserve balance and the Successor Agency Private-Purpose Trust Fund-Redevelopment Obligation Retirement Fund (PPTF-RORF), which is used to report and track the Redevelopment Property Tax Trust Fund (RPTTF) received from the County Auditor-Controller for the payment of the Agency's enforceable obligations based on the approved Recognized Obligation Payment Schedule (ROPS). These funds were established for the purpose of accounting for assets held in trustee or agency capacity for others and therefore cannot be used to support the government's own programs and are combined in the statements as single private-purpose trust fund for the Agency.

Successor Agency to the Redevelopment Agency for the County of Riverside Statement of Fiduciary Net Position

	June 30, 2014	June 30, 2013
Current and Other Assets	$ 141,794,684	$ 200,972,694
Capital Assets		32,146
Total Assets	141,794,684	201,004,840
Total Deferred Outflows of Resources	5,116,443	5,350,673
Long-term Liabilities Outstanding	777,281,206	800,043,119
Other Liabilities	16,662,974	18,440,685
Total Liabilities	793,944,180	818,483,804
Net Position Held in Trust for Redevelopment	$ (647,033,053)	$ (612,128,291)

The Successor Agency's total assets of $141,794,684 reflects its current and other assets (e.g., Redevelopment Property Tax Trust Fund [RPTTF] received from the Auditor-Controller's office, proceeds of long term debt, accounts receivable and other assets). The long term liabilities of the Agency are listed in detail on page 14 of the report. It includes loans payable, bonds payable and other long term liabilities of the Agency, including accreted interest payable. The Agency made its regularly scheduled principal payments on its existing outstanding debt. All outstanding long term debts (loans payable and bonds payable) are backed by redevelopment property tax revenues.

Fiduciary Fund Changes in Net Position

As shown by the Statement of Changes in Fiduciary Position, the Successor Agency's total deductions exceeded total additions by $34,904,762. The decrease in net assets can be explained by these major variances:

- The decrease in the overall net position is due to the completion of projects listed on the ROPS
- Payments made on long-term debt exceeded the amount of Redevelopment Property Tax Trust Fund (RPTTF) received during the year
- This decrease is expected since the Successor Agency is winding down the activities of the former redevelopment agency and spending funds currently available for specific projects.

Successor Agency to the
Redevelopment Agency for the County of Riverside, California
Statement of Fiduciary Net Position
June 30, 2014

ASSETS	
Cash and Investments	$ 43,419,961
Cash and Investments with Fiscal Agent	61,616,207
Accounts Receivable	909,601
Interest Receivable	29,303
Loans Receivable	4,751,935
Land Held for Resale	30,973,677
Due from Other Governments	94,000
Total Assets	141,794,684
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	5,116,443
Total Deferred Outflows of Resources	5,116,443
LIABILITIES	
Accounts Payable and Other Liabilities	1,203,076
Interest Payable	9,612,484
Accreted Interest Payable	5,847,414
Loans Payable	394,499,145
Bonds Payable	379,122,660
Other Long-term Liabilities	3,659,401
Total Liabilities	793,944,180
NET POSITION	
Net Position Held in Trust for Redevelopment (Deficit)	$ (647,033,053)

The accompanying notes are an integral part of this statement.

Successor Agency to the
Redevelopment Agency for the County of Riverside, California
Notes to Financial Statements
Year Ended June 30, 2014

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 66 - Continued

provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal fund type. This statement also amends Statement No. 62, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. Statement No. 66 is effective for periods beginning after December 15, 2012. Currently, this statement has no effect on the Agency's financial statements.

Governmental Accounting Standards Board Statement No. 67

In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. This statement was issued to improve the financial reporting by state and local governmental pension plans. The statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trust or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trust covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. Statement No. 67 is effective for periods beginning after June 15, 2013. The Agency has elected not to early implement GASB No. 67 and has not determined its effect on the Agency's financial statements.

