

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

4429



**FROM:** Auditor-Controller

**SUBMITTAL DATE:**  
January 13, 2016

**SUBJECT:** Fiscal Year 2014-15 Comprehensive Annual Financial Report (CAFR), Popular Annual Financial Report (Financial Highlights), Management Letter, and Report on Statement on Auditing Standards (SAS) 114 *The Auditors' Communication with those Charged with Governance*. [All Districts]; [\$0].

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Receive and file the attached Comprehensive Annual Financial Report, Financial Highlights, Management Letter, and Report on SAS 114 for the fiscal year ended June 30, 2015

**BACKGROUND:**

**Summary**

The County's CAFR is hereby submitted in accordance with Section 25253 of the Government Code of the State of California.

Paul Angulo, CFA, MA  
County Auditor-Controller

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input checked="" type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

**SOURCE OF FUNDS:**

Budget Adjustment: No

For Fiscal Year: 2015

**C.E.O. RECOMMENDATION:**

APPROVE

BY:   
Samuel Wong

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Ashley, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
Nays: None  
Absent: None  
Date: January 26, 2016  
xc: Auditor

Kecia Harper-Ihem  
Clerk of the Board

By:   
Deputy

Prev. Agn. Ref.:

District: All

Agenda Number:

**2-2**

Departmental Concurrence

A-30 ☐ Positions Added ☐ Change Order ☐  
4/5 Vote ☐

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA  
FORM 11: Fiscal Year 2014-15 Comprehensive Annual Financial Report (CAFR), Popular Annual  
Financial Report (Financial Highlights), Management Letter, and Report on Statement on Auditing  
Standards (SAS) 114 The Auditors' Communication with those Charged with Governance. [All  
Districts]; [\$0].**

**DATE: January 13, 2016**

**PAGE: 2 of 2**

**BACKGROUND:**

**Summary (continued)**

The Financial Highlights provides a 22-page recap of the County's financial information in an easy-to-read format. The financial information contained in this publication is derived from the County's 225 pages CAFR for Fiscal Year 2014-15.

The Management Letter is issued in accordance with Statement on Auditing Standard (SAS) 112, *Communicating Internal Control Related Matters Identified in an Audit*. It establishes a requirement to our external auditors to communicate with those matters related to the County's internal control over financial reporting identified in an audit of financial statements. The attached Management Letter discloses those matters to the County's Board of Supervisors.

The Report on SAS 114 establishes a requirement for the external auditors to communicate with those charged with governance certain significant matters related to the audit. SAS 114 uses the term *those charged with governance* to refer to those with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity, including overseeing the entity's financial reporting process. The attached Report on SAS 114 discloses those matters to the County's Board of Supervisors.

**Impact on Citizens and Businesses**

There is no impact on Citizens and Businesses. The items provided are for informational purposes only.

**Attachments:**

- A. Comprehensive Annual Financial Report
- B. Popular Annual Financial Report
- C. Management Letter
- D. SAS 114 Report

**COUNTY OF RIVERSIDE,  
CALIFORNIA**

**MANAGEMENT LETTER  
JUNE 30, 2015**

**BROWN  
ARMSTRONG**

**CERTIFIED  
PUBLIC  
ACCOUNTANTS**

## BROWN ARMSTRONG

*Certified Public Accountants*

To the Honorable Board of Supervisors  
County of Riverside, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Riverside, California (the County) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control finding **2015-001** described below to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control finding **2015-002** to be a significant deficiency.

### Current Year Management Letter Findings

#### Finding 2015-001 – Missing Post-Closure and Remediation Liability

##### **Condition:**

The Waste Resources Department (the Department) did not properly record the post-closure liability and remediation liability for 26 inactive sites in the prior or current year.

##### **Criteria:**

Post-closure liabilities and remediation liabilities should be recorded in the year that they are recognizable.

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



**Cause of Condition:**

The amount of liability was just recently quantified and was not historically reported in past audited financial statements.

**Effect of Condition:**

There is a risk of material misstatements in the financial statements if there is no proper reconciliation between the third party engineer's report and the financial statements.

**Recommendation:**

We recommend that the post-closure and remediation liabilities reflect the liability estimated by the Department.

**Management Response:**

Department management agrees with the auditor's comments. The 26 landfill sites referred to in this finding fall outside of the State of California's regulatory financial assurance requirements. While the Department has always been aware that there is liability associated with these sites, the amount of liability was not quantified until recently by a third party consultant and staff engineers. The Department apprised the auditor of these liabilities during the audit cycle. In the future, the Department will record the post-closure and remediation liabilities of these sites and adjust accordingly by Consumer Price Index.

**Finding 2015-002 – Information Technology (IT) Finding****Condition:**

The County does not currently have a process in place to regularly review user access accounts and permissions within the PeopleSoft systems. Also it was noted during our review of the termination procedures that the County does not consistently follow the documentation procedure for requesting and documenting the completion of the termination actions for non-PeopleSoft systems such as database and operating system accounts. Lastly, during our examination of the password requirement settings within PeopleSoft Financials and Human Resources Management System (HRMS), Oracle Database for PeopleSoft Financials and HRMS, and the AIX operating systems, it was noted that they are not in line with the Password Policy as stated in the County's "Information Security Standard" document.

**Criteria:**

The County should have a process in place to regularly review user access accounts and permissions within PeopleSoft. The process for removing user accounts for terminated employees for non-PeopleSoft user accounts should be consistently followed. Password requirements for PeopleSoft, Oracle Database, and AIX should be configured to match the password policy defined in the "Information Security Standard."

**Cause of Condition:**

Periodic user access reviews for PeopleSoft systems are not performed. The process for removing user accounts for terminated employees for non-PeopleSoft user accounts (e.g., Database or operating system accounts) is not consistently followed. Password requirements for PeopleSoft, Oracle Database, and AIX are not configured to match the password policy defined in the "Information Security Standard."

**Effect of Condition:**

The lack of periodic user access reviews increases the risk that user accounts may have access to system functions that are not commensurate with their current job responsibilities and unneeded or unauthorized user accounts are not identified and removed or disabled on a timely basis. Terminated employees could have unauthorized access to the non-PeopleSoft user accounts without a consistently application of the process to remove user accounts for terminated employees. Certain passwords are not up to the standards of the policy and unauthorized user may be able to access the programs. The combination of these conditions could have a negative impact on the effectiveness of the logical security in place at the County.

**Recommendation:**

Firstly, it is recommended that the County implement regularly scheduled (on an annual basis, at a minimum) reviews of PeopleSoft user accounts and their associated permissions to ensure that no unneeded or unauthorized user accounts exist, and that the permissions assigned within the systems are appropriate for the individuals job responsibilities. It is recommended that the reviewer compare the active user accounts with an official employee roster provided by the Human Resources or payroll department. All user access permissions should be reviewed by the department head responsible for the function to determine if access is appropriate. All generic, system, and/or service type accounts should be included in the review. If the review is performed by County IT staff members, they may wish to work with individual departments during this process to ensure that they are aware of current employee lists and job positions, if deemed necessary. All access permission changes and removal of user accounts should follow the appropriate procedures and documentation should be provided to Security Administrators to make the identified change(s). Secondly, it is recommended that the County reinforce the termination procedure with all security administrators and ensure that user access rights removal and/or disabling processes including appropriate documentation evidence is taking place within a reasonable timeframe. Lastly, it is recommended that the County examine and revise where appropriate the password configuration for its critical financial applications and the Password Policy within the "Information Security Standard" document to ensure that strong password requirements have been implemented.

**Management Response:**

*The County does not currently have a process in place to regularly review user access accounts and permissions within the PeopleSoft systems.*

Implementing according to policy for areas found to exceed or fall short of stated requirements.

County IT has a procedure to produce a bi-annual PeopleSoft user security audit. We will re-engage that process.

*Also it was noted during our review of the termination procedures that the County does not consistently follow the documentation procedure for requesting and documenting the completion of the termination actions for non-PeopleSoft systems such as database and operating system accounts.*

**Subsection 4.1 of the Riverside County Information Security Standard states:**

"Accounts no longer necessary for business shall be disabled or removed in a timely fashion."  
and,

"Accounts for terminated or transferred employees shall be disabled or removed on the day of termination or transfer."

In regards to the employee termination examined in the audit, this process was followed per the security standard. The policy does not state that an official documentation stream is a requirement. Due to the urgency of this particular case, most communication occurred at the verbal level in order to quickly secure the environment.

Upon locking down the user's personal VPN and Active Directory accounts the day and time of the termination, Request for Change (CR)-10637 was created to request and track all service level account password changes in the PeopleSoft environment, which occurred that evening and over the next few days. An email notification was sent by the CR upon resolution. In addition to the CR, all changes were tracked and documented in a separate spreadsheet as to the progress of the change.

County IT will update the Information Security Standard document to incorporate a documentation procedure for requesting and documenting the completion of a termination action and implement the procedure.

*Lastly, during our examination of the password requirement settings within PeopleSoft Financials and Human Resources Management System (HRMS), Oracle Database for PeopleSoft Financials and HRMS, and the AIX operating systems, it was noted that they are not in line with the Password Policy as stated in the County's "Information Security Standard" document.*

Implementing according to policy for areas found to exceed or fall short of stated requirements.

Change control system (STAT) Customer Service Requests (CSRs), BASE Service Request (BSE)-267, Help Desk Ticket (HD)-12220 and HD-12221 have been created and will update password controls in all PeopleSoft production environments.

### **Status of Prior Year Management Letter Findings**

#### **Finding 2014-001 - Bond Payable Missed Principle Payment**

##### **Condition:**

While performing test work over bonds payable, we noted the Pension Obligation Bond 2005 A Series outstanding bond balance was not properly reduced for a current year principal payment of \$12.3 million.

##### **Criteria:**

The outstanding bond payable should be properly reduced for current year bond principle payments.

##### **Cause of Condition:**

There was a formula error in the bond roll-forward schedule and there was no proper review of the bond roll-forward or financial statements footnotes.

##### **Effect of Condition:**

There is a risk of more material errors in the financial statements if there is no proper review of the bond roll-forward and financial statements footnotes.

##### **Recommendation:**

We recommend that management review the bond roll-forward and the bond financial statement footnote to verify that all principal payments have been properly applied to the outstanding bond balances.

##### **Management Response:**

Management will work with the Executive Office to ensure that all amortization schedules are up to date and verify that the principal payments match with the bond roll forward schedules.

##### **Status of Prior Year Finding:**

Implemented.

\*\*\*\*\*

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
December 22, 2015

BROWN  
ARMSTRONG

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ACCOUNTANTS

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Certified Public Accountants

# BROWN ARMSTRONG

*Certified Public Accountants*

To the Honorable Board of Supervisors  
County of Riverside, California

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Riverside, California, (the County) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2015. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. The County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, during the fiscal year ended June 30, 2015. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

We evaluated management's estimates of the net pension liabilities and related deferred outflows and inflows which are based on actuarial reports prepared and provided by an independent third party. We also evaluated management's estimate in establishing allowances for accounts receivable, estimating date of collection to comply with period of availability for certain revenues, establishing self-insurance reserves, estimating closure/post-closure care costs, establishing the other post-employment benefit obligation, depreciation, and valuations of certain infrastructure. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

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

- The disclosure of restatement of Beginning Fund Balances/Net Position in Note 3 to the financial statements.
- The disclosure of Commitments and Contingencies in Note 23 to the financial statements.
- The disclosure of Subsequent Events in Note 20 to the financial statements.
- The disclosure of Self-Insurance in Note 17 to the financial statements.
- The disclosure of the Net Pension Liability in Note 20.
- The disclosure of the Landfill Closure and Post-Closure Care Costs in Note 10.
- The disclosure of the Post-Employment Benefits Other Than Pensions in Note 22.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes audit adjustments that, in our judgment, indicate matters that could have a significant effect on the County's financial reporting.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 22, 2015.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### **Other Matters**

We applied certain limited procedures to Management's Discussion and Analysis, the County's Retirement Plans Schedules, and Schedules of Funding Progress for the County's Other Post-Employment Benefit Plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally

accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Introductory Section and Statistical Section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

**Restriction on Use**

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
December 22, 2015

Client: **County of Riverside**  
Engagement: **County of Riverside**  
Period Ending: **6/30/2015**  
Workpaper: **Corrected audit adjusting journal entries**

Account	Description	Debit	Credit
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**Adjusting Journal Entries JE # 1**

To fix the closure, post-closure liability as it was incorrectly recorded

Dr	Closure Costs - Non-Current	\$ 8,821,776	
Dr.	Unrestricted Net Position	34,909,728	
Dr.	Site Closure	110,751	
Cr.	Site Closure		\$ 5,985,465
Cr	Post-Closure Costs - Non-Current		34,110,517
Cr.	Remediation Costs - Non-Current		3,746,273
<b>Total</b>		<b>\$ 43,842,255</b>	<b>\$ 43,842,255</b>





RIVERSIDE COUNTY FAIR AND NATIONAL DATE FESTIVAL

*COUNTY OF RIVERSIDE, CALIFORNIA*

*POPULAR ANNUAL FINANCIAL REPORT*

*FISCAL YEAR ENDED JUNE 30, 2015*

*PAUL ANGULO, CPA, MA  
COUNTY AUDITOR-CONTROLLER*



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## *A message from your* **AUDITOR-CONTROLLER**

Dear Fellow Citizens,

As Riverside County's Auditor-Controller, I am honored to serve as the County's top fiscal officer. Under my leadership, we have set a higher standard of performance, and I am pleased to report that we have achieved great results.

This publication of the Popular Annual Financial Report better known as *Financial Highlights* is designed to provide readers with an easy to understand summary of the County's activities and related information. The financial information in this report is unaudited, and it is presented in a non-GAAP (Generally Accepted Accounting Principles) basis. This report does not include information on discretely presented component units, fiduciary funds, nor does it contain the lengthy note disclosures. The information for this report is drawn exclusively from the County's primary financial report known as the *Comprehensive Annual Financial Report* (CAFR). Both reports provide results for the fiscal year ended June 30, 2015.



The CAFR is independently audited by Brown Armstrong Accountancy Corporation and is prepared in conformity with GAAP. The CAFR also provides extensive information about county activities.

Both the *Comprehensive Annual Financial Report* and *Financial Highlights* are available at my office and online at [www.auditorcontroller.org](http://www.auditorcontroller.org). We welcome your questions and comments regarding the data contained in these report.

Respectfully,

Paul Angulo, CPA, MA  
Riverside County Auditor-Controller

### **Fraud, Waste, and Abuse Program**

As part of our role in the stewardship and oversight of public funds, our office initiated a countywide fraud, waste, and abuse prevention program in 2009, known as **Riverside County Fraud Hotline**. The program provides employees and citizens with easy and anonymous ways to participate in helping the County protect its financial resources, as well as identify potential fraud, waste and abuse.

Incident reports can be made 24-hours a day, 365 days per year by phone (800) 461-9330 or via Auditor-Controller website [www.rivcofraudhotline.com](http://www.rivcofraudhotline.com).

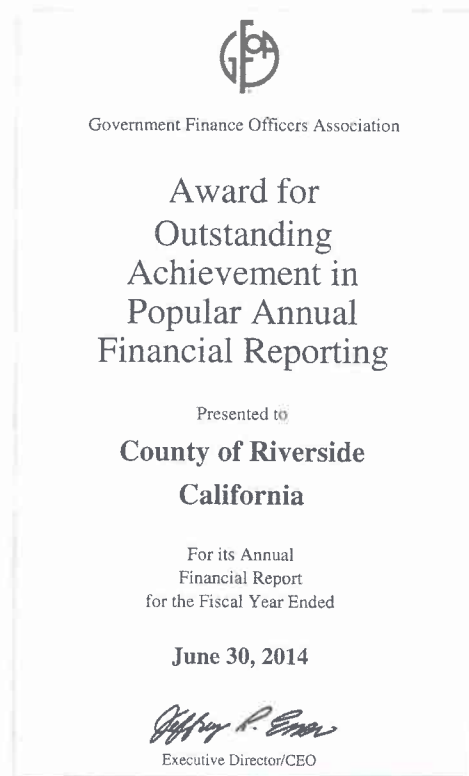
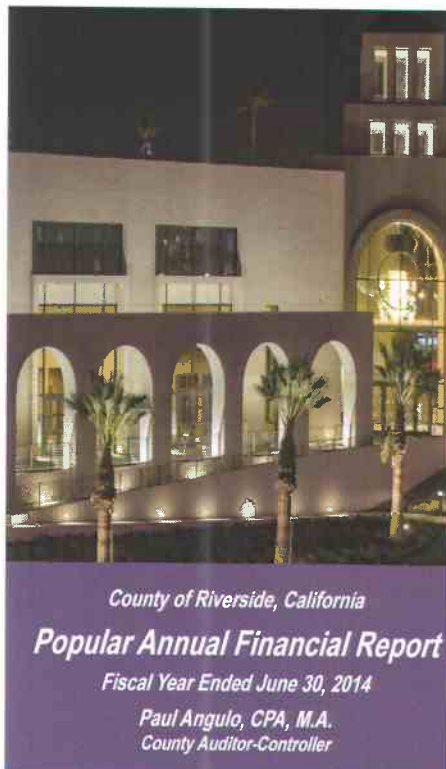
**Please feel free to contact the Fraud Hotline Administrative Team at [rivcofraudhotline@co.riverside.ca.us](mailto:rivcofraudhotline@co.riverside.ca.us) if you need further information.**

# FINANCIAL HIGHLIGHTS AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of Riverside for its Popular Annual Financial Report for the fiscal year ended June 30, 2014. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The County of Riverside received a Popular Award for last fiscal year ended June 30, 2014. This was the ninth consecutive year the County has achieved this award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we have submitted it to GFOA.



# COUNTY PROFILE

## County of Riverside Mission Statement

"Provide local government services as mandated by the State and Federal law, and discretionary services as requested by County taxpayers, within the bounds of available fiscal resources, in a manner which reflects favorably upon the profession of public service and the American form of democratic government."

## County of Riverside Vision

"Our vision is to be a proactive county that provides community, business, government, and regional leadership. We will set an exemplary standard of performance among counties by providing our citizens with cost-effective, efficient, and reliable government services, and by developing creative solutions to critical community-wide problems confronting all segments of our constituency. We will anticipate and address the challenges of environmental quality, societal change, and economic competitiveness while striving to make Riverside County an even better place to live, work, raise our families, and do business."

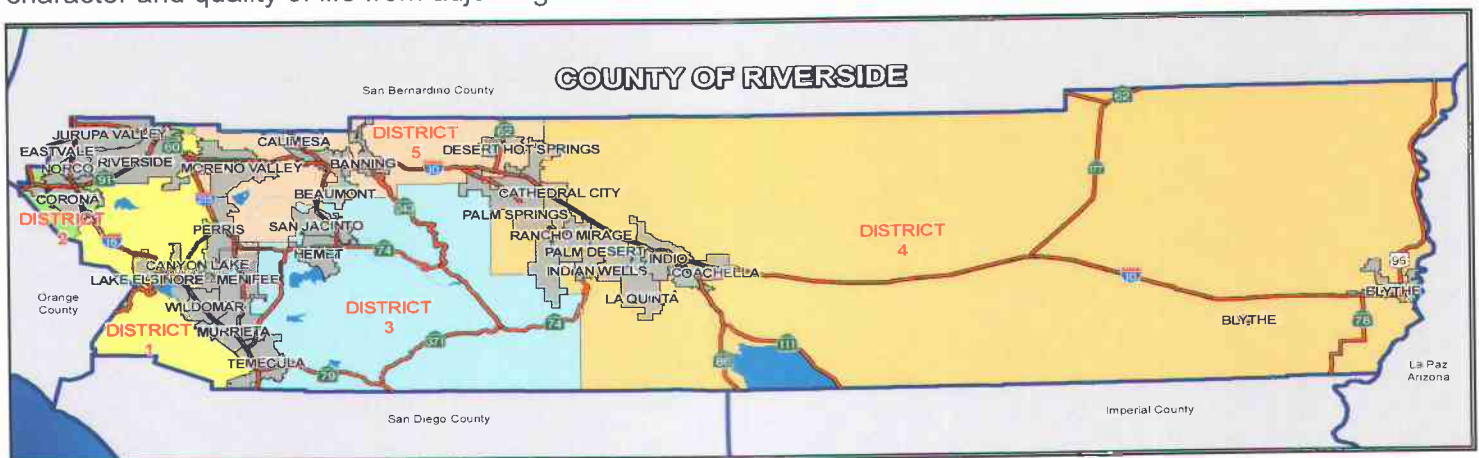
## County of Riverside Overview

Riverside County is the State's fourth largest County by area. It encompasses 7,295 square miles and extends nearly 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties.

There are 28 incorporated cities located within the County. The latest city to be incorporated was Jurupa Valley on July 1, 2011. The largest cities in the County are the city of Riverside (the county seat) with a population of 317,307, Moreno Valley with a population of 200,670 and Corona with a population of 160,287.

