(ii) the Resolution was duly adopted at a meeting of the Board of Supervisors which was called and held pursuant to law with all public notice required by law and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been amended, modified or rescinded;

(iii) the adoption of the Resolution and the execution and delivery of the Notes and the Documents and compliance with the provisions hereof and thereof, under the circumstances contemplated thereby and hereby, do not conflict with or constitute on the part of the County a material breach of or material default under any agreement or other instrument applicable or binding upon the County or any of its properties or any existing law, regulation, court order or consent decree to which the County or any of its properties is subject;

(iv) the County has full right and lawful authority to deliver the Official Statement, to execute and deliver the Notes, and to execute and deliver the Documents, to adopt the Resolution and the County has duly authorized, executed and delivered the Official Statement and the Documents;

(v) Except as otherwise disclosed in the Official Statement, there is no action, suit or proceeding, inquiry or investigation before or by any State court, public board or body, other than as disclosed in the Official Statement pending or, to the knowledge of the County, threatened against or affecting the County, (a) contesting in any way the completeness or accuracy of the Official Statement, or wherein an unfavorable decision, ruling or finding is likely to have a material adverse effect on the financial condition of the County, the transactions contemplated by the Documents, the Resolution or by the Official Statement, or (b) which will adversely affect the validity or enforceability of, or the authority or ability of the County to perform its obligations under the Notes, the Documents, the Resolution, or any other agreement or instrument to which the County is a party and which is used or contemplated for use in consummation of the transactions contemplated by the Documents, the Resolution or the Official Statement; and

(vi) The representations and warranties of the County herein are true and correct in all material respects as of the date made and as of the date of the Closing, and the County has performed all its obligations required under or specified in the Resolution and the Documents to be performed at or prior to the Closing; and

(vii) The Official Statement did not contain as of its date and does not contain as of the Closing Date any untrue statement of a material fact and did not omit as of its date and does not omit as of the Closing Date to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(6) A certificate of the Clerk of the Board of Supervisors of the County, together with a fully executed copy of the Resolution, to the effect that:

(i) such copy is a true and correct copy of the Resolution; and

(ii) the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect at and as of the Closing Date, except for amendments, if any, adopted with the consent of the Underwriters;

(7) A certificate, dated the Closing Date, signed by a duly authorized official of the Paying Agent, to the effect that:

(i) The Paying Agent is a national banking association existing under the laws of the United States of America, and has full power and is qualified to accept and comply with the terms of the Paying Agent Agreement and the Resolution, and to perform its obligations stated therein.

(ii) The Paying Agent is duly authorized to enter into the Paying Agent Agreement and the Paying Agent has accepted the duties and obligations imposed on it by the Paying Agent Agreement and the Resolution; and upon execution by the County, the Paying Agent Agreement will constitute the valid and binding obligation of the Paying Agent.

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Paying Agent that has not been obtained is or will be required for the consummation by the Paying Agent of the transactions contemplated by the Paying Agent Agreement and by the Paying Agent of the transactions contemplated by the Resolution to be undertaken by the Paying Agent.

(iv) The execution and delivery by the Paying Agent of the Paying Agent Agreement, and compliance with the terms thereof will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Paying Agent is a party or by which it is bound, or, to the knowledge of the Paying Agent, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Paying Agent.

(v) To the knowledge of the Paying Agent, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served on, or, to the best knowledge of such officer, threatened against, the Paying Agent, affecting the existence of the Paying Agent or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Paying Agent Agreement against the Paying Agent, or contesting the power of the Paying Agent or its authority to enter into, adopt or perform its obligations under the Paying Agent Agreement, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Paying Agent Agreement against the Paying Agent.

(8) A certified copy of the general resolution of the Paying Agent authorizing the execution and delivery of the Paying Agent Agreement.

(9) An non-arbitrage certification from the County in form and substance satisfactory to Note Counsel, signed by an official of the County;

(10) Evidence from Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc. ("S&P") and Fitch, Inc. ("Fitch") that the Notes have been rated "____" and "___," respectively, and that such ratings continue in effect as of the Closing;

(11) Certified copies of the Resolution and one executed original of each of the Documents and such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriters or Note Counsel may reasonably request in order to evidence compliance by the County with legal requirements, the truth and accuracy, at and as of the Closing, of the representations, warranties and agreements of the County herein contained and the statements contained in the Official Statement, and the due performance and satisfaction by the County at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the County;

(12) An opinion, dated the Closing Date addressed to the Underwriters, of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriters, in such form as may be acceptable to the Underwriters; and

(13) Such additional certificates, instruments and other documents as the Underwriters may reasonably deem necessary.

8. Termination of Obligations of Underwriters. If the County shall be unable to satisfy the conditions set forth in Section 7 to the obligations of the Underwriters contained in this Purchase Contract, the obligations of the Underwriters under this Purchase Contract may be terminated by the Underwriters by notice to the County at, or at any time prior to, the Closing Date. Notwithstanding any provision herein to the contrary, the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Underwriters in writing in their sole discretion.

The Underwriters shall also have the right to terminate, in their sole discretion, their obligations under this Purchase Contract, by notice to the County at, or at any time prior to the Closing, if between the date hereof and the Closing:

(i) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and, in either such event, the County refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is, in the judgment of the Underwriters, to materially adversely affect the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Notes; or

(ii) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by the State, either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Notes which, in the opinion of the Underwriters, materially adversely affects the market for the Notes or the sale, at the contemplated offering prices (or yields), by the Underwriters of the Notes; or

(iii) an order, decree or injunction of any court of competent jurisdiction, or any order, ruling or regulation of the Securities and Exchange Commission, is issued or made with the purpose or effect of prohibiting the issuance, offering or sale of the Notes as contemplated hereby or legislation has been enacted, or a bill favorably reported for adoption, or a decision by any court rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter has been made or issued, to the effect that the Notes or any other securities of the County or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; or

(iv) legislation is introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Notes, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Notes, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(v) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Notes or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(vii) a general banking moratorium shall have been declared by federal or New York or California state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the judgment of the Underwriters, impractical or inadvisable to proceed with the offering of the Notes as contemplated in the Official Statement; or

(viii) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's, S&P, or Fitch Ratings ("Fitch") of any debt securities issued by the County, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by the County, including the Notes.

9. Conditions to Obligations of the County. The performance by the County of its obligations under this Purchase Contract with respect to issuance, sale and delivery of the Notes to the Underwriters is conditioned upon (i) the performance by the Underwriters of its obligations hereunder; and (ii) receipt by the County and the Underwriters of opinions and certificates being delivered at or prior to the Closing by persons and entities other than the County.

10. Expenses. (a) The Underwriters shall be under no obligation to pay, and the County shall pay from its available funds or from the proceeds of the Notes, the following expenses: (i) all expenses in connection with the preparation, distribution and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto, and this Purchase Contract; (ii) all expenses in connection with the printing, issuance and delivery of the Notes; (iii) the fees and disbursements of Note Counsel and Disclosure Counsel; (iv) the fees and disbursements of counsel and consultants, including the County's financial advisor, in connection with the Notes; (v) the disbursements of the County in connection with the Notes; (vi) the fees and disbursements of the Paying Agent; (vii) any and all fees incurred in connection with obtaining a rating on the Notes or in obtaining any form of credit enhancement; and (viii) all expenses in connection with the preparation, execution and delivery of the Resolution and the Notes. The County will also pay (or cause to be paid) expenses (included in the expense component of the spread) incurred on behalf of the County's employees (including, but not limited to, meals, transportation, lodging and entertainment) which are incidental to implementing this Purchase Contract.

(b) The Underwriters shall bear all of their own expenses and fees incident to the purchase and resale of the Notes (including its counsel) and costs of qualifying the Notes for sale under the Blue Sky laws of any state.

The County shall be under no obligation to pay, and the Underwriters shall pay: (i) the cost of producing this Purchase Contract; (ii) any advertising expenses in connection with the public offering of the Notes; (iii) MSRB fees; and (iv) all other expenses incurred by them or any of them in connection with their public offering and distribution of the Notes, including the fees and disbursements of counsel retained by them, and the fees, if any, for CUSIP numbers. The Underwriters are required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Notes. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the County agrees to reimburse the Underwriters for such fees.

11. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) shall be given by telephone or telex, confirmed in writing, or by delivering the same in writing, if to the County, to the address first written above, attention: County Executive Officer, or if to the Underwriters, J.P. Morgan Securities LLC, 1415 L Street, Suite 650, Sacramento, California 95814, attention: Juan Fernandez.

12. Parties in Interest: Survival of Representations and Warranties. This Purchase Contract when accepted by the County in writing as specified herein shall constitute the entire agreement between the County and the Underwriters and is made solely for the benefit of the County and the Underwriters (including their respective successors and assigns). No other person shall acquire or have any right hereunder or by virtue hereof. The obligations of the County arising out of its representations and warranties in this Purchase Contract shall not be affected by any investigation made by or on behalf of the Underwriters.

13. Execution in Counterparts. This Purchase Contract may be executed in counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

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14. Applicable Law. This Purchase Contract shall be interpreted under, governed by and enforced in accordance with the laws of the State of California.

Very truly yours,

J.P. MORGAN SECURITIES LLC, as
representative of the Underwriters

By__________________________________
Title:________________________________

The foregoing is hereby agreed to
and accepted as of the date first
above written:

COUNTY OF RIVERSIDE

By____________________________
Jay E. Orr
County Executive Officer
Time of Execution:_________

PAYING AGENT AGREEMENT

THIS PAYING AGENT AGREEMENT is entered into as of July 1, 2015 (the "Agreement"), by and between County of Riverside, California (the "County") and The Bank of New York Mellon Trust Company, N.A., (the "Paying Agent"), a national banking association duly organized and operating under the laws of the United States of America.

WHEREAS, the County has duly authorized the sale and issuance of the 2015 Tax and Revenue Anticipation Notes, Series A and 2015 Tax and Revenue Anticipation Notes, Series B (collectively, the "Notes") pursuant to the Resolution No. 2015-___ adopted by the County on May __, 2015 (the "Resolution");

WHEREAS, in connection with the issuance of its Notes, the County has agreed to pay certain of the costs associated with the issuance and delivery of the Notes (the "Costs of Issuance"); and

WHEREAS, the Paying Agent has agreed to act as Paying Agent for the Notes and to accept the deposit in the amount of $____________ for payment of certain Costs of Issuance (the "COI Deposit") and to disburse payments of Costs of Issuance to various persons, upon instruction and has full power and authority to perform and serve as Paying Agent for the County in connection with the Notes and the payment of the Costs of Issuance;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I
APPOINTMENT OF PAYING AGENT

SECTION 1.01 **APPOINTMENT.** The County hereby appoints the Paying Agent to serve as Paying Agent with respect to the Notes and the payment of Costs of Issuance, upon receipt of invoices by the Paying Agent, all in accordance with, respectively, the Resolution and this Agreement. The Paying Agent hereby accepts its appointment and agrees to serve as Paying Agent for the Notes and the disbursement of the COI Deposit to pay Costs of Issuance.

SECTION 1.02 **COMPENSATION.** The Paying Agent will receive a one-time fee of [$1,000.00] payable out of the COI Deposit, as compensation for the Paying Agent's services hereunder. If the amount on deposit in the Costs of Issuance Account is not sufficient to pay such fee to the Paying Agent, the County shall pay the Paying Agent from available funds of the County all amounts necessary to compensate the Paying Agent pursuant to this Section 1.02. In addition, the Paying Agent shall be entitled to payment of all reasonable expenses (including, without limitation, legal fees and expenses) incurred in satisfaction of any of the provisions hereof, out of the COI Deposit or, if such funds no longer exist or are not sufficient, the County shall make such reimbursement to the Paying Agent.