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27.* This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The Agency has elected not to early implement GASB No. 68 and has not determined its effect on the Agency's financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, and Net Position or Equity

Deposits and Investments

As a governmental entity other than an external investment pool in accordance with GASB 31, the Agency's investments are stated at fair value except for interest-earning investment contracts (see Note 2A).

In applying GASB 31, the Agency utilized the following methods and assumptions:

1) Fair value is based on quoted market prices as of the valuation date;
2) The portfolio did not hold investments in any of the following:
    a) Items required to be reported at amortized cost,
    b) Items in external pools that are not SEC-registered,
    c) Items subject to involuntary participation in an external pool,
    d) Items associated with a fund other than the fund to which the income is assigned;
3) The gain/loss resulting from valuation will be reported within the revenue account "investment income" on the Statement of Changes in Fiduciary Net Position.

Capital Assets

The Agency follows the capital assets policy of the County of Riverside which is summarized below:

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, traffic signals, park trails and improvements, flood control channels, storm drains, dams, and basins.

The capitalization threshold for equipment is $5,000. 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. The Agency, during June 30, 2014, transferred its remaining capital assets to the County of Riverside.

The estimated useful lives are as follows:

Infrastructure:	
Flood Channels	99 years
Flood Storm Drains	65 years
Flood Dams and Basins	99 years
Roads	20 years
Traffic Signals	10 years
Parks Trails and Improvements	20 years
Bridges	50 years
Buildings	25-50 years
Improvements	10-20 years
Equipment	3-20 years

2) DETAILED NOTES ON ALL FUNDS

A) Deposits and Investments

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:		
Cash and Investments	$	43,419,961
Cash and Investments with Fiscal Agent		61,616,207
Total Cash and Investments	$	105,036,168

Cash and investments consist of the following:

Riverside County Treasurer's Pooled Investment Fund	$	76,154,588
Other Investments		28,881,580
Total Cash and Investments	$	105,036,168

Investments Authorized by the California Government Code and the Agency's Investment Policy

The following table identifies the investment types that are authorized for the Agency by the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of *Portfolio	Maximum Investment In One Issuer
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	5 years	None	None
Notes, participations, or obligations issued by the agencies of the federal government	5 Years	None	None
Bonds, notes, warrants or certificates of indebtedness issued by the state or local agencies or County of Riverside	3 years	15% or $150 million	3%
Bankers Acceptance (BA's)	180 days	30%	3% or $50 million
Commercial Paper (CP) of U.S. corporations with total assets exceeding $500 million	270 days	40%	3% or $50 million
Repurchase Agreements (repo) with 102% collateral restricted to U.S. Treasuries, agencies, agency mortgages, CP, BA's	45 days	40%	None
Riverside County Treasurer's Pooled Investment Pool	None	None	None
Money Market Mutual Funds that invest in eligible securities meeting requirements of California Government Code	Daily liquidity	20%	None

*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Deposits and Investments - Continued

Disclosures Relating to Interest Rate Risk - Continued

The Agency had the following investments:

		Maturity Date
Riverside County Treasurer's Pooled Investment Fund	$ 43,419,961	N/A
Held by Fiscal Agent:		
Money Market Funds	28,881,580	N/A
Riverside County Treasurer's Pooled Investment Fund	32,734,627	N/A
Total	$ 105,036,168	

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of the year end for each investment type:

		Minimum Legal Rating	Not Required To Be Rated	Rating as of Period Ended AAA	AA	A	Unrated
Riverside County Treasurer's Pooled Investment Fund	$ 43,419,961	N/A	$	$ 43,419,961	$	$	$
Held by Fiscal Agent:							
Money Market Funds	28,881,580	AAA		10,125,482			18,756,098
Riverside County Treasurer's Pooled Investment Fund	32,734,627	N/A		32,734,627			
Total	$ 105,036,168		$ 0	$ 86,280,070	$ 0	$ 0	$ 18,756,098

Disclosures Relating to Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total Agency's investments are as follows:

Issuer	Investment Type	Reported Amount
Wells Fargo Advantage National Tax-Free #477	Money Market Fund	$ 18,753,676
Federated Prime Cash Obligations #854	Money Market Fund	$ 10,116,290

2) DETAILED NOTES ON ALL FUNDS - Continued

C) Loans and Notes Receivable

- During 1997-98, the Agency loaned to the Romoland School District $150,000 to assist with the construction of buildings and facilities. The note bears no interest and will be paid with pass through money each year until paid off. At June 30, 2014, the note balance was $65,000.