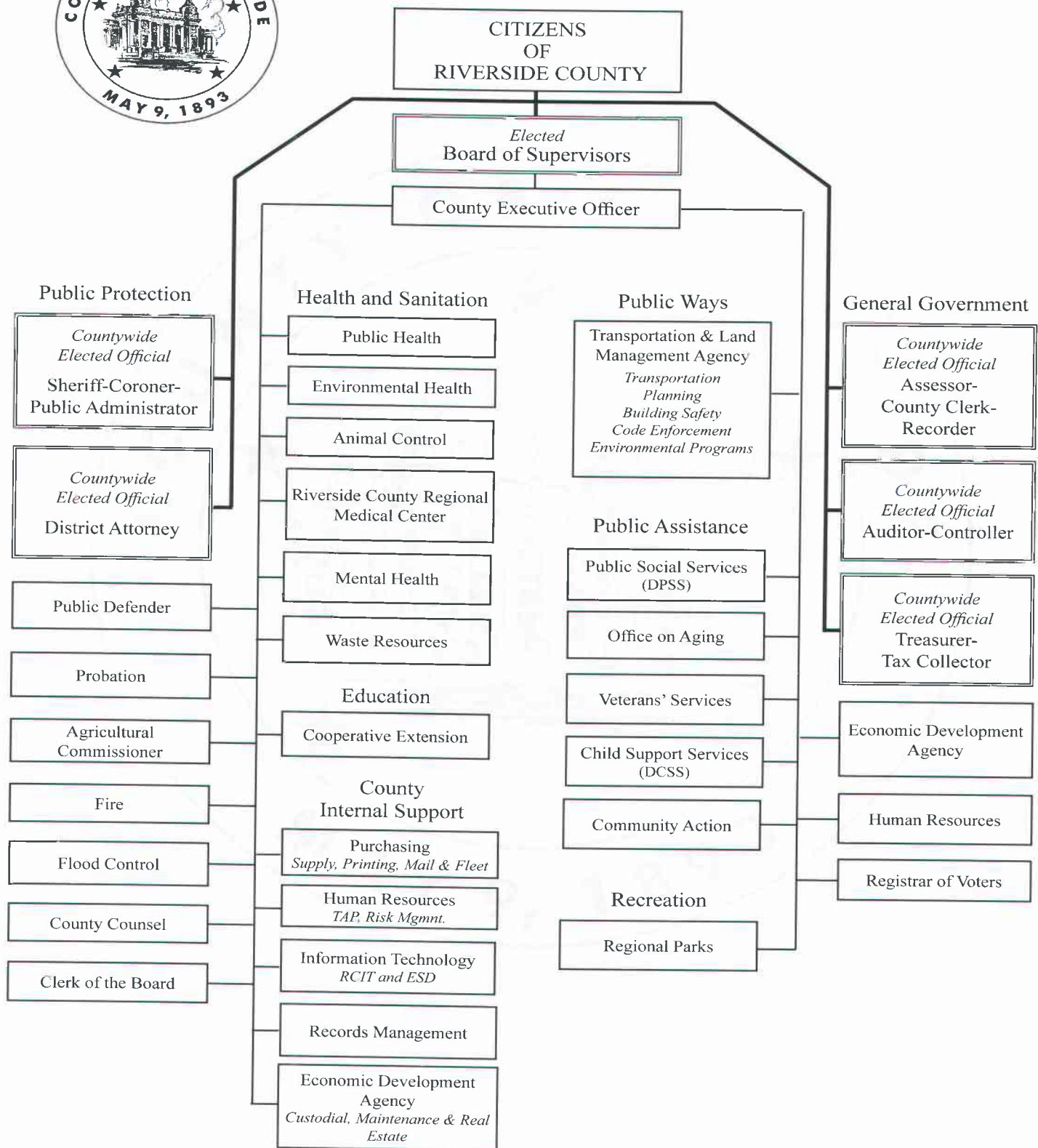
Total County population was 2,308,441 on January 1, 2015, an increase of 1.2% compared to the revised estimate for 2014 from the California State Department of Finance. Estimated population figures are developed by the State as of January 1 of each year with a revised estimate for the prior year. Approximately 16.0% of the County's residents live in the unincorporated area. Riverside County has large and rapidly expanding trade, transportation, utilities, distribution and manufacturing industries.

Agriculture has been the traditional foundation of the Riverside County economy; a transition is well underway toward an urban way of life with a multi-faceted economy. This change is being driven in part by economic and political forces at the regional, State, and national levels. However, Riverside County residents, through their elected representatives, will make the key local decisions that will shape Riverside County, differentiating it in character and quality of life from adjoining counties.





# ORGANIZATIONAL STRUCTURE



# COUNTYWIDE ELECTED OFFICIALS



Paul Angulo  
Auditor  
Controller



Stanley Sniff  
Sheriff  
Coroner  
Public Administrator



Michael Hestrin  
District Attorney



Don Kent  
Treasurer  
Tax Collector



Peter Aldana  
Assessor  
County Clerk  
Recorder

# ***BOARD OF SUPERVISORS***



## **Kevin Jeffries - District 1**

The First Supervisorial District includes most of the City of Riverside, as well as the cities of Canyon Lake, Lake Elsinore, and Wildomar. The District is also comprised of unincorporated communities including Lakeland Village, Mead Valley, Temescal Valley, Woodcrest, Gavilan Hills, Good Hope, Meadowbrook, Tenaja, DeLuz, El Cariso, Spring Hills, Warm Springs, Lake Hills, La Cresta and Lake Mathews.



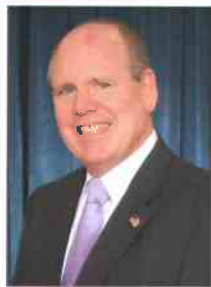
## **John F. Tavaglione - District 2**

The Second Supervisorial District includes the cities of Corona, Norco, Jurupa Valley, Eastvale and approximately one-third of the City of Riverside, including Northside, Downtown, Wood Streets, Magnolia Center, Grand and the northern half of Arlanza and La Sierra Acres. Unincorporated communities within the Second Supervisorial District consist of Home Gardens, El Cerrito, Coronita, and Highgrove.



## **Chuck Washington - District 3**

The Third Supervisorial District includes the cities of Hemet, Murrieta, San Jacinto, and Temecula. The major unincorporated areas include Anza, Aguanga, Idyllwild, Valle Vista, Winchester, Gilman Hot Springs, Soboba Hot Springs, Poppet Flats, Murrieta Hot Springs, Pine Cove, Pine Meadow, Mountain Center, the Pinyon Communities, Cahuilla, East Hemet, Homeland and Rancho California.



## **John Benoit - District 4**

The Fourth Supervisorial District includes the cities of Palm Springs (excluding Northern Palm Springs in District 5), Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Blythe, and Desert Hot Springs. Unincorporated communities include: Bermuda Dunes, Thousand Palms, Sky Valley, Desert Palms, Desert Edge, Indio Hills, Mecca, Thermal, Oasis, Vista Santa Rosa, North Shore, Chiriaco Summit, Desert Center, Lake Tamarisk, Mesa Verde, Ripley, and the Colorado River Communities.



## **Marion Ashley - District 5**

The Fifth Supervisorial District includes the cities of Moreno Valley, Perris, Calimesa, Beaumont, Banning, and Menifee. Unincorporated areas include Banning Bench, Cabazon, Cherry Valley, Desert Hills, El Nido area, Juniper Flats, Lake Perris, Lakeview, Lakeview Mountains, Mission Lakes, Mission Springs, Morongo Badlands, Nuevo, North Palm Springs, Painted Hills, Quail Lake, Reche Canyon, San Jacinto Wildlife Reserve, San Timoteo Canyon, Snow Creek, Twin Pines, West Garnet, Whitewater and Windy Point. The District's boundaries also include the tribal government from the Sovereign Nation of the Morongo Band of Mission Indians.

# FINANCIAL HIGHLIGHTS FY 2014-15

## Financial Highlights

- At the close of fiscal year 2014-15, the County's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$2.6 billion (*net position*). The net position included \$3.1 billion of net investment in capital assets, \$545.9 million of restricted resources for the County's ongoing obligations related to programs with external restrictions and \$1.1 billion deficit of unrestricted resources which primarily resulted from the prior period adjustment for changes in accounting principle as required by GASB Statement No. 68.
- As of July 1, 2014, the County implemented 2 new Governmental Accounting Standard Board Statement (GASB) No. 68 – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. The implementation of the statement required employers to record net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense on the financial statements. To comply with this statement, a prior period adjustment of \$2.2 billion was made to decrease the County's beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.
- As of June 30, 2015, the County's governmental funds reported combined fund balances of \$1.4 billion, an increase of \$294.4 million in comparison with the prior year. Approximately 16.6% of this amount (\$225.9 million) is available for spending at the County's discretion (*unassigned fund balance*).
- The significant change in capital assets net of accumulated depreciation resulted from addition of infrastructure consisting of roads, traffic signals, bridges and storm drains.
- \$325.0 million lease revenue bond was issued during fiscal year 2014-15 for financing the costs associated with the East County Detention Center construction project.

*Assigned Fund Balance* – Amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed.

*Committed Fund Balance* – Amounts that are committed for a specific purpose and these funds require action from the Board of Supervisor to remove or change the specified use.

*Unassigned Fund Balance* – Amounts that are not reported in any other category and are available for any purpose within the general fund.

*Restricted Fund Balance* – Amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws or regulations.

*Nonspendable Fund Balance* – Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.



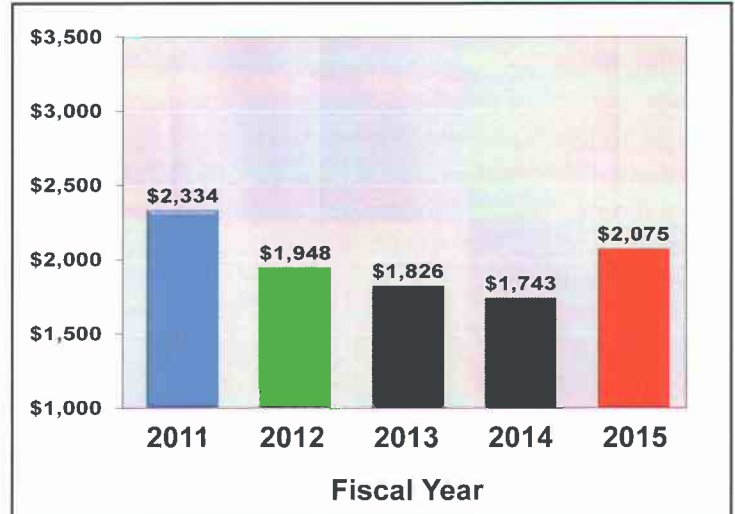
# CASH AND INVESTMENTS, NET POSITION

## Cash and Investments

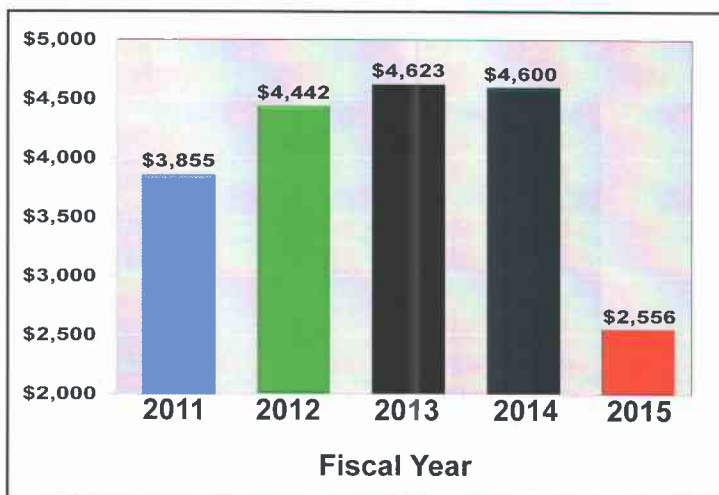
The Cash and Investments represented in the Government-wide Statement of Net Position includes cash and investments that are available for use, as well as restricted cash and investments for both governmental and business-type activities.

At the end of the current fiscal year, the County reported an increase of \$331.9 million in cash and investments. Unrestricted cash and investments showed an increase of \$73.0 million and restricted cash and investments increased in the amount of \$258.9 million. The general fund's cash and investments balance increased by \$4.2 million and restricted cash and investment increased by \$8.8 million. Also, the capital projects public facilities improvement fund saw a decrease of \$18.3 million and the flood control special revenue fund decreased by \$9.7 million. For business type activities, the major increase was from the Regional Medical Center which saw an increase of \$64.0 million in cash and investments which was slightly offset by a decrease in restricted cash and investments in the amount of \$19.9 million in fiscal year 2015. Waste Resources saw an increase of \$32.0 million in cash and investments and an increase of \$2.3 million in restricted cash and investments.

Cash and Investments  
(In Millions)



Net Position  
(In Millions)



## Net Position

Net Position is total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources of the primary government. Net position serves as a useful indicator of a government's financial condition.

At the end of the current fiscal year, the County reported positive net position balances for both governmental and business-type activities, with total assets exceeding liabilities by \$2.6 billion, which is a \$2.0 billion decrease over fiscal year 2014. The most significant decrease in net position was in unrestricted which saw a decrease of \$1.8 billion. Net investment in capital assets also went down by \$209.0 million and restricted net position decreased by \$50.4 million.

# STATEMENT OF ACTIVITIES

## Primary Government (In Thousands)

	2015	2014	Variance
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,311,659	\$1,171,861	\$ 139,798
Operating grants	1,800,158	1,593,627	206,531
Capital grants	32,115	30,340	1,775
General revenues:			
Property taxes	327,504	297,107	30,397
Sales and use taxes	32,851	35,443	(2,592)
Other taxes	18,632	27,764	(9,132)
Investment earnings	9,595	12,636	(3,041)
Unrestricted intergovernmental revenue	244,003	227,303	16,700
Other	164,177	167,992	(3,815)
<b>Total revenues</b>	<b>3,940,694</b>	<b>3,564,073</b>	<b>376,621</b>
<b>Expenses:</b>			
General government	179,575	228,146	(48,571)
Public protection	1,217,731	1,191,438	26,293
Public ways and facilities	177,870	108,380	69,490
Health and sanitation	499,669	460,963	38,706
Public assistance	970,415	851,246	119,169
Education	23,409	24,420	(1,011)
Recreation and culture	18,335	20,077	(1,742)
Interest on long-term debt	45,904	47,236	(1,332)
Regional Medical Center	468,562	482,240	(13,678)
Waste Resources	56,299	62,721	(6,422)
Housing Authority	90,903	94,716	(3,813)
Flood Control	3,056	2,561	495
County Service Areas	390	429	(39)
<b>Total expenses</b>	<b>3,752,118</b>	<b>3,574,573</b>	<b>177,545</b>
<b>Special items:</b>			
Land transfer from RDA Successor	-	6,700	(6,700)
Intergovernmental expense	-	(16,398)	16,398
<b>Extraordinary items:</b>			
Extraordinary item	(905)	-	(905)
<b>Change in net assets</b>	<b>187,671</b>	<b>(20,198)</b>	<b>207,869</b>
<b>Net Position, Beginning of Year,</b>			
<b>as Restated</b>	<b>2,368,155</b>	<b>4,619,892</b>	<b>(2,251,737)</b>
<b>Net Position, End of Year</b>	<b>\$ 2,555,826</b>	<b>\$ 4,599,694</b>	<b>\$(2,043,868)</b>

Statement of Activities illustrated here, represents combined activities of governmental and business-type. Governmental functions are supported by property taxes, sales taxes and other intergovernmental revenues, and the business-type is mainly supported by user fees and charges. Governmental activities are reported in the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, and Internal Service Funds. Business-type activities are supported by Enterprise Funds.

The majority of the functions that are supported by governmental activities are: Information Services, ESD, Sheriff, District Attorney, Social Services, Transportation, Economic Development, Facilities Management, Community Health, Mental Health, Auditor-Controller, Human Resources, Assessor, Treasurer-Tax Collector, and other small general government functions. Functions supported by user fees and charges are: Regional Medical Center, Waste Resources, Housing Authority, and County Service Areas.

### Revenues

The County's revenue increased in 2015 in the amount of \$376.6 million. The major source for the increase was due to operating grants which saw a \$206.5 million increase. Charges for services saw a \$139.8 million increase. Those increases in revenue were slightly offset by a decrease in other taxes in the amount of \$9.1 million and investment earnings saw a \$3.0 million decrease.

### Expenses

The expenses in 2015 also increased by \$177.5 million. There were two main factors that caused the increase: 1) Public assistance saw a \$119.2 million increase and 2) Public ways and facilities saw a jump in expenses in the amount of \$69.5 million. However, general government decreased in the amount of \$48.6 million. All three of the County's major business-type activities saw a decrease in 2015. Regional Medical Center saw a \$13.7 million decrease, Waste Resources decreased by \$6.4 million and Housing Authority saw a decrease of \$3.8 million.

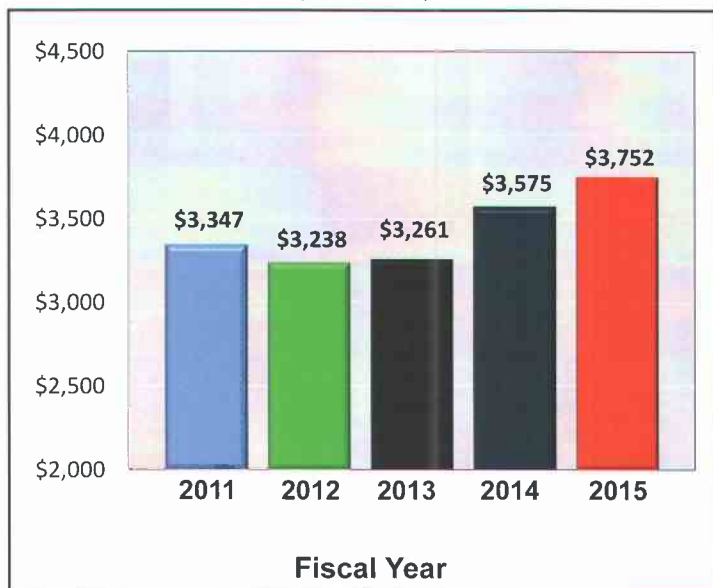
# REVENUES AND EXPENSES

## Revenues

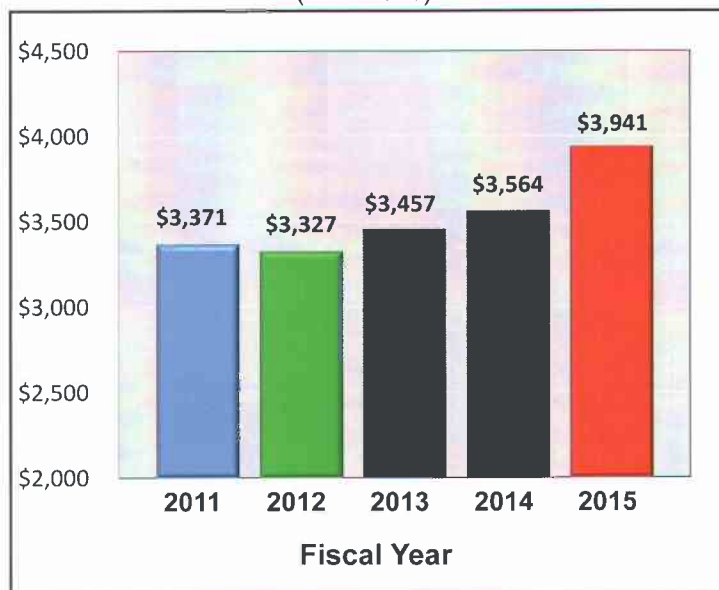
As the economy shows signs of recovering, so do revenues for the County. 2015 saw an increase in revenue in the amount of \$376.6 million. Revenues increased in both governmental and business-type activities. The increase in governmental activities was mainly due to operating grants. Social services received \$98.8 million in federal and state funds for programs such as child protection and family support services.

Property taxes and charges for services were the other two major revenue sources that caused revenue to increase in 2015. Property tax revenue increased by \$30.4 million as the median home sale price increased by 21.2%. Charges for services increased due to an increase in fire protection and police services provided to cities within Riverside County, as well as the increase demand in health care services due to the continued growth of Medi-Cal members.

**Five Year Trend - Expenses**  
(In Millions)



**Five Year Trend - Revenues**  
(In Millions)



## Expenses

Expenses are a representation of the services we provide to the citizens of Riverside County. The increase in population has resulted in an increase demand for local government services. In an effort of trying to maintain a balanced budget, Riverside County is working hard to keep our communities safe and provide quality service for our citizens.

In fiscal year 2015, expenses increased by \$177.5 million. Governmental activities saw a \$201.0 million increase. Public assistance saw the biggest increase which was caused by previous vacant positions being filled for children service programs and implementation of state policy changes related to Calworks redesign, core practice model and expansion of mental health services. Due to several grade separation and road improvement projects in progress for eliminating conflicts between railroad operations and vehicular traffic public ways and facilities saw an increase. Health and sanitation increased due to increases in medical, physician and hospital services provided to the new population of Medi-Cal enrollees due to the Medi-Cal expansion and staffing. Business-type activities saw a decrease in expenses in 2015 in the amount of \$23.5 million.

# REVENUES BY SOURCE

The statement of activities reports revenue by sources using government-wide reporting standards. To assist the reader in understanding what makes up the various sources referenced, we have provided the following detailed listing:

## Program Revenues

### *Charges for Services*

Assessment and tax collection fees, auditing and accounting fees, communication services, election services, legal services, planning and engineering services, civil process services, estate fees, humane services, law enforcement services, recording fees, road and street services, health fees, mental health services, sanitation services, institutional care and services, animal licenses, business licenses, construction permits, road privileges and permits, zoning permits, franchises and other licenses and permits, vehicle code fines, other court fines, forfeitures and penalties in addition to penalties and costs on delinquent taxes, and parking fees.

### *Operating Grants*

State, federal, other government, and private contributions to fund specific programs.

