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 July 2015 are set forth in the following table.

COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

	2010	2011	2012	2013	2014	July 2015
County(1)	14.5%	13.7%	12.1%	10.3%	8.2%	7.3%
California(1)	12.4	11.8	10.4	8.9	7.5	6.2
United States(2)	9.6	8.9	8.1	7.4	6.2	5.3

(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 2010 through 2014.

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

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

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

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

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

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

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

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

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	411,000	259,000	205,000	370,000
2014	455,000	293,000	240,000	410,000

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

Source: MDA DataQuick Information Systems.

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

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

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	4,566	2,912	2,984	13,787

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

Source: MDA DataQuick Information Systems.

Agriculture

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

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

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

The following table sets forth the value of agricultural production in the County for the years 2010 through 2014.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2010	2011	2012	2013	2014
Citrus Fruits	$140,500,922	$119,942,513	$125,711,000	$142,404,000	$170,891,000
Trees and Vines	164,993,960	232,649,262	217,214,000	232,536,000	223,593,000
Vegetables, Melons, Misc.	292,002,337	278,628,295	286,234,000	340,407,000	337,404,000
Field and Seed Crops	81,328,229	149,198,052	147,352,000	154,582,000	156,575,000
Nursery	169,341,300	200,154,964	190,878,100	191,215,000	172,910,000
Apiculture	4,631,700	4,844,400	4,983,400	4,715,000	4,819,000
Aquaculture Products	4,921,700	4,808,250	4,205,000	2,262,000	5,078,000
Total Crop Valuation	$857,720,148	$990,225,736	$976,577,000	$1,068,121,000	$1,071,270,000
Livestock and Poultry Valuation	235,926,225	292,030,380	276,553,000	259,683,000	290,746,000
Grand Total	$1,093,646,373	$1,282,256,116	$1,253,130,000	$1,327,804,000	$1,362,016,000

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, 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. In a press release dated August 27, 2015, the latest estimates from the State Water Resources Control Board note that California reduced its water use by 31%; exceeding the 25% mandate for July 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. 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. On July 21, 2015, the Board unanimously approved revisions to 859.2, thereby creating Ordinance 859.3. This Ordinance was approved as an Urgency Ordinance per the Government Code and went into effect immediately. Among other things, Ordinance 859.3 included design restrictions to eliminate front yard natural turf in newly developed residential housing tracts.

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 2015-16 Budget

The County has completed its budget process for Fiscal Year 2015-16 and held its budget hearings on June 15, 2015, at which time the Board of Supervisors considered the Fiscal Year 2015-16 Recommended Budget. The County executive office presented a balanced Fiscal Year 2015-16 Recommended Budget to provide the base spending authority necessary starting July 1, 2015; the Recommended Budget also included additional funding requests and policy issues for the Board's consideration during budget hearings. On July 7, 2015, the County adopted the Fiscal Year 2015-16 Adopted Budget. The Adopted Budget includes total general fund appropriations of approximately $3.101 billion. For Fiscal Year 2015-16, the County projects in its Adopted Budget that approximately [__]% of its General Fund budget revenues will consist of payments from the State and [___]% will consist of payments from the Federal government. Discretionary revenue was budgeted to increase to approximately $785.9 million for Fiscal Year 2015-16, an increase of approximately 19.6% from the Fiscal Year 2014-15 adjusted budget estimates. Property tax revenue is expected to grow between 5% to 6% in Fiscal Year 2015-16. Sales tax receipts that are not related to solar projects within the County are expected to remain stable at $31.5 million (resulting in an overall net reduction in sales tax receipts from Fiscal Year 2014-15 due to the completion of many solar projects). The Board of Supervisors has approved two new solar projects but sales tax associated with those projects has not been included in the Adopted Budget. Labor cost increases are scheduled to go into effect in Fiscal Year 2015-16, as well as pension obligations and internal service rate increases, which is expected to place additional strain on County departments. All general fund departments have been directed to prepare budgets that are balanced and absorb any additional costs without additional general fund support.

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 2015-16 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. The County expects that the ongoing operating costs associated with the Realignment will continue to pressure the County's operating budget. 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, and the County plans to begin to draw down $100 million in State bond bonds to pay for a portion of the construction of a new jail facility in the City of Indio. Although this amount was not sufficient to meet all of the identified needs, the slow pace of hiring has led to under-spending and the affected County departments were able to continue providing identified services. In Fiscal Year 2014-15, the County received $3.2 million less funding for realignment as the statewide allocation was $60 million less than the prior year. In addition, the County has been approved to receive a grant reimbursement of $24.6 million to replace the Probation Youth Education and Treatment Center in the City of Riverside.