ARTICLE II
COST OF ISSUANCE ACCOUNT

SECTION 2.01 **COSTS OF ISSUANCE ACCOUNT.** There is hereby established an account to be known as County of Riverside 2015 Tax and Revenue Anticipation Notes, Series A and Series B Costs of Issuance Account (the "Costs of Issuance Account") to be held by the Paying Agent, into which the County shall cause to be deposited the COI Deposit.

ARTICLE III
DUTIES OF PAYING AGENT

SECTION 3.01 **DUTIES OF PAYING AGENT.** (a) The Paying Agent shall pay from the COI Deposit held in the Costs of Issuance Account those Costs of Issuance for which the Paying Agent has received a written invoice; provided that (i) each payee is listed as entitled to payment of Costs of Issuance on Exhibit A to this Agreement, (ii) the amount paid shall not exceed the amount set forth with respect to such payee in Exhibit A and (iii) amounts on deposit in the Costs of Issuance Account are sufficient to cover such payment.

(b) If the then remaining amounts on deposit in the costs of Issuance Fund are insufficient to pay any Costs of Issuance for which an invoice set forth in Exhibit A has been presented to the Paying Agent, the Paying Agent shall honor invoices to the extent of amounts remaining on deposit in the Costs of Issuance Account, and the County shall be responsible for payment of any amount of such invoice remaining unpaid. The Paying Agent shall honor invoices on a first received – first paid basis.

(c) The Paying Agent shall invest all cash in the Costs of Issuance Account in the Federated Prime MMF (Fund#10) (the "Fund"), or as directed further by the County from time to time. The Paying Agent shall not be responsible for any investment losses which may occur.

The Paying Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the County. The County acknowledges that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the County specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Paying Agent that no brokerage confirmations need be sent relating to the security transactions as they occur. The Paying Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the County.

(d) Any earnings in the Costs of Issuance Account shall remain in said account, until such account is closed. The Costs of Issuance Account shall be closed on the earlier to occur of (1) the date which is 45 days following the Closing Date of the Notes; (2) the date on which each invoice scheduled on Exhibit A is paid in full; or (3) the date that the last available sums on deposit in the Costs of Issuance Account are disbursed in accordance with paragraph (a) above. At that time, the Paying Agent shall remit any amount remaining in the Costs of Issuance Account to the County.

(e) The Paying Agent shall also have such duties as assigned to it under the Resolution.

ARTICLE IV
ADDITIONAL PROVISIONS REGARDING THE PAYING AGENT

SECTION 4.01 __ADDITIONAL RIGHTS AND DUTIES__. The Paying Agent undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof and may conclusively rely on certificates, invoices and requisitions furnished to the Paying Agent. In addition:

(a) No provisions of this Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(b) The Paying Agent may rely, shall be protected in acting or refraining from acting upon and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, resolution, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(c) The Paying Agent may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and completed authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(d) Neither the Paying Agent nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Agreement or in connection herewith except to the extent caused by the Paying Agent's gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. The Paying Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(e) Any bank, corporation or association into which the Paying Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Paying Agent shall be the successor of the Paying Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

(f) The County shall indemnify, defend and hold harmless the Paying Agent and its officers, directors, employees and agents, from and against and reimburse the Paying Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Paying Agent directly or indirectly relating to, or arising from, claims against the Paying Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Paying Agent's gross negligence or willful misconduct. The provisions of this Section 4.01(f) shall survive the termination of this Agreement or the earlier resignation or removal of the Paying Agent.

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

SECTION 4.02 **MONEY HELD BY PAYING AGENT.** The Paying Agent shall hold the COI Deposit in the Costs of Issuance Account to be held in a fiduciary capacity for the payment of Costs of Issuance. Payments made from the Costs of Issuance Account shall be made by check or wire transfer drawn on such trust account.

All funds at any time and from time to time provided to or held by the Paying Agent hereunder shall be deemed, construed, and considered for all purposes as being provided to or held by the Paying Agent in trust and as a Paying Agent for the County, for payment of Costs of Issuance for the benefit of the County. The Paying Agent acknowledges, covenants, and represents that it is acting therein in an agency capacity in relation to such funds, and is not accepting, holding, administering, or applying such funds as a banking depository, but solely as paying agent for and on behalf of the County, to be applied as Paying Agent pursuant to the terms of this Agreement. The County shall be entitled to the same preferred claim and first lien on the funds so provided as are enjoyed by the beneficiaries of trust funds generally. The funds provided to the Paying Agent hereunder shall not be subject to warrants, drafts, or checks drawn by the County and, except as expressly provided herein, shall not be subject to compromise, setoff, or other charge or diminution by the Paying Agent.

The Paying Agent shall be under no liability for interest on any money received by it hereunder.

ARTICLE V
MISCELLANEOUS PROVISIONS

SECTION 5.01 **AMENDMENT.** This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

SECTION 5.02 **ASSIGNMENT.** This Agreement may not be assigned by either party without prior written consent of the other, provided, however, that no such prior consent is required for an assignment by the Paying Agent if such assignment is to a successor by operation of law or in connection with a merger, consolidation, conversion or sale of all or substantially all of the Paying Agent's corporate trust business.

SECTION 5.03 **NOTICES.** Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the County or the Paying Agent shall be mailed or delivered to the following addresses:

To the Paying Agent at:

The Bank of New York Mellon Trust Company, N.A.
400 S. Hope Street, Suite 400
Los Angeles, CA 90071
Attn: Teresa Fructuoso
Tel: (213) 630-6249
Fax: (213) 630-6480

To the County at:

County of Riverside
Executive Office
4080 Lemon Street, 4th Floor
Riverside, CA 92501
Attn: Principal Management Analyst

SECTION 5.04 **SUCCESSORS AND ASSIGNS.** All covenants and agreements herein by the County shall bind its successors and assigns, whether so expressed or not.

SECTION 5.05 **SEVERABILITY.** In case any provision herein shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 5.06 **BENEFITS OF AGREEMENT.** Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

SECTION 5.07 **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties hereto relative to the Paying Agent acting in such capacity as agent of the County.

SECTION 5.08 **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

SECTION 5.09 **TERMINATION.** This Agreement will terminate on the date that the Notes are paid in full. This Agreement may be earlier terminated by either party upon 30 days written notice. Upon an early termination of this Agreement, the Paying Agent agrees to promptly transfer and deliver to the County all pertinent records relating to the Costs of Issuance Account and the Notes.

SECTION 5.10 **GOVERNING LAW.** This Agreement shall be construed in accordance with and governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Paying Agent

By: ______________________________
Authorizing Officer

COUNTY OF RIVERSIDE

By: ______________________________
Ivan M. Chand,
Deputy County Executive Officer

EXHIBIT A

SCHEDULE OF COSTS OF ISSUANCE

Issuer's Expenses	Riverside County	
Issuer's Counsel	Riverside County Counsel	
Financial Advisor	Fieldman Rolapp & Associates	
Bond Counsel	Orrick, Herrington & Sutcliffe LLP	
Disclosure Counsel	Kutak Rock LLP	
Rating Agency Fee	Fitch, Inc.	
Rating Agency Fee	Standard & Poor's	
O.S. Printing (estimate)	Elabra	
COI Custodian	BNY Mellon	
Contingencies		
Total		$___,000.00

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED [____________], 2015

NEW ISSUE—BOOK-ENTRY-ONLY

S&P: ___
Fitch: ___
See "RATINGS" herein.

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

$[PAR]*
COUNTY OF RIVERSIDE
2015-2016 TAX AND REVENUE ANTICIPATION NOTE

CUSIP®: __________

Dated: Date of Delivery   Coupon: ____%   Yield: ____%   Price: ____%   Due: June 30, 2016

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

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

THE NOTE IS NOT SUBJECT TO REDEMPTION PRIOR TO MATURITY.

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

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

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

J.P. MORGAN SECURITIES   **STIFEL, NICOLAUS & COMPANY, INC.**

Dated: ____________.

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* Preliminary; subject to change.

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No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Note by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Note. Statements contained in this Official Statement which involve estimates, projections or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See "INTRODUCTION—Forward-Looking Statements."

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted in connection with the sale of the Note referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

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

IN CONNECTION WITH THIS OFFERING THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTE OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTE TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

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

COUNTY OF RIVERSIDE

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

Board of Supervisors

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

County Officials

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

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Disclosure Counsel

Kutak Rock LLP
Los Angeles, California

Financial Advisor

Fieldman, Rolapp & Associates
Irvine, California

Paying Agent

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

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OFFICIAL STATEMENT

$[PAR]* COUNTY OF RIVERSIDE 2015-2016 TAX AND REVENUE ANTICIPATION NOTE

INTRODUCTION

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

General

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

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

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

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "projection," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty

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* Preliminary; subject to change.

and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

THE NOTE

Authority for Issuance

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

Purpose of Issue

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

Description of the Note

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

Security for the Note

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

The Pledged Revenues shall be deposited by the County and held by the Paying Agent, in a special account (the "Payment Account") and applied as directed under the Resolution. The County will

* Preliminary; subject to change.

instruct the Paying Agent to invest the amounts in the Payment Account in the County Treasurer's Pooled Investment Fund pursuant to an investment agreement between the Paying Agent and the County until such amounts are required for the repayment of the Note. Any money deposited by the Paying Agent in the Payment Account shall be for the benefit of the holders of the Note and, until the Note and all interest thereon are paid or until provision has been made for the payment of the principal of and interest on the Note at maturity, the moneys in the Payment Account shall be applied solely for the purpose of paying the principal of and interest the Note at its respective maturity, although such amounts shall be invested by the County in Permitted Investments (as defined in the Resolution). In the event investment losses cause amounts on deposit in the Payment Account to be insufficient to pay principal and interest on the Note at maturity, the County is required to use any available Unrestricted Revenues (as defined below) from Fiscal Year 2015-16 for the payment of principal and interest on the Note, but there is no guarantee that the County will have sufficient Unrestricted Revenues to pay the principal of and interest on the Note as the same becomes due. Moneys in the Payment Account may not be withdrawn to pay operating expenses.

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

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

Available Sources of Repayment

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

Unrestricted Revenues available for repayment can be found in Table I, "County of Riverside Fiscal Year 2015-16 Projected Unrestricted Revenues Available for Note Repayment (in Thousands)", Table II "County of Riverside Fiscal Year 2013-14 Actual General Fund Cash Flow (in Thousands)," Table III, "County of Riverside Fiscal Year 2014-15 Actual/Estimated General Fund Cash Flow (in Thousands)," Table IV, "County of Riverside Fiscal Year 2015-16 Projected General Fund Cash Flow (in Thousands)," and Table VII "County of Riverside Alternative and Other Restricted Cash Resources, Actual Projected (in Thousands)."

