

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and Federal laws and regulations require Waste Management to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Waste Management will recognize the remaining estimated cost of \$16.9 million as the remaining estimated capacity of 16.4 million tons is filled. Waste Management expects all currently permitted landfill capacities to be filled by 2087. The total estimate of \$71.0 million is based on what it would cost to perform all closure and post-closure care costs at present value. Actual costs may be different due to inflation, changes in technology, or changes in regulations.

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

| Facility Name (City) | Cumulative Expense | Capacity Used as of June 30, 2013 % | Estimated Years Remaining |
|-------------------------------|-----------------------|---|---------------------------------|
| Anza (Anza) | \$ 1,503 | 100.0 | - |
| Badlands (Moreno Valley) | 12,636 | 56.5 | 11 |
| Blythe (Blythe) | 8,171 | 35.7 | 34 |
| Coachella (Coachella) | 3,506 | 100.0 | - |
| Desert Center (Desert Center) | 1,535 | 69.5 | 74 |
| Double Butte (Winchester) | 3,215 | 100.0 | - |
| Edom Hill (Cathedral City) | 11,017 | 100.0 | - |
| Highgrove (Riverside) | 1,801 | 100.0 | - |
| Lamb Canyon (Beaumont) | 18,853 | 72.9 | 8 |
| Mead Valley (Perris) | 3,236 | 100.0 | - |
| Mecca II (Mecca) | 3,602 | 99.4 | 24 |
| Oasis (Oasis) | 1,898 | 73.8 | 50 |
| | <u>\$ 70,973</u> | | |

Waste Management is required by State and Federal laws and regulations to make annual contributions to a trust fund to finance closure and post-closure care. Title 27 of the California Code of Regulations (CCR) requires solid waste landfill operators to demonstrate the availability of financial resources to conduct closure and post-closure maintenance activities.

In accordance with sections 22228 and 22245 of the CCR, the County has implemented Pledge of Revenue agreements between the County and the California Department of Resources, Recycling and Recovery (CalRecycle) for six active landfills and six closed landfills to demonstrate financial responsibility for post-closure maintenance costs. Waste Management has determined that the projected net revenues, after current operating costs, from tipping fees during the thirty-year period of post-closure care maintenance will, during each year of this period, be greater than the yearly monitoring and post-closure care maintenance costs for each landfill. It is agreed that the amount of these Pledge of Revenue agreements may increase or decrease to match any adjustments to the identified cost estimates, which is mutually agreed to by the Waste Management and the CalRecycle. Waste Management complies with these requirements and investments of \$28.1 million are held for these purposes at June 30, 2013 and are classified as Restricted Assets in the Statement of Net Position. Waste Management expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure requirements are determined (due to changes in technology or applicable laws or regulations) these costs may need to be covered by charges to future landfill users.

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Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 11 – OPERATING LEASES

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2013 (in thousands):

| Year Ending June 30 | |
|------------------------|-------------------|
| 2014 | \$ 33,468 |
| 2015 | 27,709 |
| 2016 | 22,206 |
| 2017 | 19,517 |
| 2018 | 10,635 |
| 2019-2023 | 11,203 |
| 2024-2028 | 1,238 |
| 2029-2033 | 1,245 |
| 2034-2038 | 1,198 |
| 2039-2043 | <u>616</u> |
| Total minimum payments | <u>\$ 129,035</u> |

Total rental expenditure/expense for the year ended June 30, 2013 was \$92.4 million, of which \$3.9 million was recorded in the enterprise funds.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 12– ADVANCES FROM GRANTORS AND THIRD PARTIES

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide Statement of Net Position as well as governmental and enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for advances from grantors and third parties.

The balance as of June 30, 2013 of Advances from grantors and third parties are as follows:

| | Balance June 30, 2013 |
|---|--------------------------|
| General Fund: | |
| Advances on state grants for Probation Services | \$ 27,876 |
| Advances on state & federal grants for Mental Health Services | 134,277 |
| Advances on state grants & other 3rd party advances for Public Health Services | 7,852 |
| Advances on state funding for Social Services | 61,598 |
| Advances on state & federal grants for Sheriff Services | 5,934 |
| Advances on state grants & other 3rd party advances for Environmental Health Services | 2,001 |
| Advances on state grants for District Attorney Services | 819 |
| Advances from Flood Control and Water Conservation District for permits | 1,460 |
| Advances on state grants for Public Defenders Services | 215 |
| Other advances | 239 |
| Total General fund | 242,271 |
| Transportation Special Revenue Fund: | |
| Developer fees | 15,895 |
| Senate Bill (SB) 621 Indian gaming | 2,541 |
| Advances from developers for median projects | 5,728 |
| Survey fees | 963 |
| Utility relocation | 252 |
| Comprehensive Transportation Plan | 20 |
| Building permit fees | 845 |
| Plan check fees | 304 |
| Deposit based fees | 308 |
| Total Transportation special revenue fund | 26,856 |
| Other Governmental Funds: | |
| Camping and recreation fees | 596 |
| Advance from state for Community Service Block Grant | 382 |
| Advance from state for the Employment Training Panel Project | 22 |
| Lease revenue from Library Systems & Services Inc. | 208 |
| Advance from state for Bio-terrorism Programs | 351 |
| Advance from First 5 - Children & Families Commission | 395 |
| Advances for aviation projects | 10 |
| Advances for the National Date Festival | 2 |
| Total Other governmental funds | 1,966 |
| Grand total of advances from grantors and third parties | \$ 271,093 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 13 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes (TRANs)

On July 1, 2012, the County issued \$250.0 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which were repaid on June 28, 2013. The Notes were issued with a yield rate of 0.18% for Series Bond A and 0.20% for Series Bond B. This was to provide needed cash to cover the projected intra-period cash-flow deficits of the County's General Fund during the fiscal year July 1 through June 30.

Tax-Exempt Commercial Paper Notes (Teeter)

In December 1993, the County adopted the Teeter Plan, the alternative method for the distribution of secured property taxes and other assessments. In order to fulfill the requirements of the plan, the County obtained cash for the "buyout" of delinquent secured property taxes and the annual advance of current unpaid taxes to all entities that elected to participate in the Teeter Plan. The current financing takes place through the sale of Tax-Exempt Commercial Paper Notes (Teeter Notes). During fiscal year 2012-13, the County retired \$79.0 million of the \$171.3 million principal amount outstanding at June 30, 2012. The County then issued \$50.5 million of Series B notes, leaving an outstanding balance of \$142.8 million at June 30, 2013.

Short-term debt activity for the year ended June 30, 2013, was as follows (in thousands):

| | Balance June 30, 2012 | Additions | Reductions | Balance June 30, 2013 |
|---------------------|--------------------------|------------|--------------|--------------------------|
| Fiscal year 2012-13 | | | | |
| TRANs | \$ - | \$ 250,000 | \$ (250,000) | \$ - |
| Teeter Notes | 171,324 | 50,516 | (79,000) | 142,840 |
| Total | \$ 171,324 | \$ 300,516 | \$ (329,000) | \$ 142,840 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of capital lease obligations, bonds, notes, and other liabilities which are payable from the general, debt service, enterprise, and internal service funds. The calculated legal debt limit for the County is \$2.5 billion.

Capital Leases

Capital leases for governmental funds are recorded both as capital expenditures and as other financing sources at inception in the fund financial statements, with the liability and the asset recorded in the government-wide statement of net position. Capital leases are secured by a pledge of the leased equipment.

See Note 8 (Capital Assets) for assets under capital leases and related disclosure information by major asset class.

The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2013 (in thousands):

| <u>Year Ending June 30</u> | Palm Desert Financing Authority | Other Governmental Activities | Total Governmental Activities | Business-type Activities |
|------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| 2014 | \$ 6,228 | \$ 12,584 | \$ 18,812 | \$ 4,130 |
| 2015 | 6,229 | 7,619 | 13,848 | 2,244 |
| 2016 | 6,221 | 4,516 | 10,737 | 723 |
| 2017 | 6,226 | 1,384 | 7,610 | 333 |
| 2018 | 6,223 | 636 | 6,860 | 69 |
| 2019-2023 | 24,883 | 904 | 25,787 | - |
| 2024-2028 | - | 617 | 617 | - |
| 2029-2033 | - | - | - | - |
| 2034-2038 | - | - | - | - |
| Total minimum payments | <u>56,010</u> | <u>28,260</u> | <u>84,271</u> | <u>7,499</u> |
| Less amount representing interest | <u>(13,309)</u> | <u>(3,214)</u> | <u>(16,524)</u> | <u>(275)</u> |
| Present value of net minimum lease | <u>\$ 42,702</u> | <u>\$ 25,046</u> | <u>\$ 67,748</u> | <u>\$ 7,224</u> |

The statement of net position includes the Palm Desert Financing Authority capital lease of \$42.7 million for the construction and acquisition of certain public facilities within the County, including the Palm Desert Sheriff's Station, community centers, the Blythe County Administrative Center, an animal shelter and a clinic facility.

The following schedules provide details of all certificates of participation, bonds payable, and notes payable for the County of Riverside that are outstanding as of June 30, 2013 (in thousands):

Governmental Activities

| <u>Type of indebtedness (purpose)</u> | <u>Maturity</u> | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at June 30, 2013</u> |
|--|-----------------|-----------------------|--|----------------------------------|---|
| <u>Certificates of Participation:</u> | | | | | |
| <u>CORAL</u> | | | | | |
| 1985 Serial Certificates | 12/09 – 12/15 | Variable | \$5,400- \$15,000 | \$ 169,400 | \$ 39,800 |
| | | | | <u>169,400</u> | <u>39,800</u> |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

| Type of indebtedness (purpose) | Maturity | Interest Rates | Annual Principal Installments | Original Issue Amount | Outstanding at June 30, 2013 |
|--|---------------|----------------|-------------------------------------|--------------------------|---------------------------------|
| <u>Certificates of Participation (Continued):</u> | | | | | |
| <u>CORAL</u> | | | | | |
| 1990 Monterey Avenue: | | | | | |
| Serial Certificate | 11/09 – 11/20 | Variable | \$300 - \$800 | \$ 8,800 | \$ 4,800 |
| | | | | <u>8,800</u> | <u>4,800</u> |
| <u>CORAL</u> | | | | | |
| 2003 A - Historic Court Project: | | | | | |
| Serial Certificates | 11/09 – 11/18 | 3.00% - 5.00% | \$280 - \$400 | 4,125 | 2,155 |
| Term Certificate | 11/19 – 11/23 | 5.00% | \$420 - \$510 | 2,320 | 2,320 |
| Term Certificate | 11/24 – 11/28 | 5.00% | \$535 - \$650 | 2,955 | 2,955 |
| Term Certificate | 11/29 – 11/33 | 5.13% | \$685 - \$835 | 3,790 | 3,790 |
| | | | | <u>13,190</u> | <u>11,220</u> |
| <u>CORAL</u> | | | | | |
| 2003 B –Capital Facilities Refunding: | | | | | |
| Serial Certificates | 12/03 – 11/18 | 2.00% - 4.20% | \$300 - \$900 | 8,685 | 2,155 |
| | | | | <u>8,685</u> | <u>2,155</u> |
| <u>CORAL</u> | | | | | |
| 2005 A - Capital Improvement & Family Law Court Refunding: | | | | | |
| Serial Certificates | 11/09 – 11/25 | 3.00% - 5.00% | \$1,090 - \$2,160 | 28,495 | 21,405 |
| Term Certificate | 11/26 – 11/33 | 5.00% | \$2,255 - \$2,145 | 9,905 | 9,905 |
| Term Certificate | 11/34 – 11/36 | 5.00% | \$2,040 - \$2,490 | 13,265 | 13,265 |
| | | | | <u>51,665</u> | <u>44,575</u> |
| <u>CORAL</u> | | | | | |
| 2005 B - Historic Courthouse Refunding Project: | | | | | |
| Serial Certificates | 11/09 – 11/25 | 3.00% - 5.00% | \$325 - \$1,740 | 18,835 | 14,945 |
| Term Certificate | 11/26 – 11/27 | 5.00% | \$1,860 - \$1,915 | 3,775 | 3,775 |
| | | | | <u>22,610</u> | <u>18,720</u> |
| <u>CORAL</u> | | | | | |
| 2006 Series A - Cap Imp Project: | | | | | |
| Serial Certificates | 11/09 – 11/26 | 3.75% - 5.13% | \$610 - \$1,235 | 16,425 | 13,245 |
| Term Certificate | 11/27 – 11/31 | 4.75% | \$1,295 - \$1,560 | 7,130 | 7,130 |
| Term Certificate | 11/32 – 11/35 | 5.00% | \$1,635 - \$1,895 | 7,050 | 7,050 |
| Term Certificate | 11/36 – 11/37 | 4.63% | \$1,990 - \$2,080 | 4,070 | 4,070 |
| | | | | <u>34,675</u> | <u>31,495</u> |
| <u>CORAL</u> | | | | | |
| 2007 A & B Public Safety Communication and Refunding Projects: | | | | | |
| Series A & B | 11/10 – 11/17 | 3.85% - 5.00% | \$1,525 - \$10,850 | 111,125 | 49,280 |
| | | | | <u>111,125</u> | <u>49,280</u> |
| <u>CORAL</u> | | | | | |
| 2009 Public Safety Communication and Woodcrest Library Refunding Projects: | | | | | |
| Series A | 12/10 – 11/39 | Variable | \$70 - \$4,200 | 45,685 | 45,440 |
| | | | | <u>45,685</u> | <u>45,440</u> |
| <u>CORAL</u> | | | | | |
| 2009 Larson Justice Center Refunding: | | | | | |
| Serial Certificates | 12/10 – 12/21 | Variable | \$1,050 - \$4,860 | \$ 24,680 | \$ 20,475 |
| | | | | <u>24,680</u> | <u>20,475</u> |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

| Type of indebtedness (purpose) | Maturity | Interest Rates | Annual Principal Installments | Original Issue Amount | Outstanding at June 30, 2013 |
|--|---------------|----------------|-------------------------------------|--------------------------|---------------------------------|
| <u>Certificates of Participation (Continued):</u> | | | | | |
| <u>Court Financing Corporation</u> | | | | | |
| Bankruptcy Courthouse: | | | | | |
| Acquisition Project Term Certificate | 11/09 – 11/20 | 7.50% | \$835 - \$1,385 | 16,120 | 8,300 |
| | | | | <u>16,120</u> | <u>8,300</u> |
| <u>District Court Financing Corporation</u> | | | | | |
| U.S. District Court Project: | | | | | |
| Term /Series 1999 | 6/14/2017 | 7.59% | \$902 - \$1,263 | 2,165 | 2,165 |
| Term /Series 1999 | 6/15/2015 | 1.93% | \$1,187 - \$1,658 | 17,635 | 3,210 |
| Term /Series 2002 | 6/15/2020 | 3.00% | \$50 - \$75 | 925 | 460 |
| | | | | <u>20,725</u> | <u>5,835</u> |
| Total Certificates of Participation | | | | <u>\$ 527,360</u> | <u>\$ 282,095</u> |
| Bonds Payable: | | | | | |
| <u>CORAL</u> | | | | | |
| 2000 A Southwest Justice Center: | | | | | |
| Series Bonds | 11/09 – 11/13 | 4.88% - 5.40% | \$1,830 - \$2,240 | \$ 17,945 | \$ 2,240 |
| Series Bonds | 11/14-11/32 | 5.20% | \$2,400-\$6,200 | 76,300 | - |
| | | | | <u>94,245</u> | <u>2,240</u> |
| <u>CORAL</u> | | | | | |
| 2012 CAC Annex Refunding Project | 11/12-11/31 | 2.00%-5.00% | \$1,120-\$2,435 | 33,360 | 31,800 |
| <u>CORAL</u> | | | | | |
| 2008 A Southwest Justice Center: | | | | | |
| Refunding Bonds | 11/14-11/32 | 5.15% | \$2,480-\$6,410 | 78,895 | 78,895 |
| | | | | <u>78,895</u> | <u>78,895</u> |
| <u>CORAL</u> | | | | | |
| 1997 B & C (Hospital): | | | | | |
| Term Bonds (Series C) | 6/1/2019 | 5.81% | \$1,733 | 1,733 | 1,733 |
| | | | | <u>1,733</u> | <u>1,733</u> |
| <u>Taxable Pension Obligation Bond</u> | | | | | |
| Pension Obligation Bonds (Series 2005-A) | 8/09 – 8/35 | 4.91% - 5.04% | \$3,425 - \$5,530 | 400,000 | 346,785 |
| | | | | <u>400,000</u> | <u>346,785</u> |
| <u>Inland Empire Tobacco Securitization Authority</u> | | | | | |
| Series 2007 A | 06/17 – 06/21 | 4.63% - 5.10% | | 87,650 | 59,580 |
| Series 2007 B | 06/20 – 06/26 | 5.75% | | 53,758 | 53,756 |
| Series 2007 C-1 | 06/26 – 06/36 | 6.63% | | 53,542 | 53,542 |
| Series 2007 C-2 | 06/33 – 06/45 | 6.75% | | 29,653 | 29,653 |
| Series 2007 D | 06/32 – 06/57 | 7.00% | | 23,457 | 23,457 |
| Series 2007 E | 06/35 – 06/57 | 7.63% | | 18,948 | 18,948 |
| Series 2007 F | 06/42 – 06/57 | 8.00% | | 27,076 | 27,076 |
| | | | | <u>294,084</u> | <u>266,012</u> |
| <u>Riverside County Public Financing Authority</u> | | | | | |
| Series 2012 | 8/09 – 8/35 | 3.00% - 5.00% | \$280-\$9,535 | 17,640 | 16,995 |
| | | | | <u>17,640</u> | <u>16,995</u> |
| Total Bonds Payable | | | | <u>\$ 919,957</u> | <u>\$ 744,460</u> |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

| Type of indebtedness (purpose) | Maturity | Interest Rates | Annual Principal Installments | Original Issue Amount | Outstanding at June 30, 2013 |
|--|---------------|----------------|-------------------------------------|--------------------------|---------------------------------|
| Loans Payable: | | | | | |
| <u>CORAL</u> | | | | | |
| 2011 Monroe Park Building Refunding | 2/11 - 12/20 | 3.54% | \$180 - \$330 | \$ 5,535 | \$ 4,420 |
| | | | | <u>5,535</u> | <u>\$ 4,420</u> |
| Total Loans Payable | | | | \$ 5,535 | \$ 4,420 |
| Total Governmental Activities | | | | \$ 1,452,852 | \$ 1,030,975 |
| Business-type Activities | | | | | |
| <u>Bonds Payable:</u> | | | | | |
| <u>Regional Medical Center</u> | | | | | |
| 1993 A & B (Hospital): | | | | | |
| Term Bonds (Series A) | 12/09 - 06/12 | 5.41% | \$12,230 - \$13,870 | \$ 81,135 | \$ - |
| Term Bonds (Series B) | 12/09 - 06/14 | 5.41% | \$7,050 - \$7,475 | 14,525 | 7,475 |
| Loss on Defeasance (net) | | | | - | (91) |
| | | | | <u>95,660</u> | <u>7,384</u> |
| <u>Regional Medical Center</u> | | | | | |
| 1997 A (Hospital): Serial Capital Cap Apprec. Bonds (net of future cap apprec \$122,895) | | | | | |
| | 06/13 - 06/26 | 5.70% - 6.01% | \$1,080 - \$4,981 | 41,170 | 38,136 |
| | | | | <u>41,170</u> | <u>38,136</u> |
| <u>Regional Med Center 1997</u> | | | | | |
| Serial Bonds (Series B) | 06/10 - 06/13 | 4.38% - 5.15% | \$395 - \$455 | - | - |
| Term Bonds (Series B) | 06/14 - 06/19 | 4.00% - 5.70% | \$475 - \$11,475 | 63,935 | - |
| Term Bonds (Series C) | 6/19 | 5.81% | \$3,265 | 3,265 | 1,532 |
| Bond Discount | | | | - | (2) |
| Loss on Defeasance (net) | | | | - | (874) |
| | | | | <u>67,200</u> | <u>656</u> |
| <u>Regional Medical Center</u> | | | | | |
| 2012 A & B (Hospital) | | | | | |
| Term Bonds (Series A) | 06/13-06/29 | 2.00% - 5.00% | \$220-\$12,970 | 87,510 | 87,230 |
| Term Bonds (Series B) | 06/19 | 3.25% | \$3,020 | 3,020 | 3,020 |
| Bond Premium | | | | - | 6,254 |
| | | | | <u>90,530</u> | <u>96,504</u> |
| <u>Housing Authority</u> | | | | | |
| 1998 Series A: | | | | | |
| Term Bonds | 12/09 - 12/18 | 6.85% | \$110 - \$200 | 2,405 | 1,030 |
| | | | | <u>2,405</u> | <u>1,030</u> |
| Total Bonds Payable | | | | \$ 296,965 | \$ 143,710 |
| Total Business-type Activities | | | | \$ 296,965 | \$ 143,710 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

| Type of indebtedness (purpose) | Maturity | Interest Rates | Annual Principal Installments | Original Issue Amount | Outstanding at June 30, 2013 |
|--|---------------|----------------|-------------------------------------|--------------------------|---------------------------------|
| Discretely Presented Component Unit | | | | | |
| <i>Bonds Payable:</i> | | | | | |
| <u><i>Palm Desert Financing Authority</i></u> | | | | | |
| 2008 Lease Rev Bonds Series A: | | | | | |
| Serial Certificates | 05/10 – 05/18 | 4.00% - 5.50% | \$1,935 - \$6,200 | 43,845 | 28,055 |
| Term Certificate | 05/19 – 05/22 | 6.00% | \$6,540 - \$7,790 | 28,600 | 28,600 |
| Bond Discount | | | | - | (410) |
| | | | | 72,445 | 56,245 |
| Total Bonds Payable | | | | \$ 72,445 | \$ 56,245 |
| Total Discretely Presented Component Unit | | | | \$ 72,445 | \$ 56,245 |

As of June 30, 2013, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

| Governmental Year ending June 30 | Loans Payable | | Certificates of Participation | |
|-------------------------------------|-----------------|---------------|-------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2014 | 530 | 152 | 28,771 | 15,144 |
| 2015 | 540 | 133 | 31,168 | 12,725 |
| 2016 | 560 | 114 | 33,133 | 10,747 |
| 2017 | 585 | 94 | 18,912 | 8,914 |
| 2018 | 605 | 73 | 18,875 | 7,907 |
| 2019-2023 | 1,600 | 86 | 78,440 | 25,141 |
| 2024-2027 | - | - | 29,075 | 14,338 |
| 2028-2033 | - | - | 21,640 | 8,082 |
| 2034-2038 | - | - | 14,705 | 2,233 |
| 2039-2043 | - | - | 7,376 | 286 |
| Total | \$ 4,420 | \$ 652 | \$ 282,095 | \$ 105,517 |

| Governmental Year ending June 30 | Bonds Payable | |
|-------------------------------------|-------------------|-------------------|
| | Principal | Interest |
| 2014 | 31,019 | 58,187 |
| 2015 | 31,213 | 55,731 |
| 2016 | 20,639 | 48,138 |
| 2017 | 22,944 | 45,949 |
| 2018 | 230,445 | 204,635 |
| 2019-2023 | 139,494 | 108,332 |
| 2024-2028 | 76,674 | 35,348 |
| 2029-2033 | 27,965 | 2,732 |
| 2034-2038 | 53,542 | 3,147 |
| 2039-2043 | - | - |
| 2044-2048 | 29,653 | 1,945 |
| 2049-2053 | 70,027 | 4,671 |
| 2054-2058 | 10,845 | - |
| Total | \$ 744,460 | \$ 568,815 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2013, annual debt service requirements of business-type activities to maturity are as follows (in thousands):

| Business-type Year ending June 30 | Bonds Payable | | Other Long-term Liabilities | |
|---|----------------------|-------------------|------------------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2014 | 10,675 | 9,417 | - | - |
| 2015 | 12,850 | 6,876 | - | - |
| 2016 | 13,339 | 6,388 | 6,795 | - |
| 2017 | 13,813 | 5,922 | - | - |
| 2018 | 14,307 | 5,317 | - | - |
| 2019-2023 | 29,797 | 72,937 | - | - |
| 2024-2028 | 34,108 | 53,345 | - | - |
| 2029-2033 | 9,536 | 381 | - | - |
| Total requirements | 138,425 | 160,583 | \$ 6,795 | \$ - |
| Bond discount/premium, net | 5,285 | - | | |
| Deferred charges (Housing) | - | - | | |
| Loss on defeasance (net) | - | - | | |
| Total | \$ 143,710 | \$ 160,583 | | |

| Discretely Presented Component Unit Year ending June 30 | Bonds Payable | |
|---|----------------------|------------------|
| | Principal | Interest |
| 2014 | 5,070 | 3,193 |
| 2015 | 5,325 | 2,940 |
| 2016 | 5,580 | 2,673 |
| 2017 | 5,880 | 2,380 |
| 2018 | 34,800 | 6,472 |
| 2019-2023 | - | - |
| 2024-2028 | - | - |
| 2029-2033 | - | - |
| 2034-2038 | - | - |
| Total requirements | 56,655 | 17,658 |
| Bond discount/premium, net | (410) | - |
| Total | \$ 56,245 | \$ 17,658 |

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2013 (in thousands):

| | Balance June 30, 2012 | Additions | Reductions | Balance June 30, 2013 |
|--|--------------------------|-----------|------------|--------------------------|
| Governmental Activities: | | | | |
| <i>Certificates of Participation:</i> | | | | |
| Court Financing (U.S. District Court Project) | \$ 3,592 | \$ 445 | \$ - | \$ 4,037 |
| <i>Bonds:</i> | | | | |
| Inland Empire Tobacco Securitization Authority | 75,231 | 15,393 | - | 90,624 |
| Total governmental-type activities | \$ 78,823 | \$ 15,838 | \$ - | \$ 94,661 |
| Business-type Activities: | | | | |
| <i>Lease Revenue Bonds:</i> | | | | |
| Regional Medical Center (1997A Hosp) | \$ 59,984 | \$ 6,063 | \$ (4,934) | \$ 61,113 |
| Total business-type activities | \$ 59,984 | \$ 6,063 | \$ (4,934) | \$ 61,113 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable (Continued)

The accreted interest payable balances at June 30, 2013 represent accreted interest on the U.S. District Court Project, the 2007 Inland Empire Tobacco Securitization Authority Bonds, and the 1997 A Hospital Serial Capital Appreciation Bonds. The original issues were \$2.2 million for the U.S. District Court Project, \$294.1 million for the 2007 Inland Empire Tobacco Securitization Authority Bonds, and \$41.2 million for the 1997 A Hospital Serial Capital Appreciation Bonds. The total accreted value on the bonds and certificates upon maturity will be \$7.2 million for the U.S. District Court Project, \$171.6 million for the 1997 A Hospital Serial Capital Appreciation Bonds and \$3.5 billion for the 2007 Inland Empire Tobacco Securitization Authority Bonds. The County is under no obligation to make payments of accreted value or redemption premiums, if any, or interest on the Series 2007 Bonds.