- In 2006-07, the Agency entered into an agreement with the Jurupa Unified School District to loan $5,000,000 for the design, engineering and construction of a multi-purpose stadium at Rubidoux High School. The agreement calls for $3,000,000 of zero percent interest shall be reimbursed to the Agency from the District's annual pass-through funds in the amount of $200,000 per year on an annual basis until June 15, 2022. The remaining $2,000,000 will be paid from incremental pass through funds received by the District from the Agency that exceed the amount received in fiscal year 2005-2006. Payments from pass-through funds received reached $2,000,000 in 2009-2010 and have been recorded as an offset. At June 30, 2014, the balance of the note was $1,800,000.

- In 2005, the Agency entered into the Vernola Basin Reimbursement Agreement with eight property owners, Flood control and water conservation district, ("Flood") and Jurupa Area Recreation and Park District, (JARPD). The purpose of this agreement was to assist in the design, construction, and installation of certain storm water facilities, an outlet line, a storm water drain line, certain street improvements, and park improvements.

  The reimbursement obligation for the eight property owners will be calculated based on their individual acreage. As of June 30, 2011, the balance of the property owners' loan was $814,643. The Agency has incurred costs of $2,537,407, through June 30, 2010 for the Flood district. Flood has paid this amount in full as of June 30, 2010. The Agency's cost of constructing and installing the Park Improvements is estimated to be $5,250,000. The Agency has provided the Jurupa Area Recreation and Park District with a $1,000,000 grant. The remaining $4,250,000 will be reimbursed to the Agency by the Jurupa Area Recreation and Park District who will be using Quimby Fees and Mello-Roos Community Facilities District special assessments, ("Park District CFD"). The balance of JARPD's loan is $1,881,791 as of June 30, 2014.

- In September 2010, the Agency entered into an agreement with AMA Plastics for the acquisition of an existing 150,000 square foot industrial building in the Hunter Park industrial area in the City of Riverside. The term of the loan is ten years. The principal amount of the loan is $2,000,000. The first $1,000,000 is to be amortized over ten years at 4% interest. The second $1,000,000 is to be amortized over ten years at 0% interest. The monthly payments on the first $1,000,000 began in April 2011. No payments would begin on the additional $1,000,000 and the principal owed would be reduced $200,000 per year during the first five years as long as AMA Plastics maintains employment levels as specified in the agreement. If employment levels are not maintained in accordance with the agreement, AMA Plastics would be required to make a balloon payment on the outstanding principal at the maturity date April 2021. At June 30, 2014, the balance of the loan is $1,005,144.