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

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

[TO BE PROVIDED]

Revenue Source	**Fiscal Year 2015-16 Amount**
Property Taxes	
Sales and Use Taxes	
Other Taxes	
Licenses and Permits	
Fines, Forfeitures and Penalties*	
Use of Money and Property	
State Aid	
Federal Aid	
Other Government Aid	
Charges for Current Services	
Miscellaneous Revenue	
Repayment of Advances to Other Funds	
Reimbursement from Depts (for CalPERS)	
Total	**$**

Estimated and Projected General Fund Cash Flows

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

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* Includes approximately $[__________] for the repayment of the County's Teeter obligations in Fiscal Year 2015-16, which amount is not available for payment of the Note. See Appendix A "FINANCIAL INFORMATION-Teeter Plan."

between the Fiscal Year 2014-15 actual/projected General Fund cash flows and the Fiscal Year 2015-16 projected General Fund cash flows.

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

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

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

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

Source: County Auditor-Controller

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

Source: County Auditor-Controller

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

Source: County Auditor-Controller

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

[TO BE PROVIDED]

	FY 14/15 Original Projections	FY 14/15 Actual / Revised Projections	$ Over (Under)	% Over (Under)
Property Taxes				
Sales and Use Taxes				
Other Taxes				
Licenses & Permits				
Fines, Forfeitures & Penalties				
Rev from Use of Money and Property				
State Aid				
Federal Aid				
Other Governmental Aid				
Charges for Current Services				
Miscellaneous Revenue				
Other Financing Sources				
Repayment of Advances to Other Funds				
Reimbursement from Depts (CalPERS)				
Interfund Transfers				
Total				
Salaries and Benefits				
Services and Supplies				
Other Charges				
Fixed Assets and Capital Outlay				
Other Financing Uses				
Advances to Other Funds				
CalPERS Prepayment				
Interfund Transfers				

Source: County Auditor-Controller

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

[TO BE PROVIDED]

	FY 14/15 Actual / Revised Projections	FY 15/16 Projections	$ Over (Under)	% Over (Under)
Property Taxes				
Sales and Use Taxes				
Other Taxes				
Licenses & Permits				
Fines, Forfeitures & Penalties				
Rev from Use of Money and Property				
State Aid				
Federal Aid				
Other Governmental Aid				
Charges for Current Services				
Miscellaneous Revenue				
Other Financing Sources				
Repayment of Advances to Other Funds				
Reimbursement from Depts (CalPERS)				
Interfund Transfers				
Total				
Salaries and Benefits				
Services and Supplies				
Other Charges				
Fixed Assets and Capital Outlay				
Other Financing Uses				
Advances to Other Funds				
CalPERS Prepayment				
Interfund Transfers				
Total				

Source: County Auditor-Controller

California Government Code Section 25252 authorizes the Board of Supervisors of the County to establish and abolish funds necessary for the proper transaction of the business of the County and further provides that the Board of Supervisors may authorize the County Auditor to perform this function. In addition, California Government Code Section 25252 authorizes the Board of Supervisors to make transfers from one fund to another as the public interest requires and further provides that the Board of

Supervisors may by resolution authorize the County Auditor to make such transfers of money from one fund to another if the Board of Supervisors has authority over each such fund, as the public interest requires. Pursuant to Resolution 2010-205, adopted by the Board of Supervisors on August 10, 2010, the Board of Supervisors has authorized the County Auditor to make temporary transfers of money between those funds under the authority of the Board of Supervisors as the public interest may require.

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

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

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

[TO BE PROVIDED]

Fund Type	Fund Purpose	Audited Actual Balance June 30, 2014	Actual/Projected Balance June 30, 2015
Special Revenue	*Transportation*		
Special Revenue	*Flood Control*		
Special Revenue	*Community Services*		
Special Revenue	*County Service Areas*		
Special Revenue	*Other Special Revenue*		
Capital Project	*Public Facilities*		
Capital Project	*Crest*		
Capital Project	*PSEC*		
Enterprise	*County Service Areas*		
Enterprise	*Flood Control*		
Enterprise	*Regional Medical Center*		
Enterprise	*Waste Management*		
Internal Service	*Records Management and Archive*		
Internal Service	*Fleet Services*		
Internal Service	*Information Services*		
Internal Service	*Printing Services*		
Internal Service	*Supply Services*		
Internal Service	*OASIS Project*		
Internal Service	*Risk Management*		
Internal Service	*Temporary Assistance Pool*		
Internal Service	*Flood Control Equipment*		
Internal Service	*EDA Facilities Management*		
Total Alternative Cash Resources			

Fund Type	Fund Purpose	Audited Actual Balance June 30, 2014	Actual/Projected Balance June 30, 2015
Permanent fund	*Perris Valley Cemetery*		
Special Revenue	*Regional Park and Open Space*		
Special Revenue	*Air Quality Improvement*		
Special Revenue	*In-Home Support Services*		
Special Revenue	*Perris Valley Cemetery*		
Capital Project	*Flood Control*		
Capital Project	*Regional Park and Open-Space*		
Enterprise	*Housing*		
Trust and Agency	*Agency Funds*		
Trust and Agency	*Private Purpose Trust*		
Debt Service	*Pension Obligation*		
Other	*Children and Families Commission*		
Other Cash Resources of Riverside County			

Fund Type	Audited Actual Balance June 30, 2014	Actual/Projected Balance June 30, 2015
Alternative Cash Resources		
Other Restricted Cash		
General Fund Unrestricted Cash		
All Riverside County Cash		

Projected Resources June 30, 2016: **$ ___billion**

Source: County Auditor-Controller

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

Additional Note Obligations

Under the Resolution, the County has reserved the right to issue additional notes during Fiscal Year 2015-16 having a lien on the Pledged Revenues that is on parity or subordinate to the lien on the Pledged Revenues securing the Note, so long as the principal of and interest on the Note and such additional notes will not exceed 85% of the estimated moneys legally available for the payment of the Note and the interest thereon. A parity obligation ("Parity Note") may be issued provided that (i) the issuance of any such Parity Note shall not in and of itself reduce or impair the rating on the Note, (ii) the maturity date of any such Parity Note shall be later than the outstanding Note, and (iii) the Note and Parity Note shall have the same paying agent. In the event that the County issues a Parity Note, the County shall make appropriate deposits into the Payment Account with respect to such Parity Note, and in such event, the Payment Account shall also be held for the benefit of the holders of the Parity Note. The County may incur indebtedness secured by a pledge of its Pledged Revenues subordinate to the pledge of Pledged Revenues with respect to the Note and may issue subordinate tax and revenue anticipation notes. See APPENDIX F— "FORM OF RESOLUTION" attached hereto. The County currently expects that, other than the Note, it will not issue any bonds, notes or warrants pursuant to the Act with respect to the 2015-16 Fiscal Year.

Sources and Uses of Funds

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

Sources	
Par Amount of Note	$
Original Issue Premium	
Total Sources	$
Uses	
Deposit to General Fund	$
Costs of Issuance[1]	
Total Uses	$

[1] Includes legal fees, underwriters' discount, printing expenses and other costs of issuance.

Book-Entry-Only System

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

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

DTC will act as securities depository for the Note. The Note will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each issue of the Note each in the aggregate principal amount of such issue, and will be deposited with DTC. Individual purchases of participation in the Note will be made in book-entry form only. Purchasers of the Note will not receive certificates representing their ownership interest in the Note purchased. Principal and interest payments represented by the Note are payable directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to its participants who are responsible for distributing such payments to the beneficial owners of the Note. See APPENDIX E—"BOOK-ENTRY ONLY SYSTEM" attached hereto.

THE COUNTY

The County was organized in 1893 from territory in San Bernardino and San Diego Counties and encompasses 7,177 square miles. The County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the south by San Diego and Imperial Counties and on the west by Orange and San Bernardino Counties. The County is the fourth largest county (by area) in the state and stretches 185 miles from the Arizona border to within 20 miles of the Pacific Ocean. There are 28 incorporated cities in the County. According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,308,441 as of January 1, 2015, reflecting a 1.24% increase over the prior year.

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

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

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

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

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the State Constitution

In 1978, California voters approved Proposition 13, adding Article 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 Fiscal Year 1975-76 tax bill under 'full cash' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article 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 XIII B 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 the Fiscal Year 2013-14 was $2,388,219,717 and the amount shown in its budget for that year as the appropriations subject to limitation was $862,139,716. The County's appropriations limit for Fiscal Year 2014-15 is $2,416,779,004 and the amount subject to the limitation is $875,067,523.

Right To Vote on Taxes Initiative-Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 (Article XIIIC) requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote.

Proposition 218 (Article XIIID) also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services where the service is available to the public at large in substantially the same manner as it is to property owners.

Proposition 218 (Article XIIIC) also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of any county will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's General Fund. No such initiative is currently pending, or to the knowledge of the County, proposed.

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

Proposition 62

Proposition 62, a statutory initiative that was adopted by the voters voting in the State at the November 4, 1986 general election, (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities be approved by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article 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, and (f) requires a reduction of ad valorem property taxes allocable to the jurisdiction imposing a tax not in compliance with its provisions equal to one dollar for each dollar of revenue attributable to the invalid tax, for each year that the tax is collected.

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

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

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in 2007-08 Fiscal Year, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate then in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

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

Proposition 22

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

Proposition 25

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

Proposition 26

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

Proposition 26 provides that the local government bears the burden of proving by a preponderance of evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the government activity, and that the manner in which those costs are allocated to a payor bear a reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The County does not expect the provisions of Proposition 26 to materially and adversely affect its ability to pay debt service on the Note when due.

Assessment Appeals and Assessor Reductions

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

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

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

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

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

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

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 62, 1A, 25 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time-to-time, other initiative measures could be adopted, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the County.

STATE OF CALIFORNIA BUDGET INFORMATION

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County does not guaranty the accuracy or completeness of this information and has not independently verified such information.

Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal or interest due with respect to the Note is payable from any funds of the State.

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2014-15, approximately 43.7% of the County's General Fund budget revenues consist of payments from the State and approximately 20.2% consists of payments from the Federal government. For Fiscal Year 2015-16, the County projects that approximately 44.7% of its General Fund budget revenues will consist of payments from the State and 20.6% will consist of payments from the Federal government.

The following information concerning the State's budgets has been obtained from publicly available information which the County believes to be reliable; however, the County neither takes any responsibility for nor guarantees the accuracy or completeness thereof. The County has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the current and past budgets may be found at the Department of Finance website. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at its website. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

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

State Budget for Fiscal Year 2014-15. On June 20, 2014, the Governor signed the State Budget Act for Fiscal Year 2014-2015 (the "2014-15 Budget Act"). The 2014-15 Budget Act represents a multiyear plan that maintains a $449 million reserve and uses $1.6 billion for the State's rainy day fund while continuing to pay down certain debts and unfunded liabilities of the State. The 2014-15 Budget Act provides for approximately $105 billion in revenues and transfers for Fiscal Year 2014-2015 (up slightly from the approximate $102 billion estimated for Fiscal Year 2013-14), and approximately $108 billion in total expenditures for Fiscal Year 2014-15 (up from the approximate $101 billion estimates for Fiscal Year 2013-14. The State enters Fiscal Year 2014-15 with a positive prior year general fund balance, approximately $3.9 billion, as compared to a positive general fund balance of approximately $2.4 billion at the start of Fiscal Year 2013-14.

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

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

- <u>*Redevelopment Agency Funds*</u>—In those areas that contained redevelopment agencies, the 2014-15 Budget Act estimates that over Fiscal Year 2013-14 and Fiscal Year 2013-14, combined, approximately $731 million in redevelopment agency funds will be distributed back to counties.