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 2011-12, 2012-13, 2013-14, 2014-15 AND 2015-16
(IN MILLIONS)

	2011-12 Budget	2012-13 Budget	2013-14 Budget	2014-15 Budget	2015-16 Budget
REQUIREMENTS					
General Government	$ 174.4	$ 180.4	$ 179.5	$ 178.0	$ 216.1
Public Protection	1,060.0	1,072.1	1,132.4	1,190.6	1,276.2
Health and Sanitation	411.9	430.1	485.9	481.4	562.5
Public Assistance	802.9	762.3	835.7	902.7	1,004.8
Education	0.6	0.6	0.6	0.6	0.7
Recreation and Cultural	0.4	0.0	0.4	0.3	0.3
Debt Retirement-Capital Leases	5.0	5.0	4.9	4.9	4.7
Contingencies	20.0	7.0	20.0	23.2	35.5
Increase to Reserves	2.4	2.3	2.3	2.0	60.1
Total Requirements[2]	$2,477.7	$2,459.8	$2,661.7	$2,783.7	$3,161.9
AVAILABLE FUNDS					
Use of Fund Balance and Reserves	$ 90.1	$ 74.0	$ 78.3	$ 48.5	$137.0
Estimated Revenues:					
Property Taxes	214.9	211.5	229.9	256.6	280.2
Other Taxes	35.5	35.0	31.0	27.0	25.0
Licenses, Permits and Franchises	18.1	17.7	17.6	18.2	17.5
Fines, Forfeitures and Penalties	56.2	51.7	49.3	45.3	44.4
Use of Money and Properties	10.0	7.4	6.3	10.7	16.6
Aid from Other Governmental Agencies:					
State	936.3	1,005.5	1,097.4	1,194.0	1,356.1
Federal	506.7	493.9	544.9	551.8	615.3
Charges for Current Services	462.8	442.6	469.1	496.7	528.9
Other Revenues	147.7	120.5	137.9	134.9	139.9
Total Available Funds[3]	$2,477.7	$2,459.8	$2,661.7	$2,783.7	$3,161.9

(1) Data source is the official budget documents submitted to the State Controller's Office. Figures do not reflect quarterly amendments or adjustments.
(2) See APPENDIX A — "INFORMATION REGARDING THE COUNTY OF RIVERSIDE — FINANCIAL INFORMATION — Financial Statements and Related Issues" for the actual General Fund balance at the end of fiscal years 2010-11 through 2013-14.
(3) Column numbers may not add up to totals due to rounding.

Source: County Auditor-Controller/County Executive Office

Riverside County Treasurer's Pooled Investment Fund

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of August 1, 2015, the portfolio assets comprising the PIF had a market value of $5,919,900,024.76.

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 August 1, 2015, was as follows:

	% of Pool
U.S. Treasury Securities	9.89
Federal Agency Securities	70.23
Cash Equivalents & Money Market Funds	4.73
Commercial Paper	9.62
Medium Term Notes	0.00
Municipal Notes	4.61
Certificates of Deposit	0.00
CalTrust Short Term Fund	0.91
Repurchase Agreements	0.00
Local Agency Obligations	0.01
Total	100.00%
Book Yield:	0.50%
Weighted Average Maturity:	1.17 Years

Source: County Treasurer-Tax Collector

As of August 1, 2015, the market value of the PIF was 100.0074% 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 2004-05 through Fiscal Year 2016-15.

COUNTY OF RIVERSIDE
AD VALOREM PROPERTY TAXES - LEVIES AND COLLECTIONS
FISCAL YEARS 2004-05 THROUGH 2015-16
SECURED PROPERTY TAX ROLL[(1)]

Fiscal Year	Secured Property Tax Levy	Current Levy Delinquent June 30	Percentage of Current Taxes Delinquent June 30[(2)]	Total Collections[(3)]	Percentage of Total Collections to Current Levy
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	46,145,916	1.53	3,152,661,477	104.59
2015-16[4]	[________]	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.