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

Description	Beginning Balance	Adjustments[1]	New Indebtedness	Retired During Year	Ending Balance	Due Within One Year
Loans Payable:						
Loans Payable	$ 398,830,000	$	$	$ 8,575,000	$ 390,255,000	$ 8,935,000
Premiums	4,426,678			182,533	4,244,145	
Subtotal	403,256,678		0	8,757,533	394,499,145	8,935,000
Tax Allocation Bonds:						
2004 Tax Allocation Bonds - Series A	38,225,000				38,225,000	
2004 Tax Allocation Bonds - Series - A-T	27,820,000			1,240,000	26,580,000	1,300,000
2005 Tax Allocation Housing Refunding Bonds - Series A	15,105,000			455,000	14,650,000	465,000
2007 Tax Allocation Refunding Bonds	80,645,000			2,095,000	78,550,000	2,185,000
2010 Tax Allocation Housing Bonds - Series A	15,885,000				15,885,000	
2010 Tax Allocation Housing Bonds - Series A-T	49,180,000			900,000	48,280,000	940,000
2010 Tax Allocation Bonds - Series C	5,555,000			50,000	5,505,000	50,000
2010 Tax Allocation Bonds Series - D	31,125,000			670,000	30,455,000	690,000
2010 Tax Allocation Bonds Series - E	49,335,000			620,000	48,715,000	645,000
2011 Tax Allocation Housing Bonds - Series A	14,093,028				14,093,028	
2011 Taxable Tax Allocation Housing Bonds - Series A-T	11,310,000			980,000	10,330,000	1,030,000
2011 Tax Allocation Bonds - Series B	23,133,000				23,133,000	
2011 Taxable Tax Allocation Bonds - Series B-T	8,450,000			1,030,000	7,420,000	1,070,000
2011 Second Lien Tax Allocation Bonds - Series D	6,150,000			100,000	6,050,000	110,000
2011 Second Lien Tax Allocation Bonds - Series E	12,059,720			155,000	11,904,720	165,000
Discounts	(3,025,000)			(134,225)	(2,890,925)	
Premiums	2,337,412			99,575	2,237,837	
Subtotal	387,383,010	0	0	8,260,350	379,122,660	8,650,000
Other Long-term Liabilities:						
CORAL Reimbursement Agreement	1,578,382	(64,323)		451,692	1,062,367	493,146
CORAL Lease Agreement - Bellegrave Land	1,546,204	(3,866)		457,273	1,085,065	511,526
Contractual Agreements Payable	188,000	(188,000)				
Owner Participation Agreements	2,377,795	(258,365)		607,461	1,511,969	239,686
Subtotal	5,690,381	(514,554)	0	1,516,426	3,659,401	1,244,358
Total	796,330,069	(514,554)	0	18,534,309	777,281,206	18,829,358
Accreted Interest Payable	3,713,050		2,134,364		5,847,414	
Total Long-Term Liabilities	$ 800,043,119	$ (514,554)	$ 2,134,364	$ 18,534,309	$ 783,128,620	$ 18,829,358

[1] The CORAL Reimbursement Agreement and CORAL Lease Agreement - Bellegrave Land had adjustments due to changes in estimated outstanding debt. The California Department of Finance determined that $188,000 of the Contractual Agreements Payable were not enforceable obligations. The Owner Participant Agreements were adjusted by $258,365 due to changes in estimated outstanding debt.

Successor Agency to the
Redevelopment Agency for the County of Riverside, California
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

Year Ended June 30,	2004A Tax Allocation Bonds Principal	2004A Tax Allocation Bonds Interest	2004A-T Tax Allocation Bonds Principal	2004A-T Tax Allocation Bonds Interest	2005A Tax Allocation Housing Refunding Bonds Principal	2005A Tax Allocation Housing Refunding Bonds Interest
2015	$	$ 1,890,625	$ 1,300,000	$ 1,370,541	$ 465,000	$ 676,606
2016		1,890,625	1,365,000	1,303,601	485,000	657,606
2017		1,890,625	1,435,000	1,231,221	505,000	637,806
2018		1,890,625	1,510,000	1,155,092	530,000	615,781
2019		1,890,625	1,590,000	1,074,958	550,000	592,169
2020-2024		9,453,125	9,265,000	4,003,784	3,145,000	2,569,634
2025-2029	1,905,000	9,405,500	10,115,000	1,221,004	3,945,000	1,759,975
2030-2034	15,455,000	7,125,125			5,025,000	652,875
2035-2038	20,865,000	2,143,063				
Total	$ 38,225,000	$ 37,579,813	$ 26,580,000	$ 11,360,201	$ 14,650,000	$ 8,162,452