The increases of \$15.8 million and \$6.0 million represent current year's accretion for governmental activities and business-type activities respectively. The accumulated accretion for business-type activities is \$61.1 million at June 30, 2013. The accumulated accretion for U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority in governmental activities is \$94.7 million. The un-accreted balances at June 30, 2013 are \$64.4 million for the 1997-A Hospital Regional Medical Center (RMC) project, \$3.2 million for the U.S. District Court, and \$3.4 billion for the Inland Empire Tobacco Securitization Authority Capital Appreciation Bonds.

Bonds, Certificates of Participation / Refunding

On July 1, 2012, Regional Medical Center (RMC) issued \$90.5 million in lease revenue bonds. The 2012A Bonds are being issued for the purpose of (a) refunding a portion of the 1997B Bonds maturing in the years 2013, 2016 and 2019 (the "Refunded 1997B Bonds"), in the aggregate principal of \$63.8 million; (b) providing funds for additional improvements to the medical center campus; (c) depositing funds into the debt service reserve fund established under the indenture; and (d) paying a portion of costs of issuance of the 2012 Bonds. The new bonds have an interest rate of 2.0% to 5.0%.

The County of Riverside Palm Desert Financing Authority is a joint power agreement between the County of Riverside and Palm Desert Redevelopment Agency established on January 1, 2002. The Palm Desert Redevelopment Agency was dissolved on January 31, 2012. The Palm Desert Successor Agency succeeded the former Palm Desert Redevelopment Agency. On October 1, 2012, The Riverside County Public Financing Authority issued \$17.6 million in lease revenue refunding bonds. The proceeds of the Series 2012 Bonds will be used to (i) refinance certain previously acquired, constructed and installed public improvements by refunding the outstanding Riverside County Palm Desert Financing Authority ("the Authority") Lease Revenue Bonds (County Facilities Projects), 2003 Series A. The new bonds have an interest rate of 3.0% to 5.0%.

Defeasance of Debt

In April 2005, CORAL issued \$22.6 million of Certificates of Participation, Series B (2005 Series B – Historic Courthouse Refunding). The proceeds from the sale of the certificates were used to advance refund \$21.1 million of the Historic Courthouse Certificates of Participation. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates have been included in the financial statements. The amount of the defeased debt outstanding at June 30, 2013, was \$1.4 million.

On December 2009, CORAL issued \$24.7 million certificates of participation (2009 Larson Justice Center Project Refunding COP) to provide funds to refund and prepay the certificates of participation relating to 1998 Larson Justice Center Project with an outstanding principal amount of \$23.7 million; to fund the reserve fund; and to pay certain cost of issuance incurred in connection with this refunding. The requisition price exceeded the net carry amount of the old debt by \$1.0 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$3.7 million and a reduction of \$1.5 million in future debt service payments.

In December 2009, CORAL also issued \$45.7 million certificates of participation (2009 Public Safety Communication and Woodcrest Library Projects Refunding COP) to provide funds to refund and redeem the certificates of participation relating to 2007 Series B Public Safety Communication Project with an outstanding principal amount of \$37.4 million; to provide funds to refund; and retire the series 2006 Certificates of Participation

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Defeasance of Debt (Continued)

Anticipation Note relating to Woodcrest Library Project with an outstanding principal amount of \$6.0 million; to fund capitalized interest on a portion of the certificates of participation through July 1, 2012; to fund a security deposit with respect to Base Rental payable under the Sublease; and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carry amount of the old debts by \$2.3 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$3.3 million and an addition of \$6.9 million in future debt service payments.

On February 28, 2011, CORAL issued \$5.5 million in private placement bonds (2011 Monroe Building) to provide funds to refund and redeem the notes payable relating to the 2007 Monroe Park Building loan with an outstanding principal amount of \$5.4 million and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carrying amount of the old debt by \$140.0 thousand. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$527.0 thousand and a reduction of \$339.0 thousand in future debt service payments.

On February 2012, CORAL issued \$33.4 million in lease revenue bonds (2012 County Administrative Center Refunding Projects) to provide funds to refund and prepay the certificates of participation relating to 2001 County Administrative Center (CAC) Annex with an outstanding principal amount of \$31.4 million; to fund the reserve fund, and to pay certain costs of issuance incurred in connection with this refunding and to acquire two office buildings located in Indio, California. The requisition price exceeded the net carry amount of the old debt by \$2.0 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$5.0 million and a reduction of \$3.6 million in future debt service payments.

In July 2012, CORAL issued \$90.5 million in lease revenue bonds (2012 Series A and Taxable Series B County of Riverside Capital Projects) to provide funds to refund and prepay CORAL's Leasehold Revenue Bonds, 1997 Series B with an outstanding principal amount of \$64.4 million; to provide funds (\$30.0 million) for improvements to the Medical Center Campus; deposit funds into the Debt Service Reserve Fund; and pay certain cost of issuance incurred in connection with this refunding. The refunding resulted in a redemption premium of \$639.3 thousand for the 1997 Series B lease revenue bonds and a net premium of \$6.9 million for the 2012 Series A and Taxable Series B. The reacquisition price exceeded the net carry amount of the old debt by \$26.6 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$8.0 million and a reduction of \$7.1 million in future debt service payments.

Single Family and Multi-Family Mortgage Revenue Bonds

Single Family Mortgage Revenue Bonds have been issued to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed single-family residences. The purpose of this program is to provide low interest rate home mortgage loans to persons who are unable to qualify for conventional mortgages at market rates. Multi-Family Mortgage Revenue Bonds are issued to provide permanent financing for apartment projects located in the County to be partially occupied by persons of low or moderate income.

A total of \$34.2 million of Mortgage Revenue Bonds have been issued and \$30.3 million is outstanding as of June 30, 2013. These bonds do not constitute an indebtedness of the County. The bonds are payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of the County officials, these bonds are not payable from any revenues or assets of the County, and neither the full faith and credit nor the taxing authority of the County, the State, or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the basic financial statements.

Special Assessment Bonds

Various special districts in the County reporting entity have issued special assessment bonds, totaling \$77.2 million at June 30, 2013, to provide financing or improvements benefiting certain property owners. Special assessment bonds consist of Community Facilities District Bonds and Assessment District Bonds.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Special Assessment Bonds (Continued)

The County, including its special districts, is not liable for the payment of principal or interest on the bonds, which are obligations solely of the benefited property owners. Certain debt service transactions relating to certain special assessment bonds are accounted for in the Agency Funds.

The County is not obligated and does not expect to advance any available funds from the County general fund to the Community Facilities Districts or the Assessment Districts for any current or future delinquent debt service obligations. The County Special Districts continue to use all means available to bring current any delinquent special assessment taxes, including workouts, settlement agreements, and foreclosure actions when necessary.

The Riverside County Flood Control and Water Conservation District (Flood Control) has issued special assessment bonds, totaling \$2.1 million as June 30, 2013, for the construction of flood control facilities. The bonds are to be repaid through special assessment revenue and are not considered obligations of Flood Control. In accordance with bond covenants, Flood Control has established a reserve for potential delinquencies. If a delinquency occurs in the payment of any assessment installment, Flood Control has the duty to transfer the amount of such delinquent installment from the Reserve Fund into the Redemption Fund assessment installment. Flood Control's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

State Appellate Court Financing

In November 1997, the Public Finance Authority of the County of Riverside issued \$13.5 million of Lease Revenue Bonds for the State of California Court of Appeal Fourth Appellate District, Division Two Project. The State of California executed a lease coincident with the term of the financing and those lease payments are the sole security for the financing. The State is the ultimate obligor under the terms of the financing and neither the County nor the Authority will have any ongoing payment obligation. The State has committed to indemnify the County in the Lease.

Interest Rate Swap

Objective of the Interest Rate Swap: As a means to lower financing costs and to reduce the risks to CORAL associated with the fluctuation in market interest rates, CORAL entered into an amended and restated interest rate swap in connection with the Southwest Justice Center Series 2008A Leasehold Revenue Bonds in the notional amount of \$76.3 million. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 5.2%.

Terms: The bonds and the related swap agreement mature on November 1, 2032, and the swap's notional amount of \$76.3 million approximately matches a portion of \$78.9 million variable-rate bonds. The swap was effective at the same time the bonds were issued on May 24, 2000 due to the consistent critical terms between the swap and the associated debt and was amended and restated as of December 10, 2008. None of the critical terms were changed pursuant to this agreement. The notional value of the swap and the principal amount of the associated debt, decline starting in fiscal year 2014-15. Under the amended and restated swap agreement, CORAL paid Wells Fargo Bank, N.A. a fixed payment rate of 5.2%. CORAL receives an interest rate equal to an amount not to exceed the maximum interest rate payable on the Bonds, expressed as a decimal, equal to 64.0% of the monthly London Interbank Offered Rate (LIBOR) in the relevant calculation period. Conversely, the Bonds' variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA). Under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the interest rate swap contract qualifies as a derivative financial instrument and a cash flow hedging. CORAL's net cash outflow or payment under the interest rate swap contract was \$2.8 million for the year ended June 30, 2013. The swap is not subject to rollover risk because the maturity of the swap matches the maturity of the principal amount of the associated debt or market-access risk as no other embedded instrument is involved with the swap that would require accessing the credit markets.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap (Continued)

Fair Value: As of June 30, 2013 and 2012, the swap had a negative fair value of \$26.8 million and \$35.2 million, respectively, an increase in fair value of \$8.4 million occurred during the fiscal year 2012-13. The fair value was recorded in the County's Statement of Net Position as interest rate swap liability and deferred outflow in the assets section. Because the coupons on the Southwest Justice Center Series 2008A Leasehold Revenue Refunding Bonds adjust to changing interest rates, the Bonds do not have a corresponding fair value increase. The fair value was the quoted market price from Wells Fargo Bank, N.A. at June 30, 2013.

Credit Risks: The swap counterparty was rated Aa3 by Moody's and AA- by Standard & Poor's as of February 2013. The swap agreement specifies that if the long-term senior unsecured debt rating of Wells Fargo, N.A. is withdrawn, suspended or falls below BBB (Standard & Poor) or Baa2 (Moody's), a collateral agreement will be executed within 30 days or the fair value of the swaps will be fully collateralized by the counterparty.

Basis Risks: The swap exposes CORAL to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the Bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2013, CORAL's rate was 64.0% of LIBOR, or 0.1%, whereas Municipal Swap Index or the reset rate on bonds was 0.1%. The synthetic rate on the bonds at June 30, 2013 was 5.2%.

Termination Risks: CORAL always has the right to terminate the swaps. Wells Fargo Bank, N.A. is limited in so far as both CORAL and the insurer are not performing. The swap may be terminated by CORAL if Wells Fargo Bank, N.A.'s credit quality rating falls below A- as issued by Standard & Poor's or A3 by Moody's. Additionally, the swaps may be terminated by Wells Fargo, N.A. if CORAL's credit quality rating falls below BBB+ as issued by Standard & Poor's or Baa1 as issued by Moody's or if the bonds credit quality ratings fall below BBB+ as issued by Standard & Poor's or Baa1 as issued by Moody's. If the swaps are terminated, the variable rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swaps had negative fair values, CORAL, would be liable to Wells Fargo Bank, N.A. for a payment equal to the swaps' fair values.

Swap Payment and Associated Debt: Using rates as of June 30, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows (in thousands):

| Fiscal Year Ending June 30, 2013 | Variable Rate Bonds | | Net Swap Payments | Total Interest |
|-------------------------------------|---------------------|------------------|----------------------|-------------------|
| | Principal | Interest | | |
| 2014 | \$ - | \$ 1,099 | \$ 2,834 | \$ 3,933 |
| 2015 | - | 1,099 | 2,834 | 3,933 |
| 2016 | - | 1,078 | 2,781 | 3,859 |
| 2017 | 5,160 | 1,040 | 2,685 | 3,725 |
| 2018 | 8,055 | 1,000 | 2,580 | 3,580 |
| 2019-2023 | 17,060 | 4,309 | 11,116 | 15,425 |
| 2024-2028 | 22,235 | 2,892 | 7,462 | 10,355 |
| 2029-2033 | 23,790 | 1,052 | 2,709 | 3,761 |
| 2034-2038 | | | | - |
| | <u>\$ 76,300</u> | <u>\$ 13,569</u> | <u>\$ 35,001</u> | <u>\$ 48,571</u> |

As rates vary, variable-rate Bond interest payments and net swap payments will vary.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities

The following is a summary of governmental activities long-term liabilities transactions for the year ended June 30, 2013 (in thousands):

| | Balance June 30, 2012 | New Additions | Payments / Re class | Balance June 30, 2013 | Amounts Due Within One Year |
|--|--------------------------|------------------|------------------------|--------------------------|-----------------------------------|
| Governmental activities: | | | | | |
| Debt long-term liabilities: | | | | | |
| Bonds payable | \$ 750,492 | \$ 17,640 | \$ (23,672) | \$ 744,460 | \$ 31,019 |
| Capital lease obligations | 100,995 | 6,325 | (39,572) | 67,748 | 15,342 |
| Certificates of participation | 309,511 | - | (27,416) | 282,095 | 28,771 |
| Loans payable | 4,925 | - | (505) | 4,420 | 530 |
| Total debt long-term liabilities | 1,165,923 | 23,965 | (91,165) | 1,098,723 | 75,662 |
| Other long-term liabilities: | | | | | |
| Accreted interest payable | 78,823 | 15,838 | - | 94,661 | - |
| Compensated absences (a) | 166,330 | 814 | (1,416) | 165,728 | 79,682 |
| Estimated claims liabilities (b) | 130,438 | 42,565 | (42,084) | 130,919 | 22,993 |
| Accrued remediation costs (c) | 2,398 | 395 | - | 2,793 | 113 |
| Total other long-term liabilities | 377,989 | 59,612 | (43,500) | 394,101 | 102,788 |
| Total governmental activities – long-term liabilities | \$ 1,543,912 | \$ 83,577 | \$ (134,665) | \$ 1,492,824 | \$ 178,450 |

- (a) General fund, special revenue fund, and internal service fund are used to liquidate the compensated absences.
(b) Internal service funds are used to liquidate the estimated claims liabilities.
(c) General fund is used to liquidate the remediation costs

The following is a summary of business-type activities long-term liabilities transactions for the year ended June 30, 2013 (in thousands):

| | Balance June 30, 2012 | Additions | Payments / Re class | Balance June 30, 2013 | Amounts Due Within One Year |
|---|--------------------------|------------|------------------------|--------------------------|-----------------------------------|
| Business-type activities: | | | | | |
| Debt long-term liabilities: | | | | | |
| Bonds payable, net of un-amortized discount and losses (a) | \$ 121,061 | \$ 96,917 | \$ (74,268) | \$ 143,710 | \$ 10,675 |
| Capital lease (RMC) | 12,055 | 611 | (5,442) | 7,224 | 3,946 |
| Total debt long-term liabilities | 133,116 | 97,528 | (79,710) | 150,934 | 14,621 |
| Other long-term liabilities: | | | | | |
| Accreted interest payable | 59,984 | 6,063 | (4,934) | 61,113 | - |
| Accrued closure and post-closure costs | 52,537 | 1,588 | - | 54,125 | 6,978 |
| Compensated absences | 21,984 | 2,535 | (458) | 24,061 | 14,514 |
| Accrued remediation costs | 37,429 | - | (764) | 36,665 | 834 |
| OPEB obligation, net | - | 113 | - | 113 | - |
| Other long-term liabilities (b) | 6,795 | - | - | 6,795 | - |
| Total other long-term liabilities | 178,729 | 10,299 | (6,156) | 182,872 | 22,326 |
| Total business-type activities – long-term liabilities | \$ 311,845 | \$ 107,827 | \$ (85,866) | \$ 333,806 | \$ 36,947 |

Discretely Presented Component Unit

| | | | | | |
|--|-----------|-------|-------------|-----------|----------|
| Debt long-term liabilities: | | | | | |
| Bonds payable | \$ 78,799 | \$ - | \$ (22,554) | \$ 56,245 | \$ 5,070 |
| Other long-term liabilities: | | | | | |
| Compensated absences | 255 | 88 | (64) | 279 | 161 |
| Total discretely presented component unit – long-term liabilities | \$ 79,054 | \$ 88 | \$ (22,618) | \$ 56,524 | \$ 5,231 |

- (a) The reduction in bonds payable amount of \$71.2 million includes the refunding of serial bond 1997 B for \$64.3 million during fiscal year 2012-13.
(b) The Housing Authority (Business-type Activity) has two notes payable, totaling \$6.8 million, under "Other long-term liabilities."

Disclosure of Pledged Revenues

Inland Empire Tobacco Securitization Authority, a blended component unit of the County, issued \$294.1 million of tobacco asset-backed bonds. The bonds are solely secured by pledging a portion of County Tobacco Assets*** made

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Disclosure of Pledged Revenues (Continued)

payable to the County pursuant to agreements with the State and other parties. The portion of revenues that will be used to pay the debt service are (i) the County Tobacco Assets to the extent consisting of or relating to amounts due to the County after the first \$10.0 million has been paid to the County in each year beginning on January 1, 2008 and ending on December 31, 2020, (ii) the County Tobacco Assets to the extent consisting of or relating to amounts due to the County after the first \$11.5 million has been paid to the County in each year beginning on January 1, 2021 and ending on December 31, 2026, (iii) the County Tobacco Assets to the extent consisting of or relating to amounts due to the County from and after January 1, 2027, and (iv) the County Tobacco Assets to the extent consisting of or relating to the applicable percentage of a lump sum payment of 17.3% to the County and 82.7% to the Inland Empire Tobacco Securitization Authority for Calendar year 2013. During the fiscal year ended June 30, 2013, \$25.7 million was received by the Inland Empire Tobacco Securitization Authority; \$10.0 million, or 39.0%, was distributed to the County per the above agreement, leaving \$15.7 million, or 61.0%, of the specific tobacco settlement revenues available to be pledged (see page 143). The County is under no obligation to make payments of the principal or accreted value of or redemption premiums, if any, or interest on the Series 2007 bonds in the event that revenues are insufficient for the payment thereof.

**** Tobacco settlement revenue required to be paid to the State of California under the Master Settlement Agreement entered into by participating cigarette manufacturers, 46 states, California, and six other U.S. jurisdictions, in November 1998 in settlement of certain cigarette smoking-related litigation.*

The Housing Authority 1998 bonds are secured by an agreement with the City of Corona, which has pledged to pay \$218.0 thousand to the Housing Authority each year until the bonds are redeemed in their entirety on December 1, 2018. The bond indenture requires the Housing Authority to remit the entire \$218.0 thousand received each year to the bond trustee to pay for the bond's annual debt service payments, which in fiscal year 2013 was \$135.0 thousand (principal) and \$83.0 thousand (interest).

The Housing Authority reports the \$218.0 thousand received each year as revenue. In fiscal year 2012-13, the \$218.0 thousand represented about 0.3% of the total revenues of the Housing Authority. Municipal Bond Insurance Association has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2013, before applying the deferred charge, was \$1.0 million.

Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8.0% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in-lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County, Flood Control and Park District was \$38.4 million, \$4.2 million and \$386.7 thousand, respectively.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 15- DEFERRED INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognized deferred inflows of resources in the governmental and government-wide financial statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The largest portions of the County's deferred inflows of resources are SB90 and Teeter tax loss reserve. SB90 is California Senate Bill 90 of 1972 which established a requirement that the State reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. Teeter tax loss reserve pursuant to California Revenue and Taxation Code Section 4703 was established as a tax loss reserve fund for covering losses that may occur in the amount of tax liens as a result of special sales of tax defaulted property.

Deferred inflows of resources balances for the year ended June 30, 2013 were as follows:

| | Balance June 30, 2013 |
|--------------------------------------|--------------------------|
| Governmental type activities: | |
| General Fund: | |
| SB 90 | \$ 41,356 |
| Teeter tax loss reserve | 17,703 |
| Property tax | 5,917 |
| Sales tax | 1,879 |
| Total general fund | 66,855 |
| Flood Control Special Revenue Fund: | |
| Property tax | 1,808 |
| Total governmental type activities | \$ 68,663 |
| Business type activities: | |
| Housing Authority Fund: | |
| Grants received in advance | \$ 722 |
| Waste Management Fund: | |
| Service concession arrangement | 8,396 |
| Total business type activities | \$ 9,118 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 16 – FUND BALANCES

Fund balances that presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. (See note 1 for a description of each categories. A detailed schedule of fund balances as of June 30, 2013 is as follows (in thousands):

| | Major Funds | | | |
|---|-------------------------|---|--|---|
| | General Fund | Transportation Special Revenue Funds | Flood Control Special Revenue Funds | Public Facilities Improvements |
| <u>Nonspendable:</u> | | | | |
| Imprest cash | \$ 370 | \$ 13 | \$ 1 | \$ - |
| Inventories | 2,059 | 1,031 | - | - |
| Permanent | - | - | - | - |
| Prepays | 818 | - | - | - |
| Total nonspendable fund balances | 3,247 | 1,044 | 1 | - |
| <u>Restricted for:</u> | | | | |
| Teeter tax losses | 8,813 | - | - | - |
| Recorder modernization | 19,315 | - | - | - |
| Public protection | 42,860 | - | - | 1,153 |
| Fire stations | - | - | - | 18,769 |
| Roads | - | 78,334 | - | 45,853 |
| Traffic signals | - | - | - | 13,353 |
| Capital projects improvement program | - | - | - | 18,285 |
| Public facilities | 182 | - | - | 35,343 |
| Public assistance programs | 4,019 | - | - | - |
| Health and sanitation services | 17,317 | - | - | - |
| Housing assistance programs | - | - | - | - |
| Parks and recreation | - | - | - | 20,433 |
| Education | - | - | - | - |
| Debt service | 2,387 | - | - | - |
| Other purposes | 6,547 | - | - | - |
| Encumbrances | - | 793 | - | 215 |
| Total restricted fund balances | 101,440 | 79,127 | - | 153,404 |
| <u>Committed to:</u> | | | | |
| Property tax system | 6,128 | - | - | - |
| Disaster relief | 15,000 | - | - | - |
| Public assistance | 4,462 | - | - | - |
| Public protection | 9,982 | 812 | 253,117 | - |
| Health and sanitation services | 1,849 | 133 | - | - |
| Parks and recreation | - | - | - | - |
| Other capital projects | 1,000 | - | - | 412 |
| Other purposes | 3,762 | 365 | - | 1,500 |
| Total committed fund balances | 42,183 | 1,310 | 253,117 | 1,912 |
| <u>Assigned to:</u> | | | | |
| Public protection | - | - | - | - |
| Roads | - | 12,820 | - | 17,003 |
| Emergency safety communication system | - | - | - | - |
| Capital projects improvement program | - | - | - | 25,205 |
| Public assistance | - | - | - | - |
| Other capital projects | - | - | - | - |
| Other purposes | - | - | 1,807 | - |
| Encumbrances | 10,460 | 1 | - | 2,036 |
| Total assigned fund balances | 10,460 | 12,821 | 1,807 | 44,244 |
| <u>Unassigned fund balances</u> | 199,919 | - | - | - |
| Total fund balances | \$ 357,249 | \$ 94,302 | \$ 254,925 | \$ 199,560 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 16 – FUND BALANCES (Continued)

| <u>Nonmajor Funds</u> | | | | | | |
|-----------------------------|--------------------------|------------------------------|-------------------|-----------------------------------|--------------------------------|---|
| Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Permanent Fund | Nonmajor Governmental Funds | Total Governmental Funds | |
| \$ 108 | \$ - | \$ - | \$ - | \$ 108 | \$ 492 | <u>Nonspendable:</u> |
| - | - | - | - | - | 3,090 | Imprest cash |
| - | - | - | 473 | 473 | 473 | Inventories |
| 7 | - | 580 | - | 587 | 1,405 | Permanent |
| 115 | - | 580 | 473 | 1,168 | 5,460 | Prepays |
| | | | | | | Total nonspendable fund balances |
| - | - | - | - | - | 8,813 | <u>Restricted for:</u> |
| - | - | - | - | - | 19,315 | Teeter tax losses |
| 8,169 | - | - | - | 8,169 | 52,182 | Recorder modernization |
| 3,979 | - | - | - | 3,979 | 22,748 | Public protection |
| 2,400 | - | - | - | 2,400 | 126,587 | Fire stations |
| 14,263 | - | - | - | 14,263 | 27,616 | Roads |
| - | - | 5,686 | - | 5,686 | 23,971 | Traffic signals |
| 5,590 | - | - | - | 5,590 | 41,115 | Capital projects improvement program |
| 5,215 | - | - | - | 5,215 | 9,234 | Public facilities |
| 7,058 | - | - | - | 7,058 | 24,375 | Public assistance programs |
| 3,165 | - | - | - | 3,165 | 3,165 | Health and sanitation services |
| - | - | 8,857 | - | 8,857 | 29,290 | Housing assistance programs |
| 24,638 | - | - | - | 24,638 | 24,638 | Parks and recreation |
| - | 79,951 | - | - | 79,951 | 82,338 | Education |
| 4,788 | - | 145 | 36 | 4,969 | 11,516 | Debt service |
| 612 | - | - | - | 612 | 1,620 | Other purposes |
| 79,877 | 79,951 | 14,688 | 36 | 174,552 | 508,523 | Encumbrances |
| | | | | | | Total restricted fund balances |
| - | - | - | - | - | 6,128 | <u>Committed to:</u> |
| - | - | - | - | - | 15,000 | Property tax system |
| 9,104 | - | - | - | 9,104 | 13,566 | Disaster relief |
| - | - | - | - | - | 263,911 | Public assistance |
| - | - | - | - | - | 1,982 | Public protection |
| 6,659 | - | - | - | 6,659 | 6,659 | Health and sanitation services |
| - | - | 151 | - | 151 | 1,563 | Parks and recreation |
| - | - | - | - | - | 5,627 | Other capital projects |
| 15,763 | - | 151 | - | 15,914 | 314,436 | Other purposes |
| | | | | | | Total committed fund balances |
| 35 | - | - | - | 35 | 35 | <u>Assigned to:</u> |
| - | - | - | - | - | 29,823 | Public protection |
| - | - | 177 | - | 177 | 177 | Roads |
| - | - | 4,085 | - | 4,085 | 29,290 | Emergency safety communication system |
| 405 | - | - | - | 405 | 405 | Capital projects improvement program |
| - | - | 9,132 | - | 9,132 | 9,132 | Public assistance |
| 3,186 | - | - | - | 3,186 | 4,993 | Other capital projects |
| - | - | 68 | - | 68 | 12,565 | Other purposes |
| 3,626 | - | 13,462 | - | 17,088 | 86,420 | Encumbrances |
| | | | | | | Total assigned fund balances |
| - | - | - | - | - | 199,919 | <u>Unassigned fund balances</u> |
| \$99,381 | \$ 79,951 | \$28,881 | \$ 509 | \$ 208,722 | \$ 1,114,758 | Total fund balances |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 17 – RISK MANAGEMENT

The County is self-insured for general liability, medical malpractice, and workers' compensation claims. The County records estimated liabilities for general liability, medical malpractice, and workers' compensation claims filed or estimated to be filed for incidents that have occurred. Estimated liability accruals include those incidents that are reported as well as an amount for those incidents that incurred but are not reported (IBNR) at fiscal year end. The funding of these estimates is based on actuarial experience and projections. The County fully self-insures short-term disability and unemployment insurance. Life insurance and long-term disability programs are fully insured. Depending on the plan, group health, dental, and vision may be either self-insured or fully insured.