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]
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
2015-16[3]	[________]	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) 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 2005-06 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)]
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 2015 through May 2015.
(7) From July 2015 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 2011-12 through Fiscal Year 2015-16:

COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE[(1)]
FISCAL YEARS 2011-12 THROUGH 2015-16
(IN MILLIONS)

Category	2011-12	2012-13	2013-14	2014-15	[2015-16]
SECURED PROPERTY:					
Land	$ 64,308	$ 63,549	$ 65,635	$ 69,707	
Structures	131,516	132,077	138,000	150,230	
Personal Property	836	887	878	926	
Utilities	3,614	3,475	3,618	3,618	
Total Secured	$200,274	$199,988	$208,131	$220,863	
UNSECURED PROPERTY:					
Land	$ 29	$ 17	$ 13	$ 16	
Structures	274	268	227	201	
Improvements	3,504	3,683	3,684	3,554	
Fixtures	3,975	3,895	3,691	3,961	
Total Unsecured[(2)]	$ 7,782	$ 7,863	$ 7,615	$ 7,732	
GRAND TOTAL	$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.

Beginning in Fiscal Year [______], the Assessor proactively reviewed under Proposition 8 all residential properties purchased after January 1, 1999, and, where appropriate, reduced the assessed valuation of such properties. 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. Overall, between Fiscal Year [____] and Fiscal Year 2013-14, assessed valuations in the County declines by a cumulative [__]% as a result of the Assessor's Proposition 8 reviews. No additional Proposition 8 reductions were applied since Fiscal Year 2013-14, and no reductions are expected for Fiscal Year 2015-16. Assessed valuation in the County increased from Fiscal Year 2013-14 to Fiscal Year 2014-15 by approximately 5.9%.

Property Tax Appeals. The County 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. As of July 2015, 53% of the Fiscal Year 2014-2015 assessment appeals have been completed. The majority of the remaining Fiscal Year 2014-15 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 2015-16 budget will be determined primarily by two components: (i) the remainder of the Fiscal Year 2014-15 assessment appeals still to be completed; and (ii) a portion of the Fiscal Year 2015-16 assessment appeals being completed during Fiscal Year 2016-17.

Teeter Plan

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

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

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 2014-15, the County estimates that it retained approximately [___]% of the total amount collected (and is budgeted to retain [____]% in Fiscal Year 2015-16). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law (See "-Redevelopment Agencies" below). Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are applied to pay such obligations, less any allowable collection charges.

Redevelopment Agencies

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

The following table summarizes the community redevelopment agencies' frozen base value, full cash value increments, and total tax allocations for Fiscal Years 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. The County estimates that it received approximately $8.2 million in such funds in Fiscal Year 2014-15.

The County received approximately $83.3 million in pass-through payments in Fiscal Year 2013-14 and approximately $89 million in Fiscal Year 2014-15 pursuant to agreements with various city redevelopment agencies, and is projecting that it will receive approximately $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

On July 1, 2015, the County issued its 2015-16 Tax and Revenue Anticipation Note (the "2015-16 TRAN") in the principal amount of $250,000,000 to provide funds to meet the County's Fiscal Year 2015-16 general fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2015-16 TRAN is due on June 30, 2016. The 2015-16 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2015-16 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 September 1, 2015, the County had $946,989,082 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 September 1, 2015.

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

2015-16 Assessed Valuation: $243,024,479,047 (includes unitary utility valuation)

	% Applicable (1)	Debt 9/1/15	
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	6.320%	$ 6,978,544	
Community College Districts	99.633-100.	647,042,296	
Unified School Districts	1.281-100.	2,416,472,020	
Perris Union High School District	100.	73,902,853	
Elementary School Districts	100.	74,891,338	
City of Riverside	100.	12,430,000	
Eastern Municipal Water District Improvement Districts	100.	34,540,000	
Riverside County Flood Control, Zone 3-B and 4 Benefit Assessment District	100.	21,565,000	
San Gorgonio Memorial Hospital District	100.	113,130,000	
Community Facilities Districts	50.225-100.	2,757,882,805	
Riverside County 1915 Act Bonds	100.	1,850,000	
City and Special District 1915 Act Bonds (Estimated)	100.	215,538,398	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$6,376,223,254	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	**100. %**	**$ 946,989,082**	(2)
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.	444,748,053	
City of Corona General Fund Obligations	100.	48,213,748	
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.	143,278,100	
City of Riverside Certificates of Participation	100.	234,809,906	
City of Riverside Pension Obligations	100.	108,725,000	
Other City General Fund Obligations	100.	79,578,452	
Other Special District Certificates of Participation	100.	1,967,010	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,433,092,851	
Less: **Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)**		**7,565,000**	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,425,527,851	
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$2,571,238,308	
GROSS COMBINED TOTAL DEBT		$11,380,554,413	(3)
NET COMBINED TOTAL DEBT		$11,372,989,413	