Year Ended June 30,	2007 Tax Allocation Refunding Bonds Principal	2007 Tax Allocation Refunding Bonds Interest	2010A Tax Allocation Housing Bond Principal	2010A Tax Allocation Housing Bond Interest	2010A-T Tax Allocation Housing Bond Principal	2010A-T Tax Allocation Housing Bond Interest
2015	$ 2,185,000	$ 3,345,913	$	$ 953,100	$ 940,000	$ 3,552,000
2016	2,270,000	3,256,813		953,100	985,000	3,506,281
2017	2,365,000	3,164,113		953,100	1,030,000	3,448,125
2018	2,455,000	3,067,712		953,100	1,100,000	3,376,237
2019	2,555,000	2,967,513		953,100	1,175,000	3,299,456
2020-2024	14,405,000	13,151,972		4,765,500	7,220,000	15,097,781
2025-2029	17,710,000	9,759,534		4,765,500	10,330,000	11,863,688
2030-2034	21,980,000	5,370,256		4,765,500	14,850,000	7,159,919
2035-2039	12,625,000	570,688	10,725,000	3,921,450	10,650,000	1,303,938
2040			5,160,000	154,800		
Total	$ 78,550,000	$ 44,654,514	$ 15,885,000	$ 23,138,250	$ 48,280,000	$ 52,607,425

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

Year Ended June 30,	2011B-T Taxable Tax Allocation Bond Principal	2011B-T Taxable Tax Allocation Bond Interest	2011D Second Lien Tax Allocation Bond Principal	2011D Second Lien Tax Allocation Bond Interest	2011E Second Lien Tax Allocation Bonds Principal	2011E Second Lien Tax Allocation Bonds Interest
2015	$ 1,070,000	$ 460,225	$ 110,000	$ 418,150	$ 165,000	$ 733,075
2016	1,120,000	405,350	115,000	410,838	180,000	721,862
2017	1,180,000	339,150	125,000	403,038	190,000	709,838
2018	1,255,000	256,688	130,000	394,750	200,000	697,163
2019	1,345,000	159,188	140,000	385,975	215,000	683,675
2020-2024	1,450,000	54,375	845,000	1,776,050	1,310,000	3,180,206
2025-2029			1,165,000	1,440,156	1,805,000	2,660,150
2030-2034			1,635,000	955,825	2,530,000	1,910,375
2035-2039			1,785,000	270,244	3,130,000	837,013
2040-2044					1,888,840	24,046,257
2045					290,880	3,454,560
Total	$ 7,420,000	$ 1,674,976	$ 6,050,000	$ 6,455,026	$ 11,904,720	$ 39,634,174

Loans Payable

1) In FY2005, the Riverside County Public Financing Authority (the "Authority") issued Tax Allocation Revenue Bonds for financing projects in the Agency's five redevelopment project areas. The Redevelopment Agency issued five separate series of bonds and re-sold those bonds to the Authority to be pooled and sold pursuant to the Marks-Roos Act. Concurrent with the execution and delivery of the Agency Bonds, the Authority issued the aggregate principal amount of the Tax Allocation Revenue Bonds to the Redevelopment Agency.

   The Bonds are limited obligations of the Authority entitled, ratably and equally, to the benefits of the Indenture and are payable solely from and secured by an assignment and pledge of certain tax revenues derived from taxes assessed on property within the Project Areas and other amounts allocated and paid to the Agency.

   The Agency is required to maintain a Reserve Account for each project area that is not covered by a surety bond, so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or, (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts. The Jurupa Valley and Desert Communities Project Areas are covered by an insurance policy and are exempted from the above requirements.

   The outstanding balance at June 30, 2014 is $90,065,000.

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

Loans Payable - Continued

The Bonds are limited obligations of the Authority entitled, ratably and equally, to the benefits of the Indenture and are payable solely from and secured by an assignment and pledge of certain tax revenues derived from taxes assessed on property within the Project Areas and other amounts allocated and paid to the Agency.

The Agency is required to maintain a Reserve Account for each project area that is not covered by a surety bond, so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or, (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts. The project areas are covered by an insurance policy and are exempted from the above requirements.

The outstanding balance at June 30, 2014 is $177,230,000.