The County supplements its self-insurance for general liability, medical malpractice, and workers' compensation with catastrophic excess insurance coverage. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are \$10.0 million, subject to a self-insured retention (SIR) of \$1.0 million for each occurrence. A SIR is a form of a deductible. The County also purchases an additional \$15.0 million per occurrence in excess of the \$10.0 million for a total of \$25.0 million in limits. Medical malpractice utilizes an excess policy providing coverage on a per occurrence basis. Limits under the malpractice policy are \$20.0 million subject to a SIR of \$1.1 million. The maximum limit under the excess workers' compensation, Section A, is statutory (unlimited); Section B, employer liability is \$5.0 million per claim. Section A is subject to a \$2.0 million SIR for each accident, employee injury, or disease. Settlements have not exceeded coverage for each of the past three fiscal years.

The County's property insurance program provides insurance coverage for all risks subject to a \$50.0 thousand per occurrence deductible; flood coverage is subject to a 2.0% deductible per unit within a 100-year flood zone and \$25.0 thousand per unit deductible outside a 100-year flood zone. (A 'unit' is defined as; a separate building, contents in a separate building, property in the open (yard) or, time element coverage in a separate building.) The County's property is categorized into four Towers and each Tower provides \$600.0 million in limits. Earthquake (covering scheduled locations equal to or greater than \$1.0 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each Tower of \$82.5 million with an additional \$275.0 million excess rooftop limit available to any one Tower. The excess rooftop limit may be triggered during the policy year if a covered earthquake event somewhere in the state has depleted the initial underlying limits. Earthquake coverage is subject to a deductible equal to 5.0% of replacement cost value per unit subject to a \$100.0 thousand minimum per unit. Boiler and Machinery provides up to \$100.0 million in limits, with various deductibles. The limits in each Tower are shared with other counties on a per event basis. Should a catastrophic event occur and losses exceed the limits, the County would be responsible.

The activities related to such programs are accounted for in Internal Service Funds (ISF). Accordingly, estimated liabilities for claims, including loss adjustment expenses, filed or to be filed, for incidents that have occurred through June 30, 2013 are reported in these funds. Where certain ISF funds have an accumulated deficit or insufficient reserves, the County provides funding to reduce the deficit and increase the reserves. If the funding is above the Board of Supervisors approved 70.0% confidence level, an appropriate reduction in funding including a one-time holiday on department charges may be granted. For fiscal year 2013-14 the Board of Supervisors approved continued reduced funding at slightly below the 55.0% confidence level for the General Liability ISF and at 55.0% for the Workers' Compensation ISF. Funding for the Medical Malpractice ISF was approved to return to the 70.0% confidence level. Revenues for these Internal Service Funds are primarily provided by other County departments and are intended to cover the self-insured claim payments, insurance premiums, and operating expenses. The revenue is not used to cover catastrophic events and other uninsured liabilities. Cash available in the Risk Management and Workers' Compensation Internal Service Funds at June 30, 2013 plus revenues to be collected during fiscal year 2013-2014 are expected to be sufficient to cover all fiscal year 2013-2014 payments. The carrying amount of unpaid claim liabilities is \$130.9 million. The liabilities are discounted at 2.5% for general liability and medical malpractice and 3.0% for workers' compensation.

| | June 30, 2012 | June 30, 2013 |
|--|---------------|---------------|
| Unpaid claims, beginning of year | \$ 124,717 | \$ 130,438 |
| Increase (decrease) in provision for insured events of prior years | 7,199 | (2,148) |
| Incurred claims for current year | 33,584 | 44,713 |
| Claim payments | (35,062) | (42,084) |
| Unpaid claims, end of year | \$ 130,438 | \$ 130,919 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 18 – MEDI-CAL AND MEDICARE PROGRAMS

The Regional Medical Center provides services to patients covered by various reimbursement programs. The principal programs are Medicare, the State of California Medi-Cal, and the County Medically Indigent Services Program (MISP) and Low Income Health Plan (LIHP). Net patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. In addition, net patient service revenue includes a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed at a per diem rate based upon estimated certified public expenditures (CPEs) and outpatient services are reimbursed under a schedule of maximum allowable reimbursement provided by the California Department of Health Care Services. Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed based upon pre-established rates for diagnostic-related groups. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology subject to payment caps and indexing formulas. The Regional Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Regional Medical Center and audit thereof by the Medicare fiscal intermediary. Normal estimation differences between final settlements and amounts accrued in previous years are reflected in net patient services revenue. The fiscal intermediary has audited the Regional Medical Center's Medicare cost reports through 2010 and Medi-Cal cost reports through June 30, 2011. The Regional Medical Center has received notices of program reimbursement (NPR), a written notice reflecting the intermediary's final determination of the total amount of reimbursement due the medical center for Medicare through June 30, 2008 and for Medi-Cal, the Regional Medical Center has received NPR through June 30, 2010.

In September 2005, the State of California significantly modified its Medi-Cal program under a new waiver with the Centers for Medicare and Medicaid Services (CMS). In connection with the new waiver, the State legislature passed the Medi-Cal Hospital Uninsured Demonstration Project Act, or SB 1100, which replaced the SB 855 and SB 1255 programs. For the SB 1100 program, the State continues to provide supplemental payments to the hospital for uncompensated care. However, the use of intergovernmental transfers (IGTs) by the State, as the non-federal match, was modified to a methodology consisting of CPEs up to 50 percent of costs or Federal Medical Assistance Program (FMAP) rate. The Regional Medical Center has recorded net patient revenue of \$107.2 million for SB 1100 for the year ended June 30, 2013, of which \$41.5 million is from the Delivery System Reform Incentive Program (DSRIP), a waiver incentive based payment component of the Section 1115 Medicaid Waiver.

All CPEs reported by the hospital will be subject to State and Federal audit and final reconciliation process. If at the end of the final reconciliation process it is determined that the hospital's claimed CPEs resulted in an overpayment to the State, the hospital may be required to return the overpayment whether or not they received the federal matching funds.

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS

Under Title I (Section 6500 et seq.) of the Government Code, the County has participated in jointly governed organizations with various entities for a variety of purposes. The board of directors for each of these organizations is composed of one representative of each member organization. The County maintains no majority influence or budgetary control over the following entities and County transactions with these jointly governed organizations are not material to the financial statements. The following jointly governed organizations were not included as either blended or discretely presented component units in these financial statements.

A representation of the jointly governed organizations on which the County served at June 30, 2013 follows:

The California State Association of Counties (CSAC) Excess Insurance Authority was formed in October 1979 and has a current membership of 52 California counties. The CSAC operates programs for excess workers' compensation, two excess liability programs, two property programs, and medical malpractice. It also provides support services for selected programs such as claims administration, risk management, loss prevention and training, and subsidies for actuarial studies and claims audits.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Coachella Valley Association of Governments was formed in November 1973. Currently, the association includes the following members: the cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage; the local tribes of Agua Caliente Band of Cahuilla Indians and the Cabazon Band of Mission Indians; and Riverside County. The purpose of the Association is to conduct studies and projects designed to improve and coordinate the common governmental responsibilities and services on an area-wide and regional basis.

Western Riverside Council of Governments was formed in November 1989 with the cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, and Temecula for the purpose of serving as a forum for consideration, study, and recommendation on area-wide and regional problems.

Riverside County Habitat Conservation Agency (RCHCA) was formed in July 1990. The RCHCA is a Joint Powers Agreement Agency comprised of the cities of Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Perris, Riverside, Temecula, and the County of Riverside for the purpose of planning, acquiring, administering, operating, and maintaining land and facilities for ecosystem conservation and habitat reserves for the Stephen's Kangaroo Rat and other endangered species under Article 1, Chapter 5, Division 7, Title 1 of the Government Code.

Van Horn Regional Treatment Facility was organized in January 1991 with Los Angeles, San Diego, San Bernardino, Orange, and Riverside Counties for the purpose of constructing and operating a treatment center for emotionally disturbed minors. The Facility's Board of Directors consists of the Chief Probation Officer and the Director of Mental Health for each county.

Riverside County Abandoned Vehicle Abatement Authority was formed in June 1993 with those cities within the County that have elected to create and participate in the Authority, pursuant to Vehicle Code Section 22710. The purpose of the Authority is to implement a program and plan for the abatement of abandoned vehicles.

The March Joint Powers Commission was formed in August 1993 with the cities of Moreno Valley, Perris, and Riverside to formulate and implement plans for the use and reuse of March Air Force Base.

The Salton Sea Authority was formed in August 1993 with Imperial County, Imperial Irrigation District, and Coachella Valley Water District to direct and coordinate actions relating to improvement of water quality, stabilization of water elevation, and to enhance recreational and economic development potential of the Salton Sea and other beneficial uses.

Coachella Valley Regional Airport Authority was formed in April 1994 with the cities of Coachella, Indian Wells, Indio, La Quinta, and Palm Desert for the purpose of acting as a planning commission for the continued growth and development of Thermal Airport and the surrounding area.

Inland Empire Health Plan was formed with the County of San Bernardino in June 1994 to be the administrative body and governing board to form and develop a managed health care system for Medi-Cal recipients in the two counties through the Local Initiative.

Palm Springs Visitors and Convention Bureau were formed in December 1995 with those member cities located in the Coachella Valley area of the County. The purpose of the Authority is to encourage and promote all aspects of the hospitality, convention, and tourism industry in the Coachella Valley.

Western Riverside County Regional Conservation Authority / Multi-Species Habitat Conservation Plan were formed in January 2004 with the responsibility of issuing the permits required to implement the Multi-Species Habitat Conservation Plan, which will ultimately create a 500,000-acre reserve system in the County. The conservation plan's proposed reserve system protects habitat for 146 varieties of species.

Coachella Valley Conservation Commission (CVCC) was formed in October 2005. The CVCC is a Joint Powers Agreement Agency comprised of the cities of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Quinta, Palm Desert, Palm Springs, Rancho Mirage, Riverside, and the Coachella Valley Water District as well as the Imperial Irrigation District. The purpose of the CVCC was to implement the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). The CVMSHCP goal is to enhance and maintain biological diversity and ecosystem processes while allowing future economic growth.

Southern California Regional Airport Authority (SCRAA) was originally founded in 1985 by the joint powers authority to begin the process of regionalizing aviation. It has been reactivated in an attempt to reduce projected future passenger loads at Los Angeles International Airport (LAX), by spreading the growth in commercial air traffic to other regional airports. The Southern California Association of Governments (SCAG) has also coordinated dispersal planning of the significant new MAP (million air passengers) that would have to be absorbed at other airports if LAX's future MAP is reduced.

Coachella Valley Enterprise Zone Authority (CVEZA) was formed in September 2010 by the Joint Powers Agreement comprised of the County of Riverside, the City of Indio, and the City of Coachella. The purpose of the authority is to manage, coordinate, market, and administer economic development programs and projects in the enterprise zone areas.

On January 10, 2011, as part of the statewide budget process, Governor Brown proposed the elimination of Redevelopment Agencies (RDA) throughout California starting Fiscal Year 2011-2012. On December 29, 2011, after a period of litigation, the State of California Assembly Bill ABX1 26 was upheld by the California Supreme Court, and RDAs were officially dissolved as of February 01, 2012. The Riverside County Board of Supervisors accepted the designation as Successor Agency for the Redevelopment Agency for the County of Riverside pursuant to CA Health and Safety Code section 34171(j), and transferred the responsibility of all housing functions previously performed by the Redevelopment Agency for the County of Riverside to the Housing Authority of the County of Riverside.

NOTE 20 – RETIREMENT PLAN

Plan Descriptions

The County of Riverside (County), Flood Control and Water Conservation District (Flood Control), Regional Park and Open-Space District (Park District) and Waste Management Department (Waste Management) contract with the California Public Employees' Retirement System (CalPERS) to provide retirement benefits to its employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and plan beneficiaries. CalPERS is a common investment and administrative agent for participating public entities within the State of California. State statutes governed by the Public Employees' Retirement Law (PERL), have established benefit provisions as well as other requirements. The County may select from a variety of optional benefit provisions offered by CalPERS. Upon selecting the benefit provisions and entering into a contractual agreement with CalPERS, the benefit provisions may be adopted through local ordinance.

CalPERS issues a comprehensive annual financial report (CAFR) which details its plan assets, liabilities, and plan activity. The County receives an annual valuation report which summarizes plan assets, liabilities and employer rates for its plans. Under GASB Statement No. 27, both the County (Miscellaneous and Safety) and Flood Control are considered single-employer defined benefit pension plans, while the Park District and Waste Management are considered cost-sharing multi-employer defined benefit pension plans due to their pooling composite. Copies of the CalPERS Annual Financial Report may be obtained from: CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in CalPERS may be required to contribute up to 8.0% (Miscellaneous employees) and up to 9.0% (Safety employees) of their annual covered salary as specified in the governing Memorandum of Understanding or as provided by state statute.

The employer contribution rate is established and may be amended by CalPERS. The actuarial methods and assumptions used to establish the employer contribution rate are adopted by the CalPERS Board of Administration. The County, Flood Control, Park District and Waste Management are required to contribute the actuarially determined annual required contributions necessary to fund the plans.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 20 – RETIREMENT PLAN (Continued)

Public Employees' Pension Reform Act (PEPRA)

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

| | Plan | EPMC | Earliest Retirement Age | PEPRA Compensation Limits | Final Compensation | Effective Date |
|-----------------------------|------------|------|-------------------------|---------------------------|--------------------|----------------|
| County Plan Tier I | | | | | | |
| Misc. | 3.0% at 60 | Yes | 50 | N/A | 12 months | N/A |
| Safety | 3.0% at 60 | Yes | 50 | N/A | 12 months | N/A |
| County Plan Tier II | | | | | | |
| Misc. | 2.0% at 60 | No | 50 | N/A | 36 months | 8/23/2012 |
| Safety | 2.0% at 60 | No | 50 | N/A | 36 months | 8/23/2012 |
| County Plan Tier III(PEPRA) | | | | | | |
| Misc. | 2.0% at 62 | No | 52 | \$ 113,700 | 36 months | 1/1/2013 |
| Safety | 2.7% at 57 | No | 50 | 136,440 | 36 months | 1/1/2013 |

Early Retirement Incentive

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

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

Early Retirement Incentive Table

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

(1) =District Attorney (2)=Sheriff

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 20 – RETIREMENT PLAN (Continued)

For fiscal year 2012/13, the employer and employee contribution rates were:

| | County Miscellaneous | County Safety | Flood Control | Park District | Waste Management |
|---------------------------------|-------------------------|------------------|------------------|---------------|---------------------|
| County contribution rates: | | | | | |
| County Tier I | 13.3% | 22.4% | 15.5% | 17.1% | 19.1% |
| County Tier II | 13.3% | 22.4% | 15.5% | 8.6% | N/A |
| County Tier III | 13.3% | 22.4% | 15.5% | 6.7% | N/A |
| Plan Members contribution rates | | | | | |
| County Tier I | 8.0% | 9.0% | 8.0% | 8.0% | 8.0% |
| County Tier II | 7.0% | 9.0% | 7.0% | 7.0% | N/A |
| County Tier III | 6.5% | 10.8% | 6.5% | 6.5% | N/A |

Annual Pension Cost

For fiscal year 2012-13, the annual pension costs for CalPERS is equal to the employer's required and actual contributions as noted below (dollar amounts in thousands):

| | County Miscellaneous | County Safety | Flood Control | Park District | Waste Management |
|---|-------------------------|---------------|------------------|------------------|---------------------|
| Annual required contribution | \$ 112,615 | \$ 62,059 | \$ 2,767 | \$ 851 | \$ 478 |
| Interest on net pension obligation (asset) | (26,492) | (7,297) | (140) | - | - |
| Adjustment to annual required contribution | 19,775 | 5,447 | 364 | - | 434 |
| Annual pension cost | 105,898 | 60,209 | 2,991 | 851 | 912 |
| Contributions made | (112,615) | (62,059) | (2,852) | (851) | (478) |
| Increase (decrease) in net pension obligation (asset) | (6,717) | (1,850) | 139 | - | 434 |
| Net pension obligation (asset) beginning of year | (341,828) | (94,160) | (1,806) | - | (1,082) |
| Net pension obligation (asset) end of year | \$ (348,545) | \$ (96,010) | \$ (1,667) | \$ - | \$ (648) |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 20 – RETIREMENT PLAN (Continued)

Three-Year Trend Information
(dollar amounts in thousands)

| | Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|------------------------|----------------------|---------------------------------|-------------------------------------|--------------------------------------|
| County - Miscellaneous | June 30, 2011 | \$ 94,039 | 106.9 % | \$ (335,240) |
| | June 30, 2012 | 101,805 | 106.5 | (341,828) |
| | June 30, 2013 | 105,898 | 106.3 | (348,545) |
| County - Safety | June 30, 2011 | 49,297 | 103.6 | (92,346) |
| | June 30, 2012 | 56,859 | 103.2 | (94,160) |
| | June 30, 2013 | 60,209 | 103.1 | (96,010) |
| Flood Control | June 30, 2011 | 2,255 | 93.8 | (1,945) |
| | June 30, 2012 | 2,710 | 94.9 | (1,806) |
| | June 30, 2013 | 2,991 | 95.4 | (1,667) |
| Park District | June 30, 2011 | 585 | 100.0 | - |
| | June 30, 2012 | 793 | 100.0 | - |
| | June 30, 2013 | 851 | 100.0 | - |
| Waste Management | June 30, 2011 | 865 | 49.8 | (1,516) |
| | June 30, 2012 | 937 | 53.7 | (1,082) |
| | June 30, 2013 | 912 | 52.4 | (648) |

Actuarial Methods and Assumptions

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

| | County Miscellaneous | County Safety | Flood Control | Park District | Waste Management |
|-------------------------------|---|---|---|---|---|
| Actuarial valuation | 6/30/2012 | 6/30/2012 | 6/30/2012 | 6/30/2012 | 6/30/2012 |
| Actuarial cost method | Entry Age | Entry Age | Entry Age | Entry Age | Entry Age |
| Amortization method | Level Percent of Payroll, Open | Level Percent of Payroll, Open | Level Percent of Payroll, Open | Level Percent of Payroll, Open | Level Percent of Payroll, Open |
| Remaining amortization period | 24 years as of the Valuation Date | 25 years as of the Valuation Date | 25 years as of the Valuation Date | 18 years as of the Valuation Date | 18 years as of the Valuation Date |
| Asset valuation method | 15 Years Smoothed Market | 15 Years Smoothed Market | 15 Years Smoothed Market | 15 Years Smoothed Market | 15 Years Smoothed Market |
| Actuarial assumptions: | | | | | |
| Investment rate of return | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| Projected salary increases* | 3.3%-14.2% | 3.3%-14.2% | 3.3%-14.2% | 3.3%-14.2% | 3.3%-14.2% |
| Inflation | 2.8% | 2.8% | 2.8% | 2.8% | 2.8% |
| Payroll growth | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 20 – RETIREMENT PLAN (Continued)

Funded Status and the Funding Progress

The following is funded status information for each plan as of June 30, 2013, which is the most recent actuarial valuation date (dollar amounts in thousands):

| | Actuarial Value of Assets (a) | Actuarial Liability (AAL)- Entry Age (b) | Unfunded AAL(UAAL) (Excess of assets over AAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL (Excess of Assets over AAL) as a Percentage of Covered Payroll ((b-a)/c) |
|------------------------|--|---|---|--------------------------|---------------------------|---|
| County - Miscellaneous | \$ 4,172,401 | \$ 4,708,882 | \$ 536,481 | 88.61 % | \$ 836,418 | 64.14 % |
| County - Safety | 1,860,614 | 2,086,406 | 225,792 | 89.18 | 261,704 | 86.28 |
| Flood Control | 110,089 | 131,966 | 21,877 | 83.42 | 15,151 | 144.39 |
| Park District** | 903,411 | 1,081,962 | 178,551 | 83.50 | 153,162 | 116.58 |
| Waste Management** | 903,411 | 1,081,962 | 178,551 | 83.50 | 153,162 | 116.58 |

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

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

NOTE 21 – DEFINED BENEFIT PENSION PLAN

Plan Descriptions and Contribution Information

Plan Description. The County provides an IRS Section 401(a) single-employer defined benefit employee pension plan for Part-Time and Temporary employees (the Plan) who are not eligible for Social Security or CalPERS retirement benefits through the County. This Plan is self-funded and self-administered. Effective July 20, 2010, the County Board of Supervisors appointed U.S. Bank as the Plan's Investment Consultant, Investment Manager and Trustee. Contributions made to the Plan are deposited with U.S. Bank, who maintains the responsibility of investing contributions in a diversified portfolio and reported at fair value. Participants are immediately 100% vested in the Plan upon enrollment. No financial report has been issued separately for public view under Defined Benefit Pension Plan.

Contributions. Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. According to the July 01, 2012 valuation, the County's current required contribution rate is 1.00%, however, the County elected to contribute 1.79 % of payroll in order to obtain a 90% target funded ratio within 5 years. The Plan's current funded ratio is 97.3%. The Plan actuary periodically calculates the minimum recommended employer contribution rate through preparation of an actuarial valuation report and the County determines the contribution rates. Administrative costs of the Plan are paid by the Trustee from Plan assets.

Membership for the plan consisted of the following at July 1, 2012, the date of the latest actuarial valuation:

| | |
|---------------------------------|--------------|
| Number of Participants: | |
| Active plan members | 1,956 |
| Terminated and inactive members | 6,273 |
| Retirees | 156 |
| Total | <u>8,385</u> |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Summary of Significant Accounting Policies

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

Method Used to Value Investments. Prior to the transition to U.S. Bank, investments of the pension trust were fully invested in the County pool and reported at fair value. On September 28, 2010 Plan Investments were transferred to the new Trustee and Investment Manager, U.S. Bank. U.S. Bank invests Plan funds according to the Plan's Investment Policy. As of June 30, 2013, assets were invested in cash equivalents (1.0%), equities (68.3%), fixed income (30.6%), and accrued income (0.1%).