- <u>*Medi-Cal Expansion*</u>—The 2014-15 Budget Act estimates that Medi-Cal enrollment is expected to rise from 7.9 million before implementation to 11.5 million in Fiscal Year 2014-15, covering nearly thirty percent of the State's population. The 2014-15 Budget Act assumes the general fund Medi-Cal costs will rise by $2.4 billion over Fiscal Year 2012-13 since approximately 800,000 individuals will receive Medi-Cal benefits under the mandatory expansion where costs are on a 50/50 basis with the federal government.

- *CalWORKs Employment Services*— The 2014-15 Budget Act includes $46.6 million for a 5 percent grant increase, effective April 1, 2015. Similar to the 5 percent increase that took effect March 1, 2014, the State's general fund will support these costs until sufficient other revenues become available.

- *In-Home Supportive Services ("IHSS")*— Pursuant to new United States Department of Labor regulations, the 2014-15 Budget Act provides $172.2 million in 2014-15 and $354.4 million ongoing to pay overtime to providers who work in excess of 40 hours per week and for compensation for providers traveling between multiple recipients, wait time associated with medical accompaniment, and time spent on mandatory training. The 2014-15 Budget Act also includes a statutory framework to maintain quality of care while containing overtime costs.

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

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

Legislative Analyst's Office Response to 2015-16 Proposed Budget and May Revision. The Legislative Analyst's Office (the "LAO") released its Overview of the 2015-16 Proposed Budget on January 13, 2015 and its Overview of the May Revision on May [__], 2015 (together, the "LAO Overview"). The LAO Overview praised the Governor's emphasis on debt repayment and stated that the

2015-16 Proposed Budget would place California on an even stronger fiscal footing. The LAO Overview also gives the Governor considerable credit for his proposal to fully fund the California State Teachers Retirement System (CalSTRS) unfunded liabilities within 30 years, and stated that over the long run, eliminating these liabilities will significantly lower state costs, affording future generation more flexibility in public budgeting. [Update once May Revise is made available]

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Note is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Note and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Note is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in APPENDIX C—"PROPOSED FORM OF OPINION OF BOND COUNSEL."

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

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

Note. Holders of a Premium Note should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Note which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Note is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Note within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Note to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during the 2013-14 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Note proceeds or of rebatable arbitrage profits, if any, was incorrect.

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

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

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

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

LITIGATION

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Note or the Resolution, or contesting the County's ability to appropriate or make the repayment of the Note, and an opinion of the Office of County Counsel to that effect will be furnished to the Underwriters at the time of the execution and delivery of the Note. See APPENDIX A—"INFORMATION REGARDING THE COUNTY OF RIVERSIDE—Financial Information—Litigation" for a discussion of the County's pending general litigation.

LEGALITY FOR INVESTMENT

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

UNDERWRITING

The Note is being purchased initially by J.P. Morgan Securities ("J.P. Morgan"), and Stifel, Nicolaus & Company, Inc. ("Stifel", and, together with J.P. Morgan, the "Underwriters"), at a price of $__________ (being the par amount of the Note, plus an original issue premium in the amount of $__________, less the Underwriter's discount of $________). The Contract of Purchase provides that the Underwriters will purchase the entire Note, if it is purchased. Furthermore, the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase and certain other conditions.

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

[ADD RETAIL DISTRIBUTION LANGUAGE, IF ANY]

CONTINUING DISCLOSURE

Pursuant to the Resolution, the County has covenanted for the benefit of the Owners and beneficial owners of the Note to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide information regarding material adverse events, if any such events should occur in connection with the following, to the owners of the Note and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, or any successor thereto, during the term of the Note. In addition, the County has covenanted to provide updated quarterly cash flow information within 40 days of the end of each fiscal quarter, beginning with the fiscal quarter endede September 30, 2014. See APPENDIX D—"PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

During the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide significant event notices with respect to changes in the ratings of outstanding indebtedness, primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; and (ii) missing or late filing of annual reports with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County.

Some specific examples of such failures include:

(a) The annual report and financial statements for fiscal year 2008-09, the first County filings which were required to be submitted to EMMA after the effective date of revisions to the Rule, were submitted to MSRB with significant delays with respect to each County issuance outstanding during the first quarter of the 2009-10 fiscal year, as the County had not yet updated its compliance procedures and filed its annual report and financial statement for such year in accordance with the previously-effective Rule requirements. Subsequently, the County has submitted to EMMA the annual reports and financial statements for fiscal year 2008-09.

(b) With respect to the Housing Authority of the County of Riverside Refunding Revenue Bonds 1998 Series A (Corona Projects), no filings were submitted to the MSRB, and with respect to certain redevelopment issuances involving the Riverside County Public Financing Authority, no filings were made to the MRSB in fiscal years 2010-11, 2011-12 and 2012-13. Recently, the Housing Authority of the County of Riverside submitted to EMMA the financial statements of the Redevelopment Agency of the City of Corona for fiscal years 2008-09 through 2012-13.

The County and its related entities have made additional filings to provide certain of the previously omitted information. The County and its related entities are currently actively internally reviewing their previous filings and plan to complete corrective filings within 45 days on all issues which remain outstanding. With respect to notices or rating changes, the County and its related entities are preparing an omnibus corrective notice regarding bond insurer ratings and ratings of the County's general fund debt.

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

RATINGS

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

CERTAIN LEGAL MATTERS

At the time of the delivery of the Note, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, will deliver its final approving opinion. A proposed form of such approving opinion is contained in APPENDIX C hereto and will be delivered to DTC with the Note. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement.

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

FINANCIAL ADVISOR

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

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

FINANCIAL STATEMENTS

The general purpose financial statements of the County, pertinent sections of which are included in APPENDIX B to this Official Statement, have been audited by Brown Armstrong Certified Public Accountants, independent certified public accountants, as stated in their report appearing in APPENDIX B. Brown Armstrong Certified Public Accountants, has not consented to the inclusion of its report as APPENDIX B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Brown Armstrong Certified Public Accountants, with respect to any event subsequent to its report dated December 5, 2014. See APPENDIX B— "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014" attached hereto.

MISCELLANEOUS

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of the Note.

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

COUNTY OF RIVERSIDE

By:________________________________
Jay Orr, County Executive Officer

APPENDIX A

INFORMATION REGARDING THE COUNTY OF RIVERSIDE

APPENDIX A
INFORMATION REGARDING THE COUNTY OF RIVERSIDE

GENERAL INFORMATION

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

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

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

COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY

(As of January 1)

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

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

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

The following table summarizes the total effective buying income for the County and the State for the period 2011 through 2015:

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

	Total Effective Buying Income[(2)]	Median Household Effective Buying Income	Percent of Households with Income over $50,000
2011			
Riverside County	$ 38,492,225	$44,253	43.07%
California	$801,393,028	$47,117	46.78%
2012			
Riverside County	$ 39,981,683	$44,116	42.91%
California	$814,578,458	$47,062	46.65%
2013			
Riverside County	$ 40,157,310	$43,860	42.39%
California	$864,088,828	$47,307	46.90%
2014			
Riverside County	$ 40,293,518	$44,784	43.84%
California	$858,676,636	$48,340	48.17%
2015			
Riverside County	$ 41,199,300	$45,576	44.79%
California	$901,189,699	$50,072	50.05%

(1) Estimated, as of January 1 of each year
(2) Dollars in thousands

Source: Nielsen Solution Center

Industry And Employment

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

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY[1]

(In Thousands)

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

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

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

The following table sets forth the major employers in the County as of 2014 and their respective product or service and number of employees as of 2014.

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

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

(1) Certain major employers in the County may have been excluded because of the data collection methodology used by Riverside County Economic Development Agency.
(2) Includes employees within the County; excludes, under certain circumstances, temporary, seasonal and per diem employees.
Source: County Economic Development Agency

Unemployment data for the County, the State and the United States for the years 2010 through 2014 and for [March 2015] are set forth in the following table.

COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

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

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

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

Commercial Activity

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

The following table sets forth taxable transactions in the County for the years 2009 through 2013, the last year being the most recent full year of which annual data is currently available.

COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)

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

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

Building and Real Estate Activity

The two tables below set forth a summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) from 2009 through 2014. **[WILL NEED TO REQUEST IN MAY, 2014 DATA NOT YET AVAILABLE]**

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

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

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

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

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

	2010	2011	2012	2013	2014
Single Family	4,031	2,676	3,455	4,671	
Multi-Family	526	1,073	829	1,415	
TOTAL	4,557	3,749	4,284	6,086	

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

The following table sets forth the annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2009 through 2014.

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

Year	Los Angeles	Riverside	San Bernardino	Southern California[1]
2009	$320,000	$190,000	$150,000	$270,000
2010	335,000	200,000	155,000	290,000
2011	315,000	195,000	150,000	280,000
2012	330,000	210,000	163,000	300,000
2013	412,000	259,000	205,000	370,000
2014				

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

The following table sets forth the home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2009 through 2014.

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

Year	Los Angeles	Riverside	San Bernardino	Southern California[1]
2009	29,943	25,309	19,560	100,106
2010	26,827	20,598	16,757	86,853
2011	25,597	17,383	14,181	77,105
2012	15,271	10,657	9,262	47,347
2013	6,469	4,191	4,088	19,470
2014				

(1) Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

Agriculture

Agriculture is an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery stock, alfalfa, bell peppers, dates, lemons and avocados.

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

The County, and all of Southern California, is experiencing a severe drought. See "—Environmental Control Services" below. The County does not expect at this time that the drought in general will impact agricultural production in the County.

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

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

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

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 through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

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

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

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

Education

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

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

Environmental Control Services

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

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

In January 2014, California's governor proclaimed a state of emergency due to the ongoing drought, and directed State officials to take all necessary actions to prepare for drought conditions. On July 15, 2014, the State Water Resources Control Board ("SWRCB") adopted drought regulations that give local agencies the authority to fine those who waste water up to $500 a day. The uncertainty associated with long-term water supply is a major concern of local and regional water agencies in California, especially southern California, which has been exacerbated due to the current drought. The governor and the State Legislature have been continuously engaged in discussions on potential strategies to help mitigate the effects of the drought. However, as a result of low rainfall and snowfall during the 2014-15 winter season, low water supply throughout the State remains an issue. On April 1, 2015, California's governor issued the fourth in a series of executive orders extending the measures necessary to address California's severe drought conditions. The executive order adopted the following additional orders, among others: (i) SWRCB is directed to impose restrictions to reduce potable urban water usage, including usage by commercial, industrial and institutional properties and golf courses, by 25% through February 28, 2016; portions of a water supplier's service area with higher per capita use must achieve proportionally greater reductions than areas with lower per capita use; (ii) the State of California Department of Water Resources ("DWR") is directed to fund a statewide initiative, in partnership with local agencies, to collectively replace 50 million square feet of lawns with drought tolerant landscaping; (iii) the California Energy Commission is directed to implement a rebate program for replacement of inefficient appliances; (iv) urban water suppliers are required to provide monthly water usage, conservation and enforcement information; (v) service providers are required to monitor groundwater basin levels in accordance with the California Water Code § 10933; (vi) permitting agencies are required to prioritize approval of water infrastructure and supply projects; and (vii) DWR is required to install emergency drought salinity barriers. The 25% conservation standard mandated by the executive order is schedule to result in water savings amounting to approximately 1.3 million acre-feet of water over the next nine months. There are currently pending associated regulations on the means and methods to achieve such conservation before the SWRCB and such figures assume approval anticipated to take effect in May 2015.