2004 TAX ALLOCATION BONDS - Series A

During the fiscal year ended June 30, 2005, the Agency issued Tax Allocation Bonds for financing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas.

The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

The Bonds were used to (i) pay the costs of certain low and moderate income housing projects of the Agency with respect to the Agency's redevelopment project areas, (ii) purchase a reserve policy for credit to the Reserve Account for the Bonds; and (iii) pay costs of issuance relating to the Bonds.

The Agency is required to maintain a Reserve Account for so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts. The reserve requirement is covered by a bond insurance policy.

The outstanding balance at June 30, 2014 is $38,225,000.

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

2007 TAX ALLOCATION REFUNDING BONDS

During the fiscal year ended June 30, 2007, the Agency issued Tax Allocation Refunding Bonds as a result of current low interest rates to save money on debt service, to refund the 2001 Tax Allocation Bonds of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas.

The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

The Bonds were used to (i) refund all of the Agency's $90,025,000 2001 Tax Allocation Bonds, (ii) fund projects of benefit to the Agency's Jurupa Valley Redevelopment Project Area; (iii) purchase a reserve policy; and (iv) pay the costs of issuing the bonds. The reserve requirement is covered by a bond insurance policy.

The outstanding balance at June 30, 2014 is $78,550,000.

2010 TAX ALLOCATION HOUSING BONDS - Series A

During the fiscal year ended June 30, 2010, the Agency issued Tax Allocation Bonds for financing low and moderate income housing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas.

The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

The Bonds were used to (i) finance low and moderate income housing projects with respect to the Project Areas, (ii) fund a reserve sub-account with the proceeds of the bonds; and (iii) pay costs of issuance relating to the Bonds.

The Agency is required to maintain a Reserve Account for so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts.

The outstanding balance at June 30, 2014 is $15,885,000.

The reserve balance requirement at June 30, 2014 is as follows:

	Required	Actual
Reserve Accounts	$ 1,302,079	$ 1,317,051

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

2010 TAX ALLOCATION BONDS - Series C - Continued

The Agency is required to maintain a Reserve Account for so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts.

The outstanding balance at June 30, 2014 is $5,505,000.

The reserve balance requirement at June 30, 2014 is as follows:

	Required	Actual
Reserve Accounts	$ 546,944	$ 553,278

2010 TAX ALLOCATION BONDS - Series D

During the fiscal year ended June 30, 2011, the Agency issued Tax Allocation Bonds for financing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas.

The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

The Bonds were used to (i) pay the costs of certain low and moderate income housing projects of the Agency with respect to the Agency's redevelopment project areas, (ii) purchase a reserve policy for credit to the Reserve Account for the Bonds; and (iii) pay costs of issuance relating to the Bonds.

The Agency is required to maintain a Reserve Account for so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts.

The outstanding balance at June 30, 2014 is $30,455,000.

The reserve balance requirement at June 30, 2014 is as follows:

	Required	Actual
Reserve Accounts	$ 2,363,225	$ 2,389,187

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

2011 TAX ALLOCATION HOUSING BONDS - Series A - Continued

The Bonds were used to (i) finance low and moderate income housing projects with respect to the Project Areas, (ii) fund a reserve sub-account with the proceeds of the bonds; and (iii) pay costs of issuance relating to the Bonds.

The Agency is required to maintain a Reserve Account for so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts.

The outstanding balance at June 30, 2014 is $14,093,028 with accreted interest payable of $2,364,889. The un-accreted balance at June 30, 2014 is $8,087,084.

The reserve balance requirement at June 30, 2014 is as follows:

	Required	Actual
Reserve Accounts	$ 1,409,303	$ 1,409,768

2011 TAXABLE TAX ALLOCATION HOUSING BONDS - Series A-T

During the fiscal year ended June 30, 2011, the Agency issued Tax Allocation Bonds for financing low and moderate income housing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas.

The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

The Bonds were used to (i) finance low and moderate income housing projects with respect to the Project Areas, (ii) fund a reserve sub-account with the proceeds of the bonds; and (iii) pay costs of issuance relating to the Bonds.