Schedule of Annual Pension Cost and the Net Pension Obligation (NPO) for 2013 and the two preceding years were as follows (dollar amounts in thousands):

| Fiscal Year Ending | Annual Required Contribution (ARC) | Interest on NPO | Adjustment to the ARC | Annual Pension Cost | Actual Contribution | NPO End of Year | Percentage Contributed |
|-----------------------|---|--------------------|--------------------------|---------------------------|------------------------|--------------------|---------------------------|
| 2011 | \$ 156 | \$ (176) | \$ 275 | \$ 255 | \$ 425 | \$ (3,685) | 166.67 % |
| 2012 | 160 | (240) | (747) | (827) | 559 | (5,071) | (68.00) |
| 2013 | 622 | (330) | 446 | 738 | 946 | (5,279) | 128.00 |

Annual Pension Cost and Net Pension Obligation (dollar amounts in thousands):

| | |
|---|------------|
| Annual required contribution | \$ 622 |
| Interest on net pension obligation (asset) | (330) |
| Adjustment to annual required contribution | 446 |
| Annual pension cost | 738 |
| Contributions made | (946) |
| Increase (decrease) in net pension obligation (asset) | (208) |
| Net pension obligation (asset) beginning of year | (5,071) |
| Net pension obligation (asset) end of year | \$ (5,279) |

Schedule of Funding Progress

The funded status of the Plan as of July 1, 2012, the most recent actuarial valuation date and the two preceding years were as follows (dollar amounts in thousands):

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|-----------------------------------|-----------------------|---------------------------|---|
| July 1, 2010 | \$ 19,992 | \$ 23,633 | \$ 3,641 | 84.59 % | \$ 41,284 | 8.82 % |
| July 1, 2011 | 23,063 | 27,079 | 4,016 | 85.17 | 33,657 | 11.93 |
| July 1, 2012 | 23,654 | 24,307 | 653 | 97.31 | 32,424 | 2.01 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

The schedules of funding progress, presented as required supplementary information (RSI), following the notes to the financial statement, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial Methods and Assumptions

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

| | |
|-------------------------------|--------------------------------|
| Valuation date | 7/1/2012 |
| Actuarial cost method | Projected Unit Credit |
| Amortization method | Level-Dollar Projected Payroll |
| Remaining amortization period | 20 years - Open |
| Asset valuation method | Market Value plus Receivables |
| Actuarial assumptions: | |
| Investment rate of return | 5.0% |
| Projected salary increases | 3.0% |
| Inflation rate | 3.0% |

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

The County of Riverside (County) and its Special Districts: Flood Control and Water Conservation District (Flood Control); Regional Parks and Open-Space District (Park District); and Waste Management offer post employment benefits to eligible County retirees. Benefit provisions are established and amended through negotiations between the County and the various bargaining units.

The post employment benefits provide:

- The County provides retiree medical benefits for eligible retirees enrolled in County sponsored plans. The benefits are provided in the form of:
 - Monthly County contributions toward the retiree's medical premium, and
 - Monthly contributions of \$25 per month to the Riverside Sheriffs' Association (RSA) Benefit Trust for RSA law enforcement retirees.
- Previously, the County allowed certain retirees to receive coverage prior to age 65 by paying premiums that were developed by blending active and retiree costs, which resulted in an implicit subsidy to retirees. The implicit subsidy has been discontinued since January 1, 2011.

A qualified Internal Revenue Code Section 115 Trust has been established for the County and Special Districts, with the exception of Waste Management, with the California Employers' Retiree Benefit Trust (CERBT) for the purpose of receiving employer contributions that will prefund health and other post employment costs for retirees and their beneficiaries. The CERBT administers each plan's assets and issues a financial report available for public review, which includes financial statements and required supplementary information for the trust fund. The CERBT report may be obtained from CalPERS Affiliate Programs Services Division, CERBT (OPEB), P.O. Box 1494 Sacramento, CA 95812-1494.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

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

Funding Policy and Annual OPEB Cost

It is the policy of the County of Riverside, along with the special districts (Park District and Flood Control) to fully contribute an amount at least equal to the Annual Required Contribution (ARC), as determined by the Post Retirement Benefits Actuarial Valuation Study for each trust. To facilitate funding for the ARC, the County has developed a rate structure. It is the policy of the Waste Management to fund the ARC on a pay-as-you-go basis.

Contribution requirements of the plan members and the County are established and may be amended through negotiations between the County and the respective bargaining units. The liabilities and annual cost due to the County's contractual agreements to assist with retiree health care cost are calculated in accordance with Government Accounting Standards Board (GASB) Statement No. 45. GASB requires an Annual Required Contribution (ARC) to be developed each year based on the Plan's assets and liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over 30 years (12 years for Waste Management).

The County's annual OPEB cost for the current year and the related information for each plan are as follows (dollar amounts in thousands, except for contribution rates):

| | <u>County</u> | <u>Flood Control</u> | <u>Park District</u> | <u>Waste Management</u> |
|---|--|--|--|--|
| Contribution rates: | | | | |
| County | Bargaining Unit Determined \$25-\$256 | Bargaining Unit Determined \$25-\$256 | Bargaining Unit Determined \$25-\$256 | Bargaining Unit Determined \$25-\$256 |
| Plan members | \$403-\$964 | \$403-\$964 | \$403-\$964 | \$403-\$964 |
| Annual required contribution | \$ 2,615 | \$ 21 | \$ 1 | \$ 113 |
| Interest on net OPEB obligation | (1,920) | (37) | (21) | (4) |
| Adjustment to annual required contribution | 1,577 | 29 | 16 | 8 |
| Annual OPEB cost | <u>2,272</u> | <u>13</u> | <u>(4)</u> | <u>117</u> |
| Contributions made | <u>(5,011)</u> | <u>(69)</u> | <u>(4)</u> | <u>(4)</u> |
| Increase in net OPEB obligation (asset) | (2,739) | (56) | (8) | 113 |
| Net OPEB obligation (asset) beginning of year | (22,836) | (483) | (277) | - |
| Net OPEB obligation (asset) end of year | <u>\$ (25,575)</u> | <u>\$ (539)</u> | <u>\$ (285)</u> | <u>\$ 113</u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years for each of the plans were as follows (dollar amounts in thousands):

| | <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of OPEB Cost Contributed</u> | <u>Net OPEB Obligation (Asset)</u> |
|------------------|-------------------|-------------------------|--|------------------------------------|
| County | 06/30/11 | \$ 3,012 | 203.0 % | \$ (21,118) |
| | 06/30/12 | 2,119 | 181.1 | (22,836) |
| | 06/30/13 | 2,272 | 220.6 | (25,575) |
| Flood Control | 06/30/11 | 38 | 505.2 | (429) |
| | 06/30/12 | 16 | 437.5 | (483) |
| | 06/30/13 | 13 | 530.8 | (539) |
| Park District | 06/30/11 | 4 | 1,050.0 | (271) |
| | 06/30/12 | (2) | 200.0 | (277) |
| | 06/30/13 | (4) | 100.0 | (285) |
| Waste Management | 06/30/11 | 135 | 17.8 | 49 |
| | 06/30/12 | (26) | 88.4 | - |
| | 06/30/13 | 117 | 3.4 | 113 |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

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

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2013, which is the most recent actuarial valuation date (dollar amounts in thousands):

| | <u>County</u> | <u>Flood Control</u> | <u>Park District</u> | <u>Waste Management</u> |
|---|------------------|----------------------|----------------------|-------------------------|
| Actuarial accrued liability (a) | \$ 42,850 | \$ 494 | \$ 139 | \$ 982 |
| Actuarial value of plan assets (b) | 22,572 | 321 | 232 | - |
| Unfunded actuarial accrued liability (funding excess) (a) - (b) | <u>\$ 20,278</u> | <u>\$ 173</u> | <u>\$ (93)</u> | <u>\$ 982</u> |
| Funded ratio (b) / (a) | 52.68% | 64.98% | 166.91% | 0.00% |
| Covered payroll (c) | \$ 1,026,755 | \$ 15,339 | \$ 4,871 | \$ 2,495 |
| Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([a] - (b)) / (c) | 1.97% | 1.13% | -1.91% | 39.36% |

Actuarial valuations are estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the Annual Required Contributions (ARC) of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are projected about the future. The required schedule of funding progress, presented as required supplementary information, provides multi-year trend information reflecting whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the plan members. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant costing methods and projected assumptions were as follows:

| | <u>County</u> | <u>Flood Control</u> | <u>Park District</u> | <u>Waste Management</u> |
|--------------------------------------|---|---|---|--|
| Actuarial valuation date | 7/1/2012 | 7/1/2012 | 7/1/2011 | 7/1/2012 |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age |
| Amortization method | Level percentage of Payroll, open | Level percentage of Payroll, open | Level percentage of Payroll, open | Level percentage of Payroll, close |
| Remaining amortization period | 30 years | 30 years | 30 years | 10 years |
| Actuarial assumptions: | | | | |
| Investment rate of return | 7.61% | 7.61% | 7.61% | 4.5% |
| Projected salary increases | 3.00% | 3.00% | 3.25% | 3.00% |
| Healthcare inflation rate (initial) | 5.00% | 10.00% | 10.00% | 10.00% |
| Healthcare inflation rate (ultimate) | 5.00% | 5.00% | 5.00% | 5.00% |
| Inflation rate | 3.00% | 3.00% | 3.25% | 3.00% |

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 23 – COMMITMENTS AND CONTINGENCIES

Lawsuits and Other Claims

The County has been named as a defendant in various lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, such loss has been accrued in the accompanying basic financial statements. In the opinion of management, the ultimate outcome of these claims will not materially affect the operations of the County.

Property Tax Administration Fee

On July 7, 2010, the Court of Appeal of the State of California issued a decision in favor of the cities and against the County of Los Angeles in a case brought by 47 cities regarding the calculation of Property Tax Administration Fees (PTAF). The legal issue in dispute is whether counties can include “flip” and “swap” revenues in the calculation of administrative costs that counties recover from cities. At the trial court level, the court-appointed Referee had concluded that the County of Los Angeles’ calculation of the PTAF starting in fiscal year 2006-07 comported with Section 97.75 of California’s Revenue and Taxation Code. The Court of Appeal reversed the judgment and remanded for further proceedings, holding that the County of Los Angeles’ method of calculating its fee under Section 97.75 was unlawful. It is expected that the County of Los Angeles will petition the California Supreme Court for review. In the opinion of management, the decision to the case is significant for the County of Riverside because of similar claims against this County. The potential financial impact to the County related to the outcome of this case averages approximately \$7.2 million in tax administration fees for fiscal year 2006-07 through fiscal year 2011-12. The outstanding balance as of June 30, 2013 was \$4.8 million.

County of Riverside Redevelopment Successor Agency

It is reasonably possible that the State Department of Finance could invalidate some but not all of the obligations reported on the Successor Agency’s Recognized Obligation Payment Schedule (ROPS). Sec. 34171 (d) (1) of the Health and Safety Code recognizes bonds as enforceable obligations, as defined by Section 33602 and bonds issued pursuant to Section 58383 of the Government Code, including the required debt service. The majority of the total outstanding obligations reported on the ROPS of the Successor Agency to the RDA (92.0%) consist of bond debt service payments. The range of potential loss of revenue is only between \$0 to \$126.6 million spread over the remaining life of the Successor Agency through 2045.

Federal Grant Revenue

Compliance examinations for the fiscal year ended June 30, 2012, identified certain items of noncompliance with Federal grants and regulations. The total amount of expenditures that could be disallowed by the granting agencies cannot be determined at this time; however, County management does not expect such amounts, if any, to be material to the basic financial statements. The fiscal year 2012-13 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 31, 2014.

Commitments

At June 30, 2013 the County had various non-cancelable contracts and construction-in-progress with outside contractors. These contracts were financed through either the general fund or capital projects funds. \$77.8 million will be payable upon future performance under the contracts.

Landfill Construction and Consulting Contracts

The Waste Management Department entered into various construction and consulting contracts to facilitate its landfill operations and is in the process of installing landfill liners at Lamb Canyon in accordance with State and Federal laws and regulations. Waste Management expects to complete the installation of several landfill liners over the next five years and estimates additional future costs to be \$17.9 million. These additional costs will be capitalized as the costs are incurred.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 23 – COMMITMENTS AND CONTINGENCIES (Continued)

Remediation Contingencies

Governmental Funds

Release of gasoline and diesel fuel has been reported at seven underground storage tanks. Orders have been issued by the California Regional Water Quality Control Board (CRWQCB) to assess and cleanup these sites by specific dates. It has determined the remediation plan and monitoring action are required. In addition to groundwater contamination, asbestos has been found in six facilities. As of June 30, 2013 the Governmental Activities reflect a \$2.8 million accrued remediation liability (Note 14). The liability has been calculated using the expected cash flow technique. The liability is subject to change over time. Cost may vary due to price fluctuations, changes in technology, results of environmental studies, changes to statute or regulations and other factors that could result in revisions to these estimates.

Enterprise Funds

Waste Management is presently aware of groundwater contamination at nine of its landfills, six of which are closed. Waste Management is also aware of air/gas contamination at 17 landfills, 11 of which are closed. Based on engineering studies, Waste Management estimates the present value of the total costs of corrective action for foreseeable contaminate releases at \$31.1 million. At June 30, 2013, Waste Management has accrued \$36.7 million for the estimated costs related to the remediation of these landfills. Remediation expense for fiscal year 2013 results from current estimates and current actual expenses.

Waste Management has established a remediation restricted cash fund and 17 remediation restricted cash escrow funds to set aside funds for future remediation costs as they are required to be performed. Investments of \$23.1 million are held for these purposes at June 30, 2013 and are classified as Accrued Remediation in the statements of net position.

NOTE 24 – SUBSEQUENT EVENTS

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

On July 1, 2013, the County issued \$250.0 million in Tax and Revenue Anticipation Notes in the form of Series A due March 31, 2014 and series B due June 30, 2014. The stated interest rate for the A bonds is set at 2.0% per annum with a yield of 0.16%. The interest rate for the B Bond is set at 2.0% per annum with a yield of 0.18%. Portions of the note proceeds were used to prepay CalPERS contributions for fiscal year 2013-14 in the amount of \$86.6 million. Between the prepayment discount of 3.6%, and earnings on cash flow the County expects to net \$3.2 million in cost savings. In accordance with California law, the TRANS bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2014 and legally available for payment thereof. Proceeds for the bonds will be used for fiscal year 2014 general fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Riverside County Bonds and Certificates of Participation

On October 2013, Fitch, one of the three major credit ratings, has assigned the County's bonds and certificates of participation ratings as follows:

- Riverside County implied general obligation (GO) bond rating at 'AA-',
- Riverside County pension obligation bonds (POB-series 2005A) at 'A+'.
- Riverside County certificates of participation (COPs- series 2003, 2003A, 2003B, 2005A, 2005B, 2007A, 2007B, 2009) at 'A+'.
- Riverside County Asset Leasing Corporation certification of participation (CORAL- COPS/series 2006A and lease revenue bonds (LRBs), series 1993B, 1997A, 1997B, 1997C, 2000A) at 'A+'.
- Riverside County Palm Desert Financing Authority lease revenue bonds (LRBs) (series 2003A) at 'A+'.
- Southwest Communities Financing Authority lease revenue bonds (LRBs) (series 2008A) at 'A+'.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Riverside County Bonds and Certificates of Participation (Continued)

Fitch's reasoning is summarized in the following paragraphs:

Riverside County's economy is large, diversified and well-situated for long-term growth. However, the County continues to report below-average income levels, a distressed housing market that has only recently shown signs of recovery, leaving a tax that has contracted significantly since its peak.

The County's housing market was one of the worst affected in the nation, with average home values falling 55.0% to a trough value of \$196.6 thousand in fiscal year 2012 from their \$433.0 thousand peak in fiscal year 2006. These severe price declines caused a cumulative multi-year property tax base contraction of 15.7% from fiscal years 2009-2013. Recently, the housing market has posted solid price gains, and fiscal year 2014 assessed value (AV) increased 3.9%.

The County's hospital enterprise is facing a significant structural deficit that may drain the enterprise's limited cash resources and necessitate internal cash flow borrowing. However, management is working to reduce the deficit, and a recent consultant report suggests the enterprise may turn cash flow positive in 12-18 months if recommended reforms are implemented.

Sales tax revenue derive from a large and diverse base and are in the third year of improvement. The recession caused severe cumulative declines of roughly 25.0% from fiscal years 2006-2009, but revenue have increased in each year since hitting bottom. The recovering economy and recently positive trends in the housing market, if sustained, could bode well for sales tax revenues moving forward.

Teeter Obligation Notes, Series D and E

On October 2, 2013, the County issued \$118.1 million in 2013 Teeter Obligation Notes, series D (Tax-Exempt) and \$1.6 million in 2013 Teeter Obligation Notes, Series E (Taxable) to refund a portion of the outstanding 2012 Teeter Obligation Notes, series D, and fund in advance of unpaid property taxes for agencies participating in the County's Teeter Plan. The 2013 Notes bear an interest rate of 2.0% for 2013 Teeter Obligation Note, series D and an interest rate of .4% for 2013 Teeter Obligation Note, Series E and a maturity date of October 15, 2014 when the existing Letter of Credit will expire.

The Effects of the Economy on CalPERS

Based on past performance of the CalPERS fund, CalPERS has estimated the County's miscellaneous and safety contribution rates for fiscal year 2013-14 will be 15.0% and 23.4%, respectively. Fiscal year 2014-15 contribution rates for miscellaneous and safety are estimated at 14.5% and 21.9%, respectively. They will be accounted for in fiscal year 2012-13 and future budget years.

County of Riverside Asset Leasing Corp (CORAL)

On July 17, 2013, CORAL issued \$66.0 million in lease revenue bonds (2013 series A Public Defender/Probation Building and Riverside County Technology Solutions Center Projects) to provide money to acquire, construct, improve, furnish, and equip buildings that will house the offices for the County of Riverside's Public Defender, Probation Department, and Information and Technology Department; (ii) fund a reserve funds for the 2013 bonds; and (iii) pay cost of issuance in connection with the issuance of the 2013 bonds. The issuance resulted in a net premium of \$581.8 thousand.

Riverside County Regional Medical Center

For fiscal year 2012-13, RMC had a going concern regarding their fiscal wellbeing according to their notes on their financial statements. The County's Regional Medical Center system has been a growing source of budgetary stress in the past two years with operating deficits budgeted and forecasted over the next several years. Despite some near term fiscal improvements in net revenues related to the implementation of Healthcare Reform starting in January 14,

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2013

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Riverside County Regional Medical Center (Continued)

noticeable increases in the cost of labor, increases in the cost of pharmacy amid a lack of growth in patient census has impacted the Regional Medical Center's operating results. It is our belief that in order to maintain solid operating results going forward that market-driven alignments will be necessary in order for the Medical Center to set the stage for another period of growth.

On May 7, 2013, the County Board of Supervisors approved an agreement with Huron Consulting Services LLC (Huron) to develop a strategic and financial performance improvement plan for the future direction of the Riverside County Health and Mental Health delivery system. On November 5, 2013, Riverside County Board of Supervisors approved a longer term agreement with Huron Consulting Services LLC to implement the Strategic Plan they presented to the County Board of Supervisors which include considerations for strategic partnerships, joint ventures, and alignments with other healthcare providers and targets to improve the bottom line of the Regional Medical Center with the goal of eliminating the Regional Medical Center's need for additional General Fund Support.

County and Regional Medical Center Management is addressing the structural financial deficits with Huron and have targeted aggressive revenue improvement and savings goals.

Finally, the Regional Medical Center has also recruited and hired a new Chief Executive Officer, Lowell Johnson, who specializes in hospital turnarounds. He was hired in November 2013 as the first step in the process to execute on the financial turnaround thru improvements in services, revenues and costs.

There is no assurance that the planned turnaround strategy will be successful. Without significant revenue improvements and cost reductions going forward, there is significant doubt that the Regional Medical Center will be able to continue as a going concern without additional County contributions.



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COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2013

RETIREMENT PLANS - SCHEDULES OF FUNDING PROGRESS

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

Riverside County – Miscellaneous

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------|---------------------|---|
| June 30, 2010 | \$ 3,652,861 | \$ 4,097,192 | \$ 444,331 | 89.16 % | \$854,932 | 51.97 % |
| June 30, 2011 | 3,923,499 | 4,461,554 | 538,055 | 87.94 | 812,363 | 66.23 |
| June 30, 2012 | 4,172,401 | 4,708,882 | 536,481 | 88.61 | 836,418 | 64.14 |

Riverside County - Safety

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered ((b-a)/c) |
|--------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------|---------------------|---|
| June 30, 2010 | \$ 1,624,730 | \$ 1,809,468 | \$ 184,738 | 89.79 % | \$265,165 | 69.67 % |
| June 30, 2011 | 1,745,937 | 2,032,001 | 286,064 | 85.92 | 273,170 | 104.72 |
| June 30, 2012 | 1,860,614 | 2,086,406 | 225,792 | 89.18 | 261,704 | 86.28 |

Flood Control and Water Conservation District

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered ((b-a)/c) |
|--------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------|---------------------|---|
| June 30, 2010 | \$ 98,710 | \$ 118,367 | \$ 19,657 | 83.39 % | \$ 15,423 | 127.45 % |
| June 30, 2011 | 104,545 | 125,474 | 20,929 | 83.32 | 15,585 | 134.29 |
| June 30, 2012 | 110,089 | 131,966 | 21,877 | 83.42 | 15,151 | 144.39 |

*Regional Park and Open-Space District**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------|---------------------|---|
| June 30, 2010 | \$ 754,859 | \$ 945,221 | \$ 190,362 | 79.86 % | \$159,157 | 119.61 % |
| June 30, 2011 | 825,991 | 1,023,127 | 197,136 | 80.73 | 160,900 | 122.52 |
| June 30, 2012 | 903,411 | 1,081,962 | 178,551 | 83.50 | 153,162 | 116.58 |

*The amounts disclosed are for the entire Risk Pool fund in which Regional Park and Open-Space District participates and not solely of their specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2013

RETIREMENT PLANS - SCHEDULES OF FUNDING PROGRESS (Continued)

(Dollars in thousands)

*Waste Management Department**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|-----------------------------------|--------------------------|---------------------------|---|
| June 30, 2010 | \$ 754,859 | \$ 945,221 | \$ 190,362 | 79.86 % | \$159,157 | 119.61 % |
| June 30, 2011 | 825,991 | 1,023,127 | 197,136 | 80.73 | 160,900 | 122.52 |
| June 30, 2012 | 903,411 | 1,081,962 | 178,551 | 83.50 | 153,162 | 116.58 |

*The amounts disclosed are for the entire Risk Pool fund in which Waste Management Department participates and not solely of their specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities.

Riverside County - Part-time and Temporary Help Retirement

Six - Year Trend Information

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b)** | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|-----------------------------------|--------------------------|---------------------------|---|
| June 30, 2007 | \$ 13,778 | \$ 20,468 | \$ 6,690 | 67.31 % | \$ 41,333 | 16.19 % |
| June 30, 2008 | 16,989 | 19,471 | 2,482 | 87.25 | 27,928 | 8.89 |
| June 30, 2009 | 19,384 | 21,402 | 2,018 | 90.57 | 26,550 | 7.60 |
| June 30, 2010 | 19,992 | 23,633 | 3,641 | 84.59 | 41,284 | 8.82 |
| June 30, 2011 | 23,063 | 27,079 | 4,016 | 85.17 | 33,657 | 11.93 |
| June 30, 2012 | 23,654 | 24,307 | 653 | 97.31 | 32,424 | 2.01 |

**All amounts provided prior to June 30, 2007 were based on information from reports from the prior actuary. The prior actuary's reports are based on the Entry Age Normal cost method. The Projected Unit Credit cost method is used as of June 30, 2007.

RETIREMENT PLANS – SCHEDULE OF EMPLOYER CONTRIBUTIONS

Riverside County - Part-time and Temporary Help Retirement

| Fiscal Year | Annual Required Contribution | Percentage Contributed | Net Pension Obligation (Asset) |
|-------------|------------------------------------|---------------------------|-----------------------------------|
| 2008 | \$ 745 | 267 % | \$ (1,248) |
| 2009 | 227 | 828 | (2,901) |
| 2010 | 226 | 372 | (3,515) |
| 2011 | 156 | 167 | (3,685) |
| 2012 | 160 | 568 | (5,071) |
| 2013 | 622 | 128 | (5,279) |

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2013

OPEB - SCHEDULES OF FUNDING PROGRESS
(Dollars in thousands)

Riverside County

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------------|--------------------------------------|------------------------------------|------------------------------------|---------------------------|----------------------------|--|
| July 1, 2010 | \$ 14,272 | \$ 43,158 | \$ 28,886 | 33.07 % | \$ 1,030,030 | 2.80 % |
| July 1, 2011 | 19,460 | 40,166 | 20,706 | 48.45 | 1,012,698 | 2.04 |
| July 1, 2012 | 22,572 | 42,850 | 20,278 | 52.68 | 1,026,755 | 1.97 |

Flood Control and Water Conservation District

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------------|--------------------------------------|------------------------------------|------------------------------------|---------------------------|----------------------------|--|
| January 1, 2010 | \$ 113 | \$ 588 | \$ 475 | 19.22 % | \$ 15,086 | 3.15 % |
| July 1, 2011 | 269 | 482 | 213 | 55.81 | 15,600 | 1.37 |
| July 1, 2012 | 321 | 494 | 173 | 64.98 | 15,339 | 1.13 |

Regional Park and Open-Space District

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------------|--------------------------------------|------------------------------------|------------------------------------|---------------------------|----------------------------|--|
| January 1, 2008 * | \$ 190 | \$ 193 | \$ 3 | 98.45 % | N/A | N/A |
| January 1, 2009 | 147 | 144 | (3) | 102.08 | \$ 4,429 | -0.07 % |
| July 1, 2011 ** | 232 | 139 | (93) | 166.91 | 4,871 | -1.91 |

*Estimate only.

** The most recent actuarial valuation.

Waste Management Department

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------------|--------------------------------------|------------------------------------|------------------------------------|---------------------------|----------------------------|--|
| January 1, 2008 * | \$ - | \$ 658 | \$ 658 | 0.00 % | N/A | N/A |
| January 1, 2009 | - | 1,089 | 1,089 | 0.00 | \$ 3,302 | 32.98 % |
| July 1, 2012 | - | 982 | 982 | 0.00 | 2,495 | 39.36 |

*Estimate only.