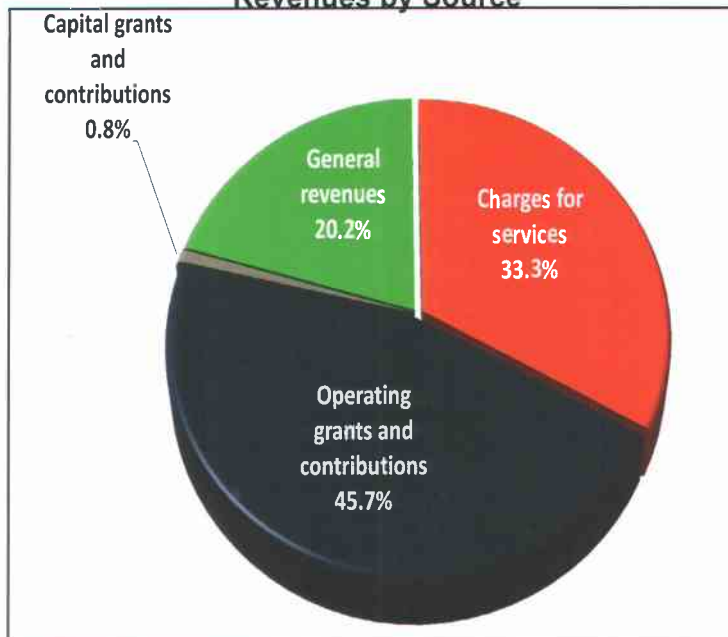
### *Capital Grants*

State, federal, other government, and private contributions to fund capital purchases for specific programs.

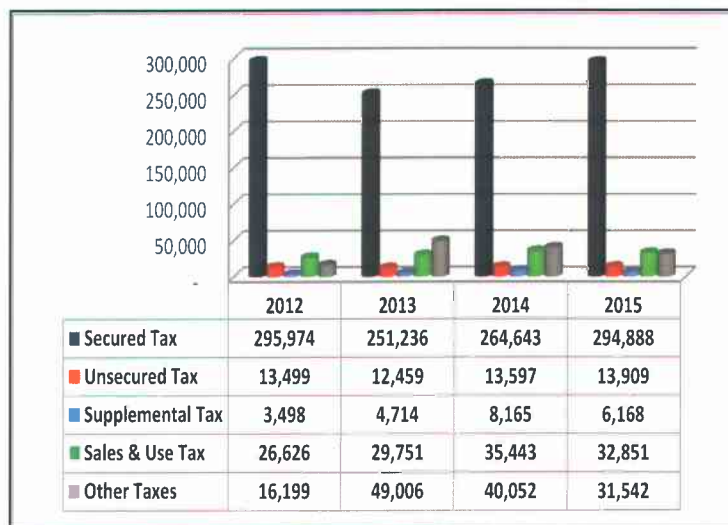
## General Revenues

Taxes: Property taxes, sales and use taxes as well as other County levied taxes, investment income, rents and concessions, sale of surplus property, contributions and donations, non-governmental grants and unclaimed money.

Revenues by Source



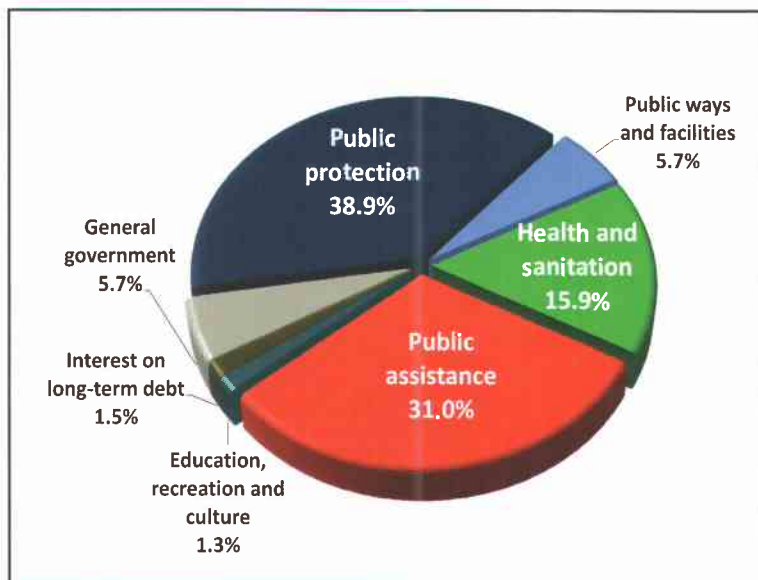
General Government Tax Revenues  
(Dollars in Thousands)





# EXPENSES BY FUNCTION

Expenses by Function



The following list provides details to define the County departments included in each of the functional categories listed in the statement of activities:

## General Government

Assessor, Auditor-Controller, Treasurer-Tax Collector, Economic Development Agency, Date Festival, Housing Authority, Human Resources, Registrar of Voters, Redevelopment Agency, Public Safety Enterprise Communication, Facilities Management, Board of Supervisors, Executive Office, County Counsel and Purchasing

## Public Protection

Sheriff, Coroner, Public Administrator, District Attorney, Public Defender, Probation, Fire, Agricultural Commissioner, Animal Control, County Clerk-Recorder, Planning, Building and Safety, Department of Child Support Services, Juvenile Hall and Code Enforcement

## Public Ways and Facilities

Transportation and Land Management Agency, Flood Control, County Airports, County Service Areas, Surveyor and Transportation

## Health and Sanitation

Public Health, Environmental Health, Detention Health Services, California Children's Services, Mental Health, Regional Medical Center and Waste Resources

## Public Assistance

Department of Public Social Services, Community Action Partnership, Office on Aging, Veteran's Services and Housing Authority

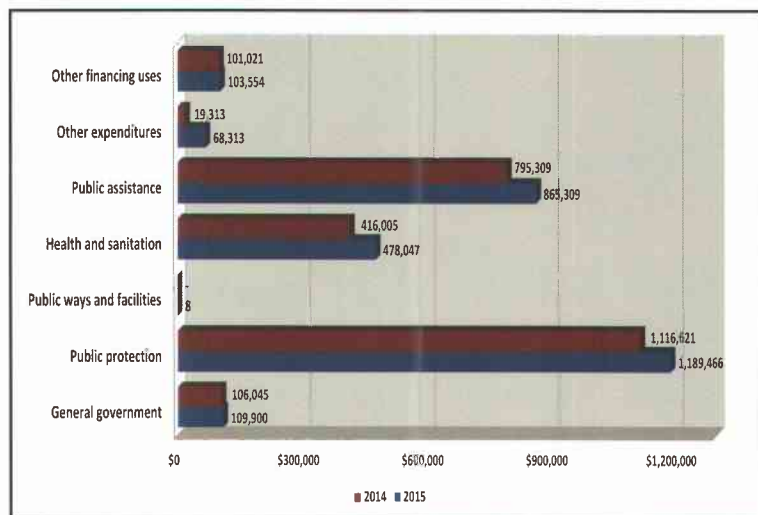
## Education

Cooperative Extension and County Library

## Recreation and Culture

Regional Parks and Edward Dean Museum

General Fund Expenditures & Other Financing Uses  
(Dollars in Thousands)



# PROPERTY TAXES

## How the Property Tax System Works

### Assessor-Clerk Recorder

Assesses all real estate and personal property (businesses, manufactured homes, boats & airplanes) located throughout the entire County.



### Auditor-Controller

Receives the assessments from the Assessor and applies the appropriate tax rate to determine the actual amount of property tax owed.



### Treasurer-Tax Collector

Mails out the property tax bills, collects the money, and deposits it in the County Treasury.



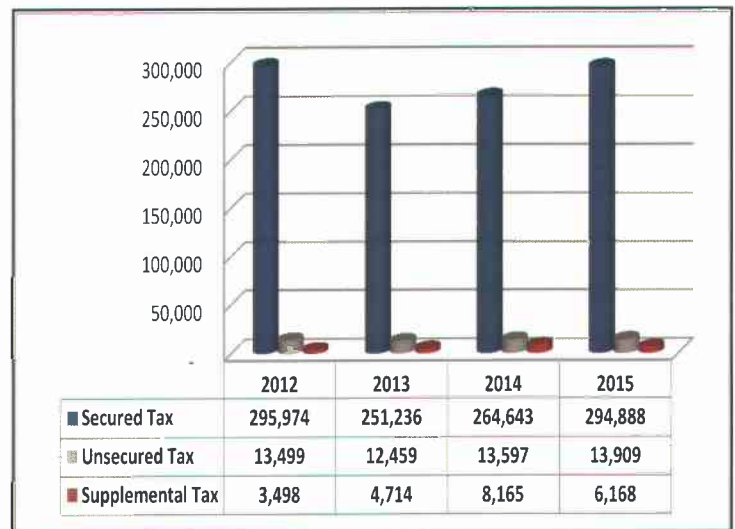
### Auditor-Controller

Receives and allocates the money to local taxing agencies, including the County, cities, schools, and special districts.

## CREST Project

The Assessor-County Clerk-Recorder, Auditor-Controller, and Treasurer-Tax Collector are collectively developing a new integrated property tax management system. The project began with a Business Process Re-engineering phase that documented the integrated roles of the three departments. This phase identified the current system's capabilities, strengths, and weaknesses. The second phase of the project is to implement a new integrated property tax management system based on new technology. Project was started in fiscal year 2007 and anticipated completion date is fiscal year 2016.

**Property Tax Revenue**  
(In Thousands)



## Where did your property tax dollar go in fiscal year 2014-2015?

**Schools**  
47 cents



**Community  
Redevelopment**  
27 cents



**County**  
11 cents



**Special  
Districts**  
8 cents

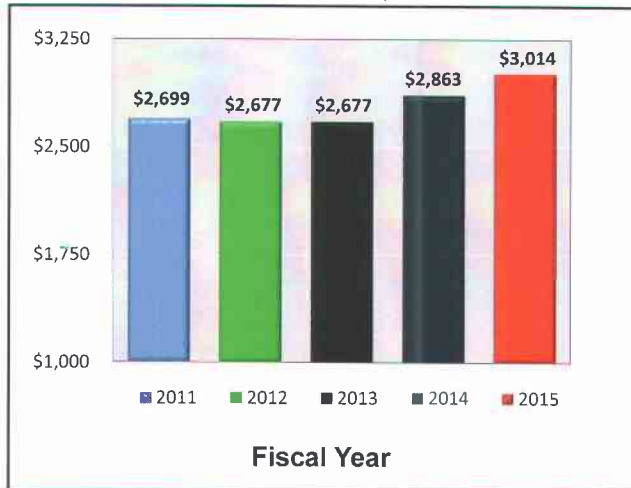


**Cities**  
7 cents

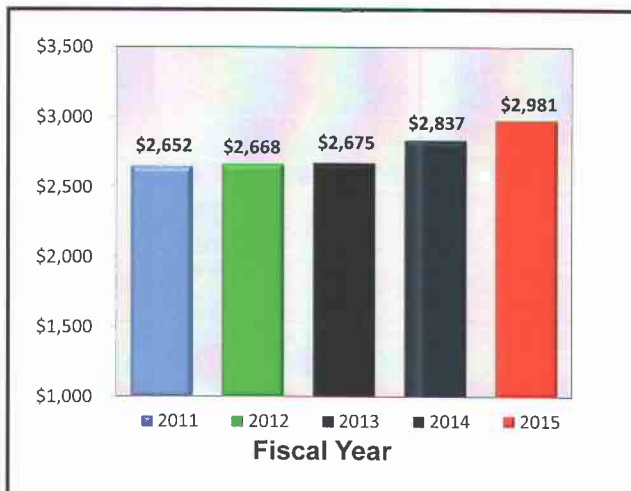


# PROPERTY TAXES

**Tax Levies**  
(In Millions)



**Tax Collections**  
(In Millions)



**Riverside County**  
**Principal Property Tax Payers**  
(Property tax in Thousands)

1. Southern California Edison Co. ....	\$42,005
2. Verizon California Inc. ....	9,450
3. CPV Sentinel LLC. ....	9,335
4. So. California Gas Co. ....	7,762
5. Blythe Energy LLC. ....	4,659
6. Inland Empire Energy Center LLC. ....	3,697
7. Ross Dress for Less LLC. ....	3,255
8. Walgreen Co. ....	3,145
9. Chelsea GCA Realty Partnership ....	3,133
10. Tyler Mall LTD Partnership... ..	2,967

Property taxes are levied on both real and personal property and are recorded as receivables at the date of levy. Secured property taxes are levied on or before the first business day of September of each year. These taxes become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. Tax payments can be made in two equal installments; the first is due November 1 and is delinquent with penalties after December 10; the second is due February 1 and is delinquent with penalties after April 10. Secured property taxes that are delinquent and unpaid as of June 30 are declared to be tax defaulted and are subject to redemption penalties, costs, and interest. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due and any excess is remitted, if claimed, to the taxpayer.

For more property tax information visit the County of Riverside's Property Tax Portal at:

[www.riversidetaxinfo.com](http://www.riversidetaxinfo.com)



Riverside County  
**Property Tax Portal**

Home Assessor Treasurer-Tax Collector Auditor-Controller Clerk of the Board County Home I Want to...

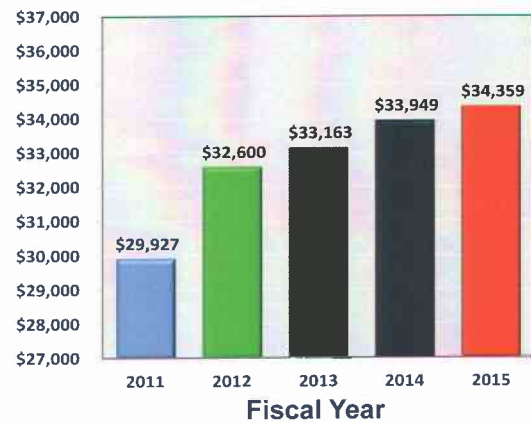
You are at: Home

# DEMOGRAPHICS

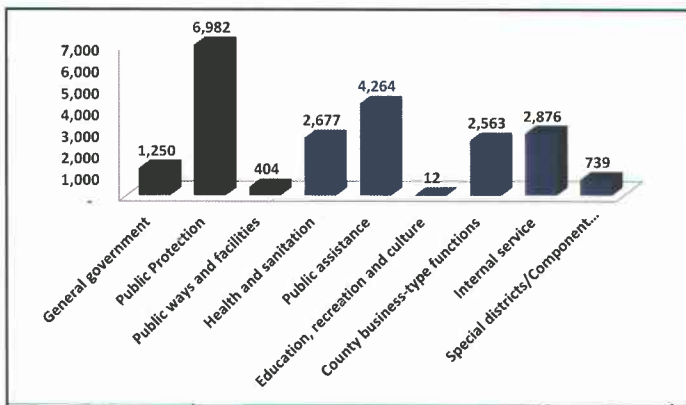
## Riverside County Principal Employers (Number of employees)

1. County of Riverside .....	20,684
2. March Air Reserve Base .....	8,500
3. Stater Brothers Market .....	6,900
4. Walmart.....	6,550
5. U. C. Riverside .....	5,768
6. Kaiser Permanente Riverside Medical ...	5,300
7. Corona-Norco Unified School District.....	4,932
8. Temecula Valley Unified School District .	4,000
9. Riverside Unified School District. ....	3,871
10. Hemet Unified School District.....	3,400

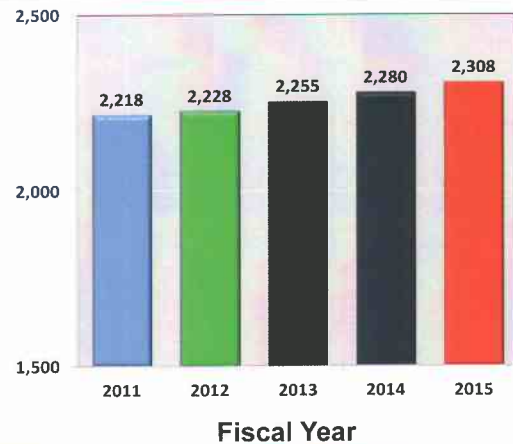
## Per Capita Income



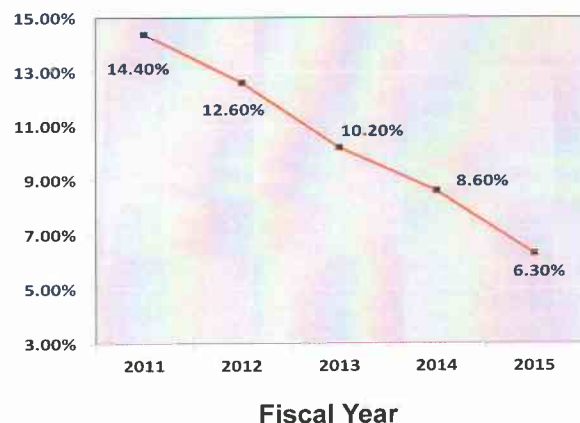
## Full-time Equivalent County Government Employees by Function/Program\*



## Population (In Thousands)



## Unemployment Rate

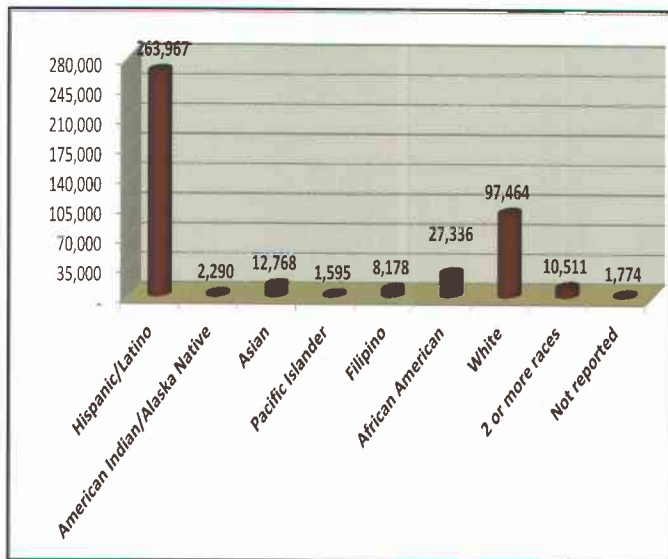


\*Temporary employees, 1,675, filled as of 4/28/15, are included in the total number of employees.



# DEMOGRAPHICS

## Riverside County School Enrollment by Ethnicity 2014-2015



## Highest Enrollment per Riverside County School District

Corona-Norco Unified.....	53,739
Riverside Unified .....	42,339
Moreno Valley Unified.....	34,170
Temecula Valley Unified .....	30,016

Additional information about the Riverside County Office of Education may be found at their website:

[www.rcoe.us](http://www.rcoe.us)

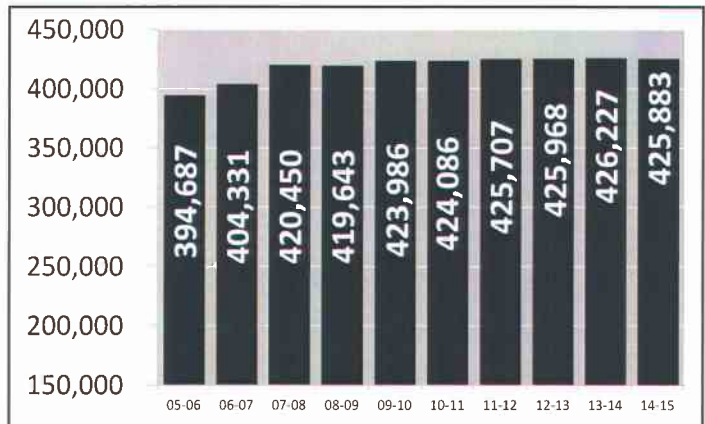
## Public School Sites in Riverside County

Charter Schools.....	17
Elementary Sites .....	273
Middle/Junior High Sites.....	75
Continuation/Adult Education .....	33
High School .....	69
Total Schools .....	467

## Number of Riverside County Public School Districts

Elementary .....	4
High School .....	1
Unified .....	18

## Kindergarten Through 12th Grade Enrollment Growth 2005-2015



# SERVICE OPERATING INDICATORS

## Environmental Health

Facilities inspections..... 31,897  
Inspections include fixed food facilities, pools, spas, hazardous material generators and miscellaneous food operations

## Public Health

Patient visits ..... 134,481  
Patient services performed.....290,900  
Services include family planning, primary health care, prenatal care, urgent care, breast cancer early detection, child health and disability prevention

## Animal Control Services

Animal impound..... 37,644  
Spays and neuters..... 13,216

## Public Social Services

CalWORKs clients.....32,030  
Food stamp clients ..... 128,656  
Medi-Cal clients.....298,461  
In-home supportive services..... 25,703  
Services include meal preparation and cleanup, food shopping, bathing, dressing, personal care, domestic services (cleaning), assistance with medications, etc.  
Foster care placements.....4,041  
Child welfare services..... 10,757  
Services include child adoptions and investigations of child abuse, neglect or abandonment

## Assessor-Clerk-Recorder

Assessments .....914,886  
Official records recorded .....540,589  
Vital records copies issued.....75,708  
Official records copies issued.....18,307

## Waste Resources

Landfill tonnage .....1,475,122  
Recycling tonnage.....1,386

## TLMA - Building & Safety

Building permits issued.....1,028

## Sheriff

Number of bookings .....54,025  
Coroner case load .....12,958  
Calls for services—Unincorporated areas (contract cities not included)..... 190,816  
Patrol stations..... 10

## Fire

Medical assistance ..... 103,407  
Fires extinguished .....13,823  
Other services .....22,680  
Other services include fire menace standbys (bomb threats, electrical hazards, gas hazards, etc.), public service assists (assisting other agencies, persons, flooding, etc.) and false alarms  
Communities served.....94  
Fire stations.....37

## Registrar of Voters

Voting precincts .....1,193  
Polling places .....546  
Voters .....891,630  
Number of voters that were mailed voting materials for all elections in the fiscal year  
Poll workers.....2,200