The Agency is required to maintain a Reserve Account for so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts.

The outstanding balance at June 30, 2014 is $10,330,000.

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

2011 TAXABLE TAX ALLOCATION BONDS - Series B-T

During the fiscal year ended June 30, 2011, the Agency issued Tax Allocation Bonds for financing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the Jurupa Valley Redevelopment Project Area.

The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

The Bonds were used to (i) fund projects of benefit to the Agency's Jurupa Valley Redevelopment Project Area, (ii) fund a reserve account for the Bonds; and (iii) pay costs of issuance relating to the Bonds.

The Agency is required to maintain a Reserve Account for so long as any debt service remains with respect to the Bonds as of any calculation date, the least of (i) ten percent (10%) of the outstanding principal amount of Bonds, (ii) Maximum Annual Debt Service, or (iii) 125% of average Annual Debt Service on the Bonds. In the event that the Agency receives insufficient Tax Revenues from the respective project area or otherwise defaults on payments, the Agency is obligated to pay such amounts from the Reserve Accounts.

The outstanding balance at June 30, 2014 is $7,420,000.

The reserve balance requirement at June 30, 2014 is as follows:

	Required	Actual
Reserve Accounts	$ 1,152,500	$ 1,154,398

2011 SECOND LIEN TAX ALLOCATION BONDS - Series D

During the fiscal year ended June 30, 2011, the Agency issued Tax Allocation Bonds for financing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas.

The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

The Bonds were used to (i) pay the costs of certain low and moderate income housing projects of the Agency with respect to the Agency's redevelopment project areas, (ii) purchase a reserve policy for credit to the Reserve Account for the Bonds; and (iii) pay costs of issuance relating to the Bonds.

2) DETAILED NOTES ON ALL FUNDS - Continued

E) Changes in Long-Term Liabilities - Continued

2011 SECOND LIEN TAX ALLOCATION BONDS - Series E - Continued

The reserve balance requirement at June 30, 2014 is as follows:

	Required	Actual
Reserve Accounts	$ 1,192,017	$ 1,193,982

Coral Reimbursement Agreement

The County of Riverside Asset Leasing Corporation ("CORAL") has issued Certificates of Participation for the plan, design, and construction of public facilities within Redevelopment Project areas. In June 1988, the Agency entered into an agreement with CORAL whereby taxes collected by the Agency will be used to reimburse CORAL for debt service on the 1985 Certificates of Participation for a minimum of $3,659,852 payable in annual installments in varying amounts over the term of the certificates.

The amount to be reimbursed by the Agency is determined by multiplying the ratio of the assessed property value of the Agency over the assessed unincorporated property value of the County times the amount of the 1985 Certificates outstanding. The terms of the reimbursement agreement call for annual payments to be made by the Agency to CORAL over the life of the 1985 Certificates in an amount determined by applying the ratio described above to the annual lease payment made by the County to CORAL on the capital projects funded by the 1985 Certificates.

The amount represents the portion of the total CORAL indebtedness which was used to construct public facilities. The Agency can defer any annual payment until adequate funds are available. The deferred payments shall bear interest at the same rate for the same periods as the CORAL Certificates of Participation.

The $64,323 adjustment was made to book the proper long term liability based on projected assessed values over the remaining years of the certificates outstanding. Each year this balance will need to be adjusted based on the updated projected assessed property values.

The outstanding balance at June 30, 2014, is $1,062,367.

Coral Lease Agreement - Bellegrave Land

In 1990-91, the County of Riverside Asset Leasing Corporation ("CORAL") purchased the property for a Sheriff Station with the understanding that the Redevelopment Agency's tax increment could be a resource to service the debt. A formal agreement between the Agency and the County was not executed at the time and the Agency's share of the purchase price was not formally agreed upon. Therefore, at June 30, 1993, this was considered to be a contingent liability. In 1993-94 a formal lease agreement was executed and lease payments were applied according to the variable interest rate in the lease agreement plus an annual administrative fee. The property was developed as a sports park after the Sheriff Station was constructed on another site.