(1) Based on 2014-15 ratios.
(2) Excludes issue to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

Overlapping Tax and Assessment Debt 2.62%
Combined Gross Direct Debt ($1,267,459,082).................................. 0.52%
Combined Net Direct Debt ($1,259,894,082) 0.52%
Gross Combined Total Debt 4.68%
Net Combined Total Debt... 4.68%

Ratios to Successor Agency Redevelopment Incremental Valuation ($64,626,146,977):
TOTAL OVERLAPPING TAX INCREMENT DEBT 3.98%

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 September 1, 2015, the County's current outstanding lease obligations total $[_______]. The County's annual lease obligation is approximately $[_______] and the maximum annual lease payment is $[_______].

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

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

[TO BE UPDATED]

	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

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(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.

Lease Lines of Credits

On February 4, 2013, the County entered into a $40 million multi-year lease line of credit with Banc of America Public Capital Corp. to finance various capital equipment needs of County departments. An additional $20 million extension of this lease line of credit was executed July 21, 2015. At the time of such extension, there was approximately $25 million of unused credit remaining.

Capital Lease Repurchase Agreements

On October 30, 2014, the County entered into a Lease Purchase Agreement with Banc of America Public Capital Corp. in the amount of $54,573,300 to finance the purchase and installation of certain solar equipment for the purpose of reducing County energy costs. As of August 1, 2015, the entire principal owed under the Lease Purchase Agreement remained outstanding.

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 August 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 August 31, 2015, the swap agreement had a negative fair market value of approximately $26.0 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 September 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)]	18,343

(1) As of December 31st of each year. Excludes temporary and per diem employees.
(2) As of August 1, 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	1,104	N/A
Law Enforcement Management Unit (LEMU)	459	June 30, 2017
Riverside County Deputy District Attorneys' Association (RCDDAA)	382	June 30, 2015[2]
Riverside Sheriffs' Association (RSA)	3,184	June 30, 2016
Service Employees International Union (SEIU)	6,377	November 30, 2016
Laborers' International Union of North America (LIUNA)	7,501	June 30, 2016
Total	19,007	

(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 December 31, 2014)

Tier Level	Number of Employees in Tier Level
Tier 1	14,952
Tier 2	584
Tier 3	2,807
Total	18,343

(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 projects that the implementation of the Tier II and Tier III formulas will reverse the trend of increasing CalPERS contributions beginning in Fiscal Year 2022-23.

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

The staff actuaries at PERS prepare an annual actuarial valuation which covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the County in October 2014 covered PERS' Fiscal Year 2012-13). 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 March 2012, the PERS Board approved a change in the inflation assumption used in the actuarial valuations that set employer contribution rates. The inflation assumption was changed from 3% to 2.75%. The change impacted the inflation component of the annual investment return assumption, the long term payroll growth assumption and the individual salary increase assumptions as follows: (i) the annual assumed investment return has decreased from 7.75% to 7.50%; and (ii) reducing payroll growth from 3.25% to 3%. The change to the inflation assumption also impacted the cost of living adjustments and purchasing power protection allowances assumed in the actuarial valuations. The PERS Board also approved the amortization of gains and losses from Fiscal Years 2008-09 through 2010-11 over a fixed and declining 30-year period (rather than a rolling 30-year amortization).

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

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

On February 19, 2014, the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have long-term blended returns that continue to support a discount rate assumption of 7.5%. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these changes is the change in mortality improvement to acknowledge the greater life expectancies that PERS members are experiencing. 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 $136.2 million for that fiscal year. In the actuarial valuation for the Safety Plan as of June 30, 2013, 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 $73.8 million for that fiscal year.

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 2015, PARC recommended a transfer of the liability management fund balance of $3.3 million to PERS. The effect of such prepayments on the County's UAAL, if any, will depend on a variety of factors, including but not limited to future investment performance.