## Auditor-Controller

Invoices paid.....368,001  
Vendor warrants issued .....228,750  
Active vendors..... 30,604  
Payroll warrants (checks) issued..... 541,390  
Audits per fiscal year ..... 26



# SERVICE OPERATING INDICATORS

## County Regional Medical Center

Emergency room treatments .....	84,697
Emergency room services—Mental Health .....	12,989
Clinic visits .....	104,693
Admissions .....	19,404
Patient days .....	106,466
Discharges .....	19,387

## Veterans' Services

Phone inquiries answered .....	32,778
Client interviews .....	17,281
Claims filed .....	6,345

## Community Action Partnership

Utility assistance (households) .....	15,115
Weatherization (households) .....	967
Energy education attendees .....	6,395
Disaster relief (residents) .....	13,387
Income tax returns prepared .....	4,325
After school program (students) .....	2,114
Mediation (cases) .....	2,527

## County Library

Total circulation - books .....	2,792,388
Reference questions answered .....	487,093
Patron door count .....	4,216,087
Programs offered .....	9,547
Programs attendance .....	154,391
Branch libraries .....	35
Book mobiles .....	2

## Probation

Adults on probation .....	16,496
Juveniles in secure detention .....	134
Juveniles in treatment facilities .....	57
Juveniles in detention facilities .....	5,810

## Mental Health

Mental health clients .....	41,942
Substance abuse clients .....	15,812
Detention clients .....	12,380
Probate conservatorship clients .....	404
Mental health conservatorship clients .....	986

## Agricultural Commissioner

Export phytosanitary certificates .....	14,825
Pesticide use inspections .....	1,025
Weights and measures regulated .....	139,701
Agriculture quality inspections .....	497
Plant pest inspections .....	10,792
Nursery acreage inspected .....	7,020
Weights and measures inspected .....	63,695

## Parks and Recreation

Historic sites .....	5
Nature centers .....	4
Archaeological sites .....	5
Wildlife reserves .....	7
Regional parks .....	14





# INTERNET RESOURCES

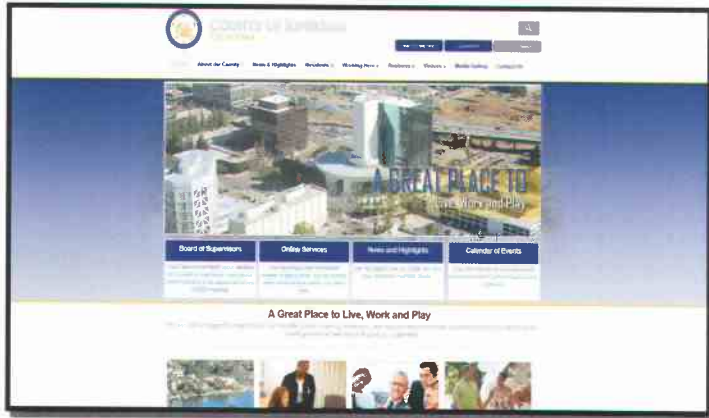
Visit the County of Riverside's Official Website

[www.countyofriverside.us](http://www.countyofriverside.us)

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Online services provided:

- Board Agendas
- County Agencies and Departments
- County Employment
- County Ordinances
- Court Cases
- Property Assessments
- Public and Official Records
- Roads and Highways
- Voting and Elections
- Check your jury duty status
- Online crime report
- Pay your property taxes
- Pay your traffic tickets
- Report code violations
- Request a birth, death, or marriage certificate
- Search the county library catalog
- Vendor Registration



Visit the County of Riverside Auditor-Controller's Official Website

[www.auditorcontroller.org](http://www.auditorcontroller.org)

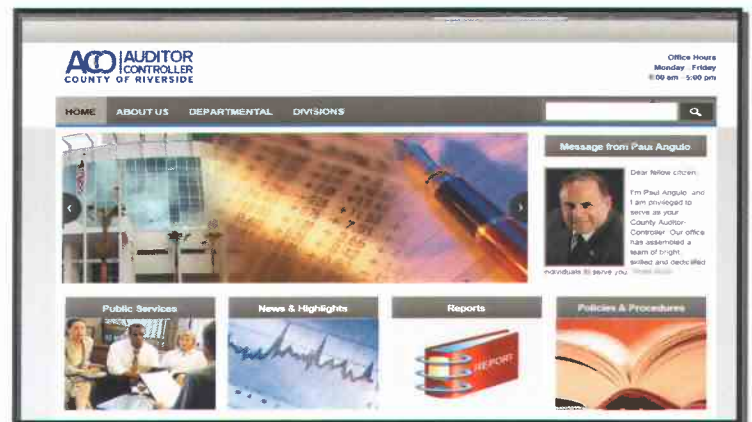
Where you can find information about:

Auditor-Controller's Office Divisions

- Administration
- Audits & Specialized Accounting
- General Accounting
- Payroll
- Property Tax

Financial Statements

- Comprehensive Annual Financial Report (CAFR)
- Popular Annual Financial Report (PAFR)
- Internal Audit Reports
- Single Audit Reports
- General Fund daily cash balance



**RIVERSIDE COUNTY POPULAR ANNUAL FINANCIAL REPORT**



**PAUL ANGULO, CPA, MA  
RIVERSIDE COUNTY AUDITOR-CONTROLLER**



# COUNTY OF RIVERSIDE, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### FISCAL YEAR ENDED JUNE 30, 2015

RIVERSIDE COUNTY FAIR AND NATIONAL DATE FESTIVAL



PAUL ANGULO, CPA, MA  
COUNTY AUDITOR-CONTROLLER





COUNTY OF RIVERSIDE, CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



PREPARED BY THE OFFICE OF:  
**PAUL ANGULO, CPA, MA**  
COUNTY AUDITOR-CONTROLLER



COUNTY OF RIVERSIDE, CALIFORNIA  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015



PREPARED BY THE OFFICE OF  
PAUL ANGELO, CPA, MA  
COUNTY AUDITOR-CONTROLLER

**COUNTY OF RIVERSIDE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**June 30, 2015**

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# INTRODUCTORY SECTION



COUNTY OF RIVERSIDE  
OFFICE OF THE  
AUDITOR-CONTROLLER  
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P.O. Box 1326  
Riverside, CA 92502-1326  
(951) 955-3800  
Fax (951) 955-3802

**ACC** | AUDITOR  
CONTROLLER  
COUNTY OF RIVERSIDE

Paul Angulo, CPA, MA  
Auditor-Controller

December 22, 2015

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

Members of the Board and Citizens of Riverside County:

The Comprehensive Annual Financial Report (CAFR) of the County of Riverside (the County) for the fiscal year ended June 30, 2015, is hereby submitted in accordance with the provision of Section 25253 of the Government Code of the State of California (the State). The report contains financial statements that have been prepared in conformity with the United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for the accuracy of the data, the completeness, and fairness of the presentation, including all disclosures, rests with the management of the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

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

The County has eleven independent fiscal entities that are considered blended component units and two discretely presented component units. These entities vary widely in function and provide essential services.

For a more detailed overview of the County's component units see the MD&A and the notes to the basic financial statements.

## PROFILE OF THE GOVERNMENT

The County is the fourth largest county by area in the State. It encompasses 7,295 square miles and extends nearly 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties.



There are 28 incorporated cities located within the County. The latest city to be incorporated was Jurupa Valley on July 1, 2011. The largest cities in the County are Riverside (the County seat) with a population of 317,307, Moreno Valley 200,670, Corona 160,287, Temecula 108,920, and Murrieta 107,279. Estimated population figures are developed by the California State Department of Finance, and each year it is revised on January 1, with a revised estimate for the prior year. The total County population as of January 1, 2015, reported as 2,308,441, an increase of 1.2 percent as compared to the revised estimate for January 1, 2014. Approximately 16 percent of the residents live in unincorporated areas.

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

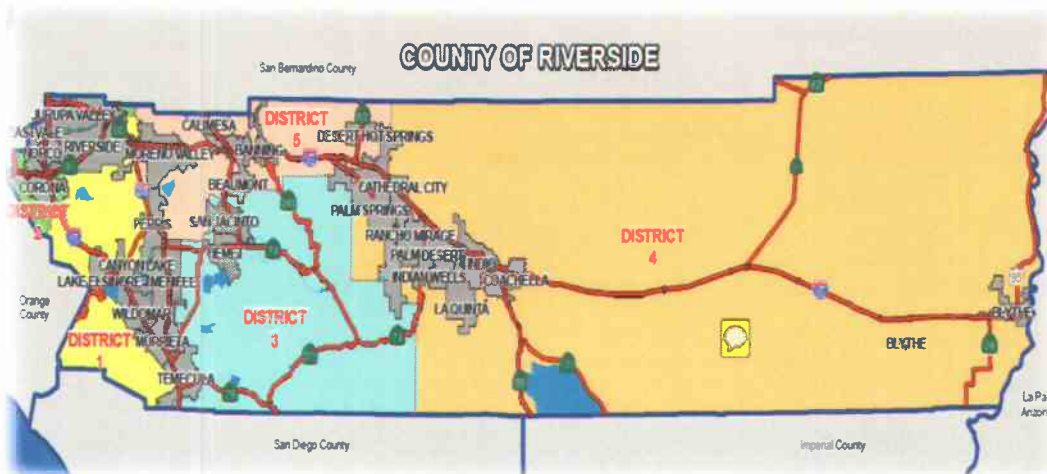
The First District includes areas within the cities of Riverside, Canyon Lake, Lake Elsinore, Wildomar and the unincorporated communities of Lakeland Village, Lake Mathews, Mead Valley, Santa Rosa Rancho, as well as portions of Gavilan Hills and Woodcrest.

The Second District includes the cities of Corona, Norco, approximately one-third of the City of Riverside, Eastvale, and Jurupa Valley. The unincorporated communities consist of Home Gardens, El Cerrito, Coronita, and Highgrove.

District Three includes the cities of Hemet, Murrieta, San Jacinto, and Temecula. Major unincorporated areas in the District include Aguanga, Anza, Idyllwild, Valle Vista, Winchester, Wine Country, and Pinyon Pines.

District Four is the largest district, covering the eastern two-thirds of the County. Within this District are the cities of Palm Springs (except the northern portion, which resides in District 5), Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Desert Hot Springs, and Blythe. Major unincorporated areas include Bermuda Dunes, Thousand Palms, Sky Valley, Indio Hills, Desert Edge, Mecca, Thermal, Oasis, Vista Santa Rosa, North Shore, Chiriaco Summit, Desert Center, Lake Tamarisk, Mesa Verde, Colorado River Communities, and Ripley.

The Fifth District includes the cities of Banning, Beaumont, Calimesa, Menifee, Moreno Valley, Perris, and the northern portion of Palm Springs. The unincorporated areas include Nuevo, Lakeview, Juniper Flats, Meadowbrook, Good Hope, a portion of Mead Valley, Romoland, Homeland, Green Acres, Box Springs, Pigeon Pass, Reche Canyon, San Timoteo Canyon, Oak Valley, Cherry Valley, Banning Bench, Cabazon, Palm Springs Village, and Palm Springs West.



Source: Riverside County GIS

The County has over 19,000 employees, and provides a variety of services and programs to its residences as the table below depicts.

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

<b>Certificate, Licenses and Permits</b>	<b>Human Services</b>
Birth, marriage, and death certificates, animal licensing, and building permits.	Assistance for families, custody issues, and veterans' services.
<b>Children's Services</b>	<b>Libraries and Museums</b>
Child Support Services, Mentor programs, Children Medical Services, CalWORKS, Child Health and Disability Prevention.	Edward Dean Museum, and Riverside County Law Library.
<b>Criminal Justice</b>	<b>Parks and Recreation</b>
Departments dealing with criminal justice. District Attorney, Probation, Public Defender, and Sheriff. Legal resources, and Online Crime Report Form.	Park & Open Space District, Golf Courses in Riverside County, and Riverside Bicycle Cub.
<b>Education</b>	<b>Pets and Animal Services</b>
Office of Education.	Animal Control, Animal Shelters, Animal License Inspection, Animal Rescue, Report Animal-Control Violations, and Dog License Fee.
<b>Emergency Services</b>	<b>Property Information</b>
Office of Emergency Services, Early Warning Notification System, Shelter Grant program, and Homeless programs.	Assessment appeals, building permit report, obtain property information via GIS, pay property taxes online, track your property taxes online, record map inquiry, information for new homeowners, and Riverside County land information.
<b>Environment</b>	<b>Public and Official Records</b>
Solid waste, liquid waste, medical waste, sewage disposal, water systems, wells, backflow devices, food services, public pools and mobile home parks, vector control, hazardous materials services, fire protection services, waste reduction, and recycling.	Official recorded documents, fictitious business names search, grantor/grantee search, vital records, and court records search.
<b>Flood Control</b>	<b>Roads and Highways</b>
Flood Control and water conservation.	Road maintenance, land development, engineering services, and survey.
<b>Health</b>	<b>Taxes</b>
Family health centers, disease control, nutrition services, family planning, health education, injury prevention, emergency medical services, mental health services, industrial hygiene, laboratory, Epidemiology, and medical marijuana identification cards.	Property tax portal, tax bills, Assessor-County Clerk Recorder, Treasurer-Tax Collector, and Auditor-Controller.

Housing	Voting
First time home buyer programs, low income housing, rental assistance program, homeless shelter, and neighborhood stabilization program.	Polling locations, vote by mail.
Senior and Retirement	
Aging & disability resource connection program, community outreach, community elderly abuse education, legal assistance, and senior employment.	

## FACTORS AFFECTING ECONOMIC CONDITION

### State Economy

The Governor's Budget Revision was issued in May 2015. Since the January Budget, the State's economy has strengthened and revenues have surged upward, driven by increased capital gains and other income from high-wage earners. Overall, the May Revision reflects a \$6.7 billion increase in General Fund revenues compared to the January Budget. Proposition 98 increases General Fund spending by \$5.5 billion for K-12 schools and community colleges. Proposition 2 requires that an additional \$633 million be saved in the Rainy Day Fund, and an additional \$633 million be used to pay down debts and liabilities.

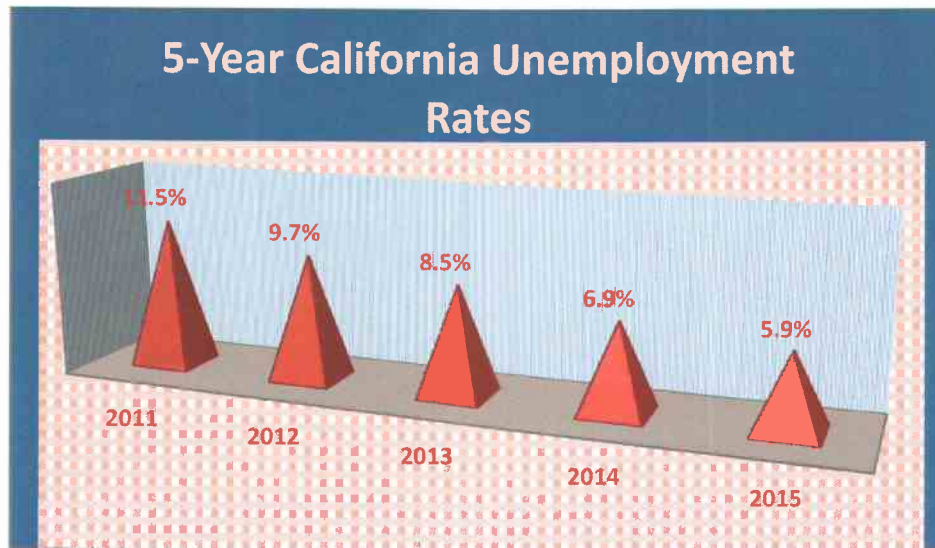
The May Revision commits spending in creating the first-ever California Earned Income Tax Credit to assist the State's lowest-income workers. The credit will provide \$380 million in benefits to 2 million Californians. Also holding tuition flat at the State's universities for California undergraduate students for two more years by providing increased ongoing funding to California State University and temporary assistance to the University of California to pay down its unfunded pension liability.

Additionally, providing health care and other safety net services to currently undocumented immigrants who gain Permanent Residence Under Color of Law status under the President's executive actions. The May Revision continues to focus on the key elements of the January Budget, such as carrying out the Local Control Funding Formula, federal health care reform, public safety realignment, the water Action Plan, and the Cap and Trade Expenditure Plan.

The latest forecast from the University of California, Center for Economic Forecast and Development, states that while trouble has plagued the international economy in recent months, domestic activity continues to move ahead robustly, and that is particularly true in California. Over the past year, the Golden State has been one of the brightest spots in the United States economy.

June 2015 marked the 40<sup>th</sup> consecutive month that California has outpaced the nation overall in terms of nonfarm job growth. Real estate GDP increased by 2.8% last year compared with 2.4% growth in the nation overall. Over the past 12 months California has been the 5<sup>th</sup> fastest growing state in the nation and the single largest source of new United States jobs, with more than 461,000 positions created as of June 2015.

The State's seasonally adjusted unemployment rate was 5.9 percent compared to the United States unemployment rate of 5.1 as of September 2015.



#### Local Economy

Inland Southern California had a great year in 2014 and 2015 has continued this trend. The majority of economic indicators are moving upward; the labor markets are among the fastest growing in the State, and home sales are on the rise. The current forecast for the region is positive. The affordability of the region, on both residential and commercial sides of the real estate market, has been a major driver of growth in the last few years.

The Inland Southern California labor market has also made great strides this last year. This strength is expected to continue over the next five years. As of October 2015, the County's unemployment rate declined slightly from 6.9 percent to 6.3 percent.

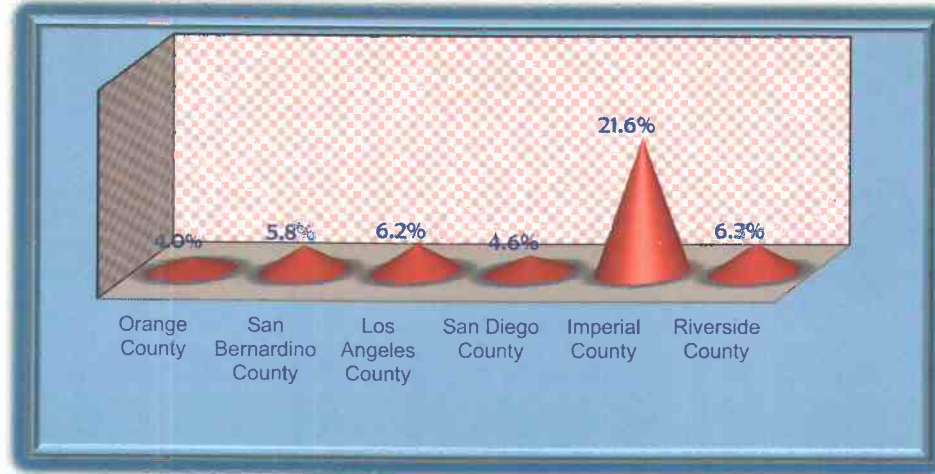
The Governor's May Revision indicates the County is likely to receive as much as \$64.5 million in one-time revenue from back-due SB90 reimbursement totaling \$40.8 million and a \$23.7 million fire services credit in fiscal year 2015-16 to compensate the County for amounts owed by four newly incorporated cities, of which the general fund portion will be \$20.3 million. The May Revision reduces the payment the County would owe the Department of Forestry and Fire Protection (CalFire) for fire services to enable the County to absolve these cities of one-time debt they owe the County. The State will backfill CalFire for its reduced reimbursements.

The fiscal year 2015-16 budget establishes \$5.27 billion in appropriations for the County, an increase of 11 percent from fiscal year 2014-15 budgeted spending levels. Overall estimated revenue is projected to increase to \$4.95 billion. The difference of \$325.8 million is backed with fund balance and reserves.

The fiscal year 2015-16 budget recommends \$3.04 billion in general fund appropriations, comprising 58 percent of the overall budget. General fund discretionary revenue continues to show modest growth, however major budgetary challenges are posed by ongoing costs that continue to outpace ongoing revenues. Of these, negotiated salary and pension increases are most significant.



### Unemployment Comparison of Neighboring Counties



Source: Employment Development Department, Labor Market Division, October 2015

### Relevant Financial Policies

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

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

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

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

*Investment Oversight Committee* reviews the County's investment policies.

### Financial Reporting Awards

The Government Finance Officers Association (GFOA) of the United States and Canada has awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the County for its CAFR for the fiscal year ended June 30, 2014. This was the twenty-seventh consecutive year the County has achieved this prestigious award. In order to be awarded a *Certificate of Achievement*, a government entity must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

The County has also been awarded for *Outstanding Achievement* in the preparation of the Popular Annual Financial Report (PAFR), which is also referred to as Financial Highlights for the fiscal year ended June 30, 2014. This was the ninth consecutive year the County has achieved this award. In order to receive an award for *Outstanding Achievement in Popular Annual Financial Reporting*, a government entity must publish a PAFR, with contents conforming to program standards of creativity, presentation, understandability and reader appeal. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR and PAFR continue to meet the Certificate of Achievement Program's requirements and we are submitting both reports to the GFOA to determine the eligibility for new certificates.



## Acknowledgments

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

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

*Respectfully,*

A handwritten signature in black ink that reads "Paul Angulo". The signature is written in a cursive, flowing style.