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

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

Sewage. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal.

FINANCIAL INFORMATION

Budgetary Process and Budget

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

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

Fiscal Year 2014-15 Budget

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

Property tax revenue is expected to increase by 9.4% in Fiscal Year 2014-15 and sales tax receipts that are not related to solar projects within the County are expected to remain stable. Revenue growth and surplus revenue set aside in the budget stabilization fund created in Fiscal Year 2012-13 was used to develop a balanced General Fund budget for Fiscal Year 2014-15. The County allocates one-time revenues above budgeted amounts to the budget stabilization fund, which has a balance of approximately $50.6 million as of April 30, 2015. While the County utilized some of its reserves during the economic downturn between 2008 and 2012, no reserves have been utilized since Fiscal Year 2011-12 and no reserves are budgeted to be utilized in Fiscal Year 2014-15.

Fiscal Year 2015-16 Proposed Budget

[Recommended Budget to go to Board on June 2015; to be updated]

The County has started its budget process for Fiscal Year 2015-16 and plans to hold its budget impact hearings in September, when the preliminary year-end financial data for Fiscal Year 2014-15 becomes available. All general fund departments have been directed to prepare budgets that are balanced and absorb any additional costs without additional general fund support. Departments may request additional support, if needed, during the budget impact hearing in September.

Property tax revenue is expected to grow by 5.6% in Fiscal Year 2015-16.

Impacts of State Budget

Changes in payments to the County from the State, whether temporary or permanent, may require adjustments to the County's Fiscal Year 2014-15 budget. Permanent cuts in State funding will require the County to reduce programs reliant on State funds, unless the County chooses to make corresponding reductions to discretionary funding for core County services.

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

Realignment of Certain Services to Local Governments

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

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

With respect to Public Safety, however, county governments have taken on various additional responsibilities related to inmates released from state prison, newly convicted offenders whose offenses are legally defined under the State Penal Code as non-violent, non-serious and non-sexual, and parole violators. In Fiscal Year 2013-14, the County received a $51.24 million appropriation from the State to address the needs of the realigned criminal justice population. Although this amount is not sufficient to meet all of the identified needs, the slow pace of hiring has led to under-spending and the affected County departments have been able to continue providing identified services. In Fiscal Year 2014-15, the County received less funding for realignment as the statewide allocation was $60 million less than the prior year. Accordingly, it has been considerably more difficult for the County to provide needed services. In addition, the County has been approved to receive a grant reimbursement of $24.6 million to replace the Probation Youth Education and Treatment Center in the City of Riverside. The County will begin to draw down $100 million in State bond funds to pay for a portion of the construction the new jail facility in the City of Indio.

Final Budget Comparison

The following table sets forth the General Fund budgets for the last five fiscal years as initially adopted by the Board of Supervisors. During the course of each fiscal year, a budget may be amended to reflect adjustments to receipts and expenditures that have been approved by the Board of Supervisors.

COUNTY OF RIVERSIDE
ADOPTED GENERAL FUND BUDGETS[1]
FISCAL YEARS 2010-11, 2011-12, 2012-13, 2013-14 AND 2014-15
(IN MILLIONS)

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

(1) Data source is the official budget documents submitted to the State Controller's Office. Figures do not reflect quarterly amendments or adjustments.
(2) Column numbers may not add up to totals due to rounding.

Source: County Auditor-Controller

Riverside County Treasurer's Pooled Investment Fund

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of March 1, 2015, the portfolio assets comprising the PIF had a market value of $5,730,402,540.40.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2014, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. Collectively, these mandatory deposits constituted approximately 76.92% of the funds on deposit in the County Treasury, while approximately 23.08% of the total funds on deposit in the County Treasury represented discretionary deposits.

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

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2014 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The allocation of the investments in the Pooled Investment Fund as of March 1, 2015, was as follows:

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

Source: County Treasurer-Tax Collector

As of March 1, 2015, the market value of the PIF was 100.03% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

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

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

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

Ad Valorem Property Taxes

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

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

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

Property taxes on the unsecured roll are due as of January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

The following tables set forth the secured property tax roll and the unsecured property tax roll of the County for Fiscal Year 2003-04 through Fiscal Year 2014-15.

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

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
2003-04	$1,506,949,011	$42,164,689	2.80%	$1,571,572,091	104.29%
2004-05	1,747,034,222	55,557,116	3.18	1,797,065,686	102.86
2005-06	2,094,068,686	88,930,195	4.25	2,122,973,130	101.38
2006-07	2,559,448,076	180,175,146	7.04	2,533,225,935	98.98
2007-08	2,964,341,768	255,672,935	8.62	2,928,205,634	98.78
2008-09	3,029,936,136	222,218,035	7.33	3,146,419,870	103.84
2009-10	2,791,941,475	139,427,699	4.99	2,957,072,395	105.91
2010-11	2,698,915,858	95,454,538	3.54	2,826,336,496	104.72
2011-12	2,676,613,483	70,921,563	2.65	2,805,588,954	104.82
2012-13	2,677,034,057	58,215,544	2.17	2,800,820,511	104.62
2013-14	2,813,381,750	49,716,695	1.76	2,943,824,187	104.64
2014-15[4]	3,014,259,026[5]	N/A	N/A	N/A	N/A

(1) The Levy and Collection data reflects the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, schools districts, special districts and redevelopment agencies are included in the totals.
(2) Under the Teeter Plan, participating agencies receive their full levy of current secured taxes regardless of delinquency rate, subject to roll corrections during the year. Prior year taxes are deposited to the Teeter Plan fund.
(3) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.
(4) Actual unaudited figures.
(5) Secured extension Fiscal Year 2013-14.

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]
2003-04	$56,479,231	$54,911,981	97.23%
2004-05	61,359,545	58,253,834	94.94
2005-06	67,010,790	65,220,783	97.33
2006-07	71,315,299	70,418,974	98.74
2007-08	79,265,231	75,566,558	95.35
2008-09	88,531,578	86,067,900	97.22
2009-10	88,118,784	88,409,527	100.33
2010-11	86,326,418	82,483,361	95.55
2011-12	83,904,478	84,157,603	100.30
2012-13	83,848,832	78,686,704	93.84
2013-14	83,522,992	86,835,311	103.97
2014-15[3]	84,869,586	88,410,497[4]	104.17

(1) The Levy and Collection data reflects the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, schools districts, special districts and redevelopment agencies are included in the totals.
(2) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.
(3) Actual unaudited figures.
(4) Collections through April 2015.

Source: County Auditor-Controller

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

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

The following table sets forth the supplemental tax roll of the County for Fiscal Year 2004-05 through Fiscal Year 2014-15:

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

Fiscal Year	Tax Levy for Increased Assessments(1),(2),(3)	Refunds for Decreased Assessments(1),(3)	Net Supplemental Tax Levy	Collections(1),(2)
2004-05	$201,364,003	$2,048,421	$199,315,582	$151,778,352
2005-06	334,571,225	1,818,236	332,752,989	248,929,219
2006-07	344,014,168	2,948,680	341,065,488	301,767,959
2007-08	171,506,667	9,019,397	162,487,270	214,671,863
2008-09(4)	60,817,712	46,478,150	14,339,562	74,316,444
2009-10	27,019,730	35,212,651	(8,192,922)(5)	19,632,809
2010-11	34,612,092	27,686,887	6,925,205	16,813,302
2011-12	26,497,836	18,807,091	7,690,745	17,105,096
2012-13	35,389,177	16,720,188	18,668,989	23,487,988
2013-14	52,907,916	8,982,077	43,925,839	41,498,433
2014-15(6)	61,925,386	7,264,731	54,660,655	40,181,868(7)

(1) These figures include tax levy, refunds and collections for all districts, including the County, cities, school districts, special districts and redevelopment agencies.
(2) Includes current and prior years' taxes, redemption penalties and interest collected.
(3) Tax levy amounts are shown net of minimum tax less than $10 and refunds are shown net of refunds of negative supplemental taxes less than $10.
(4) Changes from prior years due to decrease in housing values and lower transaction volume. See discussion below, following the table of Assessed Valuation History by Category and Property Type.
(5) The negative tax levy is a result of refunds exceeding the billed amounts.
(6) From July 2014 through May 2015.
(7) From July 2014 through April 2015.

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

The following table sets forth the assessed valuation by category and property type for Fiscal Year 2010-11 through Fiscal Year 2014-15:

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

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

(1) Assessed valuation is reported as of July 1 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 fair market value, adjusted annually for inflation (not to exceed 2%). Generally, property is reassessed at fair market value upon change of ownership and for new construction.
(2) Represents total of categories set forth above; does not represent total tax roll values.

Source: County Auditor-Controller/County Assessor

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

In Fiscal Year 2010-11, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which encompassed approximately 400,000 properties. This resulted in a net decline in assessed valuation from the prior fiscal year of approximately 4.25%. In Fiscal Year 2011-12, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 1.5% decline in assessed valuation from the prior fiscal year. In Fiscal Year 2012-13, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 0.15% decline in assessed valuation from the prior fiscal year. In Fiscal Year 2013-14, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, which resulted in a 0.15% decline in assessed valuation from the prior fiscal year. No additional Proposition 8 reductions are expected for Fiscal Year 2014-15 or 2015-16, and assessed valuation in the County increased from Fiscal Year 2013-14 to Fiscal Year 2014-15 by approximately 7.92%.

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

The County cannot predict with certainty the outcome of the assessment appeals that have been filed but not resolved. It is expected that the impact of the assessment appeals on the Fiscal Year 2014-15 budget will be determined primarily by two components: (i) the remainder of the Fiscal Year 2013-14 assessment appeals still to be completed; and (ii) a portion of the Fiscal Year 2014-15 assessment appeals being completed during Fiscal Year 2015-16.

Teeter Plan

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

Upon adopting the Teeter Plan in 1993, the County was required to distribute to participating local agencies 95% of the then-accumulated secured roll property tax delinquencies and place the remaining 5% in the tax losses reserve fund, as described below. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. In Fiscal Year 2014-15, approximately 55.71% of all taxing entities within the County participated in the Teeter Plan.

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

Funding for the County's on-going obligations under the Teeter Plan was completed through the issue, in October 2014, of County of Riverside 2014 Series D Teeter Obligation Notes (Tax-Exempt) (the "D Notes") in the amount of $99.36 million and the County of Riverside 2014 Series E Teeter Obligation Notes Teeter Obligation Notes (Taxable) (the "Series E Notes" and together with the D Notes, the "Notes") in the amount of $0.82 million. The proceeds of the Notes refunded the outstanding County of Riverside 2013 Teeter Obligation Notes, Series D originally issued in the amount of $118.135 million, refunded the outstanding County of Riverside 2013 Teeter Obligation Notes, Series E originally issued in the amount of $1.635 million, funded an advance of unpaid property taxes for agencies participating in the Teeter Plan, and paid costs of issuance related to the Notes. The Notes funded approximately $38.3 million representing Fiscal Year 2013-14 delinquent property taxes and approximately $62.89 million representing prior years' delinquent property taxes. The Notes mature on October 14, 2015. The County's General Fund is pledged to the repayment of the Notes in addition to the pledge of the delinquent taxes in the event that delinquent taxes collected are not sufficient to repay the Notes.

Largest Taxpayers

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

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

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

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

Source: County Treasurer and Tax Collector

The 10 largest property owners in the County by assessed value for all properties, for the Fiscal Year 2014-15 are shown below:

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

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

(1) Excludes State assessed property. Does not reflect any applicable exemptions.