Historical Funding Status. The following two tables, for the Safety Plan and the Miscellaneous Plan, respectively, set forth the UAAL and funded status as of the valuation dates from June 30, 2009 through June 30, 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(2)
2009	$131,506,806	92.0%	2011-12	$60,667,388	$13,460,331
2010	184,737,814	89.8	2012-13	63,652,359	11,594,226
2011	286,064,497	85.9	2013-14	71,724,520	2,843,364
2012	225,792,281	89.2	2014-15	70,139,838(3)	605,908(3)
2013(4)	509,464,128	77.7	2015-16	73,878,291(3)	638,203(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 Safety Plan, as debt service with respect to the County's oustanding pension obligation bonds, or otherwise.
(2) Year over year reductions are due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. The County continues to offset 1.25% of contributions for Safety members under Tier III (the employee contribution rate is 10.25%). The projected increase in Fiscal Year 2015-16 is due to increased payroll of that membership.
(3) Estimated amount; reflects Safety Plan membership, cost of living adjustment and contribution rates as of Fiscal Years 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)

HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

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

(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Miscellaneous Plan, as debt service with respect to the County's oustanding pension obligation bonds, or otherwise.
(2) Year over year reductions are due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. The County continues to pay 8% of the 8% required contributions for Miscellanous Plan members who are covered by Riverside County Deputy District Attorney Assocation barganing unit. The projected increase in Fiscal Year 2015-16 is due to increased payroll of that membership.
(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 2020-21. Based on its current analysis of the data, the County projects that its contribution rates will increase significantly during such period, to a contribution rate of approximately 24.2% for the Miscellaneous Plan and approximately 34.0% for the Safety Plan in Fiscal Year 2020-21. A description of these projections and their underlying assumptions are included in the PARC report which is available on the County's website or upon request.

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

Other Retirement Plans. The County also provides a Defined Benefit Pension Plan (the "Plan") to employees who are not eligible for Social Security or PERS retirement benefits through the County. This plan is subject to Internal Revenue Code Section 401(a), and is self-funded and self-administered. Participants in the Plan are required to contribute 3.75% of their eligible compensation to the Plan, in lieu of Social Security tax. Based on the actuarial valuation of June 30, 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 required employer contribution to the Plan was $252,273 for Fiscal Year 2013-15 and is estimated to be approximately $122,127 for Fiscal Year 2014-15. The Plan's unfunded liabilities as of June 30, 2014 were approximately $1,857,698, representing a funded status of approximately 95.3%. 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 actuarial present value of benefits from $237 million in 2006 to $47 million most recently.

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

Riverside University Health System
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 June 2015, RUMC estimates 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). **[UPDATE RE TIMING]**

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. **[UPDATE]**

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

For Fiscal Year 2014-15, consistent with its past practice, the County contributed approximately $10 million to RUMC from its tobacco settlement revenue receipts and $5 million in redevelopment pass through funds to pay for operating expenses and debt service on the main RUMC facility. The County has budgeted to make similar contributions in Fiscal Year 2015-16.

Insurance

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

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

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

Litigation [UPDATE/CONFIRM]

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

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

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

A putative class action complaint was recently filed in federal court against the County. The complaint alleges that the County Department of Public Social Services violated the civil rights of the plaintiff and a class of similarly situated individuals by removing minor children from parental custody without a warrant and in the absence of exigent circumstances. The County has filed an answer denying all allegations and is prepared to defend any subsequent litigation. If the complaint is not resolved during mediation, a class-certification motion is set for a hearing on March 28, 2016, at which time the County's exposure will be more certain. If a class is certified and the suit succeeds on the merits, the County's exposure could be substantial.

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NOTICE OF PUBLIC HEARING ON PROPOSED ISSUANCE OF BONDS FOR RIVERSIDE COUNTY

NOTICE IS HEREBY GIVEN pursuant to Section 6586.5 of the California Government Code, that a public hearing will be held by Riverside County (the "County"), in connection with plans by the Riverside County Infrastructure Financing Authority to issue up to $87,000,000 aggregate principal amount of its Lease Revenue Refunding Bonds, Series 2015A (Capital Improvement Projects Refunding) (the "Bonds").

The Bonds will be issued to refinance certain outstanding certificates of participation, which certificates of participation were issued to finance certain public improvements within the County (the "Project").

Members of the public are invited to attend the aforementioned hearing, which will provide a reasonable opportunity for interested individuals to express their views on the plan of refinancing and on the nature and location of facilities proposed to be refinanced thereby.

The hearing will commence at 9:30 a.m., local time, on September 22, 2015, or as soon thereafter as the matter can be heard and will be held in the Board Chambers, located in County Administrative Center, Board Chambers, First Floor, 4080 Lemon Street, Riverside 92501. Interested persons wishing to express their views on the issuance of such Bonds or on the nature and location of the Project proposed to be refinanced may attend the public hearing or, prior to the time of the hearing, submit written comments.

Additional information concerning the above matter may be obtained from, and written comments should be addressed to, Clerk of the Board of Supervisors of Riverside County, 4080 Lemon Street, Riverside, California 92501.

Dated this September 17, 2015