---

PAUL ANGULO, CPA, MA  
RIVERSIDE COUNTY AUDITOR-CONTROLLER

# COUNTY OF RIVERSIDE

## List of Principal Officials As of June 30, 2015

### ELECTED OFFICIALS

#### Board of Supervisors



KEVIN JEFFRIES  
First District



JOHN F.  
TAVAGLIONE  
Second District



CHUCK  
WASHINGTON  
Third District



JOHN BENOIT  
Fourth District



MARION ASHLEY  
Chairman  
Fifth District

### COUNTYWIDE ELECTED OFFICIALS



MICHAEL HESTRIN  
District Attorney



STANLEY SNIFF  
Sheriff  
Coroner  
Public Administrator



PAUL ANGULO  
Auditor  
Controller



PETER ALDANA  
Assessor  
Clerk  
Recorder



DON KENT  
Treasurer  
Tax Collector

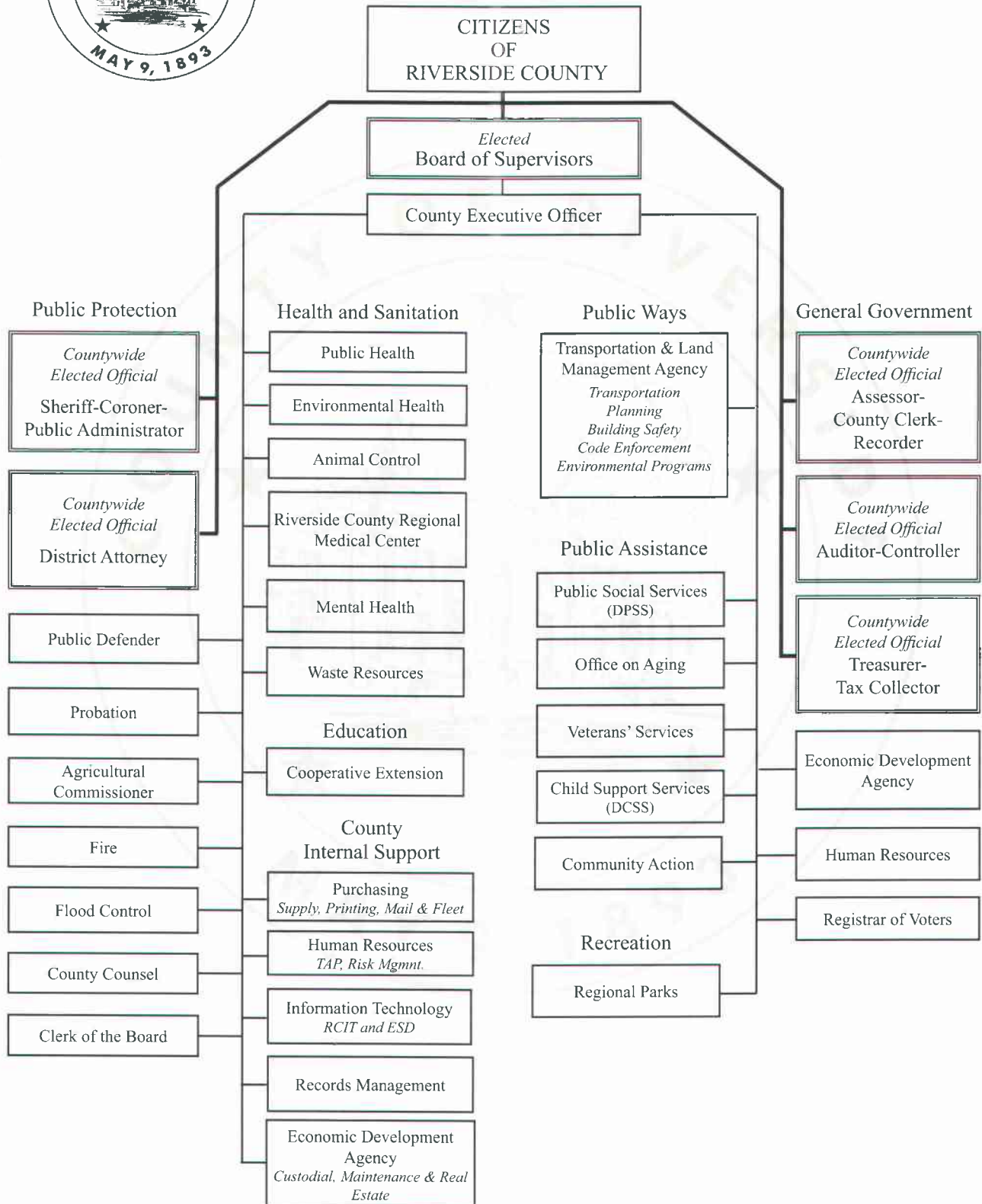
### APPOINTED OFFICIALS

JAY ORR  
County Executive Officer

GREGORY P. PRIAMOS  
County Counsel



## COUNTY OF RIVERSIDE ORGANIZATION CHART





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of Riverside  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# FINANCIAL SECTION



**BROWN  
ARMSTRONG**

**CERTIFIED  
PUBLIC  
ACCOUNTANTS**

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(MAIN OFFICE)**

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FAX 559.476.3593

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FAX 626.204.6547

**STOCKTON OFFICE**

5250 CLAREMONT AVENUE

SUITE 237

STOCKTON, CA 95207

TEL 209.451.4833

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

# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors  
County of Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Riverside, California, (the County) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Riverside County Flood Control and Water Conservation District (the Flood Control), Housing Authority of the County of Riverside (the Housing Authority), Riverside County Regional Park and Open-Space District (the Park District), Perris Valley Cemetery District (the Cemetery District), Riverside County Redevelopment Successor Agency (the Successor Agency), and Riverside County Children and Families Commission (the Commission), which represent the following percentages, respectively, of the assets and revenues of the following opinion units:

Opinion Unit	Assets	Revenues
Governmental Activities	19%	3%
Business-Type Activities	23%	13%
Aggregate Remaining Fund Information	3%	0%
Discretely Presented Component Units	50%	72%

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

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

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

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

## Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the General Fund, the Transportation Special Revenue Fund, and the Flood Control Special Revenue Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

As disclosed in the Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, during the fiscal year ended June 30, 2015. Our opinion is not modified with respect to the matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-23; the County's Retirement Plans schedules relating to net pension liabilities, changes in net pension liabilities, and pension contributions on pages 125-130; and the schedule of funding progress for the County's Other Post-Employment Benefit (OPEB) plans on pages 130-131 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and respective budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and respective budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and respective budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Bakersfield, California  
December 22, 2015

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
2 *Accountancy Corporation*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

# **MANAGEMENT'S**

## **DISCUSSION AND ANALYSIS**

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



## Management's Discussion & Analysis (*Unaudited*)

This section of the County of Riverside's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal beginning on page v and the County's basic financial statements which begin on page 25.

### FINANCIAL HIGHLIGHTS

- As of July 1, 2014, the County implemented two new Governmental Accounting Standard Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27, and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. The implementation of the statements required employers to record net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense on the financial statements. To comply with this statement, a prior period adjustment of \$2.2 billion was made to decrease the County's beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.
- At the close of fiscal year 2014-15, the County's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$2.6 billion (*net position*). The net position included \$3.1 billion of net investment in capital assets, \$545.9 million of restricted resources for the County's ongoing obligations related to programs with external restrictions, and \$1.1 billion deficit of unrestricted resources which primarily resulted from the prior period adjustment for changes in accounting principle as required by GASB Statement No. 68.
- As of June 30, 2015, the County's governmental funds reported combined fund balances of \$1.4 billion, an increase of \$294.4 million in comparison with the prior year. Approximately 16.6% of this amount (\$225.9 million) is available for spending at the County's discretion (*unassigned fund balance*).
- The significant change in capital assets net of accumulated depreciation resulted from additions of infrastructure consisting of roads, traffic signals, bridges, and storm water drains.
- \$325.0 million lease revenue bond was issued during fiscal year 2014-15 for financing the costs associated with the East County Detention Center construction project.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the County's basic financial statements which are comprised of the following three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements.

In addition to the basic financial statements, *Required Supplementary Information* is included to provide additional detail to support the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets, liabilities, deferred inflow/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or declining. The statement of net position in summary can be found on page 7, and in more detail on page 25.

The *statement of activities*, presented on page 9 in summary and on pages 26-27 in detail, provides information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in

## Management's Discussion & Analysis (Unaudited)

future fiscal periods. For example, property tax revenues are recorded when accrued but not yet collected, and when expenditures for compensated absences are accrued, but not yet paid.

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

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

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

The blended component units are:

- County of Riverside Asset Leasing Corporation (CORAL)
- County of Riverside District Court Financing Corporation
- County of Riverside Bankruptcy Court Corporation
- Housing Authority of the County of Riverside
- In-Home Supportive Services Public Authority
- Riverside County Flood Control and Water Conservation District (Flood Control)
- Riverside County Regional Park and Open-Space District
- Riverside County Public Financing Authority
- Riverside County Service Areas
- Inland Empire Tobacco Securitization Authority
- Perris Valley Cemetery District

**Fund Financial Statements**, illustrated on pages 30-47, provide information regarding the three major categories of County funds – governmental, proprietary, and fiduciary. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in (GASB) Statement No. 34, as amended. Like other state and local governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**Governmental Funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements often have a budgetary orientation, are prepared on the modified accrual basis of accounting, and focus primarily on the sources, uses, and balances of current financial resources. Governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year unlike government-wide financial statements. Such information may be useful in assessing a government's near-term financing requirements.

## Management's Discussion & Analysis (Unaudited)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances provided are accompanied by reconciliation to government-wide financial statements in order to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains several individual governmental funds organized according to their type (general, special revenue, debt service, capital projects, and permanent funds). The governmental fund statements present the financial information of each major fund (the general fund, transportation special revenue fund, flood control special revenue fund, teeter debt service fund, public facilities improvements capital projects fund, and public financing authority capital projects fund) in separate columns.

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

Budgetary comparison statements are also included in the fund financial statements. The statements present the County's annual estimated revenue and appropriation budgets for all governmental fund budgets except for CORAL, District Court Financing Corporation, Bankruptcy Court, Inland Empire Tobacco Securitization Authority, Public Financing Authority, and Perris Valley Cemetery Endowment Fund. The budgetary comparison statements have been provided to demonstrate compliance with their respective budgets.

**Proprietary Funds** are used to account for services for which the County charges customers, either outside customers or internal departments of the County. Proprietary funds statements, found on pages 42-45 provide the same type of information as shown in the government-wide financial statements with more detail. The County maintains the following two types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the RMC, Waste Resources, Housing Authority, County Service Areas, and Flood Control. RMC, Waste Resources, and Housing Authority financial statements are reported in separate columns of the proprietary fund statements due to the materiality criteria defined by GASB Statement No. 34. Financial information for the remaining enterprise funds (nonmajor funds) is combined into a single, aggregated presentation. Individual fund statements for County Service Areas and Flood Control are presented in the supplementary information section.
- *Internal service funds* are used to report activities that provide supplies and services for certain County programs and activities. The County uses internal service funds to account for its records and archive management, fleet services, information services, printing and mail services, supply services, enterprise solution division (accounting and human resources information technology system), risk management, temporary assistance pool, economic development agency (facilities management), and flood control equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund financial information for each internal service fund is provided in the supplementary information section.

**Fiduciary Funds** report assets held in a trustee or agency capacity for others and therefore cannot be used to support the County's programs nor be reflected in the government-wide financial statements. Fiduciary funds maintained by the County include a pension trust fund, investment trust funds, private-purpose trust funds, and agency funds. The fiduciary fund financial statements on pages 46-47, are presented on the economic resources measurement focus and the accrual basis of accounting.

## Management's Discussion & Analysis (Unaudited)

**Notes to the Basic Financial Statements** provide additional information other than that displayed on the face of the financial statements and are essential for fair presentation of the financial information in the government-wide and fund financial statements. The notes can be found on pages 49-123 of this report.

**Required Supplementary Information**, in addition to this MD&A, presents schedules of retirement plan funding progress and employer contribution. Required supplementary information can be found on pages 125-131 of this report.

**Combining and individual fund statements and budgetary schedules** provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds, and are presented immediately following the required supplementary information. Combining and individual fund statements and budgetary schedules can be found on pages 133-182 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. The table below focuses on the net position and changes in net position in the County's governmental and business-type activities. It presents an analysis of the County's net position as of June 30, 2015, in comparison to the prior fiscal year 2013-14. At the end of current fiscal year, the County reported positive net position in two of the three categories: net investment in capital assets and restricted net position. Unrestricted net position showed a deficit due to the implementation of GASB Statement No. 68. Total assets and deferred outflow of resources, as indicated below, exceeded liabilities and deferred inflow of resources by \$2.6 billion representing a decrease of \$2.0 billion (\$187.7 million changes in net position and restatement of \$2.2 billion, see Note 3), or 44.4%. A more detailed statement can be found on page 25 in the government-wide financial statements.

#### Statement of Net Position June 30, 2015 (In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	%
<b>Assets:</b>							
Current and other assets	\$ 2,366,793	\$ 2,535,316	\$ 458,916	\$ 469,859	\$ 2,825,709	\$ 3,005,175	-6.0%
Capital assets	4,355,657	4,124,395	293,375	295,478	4,649,032	4,419,873	5.2%
Total assets	6,722,450	6,659,711	752,291	765,337	7,474,741	7,425,048	0.7%
Deferred outflows of resources:	209,599	25,722	25,452	278	235,051	26,000	0.0%
Total deferred outflows of resources	209,599	25,722	25,452	278	235,051	26,000	0.0%
<b>Liabilities:</b>							
Current liabilities	689,679	697,048	156,747	218,048	846,426	915,096	-7.5%
Long-term liabilities	3,292,882	1,585,792	524,317	322,076	3,817,199	1,907,868	100.1%
Total liabilities	3,982,561	2,282,840	681,064	540,124	4,663,625	2,822,964	65.2%
Deferred inflows of resources:	423,050	19,706	67,291	8,684	490,341	28,390	0.0%
Total deferred inflows of resources	423,050	19,706	67,291	8,684	490,341	28,390	0.0%
<b>Net position:</b>							
Net investment in capital assets	3,009,048	3,165,319	95,160	147,806	3,104,208	3,313,125	-6.3%
Restricted	489,359	499,463	56,569	96,904	545,928	596,367	-8.5%
Unrestricted	(971,969)	718,105	(122,341)	(27,903)	(1,094,310)	690,202	-258.5%
Total net position	\$ 2,526,438	\$ 4,382,887	\$ 29,388	\$ 216,807	\$ 2,555,826	\$ 4,599,694	-44.4%

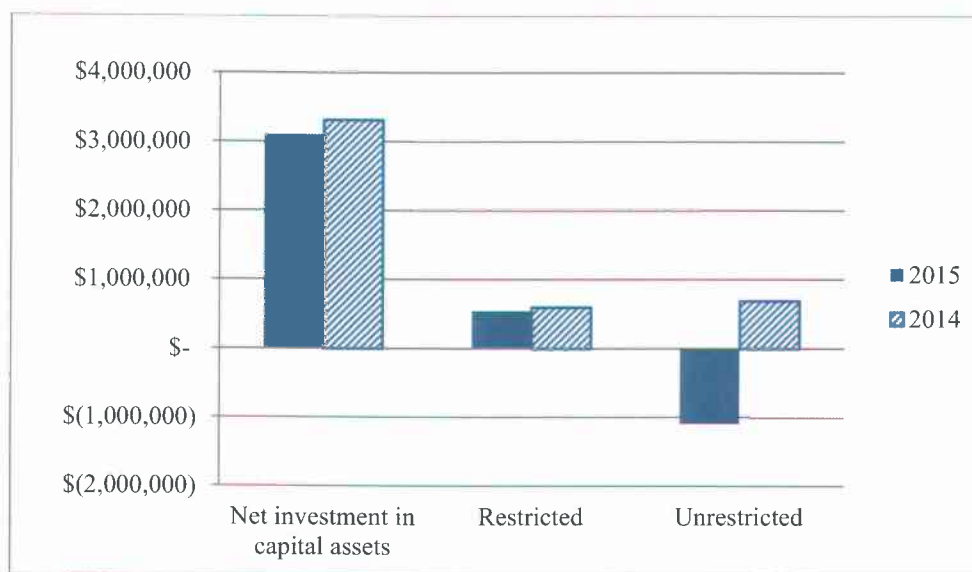


## Management's Discussion & Analysis (*Unaudited*)

Below are the three components of net position and their respective balances as of June 30, 2015:

- Net investment in capital assets was \$3.1 billion, or 121.5%, of the County's total net position compared to \$3.3 billion, or 72.0%, for fiscal year 2013-14. This component consists of capital assets such as land and easements, structures and improvements, infrastructure, and equipment, net of accumulated depreciation. The amount is further reduced by any debt attributable to the acquisition, construction, or improvement of the assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- \$545.9 million, or 21.4%, of the County's total restricted net position compared to \$596.4 million, or 13.0% for fiscal year 2013-14. This component represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- \$1.1 billion deficit, or 42.9%, of the County's total net position is unrestricted that may be used to meet the County's ongoing obligations to citizens and creditors. Of this amount, \$972.0 million deficit is from governmental activities and \$122.3 million deficit from business-type activities, compared to prior year whereas, \$718.1 million was from governmental activities and a \$27.9 million deficit from business-type activities.

**Statement of Net Position**  
**June 30, 2015 and 2014**  
**(In thousands)**



## Management's Discussion & Analysis (Unaudited)

The following table provides information from the Statement of Activities of the County as of June 30, 2015 as compared to the prior year:

### Statement of Activities For the fiscal year ended June 30, 2015 (In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) %
	2015	2014	2015	2014	2015	2014	
Revenues:							
Program revenues:							
Charges for services	\$ 645,840	\$ 615,895	\$ 665,819	\$ 555,966	\$ 1,311,659	\$ 1,171,861	11.9%
Operating grants and contributions	1,800,158	1,593,627	-	-	1,800,158	1,593,627	13.0%
Capital grants and contributions	31,579	29,890	536	450	32,115	30,340	5.9%
General revenues:							
Property taxes	327,504	297,107	-	-	327,504	297,107	10.2%
Sales and use taxes	32,851	35,443	-	-	32,851	35,443	-7.3%
Unrestricted intergovernmental revenue	244,003	227,303	-	-	244,003	227,303	7.3%
Investment earnings	8,700	11,317	895	1,319	9,595	12,636	-24.1%
Other	182,809	195,756	-	-	182,809	195,756	-6.6%
Total revenues	3,273,444	3,006,338	667,250	557,735	3,940,694	3,564,073	10.6%
Expenses:							
General government	179,575	228,146	-	-	179,575	228,146	-21.3%
Public protection	1,217,731	1,191,438	-	-	1,217,731	1,191,438	2.2%
Public ways and facilities	177,870	108,380	-	-	177,870	108,380	64.1%
Health and sanitation	499,669	460,963	-	-	499,669	460,963	8.4%
Public assistance	970,415	851,246	-	-	970,415	851,246	14.0%
Education	23,409	24,420	-	-	23,409	24,420	-4.1%
Recreation and culture	18,335	20,077	-	-	18,335	20,077	-8.7%
Interest on long-term debt	45,904	47,236	-	-	45,904	47,236	-2.8%
Regional Medical Center	-	-	468,562	482,240	468,562	482,240	-2.8%
Waste Resources	-	-	56,299	62,721	56,299	62,721	-10.2%
Housing Authority	-	-	90,903	94,716	90,903	94,716	-4.0%
Flood Control	-	-	3,056	2,561	3,056	2,561	19.3%
County Service Areas	-	-	390	429	390	429	-9.1%
Total expenses	3,132,908	2,931,906	619,210	642,667	3,752,118	3,574,573	5.0%
Excess (deficiency) before Transfers	140,536	74,432	48,040	(84,932)	188,576	(10,500)	-1896.0%
Transfer in (out)	(11,250)	(9,645)	11,250	9,645	-	-	0.0%
Change in net position, before special items	129,286	64,787	59,290	(75,287)	188,576	(10,500)	-1896.0%
Special items	-	-	(905)	(9,698)	(905)	(9,698)	0.0%
Change in net position	129,286	64,787	58,385	(84,985)	187,671	(20,198)	-1029.2%
Net position, beginning of year, as Restated	2,397,152	4,318,100	(28,997)	301,792	2,368,155	4,619,892	-48.7%
Net position, end of year	\$ 2,526,438	\$ 4,382,887	\$ 29,388	\$ 216,807	\$ 2,555,826	\$ 4,599,694	-44.4%

## Management's Discussion & Analysis (Unaudited)

The following are specific major factors that resulted in the net position changes in governmental activities between fiscal years 2014-15 and 2013-14 as shown in the table on page 9.

### *Revenues for governmental activities*

Revenues from *Charges for services* increased by \$29.9 million, or 4.9%. Charges for services are revenues that arise from charges to external customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. The increases were mainly in fire protection and patrol services provided to cities within the County of Riverside, demand in health care services due to the continued growth of Medi-Cal members. The general election was conducted during fiscal year 2014-15 for cities, schools, and special districts governing board members which also increased charges for services for the Assessor's Office.

Revenues from *Operating grants and contributions* increased by \$206.5 million, or 13.0%, due to significant changes in the following state and federal sources:

- There was an increase of \$98.8 million in federal and state funds for supporting social service programs such as child protection and family support services and changes in Medi-Cal benefits for treating substance use and moderate mental illness for adults enrolled in Medi-Cal program. \$78.5 million was recognized as revenue from Local Revenue Fund 2011 including the local law enforcement services fund, mental health service fund, behavior health fund for mental health substance abuse program, and protective service subaccount fund for child welfare services and foster care assistance. The County received \$33.2 million in reimbursements from the State for previously implemented Senate Bill (SB) 90 Mandated Programs. There was an increase of \$11.4 million from Proposition 172 Public Safety Sales Tax Funds which saw growth due to increased sales activity and sales tax from the expansion of factory outlets in Cabazon.