Source: County Assessor

Other Taxing Entities

The County does not retain all of the property taxes it collects for its own purposes. The majority of property taxes collected by the County are disbursed to other agencies. For Fiscal Year 2013-14, the County retained approximately 12.23% of the total amount collected (and is budgeted to retain 12.24% in Fiscal Year 2014-15). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law (See "-Redevelopment Agencies" below). Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are applied to pay such obligations, less any allowable collection charges.

Redevelopment Agencies

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

The following table summarizes the community redevelopment agencies' frozen base value, full cash value increments, and total tax allocations for Fiscal Years 2004-05 through 2014-15.

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

Fiscal Year	Frozen Base Value	Full Cash Value Increments(1)	Total Tax Allocations(2) (3)
2004-05	$12,271,092,108	$34,974,969,456	$352,904,769
2005-06	14,682,893,563	42,414,898,724	427,668,011
2006-07	14,555,513,591	52,411,876,802	529,173,451
2007-08	15,259,109,791	62,845,258,807	634,701,584
2008-09	15,257,041,079	66,803,157,176	673,622,251
2009-10	15,256,883,605	62,342,584,603	630,001,609
2010-11	15,980,487,099	58,188,212,570	586,318,387
2011-12	16,272,503,279	56,687,373,841	598,655,064
2012-13	16,352,697,201	56,178,718,338	594,476,134
2013-14	16,352,697,201	58,677,226,297	688,683,052
2014-15(4)	16,352,697,201	62,373,436,336	728,468,454

(1) Full cash value for all redevelopment projects (including County projects) above the "frozen" base year valuations. This data represents growth in full cash values generating tax revenues for use by the community redevelopment agencies.
(2) Actual cash revenues collected by the County and available to community redevelopment agencies, subject to debt limitation and certain negotiated agreements with taxing entities for a share of the property tax increment.
(3) Includes general purpose and debt; excludes negative increment.
(4) Based on County estimate of increment of assessed value for the community redevelopment agencies for Fiscal Year 2014-15.

Source: County Auditor-Controller

Legislation enacted as part of the State's 2011 Budget Act ("ABx1 26") eliminated redevelopment agencies, with formal dissolution effective February 1, 2012. The County had previously formed a redevelopment agency with project areas in 45 unincorporated communities. In accordance with ABx1 26, the County redevelopment agency dissolved on February 1, 2012 and the County's Board of Supervisors is acting as the successor agency to the County's redevelopment agency. At the time of its dissolution, the County redevelopment agency had a total land area of 82,334 acres, a base year assessed value, including State-owned land, of $3,971,824,734, and a 2011-12 assessed value of $8,266,787,927. In Fiscal Year 2011-12, the pass-through payment to the County's general fund from the County's redevelopment agency totaled $1,600,442.73, and was offset in its entirety pursuant to Health and Safety Code Section 33607.5. As a consequence of the dissolution of redevelopment agencies, the County receives only a fraction of the pass-through payments from the County redevelopment agency it previously received, but these amounts were relatively modest and are largely offset by the County's receipt of its tax allocation under the AB 8 formula. As the result of the dissolution, the County is receiving a share of residual, unencumbered low and moderate housing and other asset funding. As of March 2015, the County received approximately $3.5 million in such funds in the current fiscal year.

In Fiscal Year 2013-14, the County received approximately $83.3 million in pass-through payments pursuant to agreements with various city redevelopment agencies, and is projecting that it will receive approximately $89 million in Fiscal Year 2014-15 and $94 million in Fiscal Year 2015-16. Pursuant to ABx1 26 and its following clarifying legislation, the County's negotiated pass-through agreements with these redevelopment agencies remain in full force and effect as enforceable obligations of the successor entity to each such redevelopment agency.

Financial Statements and Related Issues

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

The State Government Code requires every county to prepare an annual financial report. The County Auditor-Controller prepares the "Annual Financial Report of the County of Riverside." Under the U.S. Single Audit Act of 1984 and State law, independent audits are required on all operating funds under the control of the Board of Supervisors and must be conducted annually. The County's financial statements for Fiscal Year 2013-14 were audited by Brown Armstrong Certified Public Accountants. See APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

The County adopted the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments during fiscal year 2001-02. This statement affects the manner in which the County records transactions and presents financial information. GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the County's financial activities in the form of "management's discussion and analysis" (MD&A). In addition, the reporting model established by GASB Statement No. 34 includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. The reporting model features a statement of net assets and a statement of activities. The statement of net assets is designed to display the financial position of the government. The County reports all capital assets, including infrastructure assets, in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the County's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the County has recorded other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. For further information on GASB Statement No. 34 and other changes in significant accounting policies, see Note 1 of the Notes to Basic Financial Statements, June 30, 2014, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

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

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

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

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

Source: County Auditor-Controller.

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

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

(In Thousands)

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

(1) As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB Statement No. 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.
(2) Annual fluctuations are due mainly to fluctuation in tax revenue, general government expenditures, interest earnings and State allocations.

Source: County Auditor-Controller

COUNTY OF RIVERSIDE
GENERAL FUND BALANCES
AT JUNE 30, 2007 THROUGH JUNE 30, 2014

(In Thousands)

	Reserved	Unreserved				Total
2007	$88,233	$482,731				$570,964
2008	84,466	394,302				478,768
2009	91,196	280,925				372,121
2010	90,374	296,112				386,486
	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

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

Source: County Auditor-Controller

Short-Term Obligations of County

In July 1, 2014, the County issued its 2014-15 Tax and Revenue Anticipation Note (the "2014-15 TRAN") in the principal amount of $250,000,000 to provide funds to meet the County's Fiscal Year 2014-15 general fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2014-15 TRAN is due on June 30, 2015. The 2014-15 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2014-15 Fiscal Year which are legally available for the payment thereof. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment.

Long-Term Obligations of County

Since its formation in 1893, to the best knowledge of County officials, the County has never failed to pay the principal of or interest on any of its bonded indebtedness. As of May 1, 2015, the County had $650,796,819 in direct general fund obligations and $320,470,000 in pension obligation bond indebtedness, as reflected in the following table, and has no authorized but unissued general obligation debt. Set forth below is an estimated direct and overlapping debt report as of May 1, 2015.

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

	% Applicable	Debt 5/1/15
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	6.318%	$ 6,976,336
Community College Districts	1.189-99.999	501,220,144
Unified School Districts	1.281-100.	2,227,981,311
Perris Union High School District	100.	77,983,834
Elementary School Districts	100.	75,838,331
City of Riverside	100.	13,395,000
Eastern Municipal Water District Improvement Districts	100.	35,495,000
Riverside County Flood Control, Zone 3-B Benefit Assessment District	100.	1,325,000
San Gorgonio Memorial Hospital District	100.	114,010,000
Community Facilities Districts	50.225-100.	2,760,360,024
Riverside County 1915 Act Bonds	100.	1,850,000
City and Special District 1915 Act Bonds (Estimated)	100.	205,888,497
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$6,022,323,477
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	**100. %**	**$ 650,796,819**[1]
Riverside County Pension Obligations	**100.**	**320,470,000**
Riverside County Board of Education Obligations	100.	1,835,000
School Districts General Fund and Lease Tax Obligations	1.281-100.	459,742,835
City of Corona General Fund Obligations	100.	50,100,308
City of Moreno Valley General Fund Obligations	100.	63,288,500
City of Indio General Fund Obligations	100.	39,190,000
City of Palm Springs Certificates of Participation and Pension Obligations	100.	145,179,020
City of Riverside Certificates of Participation	100.	235,324,906
City of Riverside Pension Obligations	100.	115,775,000
Other City General Fund Obligations	100.	77,193,444
Other Special District Certificates of Participation	100.	2,127,264
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,161,023,096
Less: **Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)**		**8,438,257**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,152,584,839
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$2,605,319,963
GROSS COMBINED TOTAL DEBT		$10,788,666,536[2]
NET COMBINED TOTAL DEBT		$10,780,228,279

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

Ratios to 2014-15 Assessed Valuation:

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

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

Total Overlapping Tax Increment Debt 4.18%

Source: California Municipal Statistics, Inc. The County has not verified the accuracy of the information provided.

Lease Obligations

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

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

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

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

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

(1) Annual base rental for Fiscal Year 2014-2015 unless otherwise noted.
(2) The 1985 Certificates of Participation were paid off in October 2014.
(3) Total annual base rental for Riverside County Hospital Project, Leasehold Revenue Bonds. The 2012 Series A and B Bonds refunded the 1997 B Bonds. A portion of the proceeds of the 2012 Bonds was used to redeem the 1997 B Bonds and the remaining proceeds will be used to pay for improvements of the Medical Center Campus.
(4) Annual base rental estimated at assumed interest rate of 9%. The average interest rate for the twelve-month period ending April 14, 2015 was approximately 0.12%.
(5) The 2005 Series B Historic Courthouse Refunding Project refunded the 1997 Historic Courthouse Project.
(6) The 2009 Larson Justice Center Refunding Project Refunded the 1998 Larson Center Refunding Project.
(7) Total annual base rental for Riverside District Court Financing Corporation (United States District Court Project).
(8) The 2008 Series A refunded the 2000 Series B SWJC Project.
(9) A portion of the proceeds of the 2005 Series A Certificates was used to prepay all of the County of Riverside Certificates of Participation (Family Law Court Project).
(10) The 2009 Public Safety Communication and Woodcrest Library Refunding Project refunded the 2007B Public Safety Communication Refunding Project and the 2006 Capital Appreciation Notes.
(11) The 2012 County Administrative Refunding Project refunded the 2001 County Administrative Annex Project.
(12) The 2012 Public Financing Authority Lease Revenue Refunding Bonds refunded the 2003A Palm Desert Financing Authority Lease Revenue Bonds.
(13) The 2014 Series A & B (Taxable) County of Riverside lease Revenue Bonds refunded the County of Riverside Certificates of Participation (Capital Facilities Project) 2003 Series B, County of Riverside Certificates of Participation (Historic Courthouse Project) 2003 Series A and the County of Riverside Court Financing Corporation Certificates of Participation (Bankruptcy Courthouse Acquisition Property).

Source: County Executive Office.

Interest Rate Swap Agreements

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

Simultaneously with the issuance of the County's Leasehold Obligation Bonds (Southwest Justice Center Refunding) 2008 Series A, the County entered into an amended and restated interest rate swap agreement with a notional amount of $76,300,000. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty (the "Counterparty"). Under the swap agreement the County has an obligation to pay the Counterparty a fixed rate of 5.155 percent and the County receives 64 percent of one month LIBOR from the Counterparty. The bonds and the related swap agreement mature on November 1, 2032. The Counterparty was rated "Aa3" by Moody's, "AA-" by Standard & Poor's and "AA-" by Fitch as of April 2015. Downgrade provisions specify that if the long-term senior unsecured debt rating of the Counterparty is withdrawn, suspended or falls below "BBB" (in the case of S&P) or "Baa2" (in the case of Moody's), the County or the party so downgraded is required to post collateral in the amount of its exposure. If the swap agreement is terminated and, at the time of such termination, the fair market value of the swap agreement was negative, the County would be liable to the Counterparty for a termination payment equal to the swap's fair market value. As of April 30, 2015, the swap agreement had a negative fair market value of approximately $27.6 million (based on the quoted market price from the Counterparty at such date).