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COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Teeter Debt Service Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|------------------|--------------|-------------------|------------------------------|
| | Original | Final | | Final Budget Over (Under) |
| REVENUES: | | | | |
| Investment earnings (loss) | \$ - | \$ - | \$ (155) | \$ (155) |
| Other revenue | 3,936 | 3,233 | 4 | (3,229) |
| Total revenues | <u>3,936</u> | <u>3,233</u> | <u>(151)</u> | <u>(3,384)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 3,936 | 3,853 | 469 | (3,384) |
| Total expenditures | <u>3,936</u> | <u>3,853</u> | <u>469</u> | <u>(3,384)</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | (620) | (620) | - |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 703 | 703 | - |
| Transfers out | - | (83) | (83) | - |
| Total other financing sources (uses) | <u>-</u> | <u>620</u> | <u>620</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | | | | |
| Fund balance, beginning of year | - | - | - | - |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Public Facilities Improvements Capital Projects Fund
 For the Fiscal Year Ended June 30, 2013
 (Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ 1,150 | \$ 1,150 | \$ (209) | \$ (1,359) |
| Rents and concessions | 350 | 350 | 344 | (6) |
| Aid from other governmental agencies: | | | | |
| Federal | - | - | 28 | 28 |
| Other | 24,102 | 24,102 | 24,144 | 42 |
| Charges for services | 42,048 | 30,931 | 9,741 | (21,190) |
| Other revenue | 16,997 | 27,242 | 908 | (26,334) |
| Total revenues | <u>84,647</u> | <u>83,775</u> | <u>34,956</u> | <u>(48,819)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 115,039 | 116,615 | 35,406 | (81,209) |
| Public ways and facilities | 21,837 | 15,137 | 799 | (14,338) |
| Total expenditures | <u>136,876</u> | <u>131,752</u> | <u>36,205</u> | <u>(95,547)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (52,229) | (47,977) | (1,249) | 46,728 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 15,449 | 15,449 | - |
| Transfers out | - | (57,148) | (57,148) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(41,699)</u> | <u>(41,699)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (52,229) | (89,676) | (42,948) | 46,728 |
| Fund balance, beginning of year | 242,508 | 242,508 | 242,508 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 190,279</u> | <u>\$ 152,832</u> | <u>\$ 199,560</u> | <u>\$ 46,728</u> |

COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(Dollars in Thousands)

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Permanent Fund | Total |
|---|-----------------------------|--------------------------|------------------------------|-------------------|-------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | | | | | |
| Assets: | | | | | |
| Cash and investments | \$ 98,086 | \$ 6,014 | \$ 22,367 | \$ 509 | \$ 126,976 |
| Accounts receivable | 322 | 1,176 | - | - | 1,498 |
| Interest receivable | 30 | 86 | 8 | - | 124 |
| Taxes receivable | 1,511 | - | - | - | 1,511 |
| Due from other governments | 8,389 | - | 181 | - | 8,570 |
| Due from other funds | - | - | 33 | - | 33 |
| Prepaid items | 7 | - | 580 | - | 587 |
| Restricted cash and investments | - | 72,700 | 6,215 | - | 78,915 |
| Advances to other funds | 700 | - | 1,000 | - | 1,700 |
| Total assets | <u>109,045</u> | <u>79,976</u> | <u>30,384</u> | <u>509</u> | <u>219,914</u> |
| Deferred outflows of resources | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 109,045</u> | <u>\$ 79,976</u> | <u>\$ 30,384</u> | <u>\$ 509</u> | <u>\$ 219,914</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 3,968 | \$ 25 | \$ 546 | \$ - | \$ 4,539 |
| Salaries and benefits payable | 2,002 | - | 148 | - | 2,150 |
| Due to other governments | 313 | - | - | - | 313 |
| Due to other funds | 82 | - | 109 | - | 191 |
| Deposits payable | 333 | - | - | - | 333 |
| Advances from grantors and third parties | 1,966 | - | - | - | 1,966 |
| Advance from other funds | 1,000 | - | 700 | - | 1,700 |
| Total liabilities | <u>9,664</u> | <u>25</u> | <u>1,503</u> | <u>-</u> | <u>11,192</u> |
| Deferred inflows of resources | - | - | - | - | - |
| Fund balances: | | | | | |
| Nonspendable | 115 | - | 580 | 473 | 1,168 |
| Restricted | 79,877 | 79,951 | 14,688 | 36 | 174,552 |
| Committed | 15,763 | - | 151 | - | 15,914 |
| Assigned | 3,626 | - | 13,462 | - | 17,088 |
| Total fund balances | <u>99,381</u> | <u>79,951</u> | <u>28,881</u> | <u>509</u> | <u>208,722</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 109,045</u> | <u>\$ 79,976</u> | <u>\$ 30,384</u> | <u>\$ 509</u> | <u>\$ 219,914</u> |

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Permanent Fund | Total |
|--|-----------------------------|--------------------------|------------------------------|-------------------|-------------------|
| REVENUES: | | | | | |
| Taxes | \$ 54,304 | \$ - | \$ - | \$ - | \$ 54,304 |
| Licenses, permits and franchise fees | 32 | - | - | - | 32 |
| Fines, forfeitures and penalties | 1,140 | - | - | - | 1,140 |
| Use of money and property: | | | | | |
| Investment earnings (loss) | (70) | 1,601 | (13) | - | 1,518 |
| Rents and concessions | 8,186 | 6,866 | - | - | 15,052 |
| Aid from other governmental agencies: | | | | | |
| Federal | 61,902 | - | - | - | 61,902 |
| State | 4,115 | - | 181 | - | 4,296 |
| Other | 22,692 | - | - | - | 22,692 |
| Charges for services | 27,965 | 2,408 | 2,270 | 19 | 32,662 |
| Other revenue | 10,916 | 17,171 | 74 | - | 28,161 |
| Total revenues | <u>191,182</u> | <u>28,046</u> | <u>2,512</u> | <u>19</u> | <u>221,759</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 29,618 | 30,720 | 8,134 | - | 68,472 |
| Public protection | 6,010 | - | - | - | 6,010 |
| Public ways and facilities | 14,826 | - | - | - | 14,826 |
| Health and sanitation | 5,232 | - | - | - | 5,232 |
| Public assistance | 63,793 | - | - | - | 63,793 |
| Education | 18,255 | - | - | - | 18,255 |
| Recreation and culture | 15,038 | - | 1,206 | - | 16,244 |
| Debt service: | | | | | |
| Principal | - | 40,331 | - | - | 40,331 |
| Interest | - | 22,830 | - | - | 22,830 |
| Cost of issuance | - | 378 | - | - | 378 |
| Capital outlay | - | 1,372 | 22,334 | - | 23,706 |
| Total expenditures | <u>152,772</u> | <u>95,631</u> | <u>31,674</u> | <u>-</u> | <u>280,077</u> |
| Excess (deficiency) of revenues Over (under) expenditures | 38,410 | (67,585) | (29,162) | 19 | (58,318) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 19,578 | 71,021 | 13,763 | - | 104,362 |
| Transfers out | (69,652) | (1,965) | (2,126) | - | (73,743) |
| Issuance of refunding bonds | - | 17,640 | - | - | 17,640 |
| Premium on long-term debt | - | 759 | - | - | 759 |
| Redemption of refunded debt | - | (18,155) | - | - | (18,155) |
| Total other financing sources (uses) | <u>(50,074)</u> | <u>69,300</u> | <u>11,637</u> | <u>-</u> | <u>30,863</u> |
| Net change in fund balances before | | | | | |
| Extraordinary loss | <u>(11,664)</u> | <u>1,715</u> | <u>(17,525)</u> | <u>19</u> | <u>(27,455)</u> |
| EXTRAORDINARY ITEMS: | | | | | |
| Extraordinary loss | <u>158,337</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>158,337</u> |
| NET CHANGE IN FUND BALANCES | <u>(170,001)</u> | <u>1,715</u> | <u>(17,525)</u> | <u>19</u> | <u>(185,792)</u> |
| Fund balances, beginning of year | 269,382 | 78,236 | 46,406 | 490 | 394,514 |
| FUND BALANCES, END OF YEAR | <u>\$ 99,381</u> | <u>\$ 79,951</u> | <u>\$ 28,881</u> | <u>\$ 509</u> | <u>\$ 208,722</u> |

COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

These funds were established for the purpose of accounting for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted in expenditures for the specified purposes.

COMMUNITY SERVICES

This fund provides financing for public services. Public services provided by this fund group are: Housing and Urban Development (HUD) Community Services Grant, EDA Administration, Community Action Partnership, Job Training Partnership, Office on Aging, USEDA Grant, County Free Library, Structural Fire Protection, Homeless Housing Relief, Home Program, EDA US Department of Agriculture Rural Development, Workforce Development, Healthy Kids, and Bio-terrorism Preparedness. The primary source of revenue for this fund is from State/Federal Grants.

REDEVELOPMENT SUCCESSOR HOUSING AGENCY

This fund was established to account for administration and revenues/expenditures related to the low and moderate income housing set aside program. 20% of the tax increments allocated to the former Redevelopment Agency are required to be placed in this fund.

COUNTY SERVICE AREAS

This county service area fund was established to provide authorized services such as road, park, lighting maintenance, fire protection, or water to specified areas in the County. They are financed by ad valorem property taxes in the area benefited, or by special assessments levied on specific properties.

REGIONAL PARK AND OPEN-SPACE

The Regional Park and Open-Space District is a special district established to provide legal authority and expanded opportunity for open space acquisition and management and transferred regional park responsibility from the County to the Regional Park and Open-Space District.

AIR QUALITY IMPROVEMENT

This fund accounts for Riverside County's portion of State of California motor vehicle fees restricted for the use of reducing air pollution.

IN-HOME SUPPORT SERVICES

The goal of the IHSS program is to enable elderly and/or disabled persons to remain safely in independent living as long as possible. This in-home assistance is designed to allow persons to remain in their home rather than be placed in an institutional setting. IHSS receives revenue for the following services: meal preparation and clean-up, food shopping, bathing, dressing, personal care, domestic services (cleaning), and assistance with medications.

PERRIS VALLEY CEMETERY DISTRICT

The Perris Valley Cemetery District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The Perris Valley Cemetery District was created in July 1927 for the purpose operating a public cemetery for the residents of the Perris Valley.

COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

OTHER SPECIAL REVENUE

This fund provides financing to make services available to the public and governmental agencies. At the current time, the other special revenue fund accounts for the following services: Rideshare, AD CFD Administration, Aviation, Ladera Irrigation, National Date Festival, Cal-ID, Special Aviation, Supervisorial Road Districts, Multi-Species Habitat Conservation Agency, Riverside U.S. Grazing Fees, Mitigation Project Operations, Airport Land Use Commission, Prop 10, and DNA Identification.



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COUNTY OF RIVERSIDE

Combining Balance Sheet

Special Revenue Funds

June 30, 2013

(Dollars in Thousands)

| | <u>Community Services</u> | <u>RDA - Housing Successor Agency</u> | <u>County Service Areas</u> | <u>Regional Park and Open-Space</u> |
|---|-------------------------------|---|-------------------------------------|---|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Assets: | | | | |
| Cash and investments | \$ 40,557 | \$ - | \$ 20,660 | \$ 10,050 |
| Accounts receivable | 15 | - | - | 271 |
| Interest receivable | 5 | - | 10 | 4 |
| Taxes receivable | 1,207 | - | 171 | 112 |
| Due from other governments | 6,823 | - | 294 | 465 |
| Prepaid items | 7 | - | - | - |
| Advances to other funds | - | - | - | 700 |
| Total assets | <u>48,614</u> | <u>-</u> | <u>21,135</u> | <u>11,602</u> |
| Deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 48,614</u> | <u>\$ -</u> | <u>\$ 21,135</u> | <u>\$ 11,602</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,060 | \$ - | \$ 296 | \$ 435 |
| Salaries and benefits payable | 1,081 | - | 191 | 408 |
| Due to other governments | 300 | - | 2 | 7 |
| Due to other funds | 82 | - | - | - |
| Deposits payable | 3 | - | 51 | - |
| Advances from grantors and third parties | 963 | - | - | 596 |
| Advances from other funds | - | - | - | 1,000 |
| Total liabilities | <u>4,489</u> | <u>-</u> | <u>540</u> | <u>2,446</u> |
| Deferred inflows of resources | - | - | - | - |
| Fund balances (Note 16): | | | | |
| Nonspendable | 76 | - | 1 | 7 |
| Restricted | 34,541 | - | 20,588 | 2,490 |
| Committed | 9,104 | - | - | 6,659 |
| Assigned | 404 | - | 6 | - |
| Total fund balances | <u>44,125</u> | <u>-</u> | <u>20,595</u> | <u>9,156</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 48,614</u> | <u>\$ -</u> | <u>\$ 21,135</u> | <u>\$ 11,602</u> |

| Air Quality Improvement | In-Home Support Services | Perris Valley Cemetery District | Other Special Revenue | Total |
|-------------------------------|--------------------------------|--|-----------------------------|-------------------|
| \$ 345 | \$ 1,411 | \$ 611 | \$ 24,452 | \$ 98,086 |
| - | - | - | 36 | 322 |
| - | 1 | - | 10 | 30 |
| - | - | 6 | 15 | 1,511 |
| 121 | 477 | - | 209 | 8,389 |
| - | - | - | - | 7 |
| - | - | - | - | 700 |
| <u>466</u> | <u>1,889</u> | <u>617</u> | <u>24,722</u> | <u>109,045</u> |
| - | - | - | - | - |
| <u>\$ 466</u> | <u>\$ 1,889</u> | <u>\$ 617</u> | <u>\$ 24,722</u> | <u>\$ 109,045</u> |

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:

Assets:

| | |
|----------------------------|---------|
| Cash and investments | 98,086 |
| Accounts receivable | 322 |
| Interest receivable | 30 |
| Taxes receivable | 1,511 |
| Due from other governments | 8,389 |
| Prepaid items | 7 |
| Advances to other funds | 700 |
| Total assets | 109,045 |

Deferred outflows of resources

Total assets and deferred outflows of resources

LIABILITIES, DEFERRRED INFLOWS OF RESOURCES, AND FUND BALANCES:

Liabilities:

| | |
|--|-------|
| Accounts payable | 3,968 |
| Salaries and benefits payable | 2,002 |
| Due to other governments | 313 |
| Due to other funds | 82 |
| Deposits payable | 333 |
| Advances from grantors and third parties | 1,966 |
| Advances from other funds | 1,000 |
| Total liabilities | 9,664 |

Deferred inflows of resources

Fund balances (Note 16):

| | |
|--------------|--------|
| Nonspendable | 115 |
| Restricted | 79,877 |
| Committed | 15,763 |
| Assigned | 3,626 |

Total fund balances

Total liabilities, deferred inflows of resources and fund balances

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Community Services | RDA - Housing Successor Agency | County Service Areas | Regional Park and Open-Space |
|--|-----------------------|--------------------------------------|----------------------------|------------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 48,453 | \$ - | \$ 641 | \$ 4,267 |
| Licenses, permits, and franchise fees | - | - | - | - |
| Fines, forfeitures, and penalties | 343 | - | - | - |
| Use of money and property: | | | | |
| Investment earnings (loss) | (95) | 75 | (22) | (10) |
| Rents and concessions | 1,075 | 41 | 14 | 984 |
| Aid from other governmental agencies: | | | | |
| Federal | 59,206 | - | - | 1 |
| State | 2,331 | - | 107 | 164 |
| Other | 17,879 | - | 111 | 444 |
| Charges for services | 2,299 | 106 | 9,402 | 6,530 |
| Other revenue | 9,965 | 106 | 44 | 292 |
| Total revenues | <u>141,456</u> | <u>328</u> | <u>10,297</u> | <u>12,672</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 14,112 | 6,233 | - | - |
| Public protection | - | - | 1 | 310 |
| Public ways and facilities | - | - | 8,042 | - |
| Health and sanitation | 2,439 | - | 777 | - |
| Public assistance | 63,792 | - | - | - |
| Education | 18,255 | - | - | - |
| Recreation and culture | 194 | - | 699 | 14,145 |
| Total expenditures | <u>98,792</u> | <u>6,233</u> | <u>9,519</u> | <u>14,455</u> |
| Excess (deficiency) of revenues over (under) expenditures | 42,664 | (5,905) | 778 | (1,783) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 11,672 | - | 1,881 | 1,480 |
| Transfers out | (59,985) | - | (2,499) | (1,957) |
| Total other financing sources (uses) | <u>(48,313)</u> | <u>-</u> | <u>(618)</u> | <u>(477)</u> |
| Net change in fund balances before extraordinary items | <u>(5,649)</u> | <u>(5,905)</u> | <u>160</u> | <u>(2,260)</u> |
| EXTRAORDINARY ITEMS: | | | | |
| Extraordinary loss | - | 158,337 | - | - |
| NET CHANGE IN FUND BALANCES | <u>(5,649)</u> | <u>(164,242)</u> | <u>160</u> | <u>(2,260)</u> |
| Fund balances, beginning of year | <u>49,774</u> | <u>164,242</u> | <u>20,435</u> | <u>11,416</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 44,125</u> | <u>\$ -</u> | <u>\$ 20,595</u> | <u>\$ 9,156</u> |

| Air Quality Improvement | In-Home Support Services | Perris Valley Cemetery District | Other Special Revenue | Total | |
|-------------------------------|--------------------------------|--|-----------------------------|-----------|---------------------------------------|
| \$ - | \$ - | \$ 194 | \$ 749 | \$ 54,304 | REVENUES: |
| - | - | - | 32 | 32 | Taxes |
| - | - | - | 797 | 1,140 | Licenses, permits, and franchise fees |
| - | (2) | - | (16) | (70) | Fines, forfeitures, and penalties |
| - | - | - | 6,072 | 8,186 | Use of money and property: |
| - | 916 | - | 1,779 | 61,902 | Investment earnings (loss) |
| 511 | 803 | 25 | 174 | 4,115 | Rents and concessions |
| - | - | 24 | 4,234 | 22,692 | Aid from other governmental agencies: |
| - | - | 192 | 9,436 | 27,965 | Federal |
| - | - | - | 509 | 10,916 | State |
| 511 | 1,717 | 435 | 23,766 | 191,182 | Other |
| | | | | | Charges for services |
| | | | | | Other revenue |
| | | | | | Total revenues |
| | | | | | EXPENDITURES: |
| | | | | | Current: |
| - | - | - | 9,273 | 29,618 | General government |
| 311 | - | 491 | 4,897 | 6,010 | Public protection |
| - | - | - | 6,784 | 14,826 | Public ways and facilities |
| - | 2,016 | - | - | 5,232 | Health and sanitation |
| - | 1 | - | - | 63,793 | Public assistance |
| - | - | - | - | 18,255 | Education |
| - | - | - | - | 15,038 | Recreation and culture |
| 311 | 2,017 | 491 | 20,954 | 152,772 | Total expenditures |
| | | | | | Excess (deficiency) of revenues |
| 200 | (300) | (56) | 2,812 | 38,410 | over (under) expenditures |
| | | | | | OTHER FINANCING SOURCES (USES): |
| - | 408 | - | 4,137 | 19,578 | Transfers in |
| (437) | (148) | (94) | (4,532) | (69,652) | Transfers out |
| (437) | 260 | (94) | (395) | (50,074) | Total other financing sources (uses) |
| | | | | | Net change in fund balances before |
| (237) | (40) | (150) | 2,417 | (11,664) | extraordinary items |
| | | | | | EXTRAORDINARY ITEMS: |
| - | - | - | - | 158,337 | Extraordinary loss |
| (237) | (40) | (150) | 2,417 | (170,001) | NET CHANGE IN FUND BALANCES |
| 688 | 1,862 | 471 | 20,494 | 269,382 | Fund balances, beginning of year |
| \$ 451 | \$ 1,822 | \$ 321 | \$ 22,911 | \$ 99,381 | FUND BALANCES, END OF YEAR |

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Community Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|-------------------------|-------------------------|-------------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 44,331 | \$ 44,624 | \$ 48,453 | \$ 3,829 |
| Fines, forfeitures, and penalties | 350 | 350 | 343 | (7) |
| Use of money and property: | | | | |
| Investment earnings (loss) | 9 | 9 | (95) | (104) |
| Rents and concessions | 1,525 | 1,377 | 1,075 | (302) |
| Aid from other governmental agencies: | | | | |
| Federal | 78,813 | 85,442 | 59,206 | (26,236) |
| State | 2,301 | 2,401 | 2,331 | (70) |
| Other | 12,207 | 12,207 | 17,879 | 5,672 |
| Charges for services | 14,749 | 6,755 | 2,299 | (4,456) |
| Other revenue | 35,156 | 31,856 | 9,965 | (21,891) |
| Total revenues | <u>189,441</u> | <u>185,021</u> | <u>141,456</u> | <u>(43,565)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 23,693 | 21,209 | 14,112 | (7,097) |
| Public protection | 44,317 | - | - | - |
| Health and sanitation | 2,998 | 3,395 | 2,439 | (956) |
| Public assistance | 100,331 | 99,527 | 63,792 | (35,735) |
| Education | 23,055 | 20,998 | 18,255 | (2,743) |
| Recreation and culture | 515 | 247 | 194 | (53) |
| Total expenditures | <u>194,909</u> | <u>145,376</u> | <u>98,792</u> | <u>(46,584)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (5,468) | 39,645 | 42,664 | 3,019 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 11,672 | 11,672 | - |
| Transfers out | - | (59,985) | (59,985) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(48,313)</u> | <u>(48,313)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (5,468) | (8,668) | (5,649) | 3,019 |
| Fund balance, beginning of year | 49,774 | 49,774 | 49,774 | - |
| FUND BALANCE, END OF YEAR | <u><u>\$ 44,306</u></u> | <u><u>\$ 41,106</u></u> | <u><u>\$ 44,125</u></u> | <u><u>\$ 3,019</u></u> |

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
County Service Areas Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | Over (Under) |
| REVENUES: | | | | |
| Taxes | \$ 770 | \$ 770 | \$ 641 | \$ (129) |
| Use of money and property: | | | | |
| Investment earnings (loss) | 63 | 63 | (22) | (85) |
| Rents and concessions | 1 | 1 | 14 | 13 |
| Aid from other governmental agencies: | | | | |
| State | 9 | 9 | 107 | 98 |
| Other | 1 | 1 | 111 | 110 |
| Charges for services | 10,478 | 8,597 | 9,402 | 805 |
| Other revenue | 4,962 | 4,962 | 44 | (4,918) |
| Total revenues | 16,284 | 14,403 | 10,297 | (4,106) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public protection | 820 | 469 | 1 | (468) |
| Public ways and facilities | 13,452 | 12,285 | 8,042 | (4,243) |
| Health and sanitation | 800 | 800 | 777 | (23) |
| Recreation and culture | 1,212 | 1,724 | 699 | (1,025) |
| Total expenditures | 16,284 | 15,278 | 9,519 | (5,759) |
| Excess (deficiency) of revenues over (under) expenditures | - | (875) | 778 | 1,653 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 1,881 | 1,881 | - |
| Transfers out | - | (2,499) | (2,499) | - |
| Total other financing sources (uses) | - | (618) | (618) | - |
| NET CHANGE IN FUND BALANCE | - | (1,493) | 160 | 1,653 |
| Fund balance, beginning of year | 20,435 | 20,435 | 20,435 | - |
| FUND BALANCE, END OF YEAR | \$ 20,435 | \$ 18,942 | \$ 20,595 | \$ 1,653 |

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Over (Under)</u> |
|--|-------------------------|------------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes | \$ 3,520 | \$ 3,520 | \$ 4,267 | \$ 747 |
| Use of money and property: | | | | |
| Investment earnings (loss) | 38 | 38 | (10) | (48) |
| Rents and concessions | 979 | 979 | 984 | 5 |
| Aid from other governmental agencies: | | | | |
| Federal | - | - | 1 | 1 |
| State | 325 | 325 | 164 | (161) |
| Other | - | - | 444 | 444 |
| Charges for services | 7,283 | 6,410 | 6,530 | 120 |
| Other revenue | 865 | 629 | 292 | (337) |
| Total revenues | <u>13,010</u> | <u>11,901</u> | <u>12,672</u> | <u>771</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public protection | 462 | 462 | 310 | (152) |
| Recreation and culture | 15,906 | 15,112 | 14,145 | (967) |
| Total expenditures | <u>16,368</u> | <u>15,574</u> | <u>14,455</u> | <u>(1,119)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,358) | (3,673) | (1,783) | 1,890 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 1,480 | 1,480 | - |
| Transfers out | - | (1,957) | (1,957) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(477)</u> | <u>(477)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (3,358) | (4,150) | (2,260) | 1,890 |
| Fund balance, beginning of year | 11,416 | 11,416 | 11,416 | - |
| FUND BALANCE, END OF YEAR | <u><u>\$ 8,058</u></u> | <u><u>\$ 7,266</u></u> | <u><u>\$ 9,156</u></u> | <u><u>\$ 1,890</u></u> |

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|------------------|--------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment earnings (loss) | \$ 20 | \$ 20 | \$ - | \$ (20) |
| Aid from other governmental agencies: | | | | |
| State | 650 | 650 | 511 | (139) |
| Total revenues | 670 | 670 | 511 | (159) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,225 | - | - | - |
| Public protection | - | 788 | 311 | (477) |
| Total expenditures | 1,225 | 788 | 311 | (477) |
| Excess (deficiency) of revenues over (under) expenditures | (555) | (118) | 200 | 318 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (437) | (437) | - |
| Total other financing sources (uses) | - | (437) | (437) | - |
| NET CHANGE IN FUND BALANCE | (555) | (555) | (237) | 318 |
| Fund balance, beginning of year | 688 | 688 | 688 | - |
| FUND BALANCE, END OF YEAR | \$ 133 | \$ 133 | \$ 451 | \$ 318 |

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
In-Home Support Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|------------------|----------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ - | \$ - | \$ (2) | \$ (2) |
| Aid from other governmental agencies: | | | | |
| Federal | 1,203 | 1,203 | 916 | (287) |
| State | 510 | 510 | 803 | 293 |
| Charges for services | 162 | - | - | - |
| Other revenue | 369 | 123 | - | (123) |
| Total revenues | 2,244 | 1,836 | 1,717 | (119) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and sanitation | 2,618 | 2,473 | 2,016 | (457) |
| Public assistance | - | - | 1 | 1 |
| Total expenditures | 2,618 | 2,473 | 2,017 | (456) |
| Excess (deficiency) of revenues over (under) expenditures | (374) | (637) | (300) | 337 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 408 | 408 | - |
| Transfers out | - | (148) | (148) | - |
| Total other financing sources (uses) | - | 260 | 260 | - |
| NET CHANGE IN FUND BALANCE | (374) | (377) | (40) | 337 |
| Fund balance, beginning of year | 1,488 | 1,862 | 1,862 | - |
| FUND BALANCE, END OF YEAR | \$ 1,114 | \$ 1,485 | \$ 1,822 | \$ 337 |

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Perris Valley Cemetery District Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|--------|-------------------|-------------------------------|
| | Original | Final | | Over (Under) |
| REVENUES: | | | | |
| Taxes | \$ 203 | \$ 203 | \$ 194 | \$ (9) |
| Use of money and property: | | | | |
| Investment earnings (loss) | 3 | 3 | - | (3) |
| Aid from other governmental agencies: | | | | |
| State | 3 | 3 | 25 | 22 |
| Other | - | - | 24 | 24 |
| Charges for services | 265 | 265 | 192 | (73) |
| Other revenue | 200 | 200 | - | (200) |
| Total revenues | 674 | 674 | 435 | (239) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public protection | 674 | 587 | 491 | (96) |
| Total expenditures | 674 | 587 | 491 | (96) |
| Excess (deficiency) of revenues over (under) expenditures | - | 87 | (56) | (143) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (94) | (94) | - |
| Total other financing sources / (uses) | - | (94) | (94) | - |
| NET CHANGE IN FUND BALANCE | - | (7) | (150) | (143) |
| Fund balance, beginning of year | 471 | 471 | 471 | - |
| FUND BALANCE, END OF YEAR | \$ 471 | \$ 464 | \$ 321 | \$ (143) |

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 785 | \$ 785 | \$ 749 | \$ (36) |
| License, permits, and franchise fees | 32 | 32 | 32 | - |
| Fines, forfeitures, and penalties | - | - | 797 | 797 |
| Use of money and property: | | | | |
| Investment earnings (loss) | 80 | 81 | (16) | (97) |
| Rents and concessions | 6,373 | 6,454 | 6,072 | (382) |
| Aid from other governmental agencies: | | | | |
| Federal | 4,047 | 4,303 | 1,779 | (2,524) |
| State | 168 | 233 | 174 | (59) |
| Other | 6 | 4,253 | 4,234 | (19) |
| Charges for services | 11,554 | 9,381 | 9,436 | 55 |
| Other revenue | 1,065 | 500 | 509 | 9 |
| Total revenues | 24,110 | 26,022 | 23,766 | (2,256) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 4,835 | 9,973 | 9,273 | (700) |
| Public protection | 7,072 | 6,703 | 4,897 | (1,806) |
| Public ways and facilities | 12,593 | 11,448 | 6,784 | (4,664) |
| Total expenditures | 24,500 | 28,124 | 20,954 | (7,170) |
| Excess (deficiency) of revenues over (under) expenditures | (390) | (2,102) | 2,812 | 4,914 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 4,137 | 4,137 | - |
| Transfers out | - | (4,532) | (4,532) | - |
| Total other financing sources (uses) | - | (395) | (395) | - |
| NET CHANGE IN FUND BALANCE | (390) | (2,497) | 2,417 | 4,914 |
| Fund balance, beginning of year | 20,494 | 20,494 | 20,494 | - |
| FUND BALANCE, END OF YEAR | \$ 20,104 | \$ 17,997 | \$ 22,911 | \$ 4,914 |

COUNTY OF RIVERSIDE

DEBT SERVICE FUNDS

These funds are used to account for the accumulation of resources and payment of long-term debt principal and interest.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

CORAL is a non-profit public benefit corporation established to assist the County of Riverside by acquiring equipment and facilities financed from the proceeds of borrowing and leasing such equipment and facilities to the County.