Revenues from Capital grants increased by \$1.7 million, or 5.7%. There were one-time adjustments and corrections allocated from Highway User Tax funds in the current fiscal year due to a calculation error that occurred in diesel fuel allocation under the 2010 fuel tax swap.

Revenues from *Property taxes* increased by \$30.4 million, or 10.2%. The fiscal year 2014-15 assessment roll value increased by 7.8%, yielding a total property tax roll of \$229.4 billion, compared to \$213.0 billion in fiscal year 2013-14. Median home sales prices increased by 21.2%. This market value increase resulted in a large number of properties in the reduced or "decline-in-value" assessment, also called Proposition 8. Other factors include price increases in multi-family apartments, large warehouse properties, and vacant land.

Revenues from *Sales and use taxes* decreased by \$2.6 million, or 7.3%. Effective July 1, 2014, the general purpose sales and use tax rate for local governments decreased from 1% to 0.75%. The State Board of Equalization administrative charges were increased by approximately 10.0%.

Revenues from *Unrestricted intergovernmental revenue* increased by \$16.7 million, or 7.3% in property tax in-lieu of vehicle license fee. The adjustment was made to reflect the actual amount of sales and use tax revenue loss from the Educational Revenue Augmentation Fund (ERAF) which was used to repay counties and cities.

The decrease in *Investment earnings* was due to the slow growth mode affect by the economic and market conditions.

The significant change in *Other revenue sources* was in Low and Moderate Income Housing (LMIH) Residual Assets due to the dissolution of Redevelopment Development Agency (RDA). Set aside monies that were unencumbered for low and moderate income housing from Assembly Bill (AB) 1484 was distributed to the County. This distribution fluctuates according to Successor Agency's debt requirement and available tax increment.

## Management's Discussion & Analysis (*Unaudited*)

### *Expenses for governmental activities*

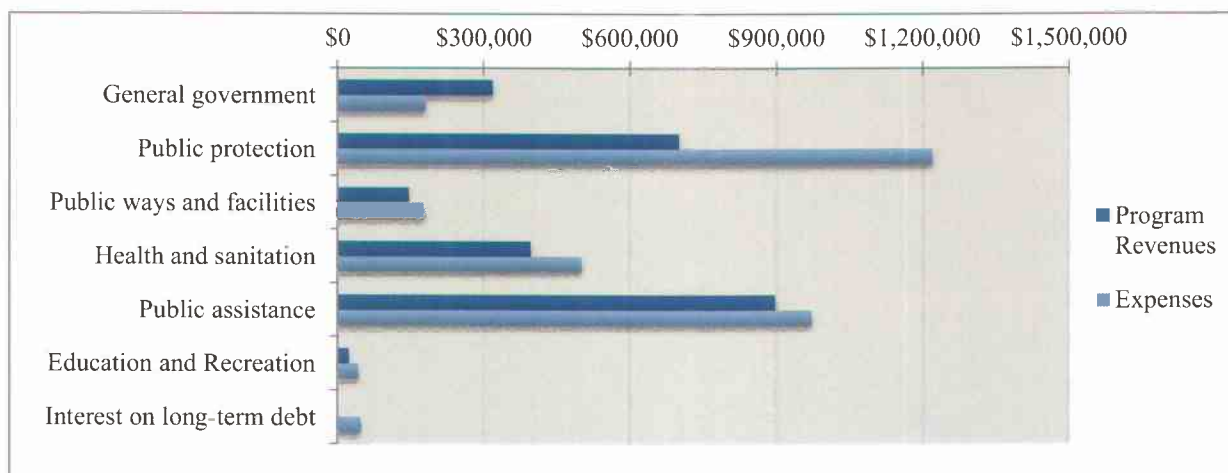
Total expenses for governmental activities were \$3.1 billion for the current fiscal year, an increase of \$201.0 million or 6.9%, as compared to prior fiscal year. The following are the key components accounting for the variances:

- General government represents \$179.6 million, or 5.7%, of the total governmental activities expenses and decreased by \$48.5 million or 21.3% from prior year due to contributions made to support several construction projects.
- Public protection represents \$1.2 billion, or 38.9%, of the total governmental activities expenses, increased by \$26.3 million, or 2.2%. The majority of the increase is caused by the Evidence Based Practices (EBP) implemented by the probation field service department for the purpose of reducing recidivism among individuals under probation supervision. EBP utilizes validated assessment tools, motivational interviewing techniques, and cognitive behavioral therapy. Additional analysis can be found in general fund financial analysis on page 16.
- Public ways and facilities represents \$177.9 million, or 5.7% of the total governmental activities expenses and increased by \$69.5 million or 64.1% due to several grade separation and road improvement projects in progress for eliminating conflicts between railroad operations and vehicular traffic.
- Health and sanitation represents \$499.7 million or 15.9% of the total expenses and increased by \$38.7 million, or 8.4% from prior year due to increases in medical, physician, and hospital services provided to the new population of Medi-Cal enrollees. Increases were also due to Medi-Cal expansion and staffing requested by the court for providing more timely services to conservatorship programs, which manage the personal affairs and estates of individuals disabled by mental disorders and housing needs.
- Public assistance represents \$970.4 million or 31.0% of the total expenses and increased by \$119.2 million or 14.0% from prior year. This was caused by previous vacant positions which were filled for children service programs and the implementation of state policy changes related to calworks redesign, core practice model and expansion of mental health services, and the Coordinated Care Initiative (CCI) in the In Home Support Service program.
- The remaining 2.8% represents education for \$23.4 million or 0.7%; recreation and culture for \$18.3 million or 0.6%, and interest on long-term debt for \$45.9 million or 1.5%.

### Program Revenues and Expenses - Governmental Activities

For the fiscal year ended June 30, 2015

(In thousands)





## Management's Discussion & Analysis (Unaudited)

### Business-type Activities

The following are specific major factors that resulted in the net position changes in business-type activities between fiscal years 2013-14 and 2014-15 as shown in the previous table of page 9.

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

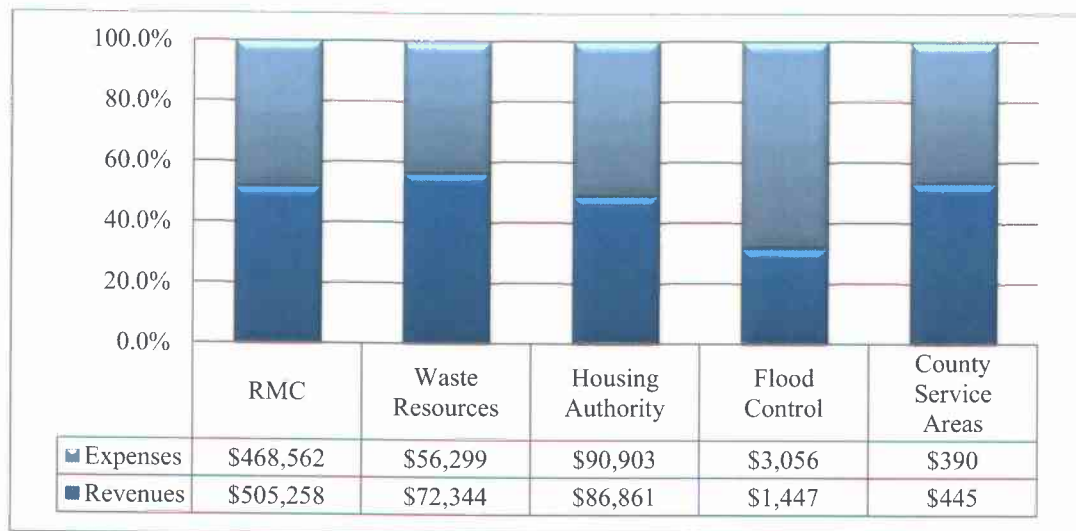
For the current year, \$665.8 million or 99.8%, of business-type activities program revenue was received from charges for services, a percentage consistent with the prior fiscal year. The majority of this revenue, \$504.8 million, was received by RMC as compared to \$400.6 million for the prior fiscal year. The increase was mainly attributed to a significant one-time reimbursement and settlement receipts from the State, and additional patient care revenue.

**Expenses:** Total expenses for business-type activities were \$619.2 million for the fiscal year compared to \$642.7 million for the prior fiscal year. This represents a decrease of \$23.5 million or 3.6%. Expenses of \$468.6 million or 75.7% were incurred by RMC in the current fiscal year, as compared to \$482.2 million or 75.0%, for the prior fiscal year. In addition, expenses for Waste Resources department expenses were \$56.3 million or 9.1%, compared to \$62.7 million or 9.8% from prior fiscal year; Housing Authority expenses were \$90.9 million or 14.7% of total expenses for business-type activities, compared to prior fiscal year's expenses of \$94.7 million or 14.7%; Flood Control and County Service Areas account for the remaining 0.5% of expenses consistent with the prior fiscal year.

### Revenues and Expenses - Business Type Activities

For the fiscal year ended June 30, 2015

(In thousands)



## Management's Discussion & Analysis (Unaudited)

### FINANCIAL ANALYSIS OF FUND STATEMENTS

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

#### Governmental Fund

The focus of the County's governmental funds is to provide information on the sources, uses, and balances of spendable resources. Such information is useful in assessing the County's short-term financial requirements. In particular, the total fund balance less the nonspendable amount may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the general fund, special revenue funds, capital project funds, debt service funds, and permanent fund.

As of June 30, 2015, the County's governmental funds reported combined fund balances of \$1.4 billion, an increase of \$294.4 million in comparison with the prior year. The components of total fund balance are as follows (See Note 16 - Fund Balances for additional information):

- Nonspendable fund balance – \$7.7 million, are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance – \$1.0 billion, are amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – \$49.5 million, are amounts that are committed for a specific purpose. These funds require action from the Board of Supervisors to remove or change the specified use.
- Assigned fund balance – \$73.1 million, are amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed. Assigned amounts cannot cause a deficit in unassigned fund balance.
- Unassigned fund balance – \$225.9 million, funds that are not reported in any other category and are available for any purpose within the general fund.

Total governmental fund revenue increased by \$316.0 million or 10.8%, from the prior fiscal year with \$3.2 billion being recognized for the fiscal year ended June 30, 2015. Expenditures increased by \$309.9 million or 10.1%, from the prior fiscal year with \$3.4 billion being expended for governmental functions during fiscal year 2014-15. Overall, governmental fund balance increased by \$294.4 million or 27.6%. In comparison, fiscal year 2013-14 had a decrease in governmental fund balance of \$49.1 million or 4.4%, over fiscal year 2012-13.

The general fund is the primary operating fund of the County. At the end of fiscal year 2014-15, the general fund's total fund balance was \$395.4 million, as compared to \$363.7 million in fiscal year 2013-14. As a measure of the general fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The nonspendable portion of fund balance was \$2.0 million, and the spendable portion was \$393.4 million. The current year unassigned fund balance is 8.3% of the total general fund expenditures of \$2.7 billion, as compared to 8.3% of the prior year expenditures total of \$2.5 billion. The total fund balance of the general fund for the current year is 14.6% of the total general fund expenditures as compared to 14.8% for the prior year.

The decrease in Transportation and Land Management Agency fund balance was due to the completion of the grade separation projects during the current fiscal year, and lesser highway user tax allocation received from the State due to the correction of allocation error which occurred in prior years.

Flood control fund balance decreased by \$17.9 million or 6.9%, due to a rise in inspection costs for developer constructed infrastructure projects and negotiated salary increases for personnel.

Public facilities improvement capital project fund balance increased from \$134.7 million to \$138.6 million, 2.9% or \$3.9 million. The increase was caused by some construction costs were financed with bond proceeds in addition to contribution from other county funds.

## Management's Discussion & Analysis (Unaudited)

A Public Financing Authority capital project fund was established during fiscal year 2014-2015 with the new lease revenue bond proceed for financing construction costs of several major capital projects including the new detention center, parking structures, and courtrooms.

### Other Governmental Funds

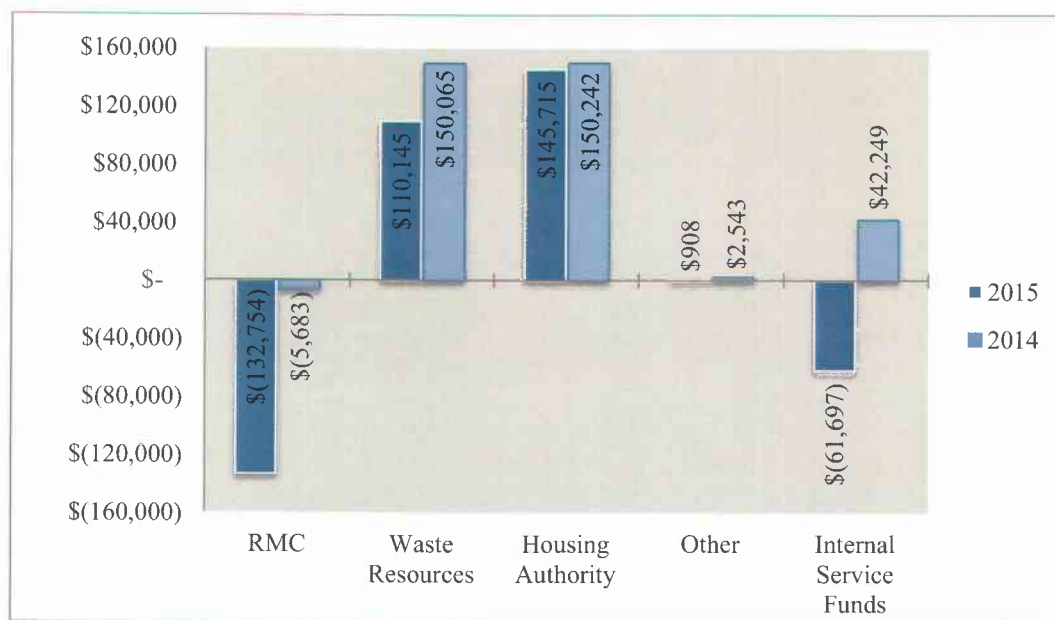
The decrease in nonmajor governmental funds fund balance was essentially from the scheduled annual principal payments of outstanding debts.

### Proprietary Funds

The County's proprietary funds financial statements provide the same type of information as the government-wide financial statements, but in more detail. The RMC and Waste Resources are shown in separate columns of the fund statements due to materiality criteria as defined by GASB. In addition, the internal service funds are combined into a single, aggregated presentation in the proprietary fund statements with the individual fund data provided in the combining statements, which can be found in the supplemental information section.

At the end of the fiscal year, total proprietary fund net position was \$62.3 million, compared to \$339.4 million for prior fiscal year, decreased by \$277.1 million or 81.6%. The significant change was due to the prior period adjustments made to reflect the prior period costs related to the implementation of the net pension liability and the post-closure and remediation liabilities for inactive sites that had not been recorded in the prior year. In addition to the prior period adjustments, the other significant change was RMC's savings from operational improvements in reduction of overtime, contract renegotiations, and supply cost reductions including pharmaceuticals, additional patient care revenue, and limiting the State health realignment funds reduction.

**Proprietary Funds Net Position**  
For the fiscal year ended June 30, 2015  
(In thousands)



## Management's Discussion & Analysis (Unaudited)

### GENERAL FUND FINANCIAL ANALYSIS

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

**General Fund - Revenues by Source**  
For the fiscal year ended June 30, 2015  
(In thousands)

	2015		2014		Increase / (Decrease)	
Revenues by Sources	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
Taxes	\$ 267,708	9.4%	\$ 256,746	10.0%	\$ 10,962	4.3%
Intergovernmental revenues	1,861,246	65.4%	1,653,338	64.6%	207,908	12.6%
Charges for services	431,323	15.2%	396,904	15.5%	34,419	8.7%
Other revenue	142,580	5.0%	155,771	6.1%	(13,191)	-8.5%
Other financing sources	142,453	5.0%	97,982	3.8%	44,471	45.4%
Total	<u>\$ 2,845,310</u>	<u>100.0%</u>	<u>\$ 2,560,741</u>	<u>100%</u>	<u>\$ 284,569</u>	<u>11.1%</u>

General fund revenues had an overall increase of \$284.6 million, or 11.1%, from the prior year. The increase was due primarily to the changes in the following:

- The changes in *Taxes* during the current fiscal year were due to the 7.8% increase in assessment roll value, yielding a total property tax roll of \$229.4 billion, compared to \$213.0 billion in fiscal year 2013-14. The main factor of the roll increase was the growth rate in the average sales price of a single family home in the County. Other factors included a substantial increase in a large number of properties in the reduced or "decline-in-value" assessment, also called Proposition 8, price increases in multi-family apartments, large warehouse properties, and vacant land.
- The increase in *Intergovernmental revenues* was primarily attributed to allocation and realignment revenue from the state and federal aid. See explanation previously discussed on page 10.
- *Charges for services* increased by \$34.4 million, or 8.7%, was primarily due to increase in fire protection services provided to cities and patrol service provided to cities, RMC, and schools. Capitated Medi-Cal services increased as a result of the new population of Medi-Cal patients which based on a payment per person, rather than a payment per service provided.
- The decrease in *Other revenue* was due to the receipt of prior year landfill lease revenue which included prorated rent from fiscal years 2009-10 to 2012-13. Penalties on delinquent property taxes continued to decrease as the local housing and employment markets continued to strengthen, and the revenue neutrality payments collected in prior year were including deferral neutrality payments from fiscal year 2010-11 to 2012-13.
- *Other financing sources* increased \$44.5 million, or 45.4%, due to office building and equipment financed with capital leases.



## Management's Discussion & Analysis (*Unaudited*)

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

### General Fund - Expenditures by Function For the fiscal year ended June 30, 2015 (In thousands)

Expenditures by Function	2015		2014		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
General government	\$ 109,900	3.9%	\$ 106,045	4.2%	\$ 3,855	3.6%
Public protection	1,189,466	42.3%	1,116,621	43.7%	72,845	6.5%
Public ways and facilities	8	0.0%	-	0.0%	8	100.0%
Health and sanitation	478,047	17.0%	416,005	16.3%	62,042	14.9%
Public assistance	865,309	30.7%	795,309	31.1%	70,000	8.8%
Other expenditures	68,313	2.4%	19,313	0.8%	49,000	253.7%
Other financing uses	103,554	3.7%	101,021	4.0%	2,533	0.0%
Total	<u>\$ 2,814,597</u>	<u>100.0%</u>	<u>\$ 2,554,314</u>	<u>100.0%</u>	<u>\$ 260,283</u>	<u>10.2%</u>

Total expenditures for general fund were \$2.8 billion, an increase of \$260.3 million, or 10.2%, from the prior year. Significant changes are as follows:

- An increase of \$3.9 million, or 3.6% in *General government* was mainly due to a major countywide election conducted during fiscal year 2014-15, contributions made to support capital project costs, debt service payments, and court facility maintenance and improvement.
- The increase in *Public protection* was mainly caused by the Probation Field Service Departments continued implementation of realignment efforts with either community based supervision, mandatory probation, pre-trial services, court-ordered probation, or Require Every Convict Occupant Reimburse County Expenses (RECORCE); through the recruitment and hiring of vacant positions and continued implementation of evidence based programs. The correctional deputy and deputy sheriff positions were filled for the new county jail. Additional officers in patrol division were hired to reach the goal of more than one sworn officer for every one thousand residents.
- In *Health and sanitation*, an additional change was implemented to the California Affordable Care Act (ACA) due to the addition of treatment for substance use and moderate mental illnesses for adults enrolled in Medi-Cal. Medi-Cal benefits were previously limited to treating only those with very serious mental illness conditions.
- The increase in *Public assistance* was due to aggressive recruiting in all major social service program areas in an effort to accommodate program growth and keep pace with the 12.0% annual attrition rate.
- The significant change in *Other expenditures* was mainly due to an office building and equipment purchase financed by capital lease obligation.
- The increase in *Other financing uses* was due to contributions to other County funds for financing debt service payments, construction costs of capital projects, and County program activities.

## **Management's Discussion & Analysis (Unaudited)**

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

This section provides a summary of the primary factors attributing to the General Fund variances between 1) the original adopted and the final amended budget, and 2) the final amended budget and the actual revenue and expenditure amounts. The budgetary comparison statement displays the details of the comparison and is included in the governmental fund statements section.

#### **Variance Between General Fund Original Adopted and Final Amended Budget**

##### **Estimated Revenue Variances**

The original adopted General Fund estimated revenue budget increased by \$20.0 million, or 0.7%, from \$2.82 billion to the final amended revenue budget of \$2.84 billion. The major changes in appropriations are as follows:

Taxes: Increased by \$10.6 million, or 4.1%, \$4.6 million of the increase was due to a net increase in forecasted property tax revenue due to an increase in assessment roll values from 5.0% to 7.8% and the remaining \$5.5 million was for one-time revenue received for residual redevelopment assets.

State aid: Increased by \$49.5 million, or 4.1%, \$33.2 million was transferred from Mental Health Service Act fund to the general fund to fund the purchase of a new facility by Mental Health. The new facility will be an integrated outpatient clinic. In addition, as part of the Governor's plan to pay off debt to local agencies, the county received \$5.9 million in SB90 reimbursable state mandates. The remaining variance was due to an increase in projected revenue from AB118 and other state programs.

Charges for services: Decreased by \$43.1 million, or 8.3%. \$63.0 million of the decrease was primary due to intergovernmental activities. This was offset by an increase of \$11.8 million from the Sheriff department providing additional law enforcement services to the Cities and the RMC along with a \$5.3 million increase by the Fire Department with their Cal Fire contract.

Other revenues: Decreased by \$10.1 million, or 12.1%. The primary decrease was mainly due to intergovernmental activities of \$24.8 million. This was an offset of \$11.1 million from contributions from other funds and \$2.0 million received from insurance proceeds related to a helicopter accident.