The County's regularly scheduled swap payments are insured by Assured Guaranty Corp. The swap agreement provides that if an "Insurer Event" occurs, whereby the insurer fails at any time to have one out of two of the following ratings: (i) a claims-paying ability rating of "A-" or higher from S&P, or (ii) a financial strength rating of "A3" or higher from Moody's, and only in the event that the County's ratings have also been downgraded to below the threshold level of "Baa2" from Moody's and "BBB" from S&P, the County would be required, within one business day of receiving a notice from the Counterparty, to either (A) provide an alternate credit support document acceptable to the Counterparty from a credit support provider with a claims paying ability rating of at least "AA-" from S&P and a financial strength rating of at least "Aa3" from Moody's or an unenhanced rating on its unsecured unsubordinated long-term debt of at least "AA-" from S&P and at least "Aa3" from Moody's, or (B) give notice to the Counterparty that it will thereafter be subject to the ISDA Credit Support Annex as both a Secured Party and a pledgor in accordance with the terms of such ISDA Credit Support Annex. As of April 2015, Assured Guaranty Corp. had a rating of "AA" by S&P and "A3" from Moody's. An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

Employees

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

COUNTY OF RIVERSIDE
REGULAR EMPLOYEES
2005 THROUGH 2015

Year	Regular Employees[(1)]
2005	14,852
2006	15,832
2007	17,584
2008	18,912
2009	18,013
2010	17,671
2011	17,764
2012	17,815
2013	18,728
2014	18,620
2015[(2)]	18,671

(1) As of December 31st of each year. Excludes temporary and per diem employees.
(2) As of March 4, 2015.

Source: County Human Resources Department

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

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

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

COUNTY OF RIVERSIDE
LABOR ORGANIZATIONS[1]

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

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

Source: County Human Resources Department.

Retirement Program

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

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

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

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

Miscellaneous members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 60), Tier II (2% at 60), or Tier III (2% at 62). Safety members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 50), Tier II (2% at 50), or Tier III (2.7% at 57). The three tiers of retirement benefits all provide for cost-of-living adjustments of up to 2% per year after retirement. For further information on the County's pension obligations, see Note 20 of the Notes to Basic Financial Statements, June 30, 2014, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

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

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

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

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

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

The staff actuaries at PERS prepare an annual actuarial valuation which covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the County in October 2014 covered PERS' Fiscal Year 2011-12). The actuarial valuation expresses the County's required contribution rates in percentages of payroll, which is the percentage the County must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (e.g., the County's contribution rates derived from the actuarial valuation as of June 30, 2013, which was prepared in October 2014, is effective for the County's Fiscal Year 2015-16). PERS rules require the County to implement the actuary's recommended rates.

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

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

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

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

On April 17, 2013, the PERS Board approved a recommendation to change the PERS amortization and rate smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy, which spread investment returns over a 15-year period while experience gains and losses were amortized over a rolling 30-year period. Effective with the June 30, 2013 valuations, PERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period. The new amortization and smoothing policy will be used for the first time in the June 30, 2013 actuarial valuations. These valuations will be performed in the fall of 2014 and will set employer contribution rates for Fiscal Year 2015-16. The Fiscal Year 2015-16 rate for Miscellaneous is 15.429% and Safety is 23.585%. For complete updated inflation and actuarial assumptions, please contact PERS at California Public Employees Retirement System, Lincoln Plaza, 400 P Street, Sacramento, CA 95814, Telephone: (888) 225 7377.

Beginning with the June 30, 2013 valuations that set the 2015-16 rates, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

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

In addition to required County contributions, members are also obligated to make certain payments. The Tier I members' contribution rates are fixed at 8% of salaries for the Miscellaneous Plan and 9% of salaries for the Safety Plan.

Tier II and Tier III contribution rates vary based on the terms of the collective bargaining agreements in effect. In addition to making annual contributions to PERS in accordance with the applicable actuarial valuation, the County has historically been obligated pursuant to collective bargaining arrangements to pay a portion of the employees' required contribution to PERS (these payments by the County are referred to herein as the "County Offsets of Employee Contributions").

Funding Status. The actuarial value of assets, the actuarial accrued liability and the funding status with respect to the Safety Plan and the Miscellaneous Plan are set forth under "– Historical Funding Status." In the actuarial valuation for the Miscellaneous Plan as of June 30, 2013, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 15.429% be implemented as the required rate for Fiscal Year 2015-16, which the County anticipates will result in a contribution to PERS of approximately $139.2 million for that fiscal year. In addition, the County will pay PERS for the Miscellaneous Plan approximately $4.3 million in County Offsets of Employee Contributions for Fiscal Year 2014-15, which will result in a total contribution by the County to PERS for the Miscellaneous Plan for Fiscal Year 2014-15 of approximately $143.4 million. In the actuarial valuation for the Safety Plan as of June 30, 2013, the most recent PERS actuarial valuation report, the PERS actuary recommended an employer contribution rate of 23.585% be implemented as the required rate for Fiscal Year 2015-16, which the County anticipates will result in a contribution to PERS of approximately $67.4 million for that fiscal year. As of Fiscal Year 2014-15, the County no longer pays County Offsets of Employee Contributions to PERS for the Safety Plan.

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

On February 17, 2005, the County issued its Taxable Pension Obligation Bonds, Series 2005A (the "2005 Pension Obligation Bonds"), the proceeds of which were used to fund approximately 90% of the County's estimated actuarial accrued liability as of February 17, 2005. The payment to PERS resulted in a net pension asset of $396.9 million, $311.2 million of which was applied to the County's UAAL for the Miscellaneous Plan and $85.7 million of which was applied to the County's UAAL for the Safety Plan. According to Bartel, the 2005 Pension Obligation Bonds have resulted in a net gain to the County of $31.3 million as of February 15, 2014. A liability management fund was established in connection with the 2005 Pension Obligation Bonds. By Board policy, each year in its annual report, PARC recommends to the Board whether the funds in the liability management fund should be applied to purchase 2005 Pension Obligations Bonds or to transfer the funds to PERS to reduce the County's PERS liability. In 2014, PARC recommended a transfer of the liability management fund balance of $3 million to PERS. The effect of such prepayments on the County's UAAL, if any, will depend on a variety of factors, including but not limited to future investment performance.

Historical Funding Status. The following two tables, for the Safety Plan and the Miscellaneous Plan, respectively, set forth the UAAL and funded status as of the valuation dates from June 30, 2009 through June 30, 2013 and the total employer contributions made by the County for Fiscal Year 2011-12 through Fiscal Year 2015-16. The two tables are based on PERS Actuarial Reports for those years:

HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date 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
2009	$131,506,806	92.0%	2011-12	$60,667,388	$13,460,331
2010	184,737,814	89.8	2012-13	63,652,359	11,594,226(2)
2011	286,064,497	85.9	2013-14	71,724,520	2,843,364(2)
2012	225,792,281	89.2	2014-15	74,545,937(3)	275,741(2)(3)(5)
2013(4)	509,464,128	77.7	2015-16	76,782,315(3)	284,013(2)(3)(5)

(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Safety Plan or otherwise.
(2) Reductions from prior years due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12.
(3) Estimated amount; reflects Safety Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 2014-15 and 2015-16.
(4) Beginning with the June 30, 2013, valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.
(5) The County continues to offset 1.25% for Safety member contributions (the employee contribution rate is 10.25%).

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

HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date 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
2009	$389,195,847	89.7%	2011-12	$103,892,326	$36,974,032(2)
2010	444,330,905	89.2	2012-13	106,685,618	17,525,337(2)
2011	538,055,042	87.9	2013-14	125,248,122	7,319,320(2)
2012	536,480,531	88.6	2014-15	133,908,947(3)	4,299,323(2)(3)
2013(4)	1,034,364,773	79.3	2015-16	137,926,215(3)	4,428,303(2)(3)

(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Miscellaneous Plan or otherwise.
(2) Reductions from prior years due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12.
(3) Estimated amount; reflects Miscellaneous Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 2014-15 and 2015-16.
(4) Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.

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

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

SCHEDULE OF FUNDING PROGRESS
(Safety Plan)

Valuation Date 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
2009	$1,642,544,731	$1,511,047,925	$131,506,806	92.0%	$265,237,512	49.6%	$1,100,356,865	67.0%
2010	1,809,467,588	1,624,729,774	184,737,814	89.8	265,165,399	69.7	1,279,783,747	70.7
2011	2,032,001,280	1,745,936,783	286,064,497	85.9	273,169,605	104.7	1,565,799,198	77.1
2012	2,086,406,405	1,860,614,124	225,792,281	89.2	261,703,717	86.3	1,567,404,726	75.1
2013	2,285,586,497	1,776,122,369[1]	509,464,128	77.7	271,367,032	187.7	1,776,122,369	77.7

[1] Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.
Source: PERS Actuarial Reports for June 30, 2009 through June 30, 2013

SCHEDULE OF FUNDING PROGRESS
(Miscellaneous Plan)

Valuation Date 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
2009	$3,790,232,824	$3,401,036,977	$389,195,847	89.7%	$841,103,683	46.3%	$2,482,332,809	65.6%
2010	4,097,191,707	3,652,860,802	444,330,905	89.2	854,932,117	52.0	2,882,444,152	70.4
2011	4,461,553,672	3,923,498,630	538,055,042	87.9	812,362,628	66.2	3,525,640,733	79.0
2012	4,708,881,750	4,172,401,219	536,480,531	88.6	836,418,298	64.1	3,520,189,846	74.8
2013	5,008,806,968	3,974,442,195[1]	1,034,364,773	79.3	856,593,282	120.8	3,974,442,195	79.3

[1] Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per CalPERS Direct Rate Smoothing Policy.
Source: PERS Actuarial Reports for June 30, 2009 through June 30, 2013

The following table shows the percentage of salary which the County was responsible for contributing to PERS from Fiscal Year 2011-12 through Fiscal Year 2015-16 to satisfy its retirement funding obligations.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

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

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

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

During the 2013-14 Fiscal Year, based on PERS' experience in recent years, PERS adopted several changes to the PERS Plans, including the elimination of asset smoothing methodologies, a 25-year amortization period for future gains and losses, elimination of annual caps on increases, and other changes based on a new experience study, including mortality improvements and other demographic assumptions. The changes will impact the County's contribution rates beginning in Fiscal Year 2015-16 and will be fully implemented by Fiscal Year 2019-20. Based on its current analysis of the data, the County projects that its contribution rates will increase significantly during such period, to a contribution rate of approximately 24.2% for the Miscellaneous Plan and approximately 334.0% for the Safety Plan. A description of these projections and their underlying assumptions are included in the PARC report which is available on the County's website or upon request.

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

Other Retirement Plans. The County also provides a Defined Benefit Pension Plan (the "Plan") to employees who are not eligible for Social Security or PERS retirement benefits through the County. This plan is subject to Internal Revenue Code Section 401(a), and is self-funded and self-administered. Participants in the Plan are required to contribute 3.75% of their eligible compensation to the Plan. Based on the actuarial valuation of June 30, 2013, the County's current required contribution level is 0.78%. The County elected to contribute 1.60% to maintain a funded ratio of over 90% in Fiscal Year 2013-14. The County's contribution to the Plan was $334,728 for Fiscal Year 2012-13 and is estimated to be approximately $252,273 for Fiscal Year 2013-14. The Plan's unfunded liabilities as of June 30, 2014 were approximately $1,857,698. Overall, the plan's unfunded actuarial accrued liability (UAAL) increased from the prior valuation due to the net result of the following: 1) Demographic experience was different than expected, which resulted in a liability loss; 2) Mortality assumptions were revised to reflect newly released Society of Actuaries base mortality, RP-2014, and future improvements scale, MP- 2014; and 3) Assets were higher than expected due to contributions made in excess of the ARC and favorable investment return on plan assets (16.5% actual compared to 6.5% assumed).