COUNTY OF RIVERSIDE DISTRICT COURT FINANCING CORPORATION (DISTRICT COURT FINANCING CORPORATION)

The District Court Financing Corporation is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction, and development of a United States District Courthouse, financed from the proceeds of the sale of certificates.

COUNTY OF RIVERSIDE BANKRUPTCY COURT CORPORATION (BANKRUPTCY COURT)

The Bankruptcy Court is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction, and development of a United States Bankruptcy Court financed from the proceeds of the sale of certificates.

TAXABLE PENSION OBLIGATION BONDS (PENSION OBLIGATION)

This fund is used to account for Series 2005 bonds that were issued to satisfy a portion of Riverside County's unfunded accrued actuarial liability for the California Public Employees' Retirement System (CalPERS).

INLAND EMPIRE TOBACCO SECURITIZATION AUTHORITY

The Inland Empire Tobacco Securitization Authority was established to assist the County of Riverside in the construction of certain capital projects, financed from the proceeds of the tobacco settlement revenues.

PUBLIC FINANCING AUTHORITY

The Public Financing Authority was formed for the purpose of assisting in financing public improvements of the County, the Riverside County Redevelopment Successor Agency and other local agencies.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Debt Service Funds
June 30, 2013
(Dollars in Thousands)

| | CORAL | District Court Financing Corporation | Bankruptcy Court | Pension Obligation |
|---|-----------|---|---------------------|-----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Assets: | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ 6,014 |
| Accounts receivable | - | - | - | 1,176 |
| Interest receivable | 85 | - | - | 1 |
| Restricted cash and investments | 43,714 | 1,026 | 6,958 | - |
| Total assets | 43,799 | 1,026 | 6,958 | 7,191 |
| Deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | \$ 43,799 | \$ 1,026 | \$ 6,958 | \$ 7,191 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 25 | \$ - | \$ - | \$ - |
| Total liabilities | 25 | - | - | - |
| Deferred inflows of resources | - | - | - | - |
| Fund balances (Note 16): | | | | |
| Restricted | 43,774 | 1,026 | 6,958 | 7,191 |
| Total fund balances | 43,774 | 1,026 | 6,958 | 7,191 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 43,799 | \$ 1,026 | \$ 6,958 | \$ 7,191 |

| Inland Empire Tobacco Securitization Authority | Public Financing Authority | Total | |
|---|----------------------------------|------------------|---|
| | | | ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: |
| | | | Assets: |
| \$ - | \$ - | \$ 6,014 | Cash and investments |
| - | - | 1,176 | Accounts receivable |
| - | - | 86 | Interest receivable |
| 19,611 | 1,391 | 72,700 | Restricted cash and investments |
| <u>19,611</u> | <u>1,391</u> | <u>79,976</u> | Total assets |
| <u>-</u> | <u>-</u> | <u>-</u> | Deferred outflows of resources |
| <u>\$ 19,611</u> | <u>\$ 1,391</u> | <u>\$ 79,976</u> | Total assets and deferred outflows of resources |
| | | | LIABILITIES, DEFERRRED INFLOWS OF RESOURCES, AND FUND BALANCES: |
| | | | Liabilities: |
| \$ - | \$ - | \$ 25 | Accounts payable |
| - | - | 25 | Total liabilities |
| <u>-</u> | <u>-</u> | <u>-</u> | Deferred inflows of resources |
| 19,611 | 1,391 | 79,951 | Fund balances (Note 16): |
| <u>19,611</u> | <u>1,391</u> | <u>79,951</u> | Restricted |
| <u>\$ 19,611</u> | <u>\$ 1,391</u> | <u>\$ 79,976</u> | Total fund balances |
| | | | Total liabilities, deferred inflows of resources and fund balances |

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | CORAL | District Court Financing Corporation | Bankruptcy Court | Pension Obligation |
|--|------------------|---|---------------------|-----------------------|
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ 734 | \$ 119 | \$ 195 | \$ 537 |
| Rents and concessions | 1,315 | 2,423 | 2,137 | - |
| Charges for services | - | - | - | 2,408 |
| Other revenue | - | - | - | - |
| Total revenues | <u>2,049</u> | <u>2,542</u> | <u>2,332</u> | <u>2,945</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,102 | 96 | - | 29,399 |
| Debt service: | | | | |
| Principal | 28,575 | 1,501 | 960 | - |
| Interest | 14,518 | 291 | 482 | - |
| Cost of issuance | 25 | - | - | - |
| Capital outlay | - | 727 | 645 | - |
| Total expenditures | <u>44,220</u> | <u>2,615</u> | <u>2,087</u> | <u>29,399</u> |
| Excess (deficiency) of revenues over (under) expenditures | (42,171) | (73) | 245 | (26,454) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 44,312 | - | - | 26,709 |
| Transfers out | (1,965) | - | - | - |
| Issuance of refunding bonds | - | - | - | - |
| Premium on long-term debt | - | - | - | - |
| Redemption of refunded debt | - | - | - | - |
| Total other financing sources (uses) | <u>42,347</u> | <u>-</u> | <u>-</u> | <u>26,709</u> |
| NET CHANGE IN FUND BALANCES | 176 | (73) | 245 | 255 |
| Fund balances, beginning of year | 43,598 | 1,099 | 6,713 | 6,936 |
| FUND BALANCES, END OF YEAR | <u>\$ 43,774</u> | <u>\$ 1,026</u> | <u>\$ 6,958</u> | <u>\$ 7,191</u> |

| Inland Empire | | | |
|--|----------------------------------|-----------|--|
| Tobacco Securitization Authority | Public Financing Authority | Total | |
| | | | REVENUES: |
| \$ 16 | \$ - | \$ 1,601 | Use of money and property: |
| - | 991 | 6,866 | Investment earnings (loss) |
| - | - | 2,408 | Rents and concessions |
| 15,671 | 1,500 | 17,171 | Charges for services |
| 15,687 | 2,491 | 28,046 | Other revenue |
| | | | Total revenues |
| | | | EXPENDITURES: |
| | | | Current: |
| 123 | - | 30,720 | General government |
| 8,650 | 645 | 40,331 | Debt service: |
| 7,193 | 346 | 22,830 | Principal |
| - | 353 | 378 | Interest |
| - | - | 1,372 | Cost of issuance |
| 15,966 | 1,344 | 95,631 | Capital outlay |
| | | | Total expenditures |
| (279) | 1,147 | (67,585) | Excess (deficiency) of revenues over (under) expenditures |
| | | | OTHER FINANCING SOURCES (USES): |
| - | - | 71,021 | Transfers in |
| - | - | (1,965) | Transfers out |
| - | 17,640 | 17,640 | Issuance of refunding bonds |
| - | 759 | 759 | Premium on long-term debt |
| - | (18,155) | (18,155) | Redemption of refunded debt |
| - | 244 | 69,300 | Total other financing sources (uses) |
| (279) | 1,391 | 1,715 | NET CHANGE IN FUND BALANCES |
| 19,890 | - | 78,236 | Fund balances, beginning of year |
| \$ 19,611 | \$ 1,391 | \$ 79,951 | FUND BALANCES, END OF YEAR |

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Pension Obligation Bond Debt Service Fund
 For the Fiscal Year Ended June 30, 2013
 (Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|------------------|-----------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ - | \$ - | \$ 537 | \$ 537 |
| Charges for services | 34,114 | 7,404 | 2,408 | (4,996) |
| Total revenues | 34,114 | 7,404 | 2,945 | (4,459) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 34,113 | 34,113 | 29,399 | (4,714) |
| Total expenditures | 34,113 | 34,113 | 29,399 | (4,714) |
| Excess (deficiency) of revenues over (under) expenditures | 1 | (26,709) | (26,454) | 255 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 26,709 | 26,709 | - |
| Total other financing sources (uses) | - | 26,709 | 26,709 | - |
| NET CHANGE IN FUND BALANCE | 1 | - | 255 | 255 |
| Fund balance, beginning of year | 6,936 | 6,936 | 6,936 | - |
| FUND BALANCE, END OF YEAR | \$ 6,937 | \$ 6,936 | \$ 7,191 | \$ 255 |

COUNTY OF RIVERSIDE

CAPITAL PROJECTS FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Fund Types.

PUBLIC SAFETY ENTERPRISE COMMUNICATION (PSEC)

The Public Safety Enterprise Communication fund is a multi-agency undertaking to address the County of Riverside 800 MHz public safety radio coverage and operational problems. The multi-year project will result in either a massive upgrade or a complete replacement of the existing radio system.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

CORAL is a non-profit public benefit corporation established to assist the County of Riverside by acquiring equipment and facilities financed from the proceeds of borrowing and leasing such equipment and facilities to the County.

FLOOD CONTROL

This fund is used to finance the construction of flood control channels and projects. Revenues are obtained from property taxes, special assessments, and proceeds of tax allocation bonds.

REGIONAL PARK AND OPEN-SPACE

The Regional Park and Open-Space District is a special district established to provide legal authority and expanded opportunity for open space acquisition and management. The Regional Park and Open-Space District's creation allowed for the transfer of regional park responsibility from the County to the District.

COUNTY OF RIVERSIDE ENTERPRISE SOLUTIONS FOR PROPERTY TAXATION (CREST)

The Assessor, Auditor-Controller, and Tax Collector teamed up to collectively develop a new integrated property tax management system. The project begins with a business process re-engineering phase that documents the integrated roles of the three departments. This phase identifies the current system's capabilities, strengths, and weaknesses. A second phase of the project builds on this re-engineering initiative to implement a replacement property tax system based on new technology.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Capital Projects Funds
June 30, 2013
(Dollars in Thousands)

| | PSEC | CORAL | Flood Control | Regional Park and Open-Space |
|---|---------------|-----------------|------------------|------------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| Assets: | | | | |
| Cash and investments | \$ 296 | \$ - | \$ 151 | \$ 8,398 |
| Interest receivable | - | - | - | 4 |
| Due from other governments | - | - | - | 181 |
| Due from other funds | - | - | - | - |
| Prepaid items | 580 | - | - | - |
| Restricted cash and investments | - | 6,215 | - | - |
| Advances to other funds | - | - | - | 1,000 |
| Total assets | <u>876</u> | <u>6,215</u> | <u>151</u> | <u>9,583</u> |
| Deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 876</u> | <u>\$ 6,215</u> | <u>\$ 151</u> | <u>\$ 9,583</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 370 | \$ - | \$ 40 |
| Salaries and benefits payable | 55 | - | - | - |
| Due to other funds | 43 | - | - | - |
| Advances from other funds | - | - | - | 700 |
| Total liabilities | <u>98</u> | <u>370</u> | <u>-</u> | <u>740</u> |
| Deferred inflows of resources | - | - | - | - |
| Fund balances (Note 16): | | | | |
| Nonspendable | 580 | - | - | - |
| Restricted | - | 5,845 | - | 8,843 |
| Committed | - | - | 151 | - |
| Assigned | 198 | - | - | - |
| Total fund balances | <u>778</u> | <u>5,845</u> | <u>151</u> | <u>8,843</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 876</u> | <u>\$ 6,215</u> | <u>\$ 151</u> | <u>\$ 9,583</u> |

| <u>CREST</u> | <u>Total</u> | |
|------------------|------------------|---|
| | | ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: |
| | | Assets: |
| \$ 13,522 | \$ 22,367 | Cash and investments |
| 4 | 8 | Interest receivable |
| - | 181 | Due from other governments |
| 33 | 33 | Due from other funds |
| - | 580 | Prepaid items |
| - | 6,215 | Restricted cash and investments |
| - | 1,000 | Advances to other funds |
| <u>13,559</u> | <u>30,384</u> | Total assets |
| - | - | Deferred outflows of resources |
| <u>\$ 13,559</u> | <u>\$ 30,384</u> | Total assets and deferred outflows of resources |
| | | LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: |
| | | Liabilities: |
| \$ 136 | \$ 546 | Accounts payable |
| 93 | 148 | Salaries and benefits payable |
| 66 | 109 | Due to other funds |
| - | 700 | Advances from other funds |
| <u>295</u> | <u>1,503</u> | Total liabilities |
| - | - | Deferred inflows of resources |
| | | Fund balances (Note 16): |
| - | 580 | Nonspendable |
| - | 14,688 | Restricted |
| - | 151 | Committed |
| 13,264 | 13,462 | Assigned |
| <u>13,264</u> | <u>28,881</u> | Total fund balances |
| <u>\$ 13,559</u> | <u>\$ 30,384</u> | Total liabilities, deferred inflows of resources and fund balances |

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | <u>PSEC</u> | <u>CORAL</u> | <u>Flood Control</u> | <u>Regional Park and Open-Space</u> |
|--|---------------|-----------------|--------------------------|---|
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ (2) | \$ 20 | \$ - | \$ (7) |
| Aid from other governmental agencies: | | | | |
| State | - | - | - | 181 |
| Charges for services | - | - | - | - |
| Other revenue | 74 | - | - | - |
| Total revenues | <u>72</u> | <u>20</u> | <u>-</u> | <u>174</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 2,960 | - | - | - |
| Recreation and culture | - | - | - | 1,206 |
| Capital outlay | - | 22,241 | 93 | - |
| Total expenditures | <u>2,960</u> | <u>22,241</u> | <u>93</u> | <u>1,206</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,888) | (22,221) | (93) | (1,032) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 2,823 | 814 | 200 | 2,821 |
| Transfers out | (755) | - | - | (1,325) |
| Total other financing sources (uses) | <u>2,068</u> | <u>814</u> | <u>200</u> | <u>1,496</u> |
| NET CHANGE IN FUND BALANCES | (820) | (21,407) | 107 | 464 |
| Fund balances, beginning of year | <u>1,598</u> | <u>27,252</u> | <u>44</u> | <u>8,379</u> |
| FUND BALANCES, END OF YEAR | <u>\$ 778</u> | <u>\$ 5,845</u> | <u>\$ 151</u> | <u>\$ 8,843</u> |

| <u>CREST</u> | <u>Total</u> | |
|------------------|------------------|---------------------------------------|
| | | REVENUES: |
| | | Use of money and property: |
| \$ (24) | \$ (13) | Investment earnings (loss) |
| | | Aid from other governmental agencies: |
| - | 181 | State |
| 2,270 | 2,270 | Charges for services |
| - | 74 | Other revenue |
| <u>2,246</u> | <u>2,512</u> | Total revenues |
| | | EXPENDITURES: |
| | | Current: |
| 5,174 | 8,134 | General government |
| - | 1,206 | Recreation and culture |
| <u>-</u> | <u>22,334</u> | Capital outlay |
| <u>5,174</u> | <u>31,674</u> | Total expenditures |
| | | Excess (deficiency) of revenues |
| (2,928) | (29,162) | over (under) expenditures |
| | | OTHER FINANCING SOURCES (USES): |
| 7,105 | 13,763 | Transfers in |
| <u>(46)</u> | <u>(2,126)</u> | Transfers out |
| <u>7,059</u> | <u>11,637</u> | Total other financing sources (uses) |
| 4,131 | (17,525) | NET CHANGE IN FUND BALANCES |
| 9,133 | 46,406 | Fund balances, beginning of year |
| <u>\$ 13,264</u> | <u>\$ 28,881</u> | FUND BALANCES, END OF YEAR |

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 PSEC Capital Projects Fund
 For the Fiscal Year Ended June 30, 2013
 (Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|------------------|-----------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ - | \$ - | \$ (2) | \$ (2) |
| Aid from other governmental agencies: | | | | |
| Other revenue | 3,117 | 1,117 | 74 | (1,043) |
| Total revenues | <u>3,117</u> | <u>1,117</u> | <u>72</u> | <u>(1,045)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 3,117 | 3,351 | 2,960 | (391) |
| Total expenditures | <u>3,117</u> | <u>3,351</u> | <u>2,960</u> | <u>(391)</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | (2,234) | (2,888) | (654) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 2,823 | 2,823 | - |
| Transfers out | - | (755) | (755) | - |
| Total other financing sources (uses) | <u>-</u> | <u>2,068</u> | <u>2,068</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | - | (166) | (820) | (654) |
| Fund balance, beginning of year | 1,598 | 1,598 | 1,598 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 1,598</u> | <u>\$ 1,432</u> | <u>\$ 778</u> | <u>\$ (654)</u> |

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Flood Control Capital Projects Fund
 For the Fiscal Year Ended June 30, 2013
 (Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|---------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | Over (Under) |
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ 1 | \$ 1 | \$ - | \$ (1) |
| Charges for current services | 1 | 1 | - | (1) |
| Other revenue | 3,475 | 3,275 | - | (3,275) |
| Total revenues | <u>3,477</u> | <u>3,277</u> | <u>-</u> | <u>(3,277)</u> |
| EXPENDITURES: | | | | |
| Capital outlay | 3,475 | 3,475 | 93 | (3,382) |
| Total expenditures | <u>3,475</u> | <u>3,475</u> | <u>93</u> | <u>(3,382)</u> |
| Excess (deficiency) of revenues over (under) expenditures | 2 | (198) | (93) | 105 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 200 | 200 | - |
| Total other financing sources (uses) | <u>-</u> | <u>200</u> | <u>200</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 2 | 2 | 107 | 105 |
| Fund balance, beginning of year | 44 | 44 | 44 | - |
| FUND BALANCE, END OF YEAR | <u><u>\$ 46</u></u> | <u><u>\$ 46</u></u> | <u><u>\$ 151</u></u> | <u><u>\$ 105</u></u> |

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Regional Park and Open-Space District Capital Projects Fund
 For the Fiscal Year Ended June 30, 2013
 (Dollars in Thousands)

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|-------------------------|-----------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ - | \$ - | \$ (7) | \$ (7) |
| Aid from other governmental agencies: | | | | |
| State | 3,226 | 3,658 | 181 | (3,477) |
| Other revenue | 4,940 | 4,741 | - | (4,741) |
| Total revenues | <u>8,166</u> | <u>8,399</u> | <u>174</u> | <u>(8,225)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Recreation and culture | <u>8,548</u> | <u>10,386</u> | <u>1,206</u> | <u>(9,180)</u> |
| Total expenditures | <u>8,548</u> | <u>10,386</u> | <u>1,206</u> | <u>(9,180)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (382) | (1,987) | (1,032) | 955 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 2,821 | 2,821 | - |
| Transfers out | - | (1,325) | (1,325) | - |
| Total other financing sources (uses) | <u>-</u> | <u>1,496</u> | <u>1,496</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (382) | (491) | 464 | 955 |
| Fund balance, beginning of year | <u>8,379</u> | <u>8,379</u> | <u>8,379</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 7,997</u> | <u>\$ 7,888</u> | <u>\$ 8,843</u> | <u>\$ 955</u> |

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 CREST Capital Projects Fund
 For the Fiscal Year Ended June 30, 2013
 (Dollars in Thousands)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over (Under) |
|--|------------------|----------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property: | | | | |
| Investment earnings (loss) | \$ 15 | \$ 15 | \$ (24) | \$ (39) |
| Charges for services | 2,500 | 2,500 | 2,270 | (230) |
| Other revenue | 7,105 | - | - | - |
| Total revenues | 9,620 | 2,515 | 2,246 | (269) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 9,606 | 9,560 | 5,174 | (4,386) |
| Total expenditures | 9,606 | 9,560 | 5,174 | (4,386) |
| Excess (deficiency) of revenues over (under) expenditures | 14 | (7,045) | (2,928) | 4,117 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 7,105 | 7,105 | - |
| Transfers out | - | (46) | (46) | - |
| Total other financing sources (uses) | - | 7,059 | 7,059 | - |
| NET CHANGE IN FUND BALANCE | 14 | 14 | 4,131 | 4,117 |
| Fund balance, beginning of year | 9,133 | 9,133 | 9,133 | - |
| FUND BALANCE, END OF YEAR | \$ 9,147 | \$ 9,147 | \$ 13,264 | \$ 4,117 |



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COUNTY OF RIVERSIDE

PERMANENT FUNDS

PERRIS VALLEY CEMETERY ENDOWMENT FUND

This fund is used to account for financial resources to be used for future maintenance of the Perris Valley Cemetery. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. Only income earned on these resources may be used for services, supplies or capital asset acquisition. The principal must be preserved intact.

COUNTY OF RIVERSIDE

Balance Sheet

Permanent Fund

June 30, 2013

(Dollars in Thousands)

| | <u>Perris Valley Cemetery Endowment Fund</u> |
|---|--|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | |
| Assets: | |
| Cash and investments | \$ 509 |
| Total assets | <u>509</u> |
| Deferred outflows of resources | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 509</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES: | |
| Liabilities: | \$ - |
| Total liabilities | <u>-</u> |
| Deferred inflows of resources | <u>-</u> |
| Fund balances (Note 16): | |
| Nonspendable | 473 |
| Restricted | <u>36</u> |
| Total fund balances | <u>509</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 509</u> |

COUNTY OF RIVERSIDE

Statement of Revenues, Expenditures, and Changes in Fund Balance
Permanent Fund
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Perris Valley Cemetery Endowment Fund |
|--|--|
| REVENUES: | |
| Charges for services | \$ 19 |
| Total revenues | <u>19</u> |
| EXPENDITURES: | |
| Current: | |
| Public protection | <u>-</u> |
| Total expenditures | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | 19 |
| Fund balance, beginning of year | <u>490</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 509</u> |



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COUNTY OF RIVERSIDE

NONMAJOR ENTERPRISE FUNDS

These funds are used to account for operations providing goods or services to the general public. The accounting for these funds is similar to private enterprise accounting (accrual). The intent of the County's governing board is that all costs associated with providing these goods or services be financed or recovered primarily through user charges.

COUNTY SERVICE AREAS

These three funds were established to account for revenues, expenses, and the allocation of net income for County Service Areas 62 (sewer), 62 (water), and 122.

FLOOD CONTROL

These three funds were established to account for transactions resulting from topographical map sales, subdivision operations, and issuance of encroachment permits.