##### **Expenditure Appropriation Variances**

The original adopted General Fund appropriation budget increased by \$17.5 million, or 0.6%, from \$2.87 billion to the final amended appropriation budget of \$2.88 billion. The major appropriation variances are described below.

General government: The appropriation budget decreased by \$20.1 million, or 10.0%.

- Other charges decreased by \$14.3 million, or 20.6%. The decrease was mainly due to intergovernmental activities of \$25.9 million. This was offset by an increase of \$7.6 million of contributions given to other county funds and \$3.1 million contributed to non-County agencies.
- Appropriation for contingencies decreased by \$13.4 million, or 57.6%. The Sheriff's department attributed \$14.9 million of the decreased because their budget increased to be able to meet County's board directive of increasing patrol staffing in unincorporated areas of the county and to fund trial court realignment shortfall.

Public protection: The appropriation budget increased by \$45.5 million, or 3.8%.

- Salaries and employee benefits increased by \$33.9 million or 4.3%. This was mostly due to increases in salary costs due to new labor negotiations. The Sheriff Department had increases of approximately \$40.0 million within its Administration, Patrol and Correction divisions to be able to meet the County's board directive of increasing patrol staffing in unincorporated areas of the County and hiring for the East County

## **Management's Discussion & Analysis (*Unaudited*)**

Detention Center. The District's Attorney office increased its salaries by \$5.2 million. This increase was offset by at \$12.0 million decrease due to intergovernmental activities.

Health and sanitation: The appropriation budget increased by \$39.2 million or 8.1%.

- Services and supplies increased by \$16.7 million, or 14.7%. Mental Health costs increased by \$5.9 million for IT core services, car pool expense and building maintenance and improvement. \$4.5 million was for Department of Public Health to purchase a high capacity copier. \$3.1 million of the variance was for fiscal year 2014-15 encumbrances for various general fund departments for professional services.
- Other charges increased by \$17.8 million, or 10.4%. A decreased of \$4.8 million was due to intergovernmental activities was offset by an increase of \$18.0 million increase in MISP programs, \$2.0 million contributions to Low Income Health Plan and a \$1.6 million increase by Mental Health for providing private care to misdemeanor felons.
- Capital assets increased by \$33.6 million, or 3634.9%. In June 2014, the Board of Supervisors approved the purchase of a building for \$36.0 million for Mental Health to combine various mental health services in one location. In March 2015, the acquisition was completed and the General Fund was subsequently reimbursed by MHSA revenue.
- Intrafund transfers increased by \$21.2 million or 33.2%. \$4.5 million was increased by the Department of Public Health to purchase a high capacity copier and \$16.5 million was increased by MISP for realignment funding.

### **Variance between General Fund Actual Revenues and Expenditures and Final Amended Budget**

During the year, the General Fund had a positive budget variance of approximately \$35.3 million resulting from unexpended appropriations of \$172.5 million, or 6.0%, and overestimated revenue of \$137.2 million, or 4.8%. The following contributed to the variance:

#### **Revenue Variances**

General Fund actual revenues of \$2.70 billion were 4.8%, or \$137.2 million, less than the final amended revenue budget of \$2.84 billion.

Rents and concessions: Actual revenues were less than the final amended budget by \$24.5 million, or 76.0%. The primary variance is due to \$15.1 million being transferred from the general fund to the CORAL debt service fund and the remaining \$9.3 million was for the hospital's debt service.

Federal aid: Actual revenues were less than the final amended budget by \$16.6 million, or 3.0%. The Department of Social Services had a net decrease of \$8.7 million. During the year the CalWORKs program leveled off and came in under budget by \$11.0 million however this was offset by an increase of \$2.2 million in federal funding for the Affordable Care Act. The Probation department's actuals were \$4.3 million less than budget due to Title IV-E funding. Lastly, Public Health's federal health grants revenue was \$1.8 million less than budgeted due to less services provided to the American Lung Association of California than expected.

State aid: Actual revenues were less than the final amended budget by \$19.4 million, or 1.6%. During the fiscal year the County received additional state revenue of \$33.2 million from state mandated reimbursements, \$4.5 million from AB118 and \$3.0 million from growth public safety sales tax revenue. This revenue was offset by a \$20.0 million decrease in State public assistance programs.

Charges for services: Actual revenues were less than the final amended budget by \$44.4 million, or 9.3%. \$63.0 million of the variance was due to intergovernmental activities. Fire department actuals were less by \$8.5 million for abatements and fire protection and CORAL inter-fund rent was \$5.0 million less due to ACES being paid off in

## **Management's Discussion & Analysis (Unaudited)**

October 2014. Mental Health actuals were \$3.2 million less than budgeted for reimbursement services, ambulatory care for capitated Medi-Cal was \$2.4 million less, and EDA utilities were \$1.3 million less than budgeted.

Other revenue: Actual revenues were less than the final amended budget by \$38.6 million, or 52.5%. \$24.8 million reduction is primary due to intergovernmental activities. \$6.7 million variance in the Department of Public Social Services was budgeted to cover possible operations deficit but funding was not needed as Federal, State and other funding covered costs in the current year. \$5.2 million budgeted by the Executive office to repay CIP fund was not deemed necessary.

### **Expenditure Variances**

General Fund actual expenditures of \$2.71 billion were 6.0%, or \$172.5 million, less than the final amended appropriation budget of \$2.88 billion.

General government: Actual expenditures were less than the final amended budget by \$71.1 million, or 39.3%.

- Salaries and employee benefits were \$6.4 million, or 7.0%, below budget. Decreases were noted in the Assessor by \$2.9 million, the Treasurer-Tax Collector by \$0.6 million, Register of Voters by \$0.6 million and \$1.7 million decrease by intergovernmental activities.
- Services and supplies were \$5.4 million, or 7.2%, less than budgeted primarily due to Human Resources by \$1.0 million, Assessor's Office by \$0.7 million, EDA by \$0.7 million, and Treasurer's Office by \$0.5 million.
- Other charges decreased by \$43.9 million, or 79.3%, mainly due to decreases in contributions to other funds by the Executive Office and decreases in intergovernmental activities.
- Capital assets were \$5.8 million, or 95.5%, less than budgeted primarily due to a decrease of \$3.4 million to pay for a developer agreement and settlement for the Park's Vail Ranch Historic Site however, it is expected to be paid in fiscal year 2015-16. There was also a \$2.3 million decrease in capitalized software and equipment for the Assessor.
- Appropriation for contingencies decreased by \$9.9 million, or 100.0%. In order to meet the County's board directive of increasing patrol staffing in unincorporated areas of the County, the Sheriff's department had to request a \$10.0 million budget adjustment that was funded by contingency funds.

Public protection: Actual expenditures were less than the final amended budget by \$46.5 million, or 3.8%.

- Salaries and employee benefits were \$30.9 million, or 3.8%, less than budgeted primarily due to the \$1.9 million decrease in District Attorney, \$5.2 million decrease in Sheriff Department, \$16.3 million decrease in Probation Department, and \$1.9 million decrease in Fire Department. Intergovernmental activities decrease the appropriation by \$12.0 million.
- Services and supplies were \$14.0 million, or 3.8%, less than budgeted mainly due to Fire Department's professional services and weed abatement charges.

Health and sanitation: Actual expenditures were less than the final amended budget by \$42.6 million, or 8.2%.

- Salaries and employee benefits were \$21.9 million, or 8.7%, less than budgeted amounts mainly due to Mental Health decrease by \$14.9 million and Public Health Department by \$3.8 million. Intergovernmental activities decrease the appropriation by \$4.8 million.
- Services and supplies were \$9.5 million, or 7.3%, less than budgeted primarily due to decreases of approximately \$9.0 million related to professional services.



## Management's Discussion & Analysis (Unaudited)

- Other charges were \$9.2 million, or 4.9%, less than budgeted for private care providers.

Public assistance: Actual expenditures were less than the final amended budget by \$34.6 million, or 3.8%.

- Salaries and employee benefits were \$10.6 million, or 3.6%, less than budgeted due to Department of Public Social Services (DPSS). Their budget was increased at the beginning of the year in response to the continued caseload growth in CalFresh and the Medi-Cal expansion related to healthcare reform. Positions were funded but not all were filled by year end.
- Services and supplies were \$19.3 million, or 16.2%, less than budgeted primarily due to DPSS. DPSS increased their budget by \$7.4 million for computer equipment, \$5.2 million for building improvement-maintenance-rents and \$2.7 million for professional services. This was in response to caseload growth in CalFresh, expansion in Medi-Cal and mental health services, changes in state policy for CalWORKs and child welfare, and to implement Coordinated Care Initiative program in the In Home Supportive Services.

Debt service: Actual expenditures were less than the final amended budget by \$32.1 million, or 71.4%, primarily due to a decrease in principal transferring actuals to debt service fund.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

As of June 30, 2015, the County's capital assets for both its governmental and business-type activities amounted to \$4.6 billion (net of accumulated depreciation). The capital assets include land easements, land improvements, structures and improvements, equipment, construction in progress, concession arrangements and infrastructure. The County's infrastructure is comprised of channels, storm drains, levees, basins, roads, traffic signals, bridges, runways, parks, park trails, and landfill liners. The County's capital assets increased by 5.2% or \$229.2 million, from \$4.4 billion in fiscal year 2013-14 to \$4.6 billion in fiscal year 2014-15.

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

- Infrastructure increased approximately \$264.1 million consisting of donated roads valued at \$40.1 million, \$32.7 million in flood storm drains and channels, and \$191.3 million in roads, traffic signals, bridges, and other infrastructures transferred out of construction in progress.
- Land easements increased approximately \$20.5 million as a result of the following acquisitions: Approximately 14.5 acres of land for Rustin Mental Health Building was acquired for \$13.0 million. The Flood Control District had land additions of \$4.0 million acquired to protect the existing Main Street Dam for water conservation and to improve flood protection. Approximately \$3.4 million of land was obtained by the Economic Development Agency through cooperative agreements between the Law Library, the City of Riverside, and the County that paved the way for the development of the Downtown Law Building, the Citrus Tower, and 91 freeway improvements.
- The Economic Development Agency acquired the Indio Law Building with a total cost of \$44.0 million through a leased agreement between the County and the Riverside Community Properties Development, Inc. In preparation for the East County Detention Center site, the following buildings were demolished: Indio County Administrative Center, Law Library, and Superior Courts of Indio with approximately total value of \$9.8 million. Also, the \$2.2 million Cabazon Water District Building was transferred to the Water District. Overall, the structures and improvements increased approximately by \$32.2 million.
- Equipment increased approximately \$18.3 million. The primary increase of \$9.1 million was due to the Sheriff department's acquisition of two new helicopters and \$1.7 million in communication equipment. The remaining balance of \$7.5 million was due to increases in office equipment, software, equipment vehicles, and other miscellaneous equipment throughout the County.

## Management's Discussion & Analysis (Unaudited)

- During the current fiscal year, construction in progress incurred an additional amount of \$215.5 million related to existing and new projects. The major projects were as follows: the Transportation and Land Management Agency incurred an additional \$96.4 million for projects related to streets, bridges, sidewalks and signal lights; the Flood Control District incurred \$57.3 million for new dam, storm drains and channels; the Economic Development Agency incurred \$33.2 million in costs for existing projects such as the East County Parking Structure, East County Detention Center, Desert Hot Springs Family Care Clinic and the remodeling of Public Defender Building; the RMC incurred an additional \$9.6 million in cost for existing projects such as the Nurse Education Building and Emergency Room Expansion; the Crest project incurred an additional \$7.6 million towards the new integrated property management system. However, approximately \$320.8 million of completed projects were transferred out of construction in progress to other capital asset classifications which resulted in a decrease of approximately \$105.4 million.

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

### Capital Assets (Net of Accumulated Depreciation) (In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	%
Infrastructure	\$ 1,686,877	\$ 1,419,015	\$ 49,162	\$ 52,936	\$ 1,736,039	\$ 1,471,951	17.9%
Land and easements	529,885	507,989	24,359	25,777	554,244	533,766	3.8%
Land improvements	85	86	1,916	2,498	2,001	2,584	-22.6%
Structures and improvements	1,168,032	1,129,652	112,646	118,792	1,280,678	1,248,444	2.6%
Equipment	213,558	192,122	30,998	34,117	244,556	226,239	8.1%
Construction in progress	757,220	875,531	65,464	52,528	822,684	928,059	-11.4%
Concession arrangements	-	-	8,830	8,830	8,830	8,830	0.0%
Total outstanding	\$ 4,355,657	\$ 4,124,395	\$ 293,375	\$ 295,478	\$ 4,649,032	\$ 4,419,873	5.2%

Additional information on the County's capital assets can be found in Note 8 on pages 74-76 of this report.

### Debt Administration

Per Board of Supervisors policy, the County's Debt Advisory Committee reviews all debt issuances of the County and its financing component unit organizations and advises the Board of Supervisors accordingly. Net bonded debt per capita equaled \$515.0 million as of June 30, 2015. The calculated legal debt limit for the County is \$2.9 billion.

The following are credit ratings maintained by the County:

	<u>Moody's Investors Services, Inc.</u>	<u>Standard &amp; Poor's Corp.</u>	<u>Fitch</u>
Short-term notes	MIG1	SP-1+	F1+
Long-term general obligation	Aa3	AA	AA-

## Management's Discussion & Analysis (Unaudited)

The table below provides summarized information (including comparative amounts from the preceding year) for the County's outstanding long-term liabilities as of June 30, 2015.

### County's Outstanding Debt Obligations (In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2015	2014	2015	2014	2015	2014	%
Loan payable	\$ 3,350	\$ 3,890	\$ -	\$ -	\$ 3,350	\$ 3,890	-13.9%
Bonds payable	1,141,497	814,257	119,917	132,941	1,261,414	947,198	33.2%
Certificate of participation	211,688	239,988	-	-	211,688	239,988	-11.8%
Capital leases	147,278	79,822	5,878	3,854	153,156	83,676	83.0%
Total outstanding	\$ 1,503,813	\$ 1,137,957	\$ 125,795	\$ 136,795	\$ 1,629,608	\$ 1,274,752	27.8%

The County of Riverside's total debt increased by 27.8% or \$354.9 million during the current fiscal year primarily due to addition bond issuance and capital leases. Additional information on the County's long-term debt can be found in Note 14 on pages 83-93 of this report.

### ECONOMIC FACTORS AND THE FISCAL YEAR 2015-16 BUDGET OUTLOOK

Economists' forecasts for long-term growth in the County remain optimistic. The residential and nonresidential property markets continue to improve while unemployment rates continue to decline.

Decisions by the state in recent years help to reshape the way the County delivers essential public safety services. The adopted budget contains Board of Supervisors approved initiatives related to the direct impacts of these decisions, as well as the costs of labor and pension increases. These initiatives are funded by a combination of general fund discretionary revenue and increases to Proposition 172 public safety sales tax allocations.

The County continues implementing recommendations of Huron Consulting Group to improve the fiscal condition of the recently renamed Riverside University Health System (formerly the Regional Medical Center). The RMC's new executive leadership team has stabilized its cash flow and continues efforts to bring its spending in line with projected revenues.

Fiscal year 2015-16 discretionary revenue is expected to increase by approximately 6.0% or \$40.4 million when compared to the fiscal year 2014-15 initial budget. The increase is primarily due to growth in assessed valuation for property values, which increased the amount of fiscal year 2015-16 estimated property tax revenue estimates by more than \$22.0 million over fiscal year 2014-15. A technical change to characterization of the County's \$35.0 million matching obligation for health and mental health programs caused a commensurate increase in estimated discretionary revenue from the state that was previously characterized as non-discretionary revenue. The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2015-16.

## Management's Discussion & Analysis (Unaudited)

The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2015-16.

Source	Final Budget Estimate (In thousands)
Taxes	\$ 252,687
Other taxes	48,366
Licenses, permits, franchise taxes	4,903
Fines, forfeitures, penalties	22,400
Use of money and property	10,778
State	274,658
Federal	3,000
Charges for services	486
Miscellaneous	117,886
Total	<u>\$ 735,164</u>

The County's employee retirement benefit contribution rate for fiscal year 2015-16 for miscellaneous members is 15.4% and the safety contribution rate is 23.6%. The employer rate for both plans is subject to changes in future years, as it continues to reflect changes in investment return and the County's growth rate, among other factors. Fiscal year 2016-17 rates are projected at 17.0% (Miscellaneous) and 27.4% (Safety). Additional information regarding the County's retirement plans are included in Notes 20, 21, and 22 of the financial statements and schedules of retirement funding progress are included in the required supplementary information section.

### Requests for Information

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



**BASIC FINANCIAL STATEMENTS –  
GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

# COUNTY OF RIVERSIDE

## Statement of Net Position

June 30, 2015

(Dollars in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority
<b>ASSETS:</b>					
Cash and investments (Note 4)	\$ 1,008,724	\$ 150,248	\$ 1,158,972	\$ 41,298	\$ -
Receivables, net (Notes 1 and 6)	413,860	130,828	544,688	3,737	-
Internal balances (Note 7)	92,936	(92,936)	-	-	-
Inventories	5,715	8,168	13,883	3	-
Prepaid items and deposits	4,251	3,873	8,124	12	-
Restricted cash and investments (Notes 4 and 5)	786,113	129,942	916,055	-	11,387
Other noncurrent receivables (Note 6)	22,994	-	22,994	-	35,359
Loans receivable (Note 6)	-	89,968	89,968	-	-
Pension asset, net (Notes 21)	1,858	-	1,858	-	-
OPEB asset, net (Note 22)	30,342	-	30,342	-	-
Land held for resale	-	38,825	38,825	-	-
Capital assets (Note 8):					
Nondepreciable assets	1,287,105	98,653	1,385,758	373	-
Depreciable assets, net	3,068,552	194,722	3,263,274	1,890	-
Total assets	6,722,450	752,291	7,474,741	47,313	46,746
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	209,599	25,452	235,051	196	-
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	130,413	23,588	154,001	2,166	-
Salaries and benefits payable	92,025	16,862	108,887	118	-
Due to other governments	35,425	113,074	148,499	-	-
Interest payable	8,784	245	9,029	-	445
Deposits payable	787	95	882	-	-
Advances from grantors and third parties (Note 12)	287,329	-	287,329	-	-
Notes payable (Note 13)	101,520	-	101,520	-	-
Other liabilities	8,021	2,883	10,904	-	-
Interest rate swap (Note 14)	25,375	-	25,375	-	-
Long-term liabilities (Note 14):					
Due within one year	248,976	30,995	279,971	123	5,580
Due beyond one year	3,043,906	493,322	3,537,228	1,395	40,357
Total liabilities	3,982,561	681,064	4,663,625	3,802	46,382
DEFERRED INFLOWS OF RESOURCES (Note 15)	423,050	67,291	490,341	452	-
<b>NET POSITION:</b>					
Net investment in capital assets	3,009,048	95,160	3,104,208	2,263	-
Restricted for:					
Children's programs	-	-	-	40,992	-
Community development	135,121	-	135,121	-	-
Debt service	99,014	40,453	139,467	-	-
Health and sanitation	31,906	14,822	46,728	-	-
Public protection	88,231	-	88,231	-	-
Public ways and facilities	131,810	-	131,810	-	-
Other programs	3,277	1,294	4,571	-	-
Unrestricted	(971,969)	(122,341)	(1,094,310)	-	364
Total net position	\$ 2,526,438	\$ 29,388	\$ 2,555,826	\$ 43,255	\$ 364

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

**COUNTY OF RIVERSIDE**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 179,575	\$ 164,830	\$ 152,938	\$ 473
Public protection	1,217,731	371,237	328,820	-
Public ways and facilities	177,870	32,488	81,609	30,828
Health and sanitation	499,669	62,556	333,358	-
Public assistance	970,415	2,083	893,830	-
Education	23,409	1,272	8,131	-
Recreation and cultural services	18,335	11,374	1,472	278
Interest on long-term debt	45,904	-	-	-
Total governmental activities	3,132,908	645,840	1,800,158	31,579
Business-type activities:				
Regional Medical Center	468,562	504,811	-	447
Waste Resources Department	56,299	72,344	-	-
Housing Authority	90,903	86,772	-	89
Flood Control	3,056	1,447	-	-
County Service Areas	390	445	-	-
Total business-type activities	619,210	665,819	-	536
Total primary government	\$ 3,752,118	\$ 1,311,659	\$ 1,800,158	\$ 32,115
Component units:				
Children and Families Commission	\$ 22,617	\$ -	\$ 20,937	\$ -
Palm Desert Financing Authority	7,012	8,238	-	-
Total component units	\$ 29,629	\$ 8,238	\$ 20,937	\$ -
General revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Other taxes				
Unrestricted intergovernmental revenue				
Investment earnings (loss)				
Other				
Transfers				
Total general revenues and transfers				
Changes in net position before extraordinary items				
Extraordinary items				
Extraordinary item				
Changes in net position				
NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)				
NET POSITION, END OF YEAR				