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

The County obtained an actuarial valuation of its Post-Employment Health Benefits obligations, calculated in accordance with GASB Statement 45 as of July 1, 2014 (the "Health Benefits Valuation"), prepared by Aon Hewitt. Based on the combination of plans and contribution levels that the County offers, assuming an investment rate of 7.36%, the present value of benefits was estimated to be $47.0 million, the accrued actuarial liability was estimated to be $40.1 million and the annual normal cost was $0.96 million. If the accrued actuarial liability of $40.1 million were amortized over a 30-year period, the total annual required contribution (normal cost plus amortization amount) would have been $1.3 million.

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

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

Riverside University Health System
Riverside University Medical Center (RUMC)

Riverside University Medical Center ("RUMC"), formerly known as Riverside County Regional Medical Center, is a 520,000 square foot tertiary care and Level II trauma facility, licensed for 439 beds. There are 362 licensed beds in the main acute-care hospital and 77 licensed beds in a separate psychiatric facility. RUMC has 12 operating rooms, a helipad located directly adjacent to the trauma center, and digital radiology services, including magnetic resonance imaging (MRI) and computerized tomography (CT), and all single-bed rooms. There are also adult, pediatric and neonatal intensive care units, a birthing center and complete pulmonary services, including hyperbaric oxygen treatments. RUMC provides services to patients covered by various reimbursement programs, principally Medicare, MediCal and private insurance, and provides services to the uninsured.

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

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

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

Based on its unaudited financial statements through March 2015, RUMC projects a net income surplus of $23 million for the current Fiscal Year 2014-15. This is a significant improvement over Fiscal Year 2013-14, when RUMC experienced a change in net position of negative $62 million, and over Fiscal Year 2012-13, when RUMC experienced a change in net position of negative $18.3 million. However, labor increases will significantly affect RUMC's budget in Fiscal Year 2015-16, with salary and benefits expected to increase by $31 million. In addition, one-time revenue collected as a result of Huron's initiatives and hospital leadership, will not be available in future years. RUMC's leadership is developing a business plan that will position RUMC to be the health care leader in the region and address the challenge of the Affordable Healthcare Act (ACA). **[ADD EXPECTATIONS FOR 2015-16]**

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

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

For Fiscal Year 2014-15, consistent with its past practice, the County contributed approximately $10 million to RUMC from its tobacco settlement revenue receipts and $5 million in redevelopment pass through funds to pay for operating expenses and debt service on the main RUMC facility.

Insurance

The County is self-insured for short-term disability, unemployment insurance, general liability, medical malpractice and workers' compensation claims. General liability claims are self-insured to $2 million for each occurrence and the balance (to $25 million for each occurrence) is insured through CSAC Excess Insurance Authority. Medical malpractice is self-insured for the first $1.1 million for each claim and insured for the balance to $20 million for each claim on an occurrence basis, through CSAC Excess Insurance Authority. Workers' compensation claims are self-insured to $2 million for each occurrence and the balance of statutory limits (unlimited) is insured through CSAC Excess Insurance Authority. Long-term disability income claims are fully insured by an independent carrier.

The property insurance program provides insurance coverage for all risks subject to a $50,000 per occurrence deductible; flood coverage is subject to a 2% of total value per unit per occurrence, with a $100,000 minimum per occurrence and $500,000 maximum per occurrence deductible within a 100-year flood zone and a $25,000 deductible outside of a 100-year flood zone. Property in the County is categorized into four "towers" and each tower provides $300 million in limits. Earthquake coverage (covering scheduled locations and buildings equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each tower of $80 million with an additional $247.5 million excess rooftop limit combined for towers I through V. Earthquake is subject to a deductible equal to 5% of total value per building subject to a $100,000 minimum. Boiler and Machinery provides up to $100 million in limits, with a $5,000 deductible per event. The limits in each tower are shared with other counties on a per event basis. If a catastrophic event occurs and losses exceed the limits, the County would be responsible for such amounts.

The activities related to such programs are accounted for in internal service funds. Accordingly, estimated liabilities for claims filed or to be filed for incidents which have occurred through June 30, 2014 are reported in these funds. Where these funds have an unfunded liability, or insufficient reserves to cover all incurred but not reported claims, the County has developed a policy to manage the accumulated deficits at a reasonable level. Revenues of the internal service funds are primarily provided by other County funds and are intended to cover self-insured claim liabilities, insurance premiums and operating expenses. The combined cash balance in these funds as of June 30, 2014 was approximately $163.8 million.

Litigation

There is no action, suit or proceeding known to the County be pending or threatened, restraining or enjoining the execution or delivery of the Note or in any way contesting or affecting the validity of the foregoing or any proceedings of the

County taken with respect to any of the foregoing. Although the County may, from time to time, be involved in legal or administrative proceedings arising in the ordinary course of its affairs, it is the opinion of the County that any currently-pending or known threatened proceedings will not materially affect the County's finances or impair its ability to meet its obligations.

The County is currently involved in litigation brought by the Agua Caliente Band of Cahuilla Indians ("Agua Caliente") in federal court requesting a declaration that the County's assessment, levy, and collection of a possessory interest tax on non-tribal members on tribal and U.S. trust lands violates federal law. For Fiscal Year 2013-2014, the total possessory interest tax for Agua Caliente's non-tribal member leases is estimated to be approximately $28,000,000, of which $3,300,000 is allocable to the County. Should Agua Caliente be successful, the County would be prohibited from assessing, levying, and collecting the possessory interest tax in the future. In addition, taxpayers could have the right to seek a refund of possessory interest taxes paid for the previous four years with interest. The County estimates that its total liability for such refunds would be approximately $12 million, plus accrued interest. The County denies the allegations of the complaint and is actively defending the action.

Recently, approximately 200 taxpayers filed two different lawsuits in Superior Court seeking refunds for such possessory interest taxes paid. The total amount of the claims is approximately $6,600,000, of which the County's share is approximately $890,000 plus interest. It is likely that if the taxpayers' suits are successful, others will also litigate similar claims. However, the County is defending the actions and expects to prevail.

APPENDIX B

THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[To be provided by Bond Counsel]

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the County of Riverside (the "County") in connection with the issuance by the County of Riverside of its $____________ aggregate principal amount of County of Riverside 2015-2016 Tax and Revenue Anticipation Note (the "Note"). The Note is being issued pursuant to a Resolution adopted by the Board of Supervisors of the County on [______], 2015 (the "Resolution"). The County covenants and agrees as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners (as defined below) of the Note and in order to assist the Participating Underwriters (as defined below, in complying with the Rule (as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Beneficial Owner*" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Note (including persons holding a Note through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Note for federal income tax purposes.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any person appointed in writing by the County to act as the County's agent in complying with the filing requirements of the Rule. As of the date of this Certificate, the County has not appointed a Dissemination Agent.

"*Listed Event*" means any of the events listed in Section 4(a) of this Certificate.

"MSRB" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

"*Participating Underwriters*" means any of the original purchasers of the Note required to comply with the Rule in connection with the offering of the Note.

"*Quarterly Report*" means any Quarterly Report of the County provided by the County pursuant to and as described in Section 3 of this Certificate.

"*Repository*" means, until otherwise designated by the Commission, the Electronic Municipal Market Access website of the MSRB located at http://emma.msrb.org.

"*Rule*" means paragraph (b)(5) of Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than 40 days after the end of the fiscal quarters ending September 30, 2015, December 31, 2015 and March 31, 2016, provide to the Repository, in such format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information, copies of the Quarterly Report of the County, which is consistent with the requirements of subsection (b) below. Each Quarterly Report may include by reference other information as required by this Certificate. The County shall provide a written certification with each Quarterly Report filed with the Dissemination Agent to the effect that such Quarterly Report constitutes the Quarterly Report required to be submitted by the County hereunder. The Dissemination Agent may conclusively rely upon such certification of the County.

(b) The County's Quarterly Report shall contain or include by reference information regarding the County's cash flow in the fiscal quarter most recently ended, including comparative information to the projected cash flow included in the Official Statement.

(c) The Dissemination Agent (if one has been appointed) shall:

(i) determine prior to the date for providing the Quarterly Report the name and address of the Repository; and

(ii) if the Quarterly Report has been furnished to the Dissemination Agent, file a report with the County certifying that the Quarterly Report has been provided pursuant to this Certificate, stating the date it was provided.

Section 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Note:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Note;

(vii) modifications to the rights of Owners of the Note, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the Note, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County;

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, 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 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. Notwithstanding the foregoing, notice of Listed Events described in Subsections (a)(viii) and (ix) above need not be given under this subsection any earlier than when the notice, if any, of the underlying event is given to Owners of affected Note pursuant to the Resolution.

Section 5. Termination of Reporting Obligation. The County's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Note or upon delivery to the County and to the Dissemination Agent (if any) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Note, the County shall give notice of such termination in the same manner as for a Listed Event under Subsection 4(c).

Section 6. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 60 days' written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Certificate.

Section 7. Amendment Waiver. Notwithstanding any other provision of this Certificate, the County may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3 or Subsection 4(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Note, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Note, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Note in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners of the Note, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Note.

In the event of any amendment or waiver of a provision of this Certificate, the County shall describe such amendment in its next Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County.

Section 8. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, including the information then contained in the County's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the County chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the County to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Note may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Resolution with respect to the Note, and the sole remedy under this Certificate in the event of any failure of the County to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

Section 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Note.

Section 11. Beneficiaries. This Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Owners and Beneficial Owners from time to time of the Note, and shall create no rights in any other person or entity.

Section 12. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

COUNTY OF RIVERSIDE

By ________________________________
Authorized Officer

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE REPORT

Name of Issuer: County of Riverside, California

Name of Bond Issue: $__________ County of Riverside 2015-2016 Tax and Revenue Anticipation Note

Issuance Date: ____________, 2015

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Quarterly Report with respect to the above-named Note as required by Section 3 of the Continuing Disclosure Certificate, dated as of July [1], 2015, executed and delivered by the County. The County anticipates that such report will be filed by ___________.

Dated: _____________

COUNTY OF RIVERSIDE

By ____________________________________
Authorized Officer

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information in this APPENDIX E concerning DTC and its book-entry system has been obtained from DTC and the County takes no responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Note, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this APPENDIX E. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

DTC will act as securities depository for the Note. The Note will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each maturity of the Note, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Paying Agent.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Bonds Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA." The DTC Rules applicable to Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The County has not undertaken any responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on the websites described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned websites.

Purchases of the Note under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note on DTC's records. The ownership interest of each actual purchaser of the Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Note are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Note, except in the event that use of the book-entry system for the Note is discontinued.

To facilitate subsequent transfers, all Note deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Note with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Note is in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Note is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Note is credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Note will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Note at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Note are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Note will be printed and delivered to the registered holders of the Note.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF THE NOTE AND WILL NOT BE RECOGNIZED BY THE PAYING AGENT AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE PARTICIPANTS.

APPENDIX F

FORM OF RESOLUTION