COUNTY OF RIVERSIDE
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013
(Dollars in Thousands)

| | County Service Areas | Flood Control | Total |
|--|----------------------------|------------------|-----------------|
| ASSETS: | | | |
| Current assets: | | | |
| Cash and investments | \$ 108 | \$ 2,549 | \$ 2,657 |
| Accounts receivable-net | - | 303 | 303 |
| Interest receivable | - | 4 | 4 |
| Taxes receivable | 14 | - | 14 |
| Due from other governments | - | 14 | 14 |
| Restricted cash and investments | - | 2,719 | 2,719 |
| Total current assets | <u>122</u> | <u>5,589</u> | <u>5,711</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Depreciable assets | 21 | 7 | 28 |
| Total noncurrent assets | <u>21</u> | <u>7</u> | <u>28</u> |
| Total assets | <u>143</u> | <u>5,596</u> | <u>5,739</u> |
| DEFERRED OUTFLOWS OR RESOURCES: | | | |
| | - | - | - |
| LIABILITIES: | | | |
| Current liabilities: | | | |
| Accounts payable | 18 | 2,822 | 2,840 |
| Salaries and benefits payable | - | 27 | 27 |
| Due to other funds | - | 12 | 12 |
| Deposits payable | 51 | - | 51 |
| Other liabilities | - | 174 | 174 |
| Compensated absences | - | 15 | 15 |
| Total current liabilities | <u>69</u> | <u>3,050</u> | <u>3,119</u> |
| Noncurrent portion of long-term liabilities: | | | |
| Noncurrent liabilities: | | | |
| Compensated absences | - | 69 | 69 |
| Total noncurrent liabilities | <u>-</u> | <u>69</u> | <u>69</u> |
| Total liabilities | <u>69</u> | <u>3,119</u> | <u>3,188</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| | - | - | - |
| Net position: | | | |
| Net investment in capital assets | 21 | 7 | 28 |
| Restricted | 41 | - | 41 |
| Unrestricted | 12 | 2,470 | 2,482 |
| Total net position | <u>\$ 74</u> | <u>\$ 2,477</u> | <u>\$ 2,551</u> |

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2013

(Dollars in Thousands)

| | County Service Areas | Flood Control | Total |
|--|----------------------------|------------------------|------------------------|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 339 | \$ 1,504 | \$ 1,843 |
| Other | 16 | 231 | 247 |
| Total operating revenues | <u>355</u> | <u>1,735</u> | <u>2,090</u> |
| OPERATING EXPENSES: | | | |
| Personnel services | 215 | 816 | 1,031 |
| Maintenance of building and equipment | 99 | - | 99 |
| Supplies | 6 | 18 | 24 |
| Purchased services | 6 | 885 | 891 |
| Depreciation and amortization | 3 | 9 | 12 |
| Rents and leases of equipment | - | 8 | 8 |
| Utilities | 114 | - | 114 |
| Other | 16 | 18 | 34 |
| Total operating expenses | <u>459</u> | <u>1,754</u> | <u>2,213</u> |
| Operating income (loss) | <u>(104)</u> | <u>(19)</u> | <u>(123)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment income | - | 5 | 5 |
| Total nonoperating revenues (expenses) | <u>-</u> | <u>5</u> | <u>5</u> |
| CHANGE IN NET POSITION | (104) | (14) | (118) |
| Net position, beginning of year | <u>178</u> | <u>2,491</u> | <u>2,669</u> |
| NET POSITION, END OF YEAR | <u><u>\$ 74</u></u> | <u><u>\$ 2,477</u></u> | <u><u>\$ 2,551</u></u> |

COUNTY OF RIVERSIDE
Statement of Cash Flows
Combining Nonmajor Enterprise Funds
For the Fiscal Year Ending June 30, 2013
(Dollars in Thousands)

| | County Service Areas | Flood Control | Total |
|--|----------------------------|------------------|-----------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers / other funds | \$ 355 | \$ 1,722 | \$ 2,077 |
| Cash paid to suppliers for goods and services | (225) | (922) | (1,147) |
| Cash paid to employees for services | (215) | (835) | (1,050) |
| Net cash provided by (used in) operating activities | <u>(85)</u> | <u>(35)</u> | <u>(120)</u> |
| Cash flows from investing activities | | | |
| Interest received on investments | - | 5 | 5 |
| Net cash provided by investing activities | <u>-</u> | <u>5</u> | <u>5</u> |
| Net increase (decrease) in cash and cash equivalents | (85) | (30) | (115) |
| Cash and cash equivalents, beginning of year | 193 | 5,298 | 5,491 |
| Cash and cash equivalents, end of year | <u>\$ 108</u> | <u>\$ 5,268</u> | <u>\$ 5,376</u> |

| | | | |
|--|----------------|----------------|-----------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ (104) | \$ (19) | \$ (123) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | |
| Depreciation and amortization | 3 | 9 | 12 |
| Decrease (Increase) accounts receivable | - | (46) | (46) |
| Decrease (Increase) due from other governments | - | 33 | 33 |
| Increase (Decrease) accounts payable | 14 | 49 | 63 |
| Increase (Decrease) due to other funds | - | 10 | 10 |
| Increase (Decrease) due to other governments | - | (10) | (10) |
| Increase (Decrease) deposits payable | 2 | - | 2 |
| Increase (Decrease) other liabilities | - | (42) | (42) |
| Increase (Decrease) salaries and benefits payable | - | (11) | (11) |
| Increase (Decrease) compensated absences | - | (8) | (8) |
| Net cash provided by (used in) operating activities | <u>\$ (85)</u> | <u>\$ (35)</u> | <u>\$ (120)</u> |

There were no significant noncash investing, financing, or capital activities.

COUNTY OF RIVERSIDE

INTERNAL SERVICE FUNDS

These funds were established to account for the goods and services provided by a County department to other County departments, or to other internal governments, on a cost-reimbursement basis.

RECORDS MANAGEMENT AND ARCHIVES

This fund was established to account for the operations of the Records Management and Archives Program, which is responsible for providing consistent standards and support services that promote responsible record keeping countywide. Sources of revenue include records storage, reformatting, preservation, and consulting services.

FLEET SERVICES

This fund finances the operation and maintenance of County vehicles, including the Sheriff's Department. Revenue is obtained on a cost-reimbursement basis.

INFORMATION SERVICES

These funds are supported by the revenues generated for services including software systems support, computer networks, data structure design, and organization of the County's computer systems.

PRINTING SERVICES

These funds account for the financing of printing and central mail services provided to County departments on a cost-reimbursement basis. This fund also provides services such as the paper reclamation program, which collects and sells County department waste paper for recycling.

SUPPLY SERVICES

This fund finances the operation that provides County departments with merchandise and services on a cost-reimbursement basis.

OASIS PROJECT

These funds were established to support the implementation, operation, and maintenance of the County's central administrative and financial information system. Revenue is obtained on a cost-reimbursement basis.

RISK MANAGEMENT

These funds account for the financing of employee insurance benefits and County self-insurance programs. These funds include medical, dental, disability, and unemployment insurance as well as general liability, medical malpractice, and worker's compensation.

TEMPORARY ASSISTANCE POOL (TAP)

The purpose of this fund is to provide a ready source of temporary workers to County departments, with lower overhead costs than are typically charged by outside temporary employment agencies.

ECONOMIC DEVELOPMENT AGENCY (Facilities Management)

The purpose of this fund was to account for custodial, maintenance, and real estate services provided to other County departments on a cost-reimbursement basis.

FLOOD CONTROL EQUIPMENT

These funds were established to account for the financing of flood control equipment provided to other departments on a cost-reimbursement basis.

COUNTY OF RIVERSIDE
Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(Dollars in Thousands)

| | Records | | | | |
|--|----------------------------|-------------------|-------------------------|----------------------|--------------------|
| | Management and Archives | Fleet Services | Information Services | Printing Services | Supply Services |
| ASSETS: | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 1,330 | \$ 11,016 | \$ 6,116 | \$ 2,879 | \$ 3,840 |
| Accounts receivable-net | - | 17 | 38 | 17 | 7 |
| Interest receivable | 1 | 4 | 1 | 1 | 1 |
| Due from other government | - | 149 | 28 | 74 | - |
| Due from other funds | 17 | 56 | - | - | - |
| Inventories | - | 740 | 1,736 | 227 | 350 |
| Prepaid items and deposits | - | - | - | - | - |
| Total current assets | <u>1,348</u> | <u>11,982</u> | <u>7,919</u> | <u>3,198</u> | <u>4,198</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Nondepreciable assets | - | 661 | 235 | - | - |
| Depreciable assets | 238 | 23,961 | 3,458 | 841 | 203 |
| Total noncurrent assets | <u>238</u> | <u>24,622</u> | <u>3,693</u> | <u>841</u> | <u>203</u> |
| Total assets | <u>1,586</u> | <u>36,604</u> | <u>11,612</u> | <u>4,039</u> | <u>4,401</u> |
| DEFERRED OUTFLOWS OR RESOURCES: | | | | | |
| | - | - | - | - | - |
| LIABILITIES: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 3 | 891 | 271 | 87 | 75 |
| Salaries and benefits payable | 47 | 158 | 1,265 | 79 | 32 |
| Due to other governments | - | 1 | - | - | 7 |
| Due to other funds | 22 | - | 1 | - | - |
| Other liabilities | - | 300 | - | 25 | - |
| Compensated absences | 47 | 238 | 1,619 | 100 | 42 |
| Capital lease obligation | - | 5,948 | 935 | - | - |
| Estimated claims liability | - | - | - | - | - |
| Total current liabilities | <u>119</u> | <u>7,536</u> | <u>4,091</u> | <u>291</u> | <u>156</u> |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 48 | 303 | 1,125 | 57 | 36 |
| Advance from other funds | - | - | - | - | - |
| Capital lease obligation | - | 3,775 | 1,153 | - | - |
| Estimated claims liabilities | - | - | - | - | - |
| Total noncurrent liabilities | <u>48</u> | <u>4,078</u> | <u>2,278</u> | <u>57</u> | <u>36</u> |
| Total liabilities | <u>167</u> | <u>11,614</u> | <u>6,369</u> | <u>348</u> | <u>192</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | |
| | - | - | - | - | - |
| NET POSITION: | | | | | |
| Net investment in capital assets | 238 | 14,899 | 1,605 | 841 | 203 |
| Unrestricted | 1,181 | 10,091 | 3,638 | 2,850 | 4,006 |
| Total net position | <u>\$ 1,419</u> | <u>\$ 24,990</u> | <u>\$ 5,243</u> | <u>\$ 3,691</u> | <u>\$ 4,209</u> |

| OASIS Project | Risk Management | Temporary Assistance Pool | EDA Facilities Management | Flood Control Equipment | Total | |
|---------------|-----------------|---------------------------|---------------------------|-------------------------|------------|----------------------------------|
| \$ 4,551 | \$ 183,397 | \$ 1,860 | \$ 6,165 | \$ 7,620 | \$ 228,774 | ASSETS: |
| - | 3,106 | - | - | 7 | 3,192 | Current assets: |
| 2 | 88 | - | 2 | 3 | 103 | Cash and investments |
| - | - | - | 296 | - | 547 | Accounts receivable-net |
| - | - | - | - | 39 | 112 | Interest receivable |
| - | - | - | 190 | 236 | 3,479 | Due from other government |
| - | 305 | - | 63 | - | 368 | Due from other funds |
| 4,553 | 186,896 | 1,860 | 6,716 | 7,905 | 236,575 | Inventories |
| - | - | - | - | - | 896 | Prepaid items and deposits |
| 447 | 69 | - | 67 | 2,504 | 31,788 | Total current assets |
| 447 | 69 | - | 67 | 2,504 | 32,684 | Noncurrent assets: |
| 5,000 | 186,965 | 1,860 | 6,783 | 10,409 | 269,259 | Capital assets: |
| - | - | - | - | - | - | Nondepreciable assets |
| - | - | - | - | - | - | Depreciable assets |
| - | - | - | - | - | - | Total noncurrent assets |
| - | - | - | - | - | - | Total assets |
| - | - | - | - | - | - | DEFERRED OUTFLOWS OR RESOURCES: |
| 6 | 29,170 | 41 | 1,259 | 158 | 31,961 | LIABILITIES: |
| 251 | 989 | 110 | 998 | 16 | 3,945 | Current liabilities: |
| - | - | - | - | - | 8 | Accounts payable |
| - | - | 1 | - | 43 | 67 | Salaries and benefits payable |
| - | - | - | 266 | - | 591 | Due to other governments |
| 378 | 1,127 | 208 | 1,176 | 37 | 4,972 | Due to other funds |
| 69 | - | - | - | - | 6,952 | Other liabilities |
| - | 22,933 | - | - | - | 22,933 | Compensated absences |
| 704 | 54,219 | 360 | 3,699 | 254 | 71,429 | Capital lease obligation |
| - | - | - | - | - | - | Estimated claims liability |
| - | - | - | - | - | - | Total current liabilities |
| 335 | 1,040 | 11 | 1,002 | 171 | 4,128 | Noncurrent liabilities: |
| - | - | - | 3,342 | - | 3,342 | Compensated absences |
| 220 | - | - | - | - | 5,148 | Advance from other funds |
| - | 107,986 | - | - | - | 107,986 | Capital lease obligation |
| 555 | 109,026 | 11 | 4,344 | 171 | 120,604 | Estimated claims liabilities |
| 1,259 | 163,245 | 371 | 8,043 | 425 | 192,033 | Total noncurrent liabilities |
| - | - | - | - | - | - | Total liabilities |
| - | - | - | - | - | - | DEFERRED INFLOWS OF RESOURCES: |
| 158 | 69 | - | 67 | 2,504 | 20,584 | NET POSITION: |
| 3,583 | 23,651 | 1,489 | (1,327) | 7,480 | 56,642 | Net investment in capital assets |
| \$ 3,741 | \$ 23,720 | \$ 1,489 | \$ (1,260) | \$ 9,984 | \$ 77,226 | Unrestricted |
| | | | | | | Total net position |

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| | Records Management and Archives | Fleet Services | Information Services | Printing Services | Supply Services |
|---|---------------------------------------|-------------------|-------------------------|----------------------|--------------------|
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ 1,659 | \$ 28,179 | \$ 26,351 | \$ 4,278 | \$ 8,203 |
| Other revenue | 1 | - | 38 | 2,289 | 3,440 |
| Total operating revenues | 1,660 | 28,179 | 26,389 | 6,567 | 11,643 |
| OPERATING EXPENSES: | | | | | |
| Cost of materials used | - | 1,776 | - | - | - |
| Personnel services | 1,089 | 3,422 | 21,452 | 1,728 | 702 |
| Communications | 27 | 89 | 3,045 | 13 | 16 |
| Insurance | 24 | 75 | 124 | 13 | 19 |
| Maintenance of building and equipment | 60 | 2,398 | 3,349 | 434 | 87 |
| Insurance claims | - | - | - | - | - |
| Supplies | 36 | 9,944 | 675 | 2,849 | 9,967 |
| Purchased services | 17 | 797 | 1,109 | 903 | 292 |
| Depreciation and amortization | 26 | 7,064 | 1,227 | 223 | 20 |
| Rents and leases of equipment | 288 | 437 | 1,464 | 4 | - |
| Utilities | 33 | 90 | 366 | 57 | 32 |
| Other | 16 | 175 | 350 | 91 | 48 |
| Total operating expenses | 1,616 | 26,267 | 33,161 | 6,315 | 11,183 |
| Operating income (loss) | 44 | 1,912 | (6,772) | 252 | 460 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income (loss) | (1) | (21) | (13) | (4) | (8) |
| Interest expense | - | (1,053) | (429) | (1) | - |
| Gain (loss) on disposal of capital assets | 1 | (87) | - | - | - |
| Other nonoperating revenues / (expenses) | - | (8) | - | - | - |
| Total nonoperating revenues (expenses) | - | (1,169) | (442) | (5) | (8) |
| Income (loss) before capital contributions and transfers | 44 | 743 | (7,214) | 247 | 452 |
| Capital contributions | - | 31 | - | - | - |
| Transfers in | - | - | 4,499 | - | - |
| Transfers out | (19) | (63) | (2,057) | (33) | (13) |
| CHANGE IN NET POSITION | 25 | 711 | (4,772) | 214 | 439 |
| Net position, beginning of year | 1,394 | 24,279 | 10,015 | 3,477 | 3,770 |
| NET POSITION, END OF YEAR | \$ 1,419 | \$ 24,990 | \$ 5,243 | \$ 3,691 | \$ 4,209 |

| OASIS Project | Risk Management | Temporary Assistance Pool | EDA Facilities Management | Flood Control Equipment | Total | |
|------------------|--------------------|---------------------------------|---------------------------------|-------------------------------|------------|---|
| | | | | | | OPERATING REVENUES: |
| \$ 9,555 | \$ 46,385 | \$ 4,153 | \$ 76,420 | \$ 1,181 | \$ 206,364 | Charges for services |
| - | 13,505 | 2 | 9,544 | 5,472 | 34,291 | Other revenue |
| 9,555 | 59,890 | 4,155 | 85,964 | 6,653 | 240,655 | Total operating revenues |
| - | - | - | - | 75 | 1,851 | OPERATING EXPENSES: |
| 6,214 | 14,153 | 2,900 | 20,657 | 2,057 | 74,374 | Cost of materials used |
| 141 | 250 | 54 | 260 | 100 | 3,995 | Personnel services |
| 18 | 8,241 | 10 | 212 | - | 8,736 | Communications |
| 1,840 | 173 | 17 | 6,989 | 475 | 15,822 | Insurance |
| - | 108,391 | - | - | - | 108,391 | Maintenance of building and equipment |
| 73 | 3,956 | 159 | 1,224 | 1,141 | 30,024 | Insurance claims |
| 391 | 3,719 | 763 | 9,727 | 1,141 | 18,859 | Supplies |
| 981 | 62 | - | 30 | 991 | 10,624 | Purchased services |
| 644 | 1,347 | 256 | 46,836 | 4 | 51,280 | Depreciation and amortization |
| 58 | 81 | 17 | 950 | - | 1,684 | Rents and leases of equipment |
| 22 | 2,450 | 162 | 1,122 | 422 | 4,858 | Utilities |
| 10,382 | 142,823 | 4,338 | 88,007 | 6,406 | 330,498 | Other |
| (827) | (82,933) | (183) | (2,043) | 247 | (89,843) | Total operating expenses |
| | | | | | | Operating income (loss) |
| (4) | (181) | (9) | (10) | (8) | (259) | NONOPERATING REVENUES (EXPENSES): |
| (17) | - | - | - | - | (1,500) | Investment income (loss) |
| - | - | - | - | 104 | 18 | Interest expense |
| - | - | - | - | - | (8) | Gain (loss) on disposal of capital assets |
| (21) | (181) | (9) | (10) | 96 | (1,749) | Other nonoperating revenues / (expenses) |
| | | | | | | Total nonoperating revenues (expenses) |
| (848) | (83,114) | (192) | (2,053) | 343 | (91,592) | Income (loss) before capital contributions and transfers |
| - | 78,596 | - | - | - | 78,627 | Capital contributions |
| - | 1,488 | - | 500 | - | 6,487 | Transfers in |
| (120) | (1,732) | (884) | (380) | - | (5,301) | Transfers out |
| (968) | (4,762) | (1,076) | (1,933) | 343 | (11,779) | CHANGE IN NET POSITION |
| 4,709 | 28,482 | 2,565 | 673 | 9,641 | 89,005 | Net position, beginning of year |
| \$ 3,741 | \$ 23,720 | \$ 1,489 | \$ (1,260) | \$ 9,984 | \$ 77,226 | NET POSITION, END OF YEAR |

COUNTY OF RIVERSIDE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ending June 30, 2013
(Dollars in Thousands)

| | Records | | | | |
|--|----------------------------|------------------|-------------------------|----------------------|--------------------|
| | Management and Archives | Fleet Service | Information Services | Printing Services | Supply Services |
| Cash flows from operating activities | | | | | |
| Cash receipts from internal services provided | \$ 1,643 | \$ 28,300 | 26,506 | \$ 6,615 | \$ 11,648 |
| Cash paid to suppliers for goods and services | (556) | (15,881) | (10,804) | (4,391) | (10,886) |
| Cash paid to employees for services | (1,090) | (3,424) | (20,717) | (1,739) | (696) |
| Net cash provided (used) by operating activities | (3) | 8,995 | (5,015) | 485 | 66 |
| Cash flows from noncapital financing activities | | | | | |
| Other Non-Operating Expenses | - | (8) | - | - | - |
| Transfers received | - | - | 4,499 | - | - |
| Transfers paid | (19) | (63) | (2,057) | (33) | (13) |
| Net cash provided (used) by noncapital financing activities | (19) | (71) | 2,442 | (33) | (13) |
| Cash flows from capital and related financing activities | | | | | |
| Gain (Loss) on Disposal of Capital Assets | 1 | (87) | - | - | - |
| Acquisition and construction of capital assets | (13) | (5,405) | (967) | 1 | - |
| Principal paid on capital leases | - | (1,993) | (182) | (102) | - |
| Capital contributions | - | 31 | - | - | - |
| Interest paid on long-term debt | - | (1,053) | (429) | (1) | - |
| Net cash provided (used) by capital and related financing activities | (12) | (8,507) | (1,578) | (102) | - |
| Cash flows from investing activities | | | | | |
| Interest received on investments | (1) | (22) | (10) | (4) | (8) |
| Net cash provided (used) by investing activities | (1) | (22) | (10) | (4) | (8) |
| Net increase (decrease) in cash and cash equivalents | (35) | 395 | (4,161) | 346 | 45 |
| Cash and cash equivalents, beginning of year | 1,365 | 10,621 | 10,277 | 2,533 | 3,795 |
| Cash and cash equivalents, end of year | <u>\$ 1,330</u> | <u>\$ 11,016</u> | <u>6,116</u> | <u>\$ 2,879</u> | <u>\$ 3,840</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | |
| Operating income (loss) | \$ 44 | \$ 1,912 | \$ (6,772) | \$ 252 | \$ 460 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | | |
| Depreciation and amortization | 26 | 7,064 | 1,227 | 223 | 20 |
| Decrease (Increase) accounts receivable | - | 1 | 93 | 22 | 3 |
| Decrease (Increase) due from other funds | (17) | 98 | 3 | - | 2 |
| Decrease (Increase) due from other governments | - | 22 | 21 | 26 | - |
| Decrease (Increase) inventories | - | (141) | 308 | (87) | 89 |
| Decrease (Increase) prepaid items and deposits | - | - | - | - | - |
| Increase (Decrease) accounts payable | 1 | 97 | (631) | 35 | (514) |
| Increase (Decrease) due to other funds | (56) | - | 1 | - | - |
| Increase (Decrease) due to other governments | - | 1 | - | - | - |
| Increase (Decrease) other liabilities | - | (57) | - | 25 | - |
| Increase (Decrease) estimated claims liability | - | - | - | - | - |
| Increase (Decrease) salaries and benefits payable | - | 2 | 307 | (7) | 1 |
| Increase (Decrease) compensated absences | (1) | (4) | 428 | (4) | 5 |
| Net cash provided (used) by operating activities | <u>\$ (3)</u> | <u>\$ 8,995</u> | <u>\$ (5,015)</u> | <u>\$ 485</u> | <u>\$ 66</u> |
| Noncash investing, capital, and financing activities: | | | | | |
| Capital lease obligations | | <u>\$ 3,624</u> | <u>\$ 831</u> | | |

| OASIS Project | Risk Management | Temporary Assistance Pool | EDA Facilities Management | Flood Control Equipment | Total | |
|---------------|-----------------|---------------------------|---------------------------|-------------------------|-------------|--|
| \$ 9,555 | \$ 59,549 | \$ 4,171 | \$ 86,679 | \$ 6,655 | \$ 241,321 | Cash flows from operating activities |
| (3,548) | (112,251) | (1,431) | (67,177) | (3,314) | (230,239) | Cash receipts from internal services provided |
| (6,214) | (14,104) | (2,892) | (20,869) | (2,150) | (73,895) | Cash paid to suppliers for goods and services |
| | | | | | | Cash paid to employees for services |
| (207) | (66,806) | (152) | (1,367) | 1,191 | (62,813) | Net cash provided (used) by operating activities |
| - | - | - | - | - | (8) | Cash flows from noncapital financing activities |
| - | 1,488 | - | 500 | - | 6,487 | Advances from other funds |
| (120) | (1,732) | (884) | (380) | - | (5,301) | Transfers received |
| | | | | | | Transfers paid |
| (120) | (244) | (884) | 120 | - | 1,178 | Net cash provided (used) by noncapital financing activities |
| - | - | - | - | 104 | 18 | Cash flows from capital and related financing activities |
| (212) | - | - | 1 | (1,053) | (7,648) | Gain (Loss) on Disposal of Capital Assets |
| (723) | - | - | - | - | (3,000) | Acquisition and construction of capital assets |
| - | 78,596 | - | - | - | 78,627 | Principal paid on capital leases |
| (17) | - | - | - | - | (1,500) | Capital contributions |
| | | | | | | Interest paid on long-term debt |
| (952) | 78,596 | - | 1 | (949) | 66,497 | Net cash provided (used) by capital and related financing activities |
| (3) | (184) | (9) | (10) | (8) | (259) | Cash flows from investing activities |
| | | | | | | Interest received on investments |
| (3) | (184) | (9) | (10) | (8) | (259) | Net cash provided (used) by investing activities |
| (1,282) | 11,362 | (1,045) | (1,256) | 234 | 4,603 | Net increase (decrease) in cash and cash equivalents |
| 5,833 | 172,035 | 2,905 | 7,421 | 7,386 | 224,171 | Cash and cash equivalents, beginning of year |
| \$ 4,551 | \$ 183,397 | \$ 1,860 | \$ 6,165 | \$ 7,620 | \$ 228,774 | Cash and cash equivalents, end of year |
| | | | | | | Reconciliation of operating income (loss) to net cash provided (used) by operating activities |
| \$ (827) | \$ (82,933) | \$ (183) | \$ (2,043) | \$ 247 | \$ (89,843) | Operating income (loss) |
| | | | | | | Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities |
| 981 | 62 | - | 30 | 991 | 10,624 | Depreciation and amortization |
| - | (344) | - | - | 1 | (224) | Decrease (Increase) accounts receivable |
| - | - | - | 5 | (3) | 88 | Decrease (Increase) due from other funds |
| - | 3 | 16 | 710 | 4 | 802 | Decrease (Increase) due from other governments |
| - | - | - | (23) | (3) | 143 | Decrease (Increase) inventories |
| - | 75 | - | 4 | - | 79 | Decrease (Increase) prepaid items and deposits |
| (361) | 15,801 | 6 | (69) | 63 | 14,428 | Increase (Decrease) accounts payable |
| - | - | 1 | - | 35 | (19) | Increase (Decrease) due to other funds |
| - | - | - | - | (51) | (50) | Increase (Decrease) due to other governments |
| - | - | - | 231 | - | 199 | Increase (Decrease) other liabilities |
| - | 481 | - | - | - | 481 | Increase (Decrease) estimated claims liability |
| (34) | 31 | (21) | (118) | (74) | 87 | Increase (Decrease) salaries and benefits payable |
| 34 | 18 | 29 | (94) | (19) | 392 | Increase (Decrease) compensated absences |
| \$ (207) | \$ (66,806) | \$ (152) | \$ (1,367) | \$ 1,191 | \$ (62,813) | Net cash provided (used) by operating activities |
| | | | | | | Noncash investing, capital, and financing activities: |
| \$ 149 | | | | \$ 4,604 | | Capital lease obligations |



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COUNTY OF RIVERSIDE

FIDUCIARY FUNDS

These funds were established for the purpose of accounting for assets held in trustee or agency capacity for others and therefore cannot be used to support the government's own programs and are excluded from the government-wide financial statements.