The outstanding balance at June 30, 2014, is $1,085,065.

3) OTHER INFORMATION

A) Risk Management

To account for risks of loss and liability claims, the Agency participates in the County's Risk Management Fund (an internal service fund). Premiums are paid annually by the Agency into the Risk Management Fund via inter-fund transfer. It is the County's responsibility to administer the self-insured programs of insurance and pay all liability claims within the stated limits.

B) Commitments and Contingencies

Redevelopment dissolution legislation - Management believes that the enforceable obligations reported to the State of California are valid under the current laws regarding redevelopment dissolution. However, it is reasonably possible that a future legal determination may be made at a later date by an appropriate State judicial authority which would resolve dissolution matters differently than currently being reported.

SUPPLEMENTARY INFORMATION

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I-215 Corridor	Private-Purpose Trust Funds - RORF Project Area 1-1986	Jurupa Valley	MID County	Desert Communities	I-215 Corridor
$ 229,557	$ 2,208,430	$ 7,752,291	$ 1,650,491	$ 4,099,814	$ 6,665,216
2,376,948	4,211,958	7,119,578	2,090,422	5,037,225	11,003,655
199,538					
116	2,052	4,207	1,294	2,903	5,963
1,005,144					
3,038,427					
6,849,730	6,422,440	14,876,076	3,742,207	9,139,942	17,674,834
1,122,400					
1,122,400	0	0	0	0	0
1,164,874	1,243	4,752	740	2,889	2,704
3,000,000					
2,108,700					
1,282,753					
86,541,673					
83,168,518					
802,766					
178,069,284	1,243	4,752	740	2,889	2,704
$ (170,097,154)	$ 6,421,197	$ 14,871,324	$ 3,741,467	$ 9,137,053	$ 17,672,130

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	Private-Purpose Trust Funds - RORF				
I-215 Corridor	Project Area 1-1986	Jurupa Valley	MID County	Desert Communities	I-215 Corridor
$	$ 4,075,847	$ 15,582,125	$ 2,425,417	$ 9,473,509	$ 8,868,064
21,336	41,373	79,736	29,306	56,306	126,099
249,263	27	104	16	64	59
270,599	4,117,247	15,661,965	2,454,739	9,529,879	8,994,222
369,567	132,080	519,965	96,185	310,282	305,489
21,774	11,506	86,481	15,790	51,152	46,906
14,541,208					
602,540	4,010,223	15,676,647	2,174,572	9,232,669	7,783,237
					26,029
15,535,089	4,153,809	16,283,093	2,286,547	9,594,103	8,161,661
3,951,739					
	(1,816,257)	(6,943,622)	(1,080,801)	(4,221,533)	(3,951,739)
3,951,739	(1,816,257)	(6,943,622)	(1,080,801)	(4,221,533)	(3,951,739)
(11,312,751)	(1,852,819)	(7,564,750)	(912,609)	(4,285,757)	(3,119,178)
(158,784,403)	8,274,016	22,436,074	4,654,076	13,422,810	20,791,308
$ (170,097,154)	$ 6,421,197	$ 14,871,324	$ 3,741,467	$ 9,137,053	$ 17,672,130

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I-215 Corridor	Total
$ 6,665,216	$ 22,376,242
11,003,655	29,462,838
5,963	16,419
17,674,834	51,855,499
2,704	12,328
2,704	12,328
$ 17,672,130	$ 51,843,171

I-215 Corridor	Total
$ 8,868,064	$ 40,424,962
126,099	332,820
59	270
8,994,222	40,758,052
305,489	1,364,001
46,906	211,835
7,783,237	38,877,348
26,029	26,029
8,161,661	40,479,213
(3,951,739)	(18,013,952)
(3,951,739)	(18,013,952)
(3,119,178)	(17,735,113)
20,791,308	69,578,284
$ 17,672,130	$ 51,843,171