OTHER

This fund was established to account for a wide array of fiduciary responsibilities. Some of these responsibilities include tax payments clearing, asset forfeiture, State Controller clearing, child support collections, undistributed bond proceeds, and family support clearing.

PAYROLL DEDUCTIONS

The purpose of this fund is to collect deductions from employee wages. The deductions are owed to a variety of third parties for health insurance, union dues, unemployment insurance, withholding tax, flexible spending accounts, and dental insurance.

PROPERTY TAX ASSESSMENTS

The Property Tax Assessment Agency Fund was set up to help Riverside County account for apportioned taxes clearing, delinquent mobile home fees, property tax refunds, special assessments, and Teeter Plan collections.

WARRANTS

This fund was established as a clearing fund for various categories of warrants issued by Riverside County.

COUNTY OF RIVERSIDE
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013
(Dollars in Thousands)

| | Other | Payroll Deductions | Property Tax Assessments | Warrants | Total |
|-------------------------------|------------------|-----------------------|-----------------------------|------------------|-------------------|
| ASSETS: | | | | | |
| Cash and investments | \$ 87,556 | \$ 11,123 | \$ 76,342 | \$ 51,752 | \$ 226,773 |
| Accounts receivable | 47 | - | - | - | 47 |
| Interest receivable | 25 | - | 13 | - | 38 |
| Taxes receivable | 68 | - | 36,065 | - | 36,133 |
| Due from other governments | 350 | - | - | - | 350 |
| Total assets | <u>\$ 88,046</u> | <u>\$ 11,123</u> | <u>\$ 112,420</u> | <u>\$ 51,752</u> | <u>\$ 263,341</u> |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 69,087 | \$ 11,123 | \$ 599 | \$ 51,752 | \$ 132,561 |
| Salaries and benefits payable | 6 | - | - | - | 6 |
| Due to other governments | 18,953 | - | 111,821 | - | 130,774 |
| Total liabilities | <u>\$ 88,046</u> | <u>\$ 11,123</u> | <u>\$ 112,420</u> | <u>\$ 51,752</u> | <u>\$ 263,341</u> |

COUNTY OF RIVERSIDE

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2013

(Dollars in Thousands)

| Other | Balance July 1, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| <u>Assets</u> | | | | |
| Cash and investments | \$ 92,521 | \$ 4,426,334 | \$ 4,431,299 | \$ 87,556 |
| Accounts receivable | - | 3,791 | 3,744 | 47 |
| Interest receivable | 4 | 39 | 18 | 25 |
| Taxes receivable | 70 | 68 | 70 | 68 |
| Due from other governments | 330 | 350 | 330 | 350 |
| Total assets | <u>\$ 92,925</u> | <u>\$ 4,430,582</u> | <u>\$ 4,435,461</u> | <u>\$ 88,046</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 73,816 | \$ 610,393 | \$ 615,122 | \$ 69,087 |
| Salaries and benefits payable | 6 | 9 | 9 | 6 |
| Due to other governments | 19,103 | 3,819,304 | 3,819,454 | 18,953 |
| Total liabilities | <u>\$ 92,925</u> | <u>\$ 4,429,706</u> | <u>\$ 4,434,585</u> | <u>\$ 88,046</u> |
| <u>Payroll Deductions</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 11,189 | \$ 1,785,154 | \$ 1,785,220 | \$ 11,123 |
| Due from other governments | 4 | - | 4 | - |
| Total assets | <u>\$ 11,193</u> | <u>\$ 1,785,154</u> | <u>\$ 1,785,224</u> | <u>\$ 11,123</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 11,193 | \$ 1,267,857 | \$ 1,267,927 | \$ 11,123 |
| Total liabilities | <u>\$ 11,193</u> | <u>\$ 1,267,857</u> | <u>\$ 1,267,927</u> | <u>\$ 11,123</u> |
| <u>Property Tax Assessments</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 89,377 | \$ 4,487,245 | \$ 4,500,280 | \$ 76,342 |
| Interest receivable | 39 | 13 | 39 | 13 |
| Taxes receivable | 45,132 | 45,133 | 54,200 | 36,065 |
| Total assets | <u>\$ 134,548</u> | <u>\$ 4,532,391</u> | <u>\$ 4,554,519</u> | <u>\$ 112,420</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 590 | \$ 293,524 | \$ 293,515 | \$ 599 |
| Due to other governments | 133,958 | 4,391,438 | 4,413,575 | 111,821 |
| Total liabilities | <u>\$ 134,548</u> | <u>\$ 4,684,962</u> | <u>\$ 4,707,090</u> | <u>\$ 112,420</u> |

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

| Warrants | Balance July 1, 2012 | Additions | Deductions | Balance June 30, 2013 |
|-------------------------------|-------------------------|----------------------|----------------------|--------------------------|
| <u>Assets</u> | | | | |
| Cash and investments | \$ 49,881 | \$ 10,471,093 | \$ 10,469,222 | \$ 51,752 |
| Interest receivable | - | - | - | - |
| Total assets | <u>\$ 49,881</u> | <u>\$ 10,471,093</u> | <u>\$ 10,469,222</u> | <u>\$ 51,752</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 49,881 | \$ 5,771,375 | \$ 5,769,504 | \$ 51,752 |
| Total liabilities | <u>\$ 49,881</u> | <u>\$ 5,771,375</u> | <u>\$ 5,769,504</u> | <u>\$ 51,752</u> |
| <u>Total Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$ 242,968 | \$ 21,169,826 | \$ 21,186,021 | \$ 226,773 |
| Accounts receivable | - | 3,791 | 3,744 | 47 |
| Interest receivable | 43 | 52 | 57 | 38 |
| Taxes receivable | 45,202 | 45,201 | 54,270 | 36,133 |
| Due from other governments | 334 | 350 | 334 | 350 |
| Total assets | <u>\$ 288,547</u> | <u>\$ 21,219,220</u> | <u>\$ 21,244,426</u> | <u>\$ 263,341</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 135,480 | \$ 7,943,149 | \$ 7,946,068 | \$ 132,561 |
| Salaries and benefits payable | 6 | 9 | 9 | 6 |
| Due to other governments | 153,061 | 8,210,742 | 8,233,029 | 130,774 |
| Total liabilities | <u>\$ 288,547</u> | <u>\$ 16,153,900</u> | <u>\$ 16,179,106</u> | <u>\$ 263,341</u> |

Statistical Section

This section of the Riverside County Comprehensive Annual Financial Report presents additional detail, historical perspective, and context to assist annual financial report users in understanding the financial statements, note disclosures, required supplementary information, and assessing the County's financial condition.

Contents

Table(s)

Financial Trends Information

T1 – T5

These tables contain trend information to assist readers in understanding and assessing how the County's financial position has changed over time.

- Net Position by Component
- Changes in Net Position
- Governmental Activities Tax Revenues by Source
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity Information

T6 – T10

These tables contain information to assist readers in understanding and assessing the factors affecting the County's local revenue sources, property tax, sales tax, and other taxes.

- General Government Tax Revenues by Source
- Assessed Value and Estimated Actual Value of Taxable Property
- Property Tax Rates, Direct and Overlapping Governments
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity Information

T11 – T15

These tables contain information to assist readers in understanding and assessing the County's current level of outstanding debt, and the County's ability to issue additional debt.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information
- Pledged-Revenue Coverage

Economic and Demographic Information

T16 – T17

These tables provide economic and demographic information to assist readers in understanding the socioeconomic environment within which the County operates, and to facilitate the comparisons of financial information over time.

- Demographic and Economic Statistics
- Principal Employers

Operating Information

T18 – T20

These tables provide contextual information about the County's operations and resources to assist readers in understanding and assessing the County's financial condition as it relates to the services that the County provides.

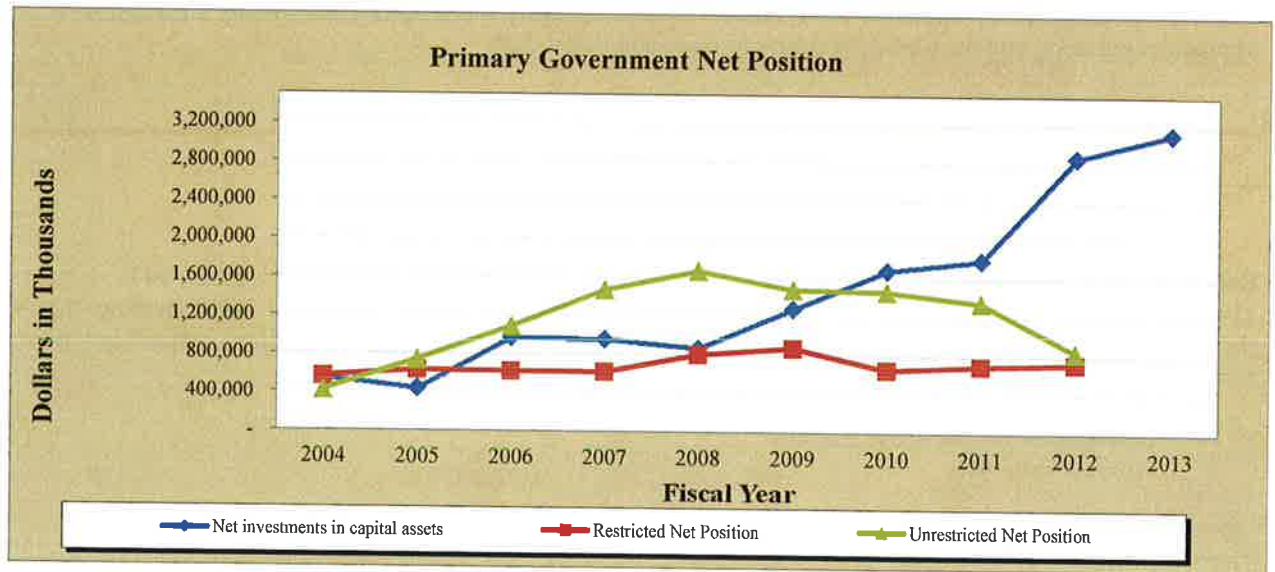
- Full-time Equivalent County Government Employees by Function/Program
- Operating Indicators by Function
- Capital Asset Statistics by Function

Source: Unless otherwise noted, the information in these tables is derived from Riverside County's Comprehensive Annual Financial Reports for the relevant years. The County implemented GASB Statement No. 34 in fiscal year 2001-02. Statistical Tables present information for the last eight years beginning with the first year after GASB Statement No. 34 implementation.

Table 1

COUNTY OF RIVERSIDE
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2013

| | 2013 | 2012 | 2011 | Fiscal Year ending June 30th | |
|--|---------------------|---------------------|---------------------|------------------------------|---------------------|
| | | | | 2010 | 2009 |
| Governmental Activities | | | | | |
| Net investments in capital assets | \$ 2,998,987 | \$ 2,740,429 | \$ 1,687,128 | \$ 1,594,275 | \$ 1,204,971 |
| Restricted | 550,326 | 683,835 | 656,347 | 604,942 | 824,139 |
| Unrestricted | 771,883 | 851,269 | 1,295,657 | 1,395,141 | 1,402,813 |
| Governmental activities, total net position | <u>\$ 4,321,196</u> | <u>\$ 4,275,533</u> | <u>\$ 3,639,132</u> | <u>\$ 3,594,358</u> | <u>\$ 3,431,923</u> |
| Business-type Activities | | | | | |
| Net investments in capital assets | \$ 118,594 | \$ 130,510 | \$ 113,489 | \$ 96,901 | \$ 81,512 |
| Restricted | 94,346 | 41,103 | 43,086 | 50,386 | 52,502 |
| Unrestricted | 88,852 | (5,456) | 59,550 | 72,397 | 80,238 |
| Business-type activities, total net position | <u>\$ 301,792</u> | <u>\$ 166,157</u> | <u>\$ 216,125</u> | <u>\$ 219,684</u> | <u>\$ 214,252</u> |
| Primary Government | | | | | |
| Net investments in capital assets | \$ 3,117,581 | \$ 2,870,939 | \$ 1,800,617 | \$ 1,691,176 | \$ 1,286,483 |
| Restricted | 644,672 | 724,938 | 699,433 | 655,328 | 876,641 |
| Unrestricted | 860,735 | 845,813 | 1,355,207 | 1,467,538 | 1,483,051 |
| Primary government, total net position | <u>\$ 4,622,988</u> | <u>\$ 4,441,690</u> | <u>\$ 3,855,257</u> | <u>\$ 3,814,042</u> | <u>\$ 3,646,175</u> |



Source: Auditor-Controller, County of Riverside

Table 1

| 2008 | 2007 | 2006 | 2005 | 2004 | |
|---------------------|---------------------|---------------------|---------------------|---------------------|--|
| | | | | | Governmental Activities |
| \$ 802,981 | \$ 903,076 | \$ 930,800 | \$ 407,762 | \$ 524,624 | Net investments in capital assets |
| 769,368 | 569,477 | 582,037 | 584,441 | 521,143 | Restricted |
| 1,572,150 | 1,370,350 | 999,992 | 671,917 | 387,007 | Unrestricted |
| <u>\$ 3,144,499</u> | <u>\$ 2,842,903</u> | <u>\$ 2,512,829</u> | <u>\$ 1,664,120</u> | <u>\$ 1,432,774</u> | Governmental activities, total net position |
| | | | | | Business-type Activities |
| \$ 69,441 | \$ 53,321 | \$ 40,986 | \$ 29,583 | \$ 25,102 | Net investments in capital assets |
| 36,074 | 50,629 | 41,287 | 45,362 | 43,232 | Restricted |
| 101,683 | 100,567 | 85,971 | 67,502 | 31,602 | Unrestricted |
| <u>\$ 207,198</u> | <u>\$ 204,517</u> | <u>\$ 168,244</u> | <u>\$ 142,447</u> | <u>\$ 99,936</u> | Business-type activities, total net position |
| | | | | | Primary Government |
| \$ 872,422 | \$ 956,397 | \$ 971,786 | \$ 437,345 | \$ 549,726 | Net investments in capital assets |
| 805,442 | 620,106 | 623,324 | 629,803 | 564,375 | Restricted |
| 1,673,833 | 1,470,917 | 1,085,963 | 739,419 | 418,609 | Unrestricted |
| <u>\$ 3,351,697</u> | <u>\$ 3,047,420</u> | <u>\$ 2,681,073</u> | <u>\$ 1,806,567</u> | <u>\$ 1,532,710</u> | Primary government, total net position |

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
as of June 30, 2013

| | Fiscal Year Ending June 30th | | | | |
|---|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 138,851 | \$ 147,510 | \$ 159,570 | \$ 140,723 | \$ 143,644 |
| Public protection | 339,379 | 316,778 | 326,237 | 331,162 | 311,565 |
| Other activities | 110,231 | 116,509 | 105,931 | 95,438 | 100,819 |
| Operating grants and contributions | 1,503,390 | 1,447,694 | 1,393,016 | 1,384,791 | 1,344,611 |
| Capital grants and contributions | 27,695 | 27,909 | 32,114 | 31,112 | 29,771 |
| Governmental activities program revenues | <u>2,119,546</u> | <u>2,056,400</u> | <u>2,016,868</u> | <u>1,983,226</u> | <u>1,930,410</u> |
| Business-type Activities: | | | | | |
| Charges for services: | | | | | |
| Regional Medical Center | 450,340 | 371,827 | 386,533 | 367,273 | 360,584 |
| Other activities | 150,407 | 133,838 | 140,327 | 134,257 | 139,206 |
| Capital grants and contributions | 698 | 335 | - | 1,165 | 310 |
| Business-type activities program revenues | <u>601,445</u> | <u>506,000</u> | <u>526,860</u> | <u>502,695</u> | <u>500,100</u> |
| Primary government program revenues | <u>2,720,991</u> | <u>2,562,400</u> | <u>2,543,728</u> | <u>2,485,921</u> | <u>2,430,510</u> |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General government | 194,641 | 270,474 | 298,032 | 323,949 | 285,393 |
| Public protection | 1,065,373 | 1,047,202 | 1,021,288 | 1,062,213 | 1,095,587 |
| Public ways and facilities | 89,469 | 84,797 | 87,424 | 31,024 | 31,283 |
| Health and sanitation | 422,982 | 374,950 | 369,984 | 347,634 | 392,945 |
| Public assistance | 807,611 | 827,092 | 907,202 | 820,637 | 770,484 |
| Education | 18,998 | 10,376 | 15,816 | 19,866 | 15,954 |
| Recreation and cultural services | 12,274 | 15,806 | 9,364 | 12,206 | 6,039 |
| Interest on long-term debt | 29,453 | 39,098 | 88,998 | 80,754 | 89,741 |
| Governmental activities expenses | <u>2,640,801</u> | <u>2,669,795</u> | <u>2,798,108</u> | <u>2,698,283</u> | <u>2,687,426</u> |
| Business-type Activities: | | | | | |
| Regional Medical Center | 473,916 | 417,074 | 401,120 | 389,991 | 379,278 |
| Waste Management Department | 53,069 | 57,272 | 56,688 | 49,956 | 61,116 |
| Housing Authority | 90,678 | 91,469 | 86,027 | 81,426 | 81,139 |
| Flood Control | 2,472 | 2,306 | 3,711 | 3,233 | 3,816 |
| County service areas | 459 | 456 | 383 | 454 | 457 |
| Business-type activities expenses | <u>620,594</u> | <u>568,577</u> | <u>547,929</u> | <u>525,060</u> | <u>525,806</u> |
| Primary government expenses | <u>3,261,395</u> | <u>3,238,372</u> | <u>3,346,037</u> | <u>3,223,343</u> | <u>3,213,232</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | (521,255) | (613,395) | (781,240) | (715,057) | (757,016) |
| Business-type activities | (19,149) | (62,577) | (21,069) | (22,365) | (25,706) |
| Primary government, net (expense) / revenue | <u>\$ (540,404)</u> | <u>\$ (675,972)</u> | <u>\$ (802,309)</u> | <u>\$ (737,422)</u> | <u>\$ (782,722)</u> |

Source: Auditor-Controller, County of Riverside

Table 2

| 2008 | 2007 | 2006 | 2005 | 2004 | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---|
| | | | | | Program Revenues |
| | | | | | Governmental Activities: |
| | | | | | Charges for services: |
| \$ 171,403 | \$ 171,070 | \$ 174,781 | \$ 125,937 | \$ 105,248 | General government |
| 316,719 | 307,288 | 286,877 | 235,873 | 237,681 | Public protection |
| 123,483 | 130,837 | 113,413 | 97,182 | 93,100 | Other activities |
| 1,315,716 | 1,210,941 | 1,100,674 | 983,290 | 1,086,456 | Operating grants and contributions |
| 25,333 | 48,186 | 31,001 | 64,252 | 33,041 | Capital grants and contributions |
| <u>1,952,654</u> | <u>1,868,322</u> | <u>1,706,746</u> | <u>1,506,534</u> | <u>1,555,526</u> | Governmental activities program revenues |
| | | | | | Business-type Activities: |
| | | | | | Charges for services: |
| 333,414 | 337,905 | 330,125 | 354,510 | 266,484 | Regional Medical Center |
| 146,065 | 137,706 | 135,266 | 125,945 | 118,544 | Other activities |
| 306 | 261 | 227 | - | 125 | Capital grants and contributions |
| <u>479,785</u> | <u>475,872</u> | <u>465,618</u> | <u>480,455</u> | <u>385,153</u> | Business-type activities program revenues |
| <u>2,432,439</u> | <u>2,344,194</u> | <u>2,172,364</u> | <u>1,986,989</u> | <u>1,940,679</u> | Primary government program revenues |
| | | | | | Expenses |
| | | | | | Governmental Activities: |
| | | | | | General government |
| 331,741 | 296,917 | 259,993 | 187,911 | 232,322 | Public protection |
| 1,122,370 | 935,550 | 801,044 | 792,287 | 710,053 | Public ways and facilities |
| 20,558 | 57,578 | 61,443 | 79,649 | 93,529 | Health and sanitation |
| 330,206 | 350,082 | 350,451 | 290,001 | 376,338 | Public assistance |
| 752,779 | 688,213 | 634,522 | 552,298 | 590,719 | Education |
| 17,977 | 14,847 | 11,168 | 10,112 | 10,280 | Recreation and cultural services |
| 12,457 | 11,941 | 7,188 | 8,617 | 9,666 | Interest on long-term debt |
| 96,173 | 81,197 | 75,721 | 48,717 | 29,890 | |
| <u>2,684,261</u> | <u>2,436,325</u> | <u>2,201,530</u> | <u>1,969,592</u> | <u>2,052,797</u> | Governmental activities expenses |
| | | | | | Business-type Activities: |
| 353,481 | 329,128 | 290,962 | 356,255 | 296,227 | Regional Medical Center |
| 64,538 | 60,772 | 66,453 | 55,563 | 40,056 | Waste Management Department |
| 74,252 | 70,218 | 62,909 | 62,206 | 61,599 | Housing Authority |
| 5,201 | 6,242 | 5,705 | 4,928 | 4,318 | Flood Control |
| 343 | 329 | 285 | 320 | 329 | County service areas |
| <u>497,815</u> | <u>466,689</u> | <u>426,314</u> | <u>479,272</u> | <u>402,529</u> | Business-type activities expenses |
| <u>3,182,076</u> | <u>2,903,014</u> | <u>2,627,844</u> | <u>2,448,864</u> | <u>2,455,326</u> | Primary government expenses |
| | | | | | Net (expense)/revenue |
| (731,607) | (568,003) | (494,784) | (463,058) | (497,271) | Governmental activities |
| (18,030) | 9,183 | 39,304 | 1,183 | (17,376) | Business-type activities |
| <u>\$ (749,637)</u> | <u>\$ (558,820)</u> | <u>\$ (455,480)</u> | <u>\$ (461,875)</u> | <u>\$ (514,647)</u> | Primary government, net (expense) / revenue |

Continued

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2013

| | Fiscal Year Ending June 30th | | | | |
|---|------------------------------|------------------|------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Continued: | | | | | |
| Primary government, net (expense) / revenue | \$ (540,404) | \$ (675,972) | \$ (802,309) | \$ (737,422) | \$ (782,722) |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental Activities: | | | | | |
| Taxes: | | | | | |
| Property taxes | 277,417 | 322,337 | 367,867 | 440,282 | 506,222 |
| Sales tax and use tax | 29,751 | 26,744 | 45,489 | 36,289 | 47,683 |
| Other taxes | 37,883 | 6,715 | 9,004 | 8,610 | 13,771 |
| Intergovernmental revenue - not restricted to programs: | | | | | |
| Unrestricted intergovernmental revenue | 220,811 | 226,384 | 235,153 | 246,493 | 273,825 |
| Fines, forfeitures, and penalties | - | - | - | - | - |
| Investment earnings | 2,035 | 11,801 | 19,494 | 29,026 | 87,041 |
| Proceeds on sale of capital assets | - | - | - | - | - |
| Other | 168,454 | 169,398 | 142,966 | 91,044 | 121,880 |
| Transfers | (1,049) | (11,702) | (10,355) | (17,436) | (25,713) |
| Governmental activities | <u>735,302</u> | <u>751,677</u> | <u>809,618</u> | <u>834,308</u> | <u>1,024,709</u> |
| Business-type Activities: | | | | | |
| Investment earnings | (33) | 907 | 538 | 1,442 | 6,142 |
| Gain on sale of capital assets | - | - | - | - | - |
| Other | - | - | 6,617 | - | - |
| Transfers | 1,049 | 11,702 | 10,355 | 17,436 | 25,713 |
| Business-type activities | <u>1,016</u> | <u>12,609</u> | <u>17,510</u> | <u>18,878</u> | <u>31,855</u> |
| Total primary government | <u>736,318</u> | <u>764,286</u> | <u>827,128</u> | <u>853,186</u> | <u>1,056,564</u> |
| Change in net position | | | | | |
| Governmental activities | 214,047 | 138,282 | 28,378 | 119,251 | 267,693 |
| Business-type activities | (18,133) | (49,968) | (3,559) | (3,487) | 6,149 |
| Primary government change in net position | <u>\$ 195,914</u> | <u>\$ 88,314</u> | <u>\$ 24,819</u> | <u>\$ 115,764</u> | <u>\$ 273,842</u> |