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

Net (Expenses) Revenues and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority	
\$ 138,666	\$ -	\$ 138,666			FUNCTION/PROGRAM ACTIVITIES:
(517,674)	-	(517,674)			Primary government:
(32,945)	-	(32,945)			Governmental activities:
(103,755)	-	(103,755)			General government
(74,502)	-	(74,502)			Public protection
(14,006)	-	(14,006)			Public ways and facilities
(5,211)	-	(5,211)			Health and sanitation
(45,904)	-	(45,904)			Public assistance
					Education
					Recreation and cultural services
					Interest on long-term debt
(655,331)	-	(655,331)			Total governmental activities
-	36,696	36,696			Business-type activities:
-	16,045	16,045			Regional Medical Center
-	(4,042)	(4,042)			Waste Resources Department
-	(1,609)	(1,609)			Housing Authority
-	55	55			Flood Control
-	47,145	47,145			County Service Areas
(655,331)	47,145	(608,186)			Total business-type activities
					Total primary government
			\$ (1,680)	\$ -	Component units:
			-	1,226	Children and Families Commission
			(1,680)	1,226	Palm Desert Financing Authority
					Total component units
327,504	-	327,504	-	-	General revenues:
32,851	-	32,851	-	-	Taxes:
18,632	-	18,632	-	-	Property taxes
244,003	-	244,003	-	-	Sales and use taxes
8,700	895	9,595	185	19	Other taxes
164,177	-	164,177	20	-	Unrestricted intergovernmental revenue
(11,250)	11,250	-	-	-	Investment earnings (loss)
784,617	12,145	796,762	205	19	Other
129,286	59,290	188,576	(1,475)	1,245	Transfers
-	(905)	(905)	-	-	Total general revenues and transfers
129,286	58,385	187,671	(1,475)	1,245	Changes in net position before extraordinary items
2,397,152	(28,997)	2,368,155	44,730	(881)	Extraordinary items
\$ 2,526,438	\$ 29,388	\$ 2,555,826	\$ 43,255	\$ 364	Extraordinary item
					Changes in net position
					NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)
					NET POSITION, END OF YEAR

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



# **BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

# COUNTY OF RIVERSIDE

## Balance Sheet Governmental Funds June 30, 2015 (Dollars in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	General	Transportation	Flood Control	Teeter Debt Service
Assets:				
Cash and investments (Note 4)	\$ 133,487	\$ 124,144	\$ 253,741	\$ -
Accounts receivable (Notes 1 and 6)	10,846	440	519	-
Interest receivable (Note 6)	785	43	111	13
Taxes receivable (Note 6)	9,243	13	993	60,410
Due from other governments (Note 6)	317,901	7,729	607	-
Due from other funds (Note 7)	11,854	410	-	35
Inventories	1,638	1,164	-	-
Prepaid items and deposits	-	2,600	731	-
Restricted cash and investments (Notes 4 and 5)	358,985	-	1,956	49,787
Advances to other funds (Note 7)	7,442	-	-	-
Total assets	<u>852,181</u>	<u>136,543</u>	<u>258,658</u>	<u>110,245</u>
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 852,181</u>	<u>\$ 136,543</u>	<u>\$ 258,658</u>	<u>\$ 110,245</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 24,756	\$ 45,488	\$ 15,163	\$ -
Salaries and benefits payable	79,116	2,385	1,102	-
Due to other governments	32,894	1,604	115	-
Due to other funds (Note 7)	2,172	68	86	8,725
Deposits payable	43	423	-	-
Advances from grantors and third parties (Note 12)	269,276	15,423	545	-
Teeter notes payable (Note 13)	-	-	-	101,520
Advances from other funds (Note 7)	-	-	-	-
Total liabilities	<u>408,257</u>	<u>65,391</u>	<u>17,011</u>	<u>110,245</u>
Deferred inflows of resources (Note 15)	<u>48,535</u>	<u>-</u>	<u>993</u>	<u>-</u>
Fund balances (Note 16):				
Nonspendable	2,001	3,776	731	-
Restricted	122,967	49,875	236,749	-
Committed	39,422	2,719	-	-
Assigned	5,144	14,782	3,174	-
Unassigned	225,855	-	-	-
Total fund balances	<u>395,389</u>	<u>71,152</u>	<u>240,654</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 852,181</u>	<u>\$ 136,543</u>	<u>\$ 258,658</u>	<u>\$ 110,245</u>

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds	ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
\$ 147,135	\$ -	\$ 138,091	\$ 796,598	Assets:
2,800	-	2,203	16,808	Cash and investments (Note 4)
68	-	89	1,109	Accounts receivable (Notes 1 and 6)
-	-	1,251	71,910	Interest receivable (Note 6)
965	-	9,816	337,018	Taxes receivable (Note 6)
-	-	219	12,518	Due from other governments (Note 6)
-	-	-	2,802	Due from other funds (Note 7)
-	-	587	3,918	Inventories
-	303,845	71,540	786,113	Prepaid items and deposits
-	-	-	7,442	Restricted cash and investments (Notes 4 and 5)
150,968	303,845	223,796	2,036,236	Advances to other funds (Note 7)
-	-	-	-	Total assets
\$ 150,968	\$ 303,845	\$ 223,796	\$ 2,036,236	Deferred outflows of resources
				Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
\$ 6,295	\$ 1,347	\$ 8,479	\$ 101,528	Accounts payable
-	-	2,890	85,493	Salaries and benefits payable
-	-	755	35,368	Due to other governments
1	-	706	11,758	Due to other funds (Note 7)
-	-	321	787	Deposits payable
51	-	2,034	287,329	Advances from grantors and third parties (Note 12)
-	-	-	101,520	Teeter notes payable (Note 13)
6,000	-	-	6,000	Advances from other funds (Note 7)
12,347	1,347	15,185	629,783	Total liabilities
-	-	4	49,532	Deferred inflows of resources (Note 15)
				Fund balances (Note 16):
-	-	1,181	7,689	Nonspendable
120,141	302,498	168,472	1,000,702	Restricted
3,000	-	4,402	49,543	Committed
15,480	-	34,552	73,132	Assigned
-	-	-	225,855	Unassigned
138,621	302,498	208,607	1,356,921	Total fund balances
\$ 150,968	\$ 303,845	\$ 223,796	\$ 2,036,236	Total liabilities, deferred inflows of resources, and fund balances

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

**COUNTY OF RIVERSIDE**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Position**  
**June 30, 2015**  
**(Dollars in Thousands)**

Fund balances - total governmental funds (page 31) \$ 1,356,921

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. 4,283,410

Net OPEB assets, net pension liabilities, deferred outflows and deferred inflows of resources related to pensions are not current financial resources, therefore, are not reported in the governmental funds. (1,368,874)

Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Any liability of earned but unavailable revenue must be eliminated in the government-wide financial statements. 30,152

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable	\$ 1,141,497	
Capital lease obligations	95,680	
Certificates of participation	211,688	
Loans payable	3,350	
Accrued interest payable	8,784	
Accreted interest payable	129,834	
Accrued remediation cost	2,019	
Compensated absences	215,248	(1,808,100)

Internal service funds are used by management to charge the costs of equipment, fleet management, printing, information technology, supply services, risk management, and temporary assistance to individual funds. Since internal service funds predominantly service government activities, the assets and liabilities of these funds are included as governmental activities in the statement of net position.

32,929

Net position of governmental activities (page 25) \$ 2,526,438

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



**COUNTY OF RIVERSIDE**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015  
(Dollars in Thousands)

	General	Transportation	Flood Control	Teeter Debt Service
<b>REVENUES:</b>				
Taxes	\$ 267,708	\$ 7,686	\$ 47,095	\$ -
Licenses, permits, and franchise fees	17,829	3,379	-	-
Fines, forfeitures, and penalties	77,770	55	-	-
Use of money and property:				
Investment earnings	4,372	304	1,004	117
Rents and concessions	7,758	-	103	-
Aid from other governmental agencies:				
Federal	542,934	29,355	-	-
State	1,224,095	73,352	602	-
Other	94,217	9,145	-	-
Charges for services	431,323	22,600	6,956	-
Other revenue	34,851	6,803	16,953	259
Total revenues	<u>2,702,857</u>	<u>152,679</u>	<u>72,713</u>	<u>376</u>
<b>EXPENDITURES:</b>				
Current:				
General government	109,900	-	-	2,658
Public protection	1,189,466	5,971	-	-
Public ways and facilities	8	164,306	114,331	-
Health and sanitation	478,047	-	-	-
Public assistance	865,309	-	-	-
Education	590	-	-	-
Recreation and culture	317	-	-	-
Debt service:				
Principal	8,770	-	-	-
Interest	4,107	-	-	-
Cost of issuance	-	-	-	-
Capital outlay	54,529	-	-	-
Total expenditures	<u>2,711,043</u>	<u>170,277</u>	<u>114,331</u>	<u>2,658</u>
Excess (deficiency) of revenues over (under) expenditures	(8,186)	(17,598)	(41,618)	(2,282)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	87,924	12,377	429	2,362
Transfers out	(103,554)	(3,802)	(161)	(80)
Issuance of debt	-	-	21,000	-
Premium on long-term debt	-	-	2,423	-
Capital leases	54,529	-	-	-
Total other financing sources (uses)	<u>38,899</u>	<u>8,575</u>	<u>23,691</u>	<u>2,282</u>
<b>NET CHANGE IN FUND BALANCES</b>	30,713	(9,023)	(17,927)	-
Fund balances, beginning of year, as previously reported	363,676	80,175	258,581	-
Adjustments to beginning fund balances (Note 3)	1,000	-	-	-
Fund balances, beginning of year, as restated	364,676	80,175	258,581	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 395,389</u>	<u>\$ 71,152</u>	<u>\$ 240,654</u>	<u>\$ -</u>

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 56,869	\$ 379,358
-	-	685	21,893
-	-	1,234	79,059
531	-	1,661	7,989
352	-	17,335	25,548
-	-	61,980	634,269
473	-	6,058	1,304,580
26,933	-	23,392	153,687
21,679	-	36,824	519,382
38,718	-	21,753	119,337
88,686	-	227,791	3,245,102
56,377	-	21,274	190,209
-	-	7,436	1,202,873
553	-	12,898	292,096
-	-	4,498	482,545
-	-	62,789	928,098
-	-	20,165	20,755
-	-	23,399	23,716
-	-	75,158	83,928
-	-	39,898	44,005
-	-	950	950
-	37,237	11,445	103,211
56,930	37,237	279,910	3,372,386
31,756	(37,237)	(52,119)	(127,284)
9,661	339,735	98,295	550,783
(37,459)	-	(414,312)	(559,368)
-	-	325,000	346,000
-	-	26,276	28,699
-	-	-	54,529
(27,798)	339,735	35,259	420,643
3,958	302,498	(16,860)	293,359
134,663	-	225,467	1,062,562
-	-	-	1,000
134,663	-	225,467	1,063,562
\$ 138,621	\$ 302,498	\$ 208,607	\$ 1,356,921

#### REVENUES:

Taxes
Licenses, permits, and franchise fees
Fines, forfeitures, and penalties
Use of money and property:
Investment earnings
Rents and concessions
Aid from other governmental agencies:
Federal
State
Other
Charges for services
Other revenue
Total revenues

#### EXPENDITURES:

##### Current:

General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Education
Recreation and culture

##### Debt service:

Principal
Interest
Cost of issuance

##### Capital outlay

Total expenditures
Excess (deficiency) of revenues over (under) expenditures

#### OTHER FINANCING SOURCES (USES):

Transfers in
Transfers out
Issuance of debt
Premium on long-term debt
Capital leases
Total other financing sources (uses)

#### NET CHANGE IN FUND BALANCES

Fund balances, beginning of year, as previously reported
Adjustments to beginning fund balances (Note 3)
Fund balances, beginning of year, as restated
FUND BALANCES, END OF YEAR

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

**COUNTY OF RIVERSIDE**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

Net change in fund balances - total governmental funds (page 35) \$ 293,359

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay and other capital projects as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 372,979	
Less loss on disposal of capital assets	(13,692)	
Less current year depreciation	<u>(150,712)</u>	208,575

Pension expense is not recorded on the governmental funds but are recognized on the statement of net position and Other Post Employee Benefit (OPEB) costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net position.

34,794

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds in excess of principal payments	(343,587)
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Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Also, any liability of earned but unavailable revenue must be eliminated in the government-wide financial statements.

(17,115)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest	576	
Change in accreted interest	(18,211)	
Change in long-term compensated absences	<u>(32,642)</u>	(50,277)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income (loss) of the internal service funds is reported with governmental activities.

3,537

Change in net position of governmental activities (page 27)	<u><u>\$ 129,286</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Statement**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
Taxes	\$ 256,553	\$ 267,120	\$ 267,708	\$ 588
Licenses, permits, and fees	18,216	18,385	17,829	(556)
Fines, forfeitures, and penalties	72,282	76,998	77,770	772
Use of money and property:				
Investment earnings	2,916	2,916	4,372	1,456
Rents and concessions	32,272	32,272	7,758	(24,514)
Aid from other governmental agencies:				
Federal	551,769	559,558	542,934	(16,624)
State	1,194,020	1,243,531	1,224,095	(19,436)
Other government	89,562	90,060	94,217	4,157
Charges for services	518,892	475,770	431,323	(44,447)
Other revenue	83,539	73,447	34,851	(38,596)
Total revenues	<u>2,820,021</u>	<u>2,840,057</u>	<u>2,702,857</u>	<u>(137,200)</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>General government:</b>				
Salaries and employee benefits	90,944	91,283	84,850	(6,433)
Services and supplies	65,891	74,033	68,666	(5,367)
Other charges	69,714	55,376	11,474	(43,902)
Capital assets	4,349	6,099	273	(5,826)
Intrafund transfers	(52,945)	(55,597)	(55,363)	234
Appropriation for contingencies	23,234	9,852	-	(9,852)
Total general government	<u>201,187</u>	<u>181,046</u>	<u>109,900</u>	<u>(71,146)</u>
<b>Public protection:</b>				
Salaries and employee benefits	787,533	821,426	790,540	(30,886)
Services and supplies	356,484	364,387	350,391	(13,996)
Other charges	48,568	50,597	51,516	919
Capital assets	4,979	6,968	4,364	(2,604)
Intrafund transfers	(7,013)	(7,368)	(7,345)	23
Total public protection	<u>1,190,551</u>	<u>1,236,010</u>	<u>1,189,466</u>	<u>(46,544)</u>
<b>Health and sanitation:</b>				
Salaries and employee benefits	260,027	252,331	230,473	(21,858)
Services and supplies	113,339	130,046	120,545	(9,501)
Other charges	171,009	188,850	179,688	(9,162)
Capital assets	925	34,548	33,916	(632)
Intrafund transfers	(63,911)	(85,160)	(86,575)	(1,415)
Total health and sanitation	<u>481,389</u>	<u>520,615</u>	<u>478,047</u>	<u>(42,568)</u>

(Continued)

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



**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Statement**  
**General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Public assistance:				
Salaries and employee benefits	\$ 309,761	\$ 294,220	\$ 283,583	\$ (10,637)
Services and supplies	110,398	119,104	99,756	(19,348)
Other charges	481,866	484,069	481,074	(2,995)
Capital assets	1,156	2,980	1,181	(1,799)
Intrafund transfers	(441)	(441)	(285)	156
Total public assistance	902,740	899,932	865,309	(34,623)
Education:				
Salaries and employee benefits	289	283	282	(1)
Services and supplies	325	325	308	(17)
Total education	614	608	590	(18)
Public ways and facilities:				
Services and supplies	-	-	8	8
Total public ways and facilities	-	-	8	8
Recreation and culture:				
Salaries and employee benefits	108	106	102	(4)
Services and supplies	229	224	215	(9)
Other charges	2	7	-	(7)
Capital assets	1	1	-	(1)
Intrafund transfers	(1)	(1)	-	1
Total recreation and culture	339	337	317	(20)
Debt service:				
Principal	84,350	40,105	8,770	(31,335)
Interest	4,895	4,895	4,107	(788)
Total debt service	89,245	45,000	12,877	(32,123)
Capital outlay	-	-	54,529	54,529
Total expenditures	2,866,065	2,883,548	2,711,043	(172,505)
Excess (deficiency) of revenues over (under) expenditures	(46,044)	(43,491)	(8,186)	35,305
OTHER FINANCING SOURCES (USES):				
Transfers in	-	87,924	87,924	-
Transfers out	-	(103,554)	(103,554)	-
Capital leases	-	-	54,529	54,529
Total other financing sources (uses)	-	(15,630)	38,899	54,529
NET CHANGE IN FUND BALANCE	(46,044)	(59,121)	30,713	89,834
Fund balance, beginning of year, as previously reported	363,676	363,676	363,676	-
Adjustment to beginning fund balance	-	-	1,000	1,000
Fund balance, beginning of year	363,676	363,676	364,676	1,000
FUND BALANCE, END OF YEAR	\$ 317,632	\$ 304,555	\$ 395,389	\$ 90,834

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

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Statement**  
**Transportation Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 7,184	\$ 7,184	\$ 7,686	\$ 502
Licenses, permits, and franchise fees	2,328	3,028	3,379	351
Fines, forfeitures, and penalties	-	-	55	55
Use of money and property:				
Investment earnings	216	216	304	88
Aid from other governmental agencies:				
Federal	53,793	53,793	29,355	(24,438)
State	51,766	52,106	73,352	21,246
Other	4,929	4,929	9,145	4,216
Charges for services	77,064	66,599	22,600	(43,999)
Other revenue	11,317	10,393	6,803	(3,590)
Total revenues	208,597	198,248	152,679	(45,569)
EXPENDITURES:				
Current:				
Public protection	6,649	7,474	5,971	(1,503)
Public ways and facilities	205,878	204,064	164,306	(39,758)
Total expenditures	212,527	211,538	170,277	(41,261)
Excess (deficiency) of revenues over (under) expenditures	(3,930)	(13,290)	(17,598)	(4,308)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	12,377	12,377	-
Transfers out	-	(3,802)	(3,802)	-
Total other financing sources (uses)	-	8,575	8,575	-
NET CHANGE IN FUND BALANCE	(3,930)	(4,715)	(9,023)	(4,308)
Fund balance, beginning of year	80,175	80,175	80,175	-
FUND BALANCE, END OF YEAR	\$ 76,245	\$ 75,460	\$ 71,152	\$ (4,308)

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

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Statement**  
**Flood Control Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
Taxes	\$ 42,262	\$ 42,262	\$ 47,095	\$ 4,833
Use of money and property:				
Investment earnings	766	766	1,004	238
Rents and concessions	180	180	103	(77)
Aid from other governmental agencies:				
State	559	559	602	43
Charges for services	3,981	2,580	6,956	4,376
Other revenue	41,084	19,062	16,953	(2,109)
Total revenues	<u>88,832</u>	<u>65,409</u>	<u>72,713</u>	<u>7,304</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	168,308	183,147	114,331	(68,816)
Total expenditures	<u>168,308</u>	<u>183,147</u>	<u>114,331</u>	<u>(68,816)</u>
Excess (deficiency) of revenues over (under) expenditures	(79,476)	(117,738)	(41,618)	76,120
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	429	429	-
Transfers out	-	(161)	(161)	-
Issuance of Debt	-	21,000	21,000	-
Premium on long-term debt	-	2,423	2,423	-
Total other financing sources (uses)	<u>-</u>	<u>23,691</u>	<u>23,691</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(79,476)</b>	<b>(94,047)</b>	<b>(17,927)</b>	<b>76,120</b>
Fund balance, beginning of year	258,581	258,581	258,581	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 179,105</b>	<b>\$ 164,534</b>	<b>\$ 240,654</b>	<b>\$ 76,120</b>

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

# COUNTY OF RIVERSIDE

## Statement of Net Position

### Proprietary Funds

June 30, 2015

(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
<b>ASSETS:</b>						
Current assets:						
Cash and investments (Note 4)	\$ 64,027	\$ 75,223	\$ 8,429	\$ 2,569	\$ 150,248	\$ 212,126
Accounts receivable - net (Notes 1 and 6)	57,102	4,958	45	267	62,372	9,393
Interest receivable (Note 6)	-	65	-	5	70	90
Taxes receivable (Note 6)	-	-	-	11	11	-
Due from other governments (Note 6)	66,972	55	1,338	10	68,375	526
Due from other funds (Note 7)	1,893	-	-	2	1,895	117
Advances to other funds (Note 7)	-	29,856	-	-	29,856	2,000
Inventories	7,919	249	-	-	8,168	2,914
Land held for sale	-	-	38,825	-	38,825	-
Prepaid items and deposits	3,873	-	-	-	3,873	333
Restricted cash and investments (Notes 4 and 5)	40,646	68,697	17,636	2,963	129,942	-
Total current assets	242,432	179,103	66,273	5,827	493,635	227,499
Noncurrent assets:						
Loans receivable (Note 6)	-	5,000	84,968	-	89,968	-
Capital assets (Note 8):						
Nondepreciable assets	62,368	28,723	7,562	-	98,653	979
Depreciable assets	129,076	58,023	7,603	20	194,722	71,268
Total noncurrent assets	191,444	91,746	100,133	20	383,343	72,247
Total assets	433,876	270,849	166,406	5,847	876,978	299,746
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	22,313	1,919	1,124	96	25,452	10,639
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	16,981	2,721	703	3,183	23,588	28,885
Salaries and benefits payable	15,874	912	-	76	16,862	6,532
Due to other governments	113,054	20	-	-	113,074	57
Due to other funds (Note 7)	431	2,137	35	2	2,605	167
Interest payable	241	-	4	-	245	-
Deposits payable	-	38	-	57	95	-
Other liabilities	137	624	1,946	176	2,883	8,021
Accreted interest payable (Note 14)	223	-	-	-	223	-
Accrued closure and post-closure costs (Notes 10 and 23)	-	555	-	-	555	-
Accrued remediation costs (Note 23)	-	719	-	-	719	-
Compensated absences (Notes 1 and 14)	13,280	1,185	162	11	14,638	10,379
Capital lease obligations (Note 14)	1,521	-	-	-	1,521	15,135
Bonds payable (Note 14)	13,174	-	165	-	13,339	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	38,563
Total current liabilities	174,916	8,911	3,015	3,505	190,347	107,739
Noncurrent liabilities:						
Compensated absences (Note 2)	7,799	1,777	1,461	80	11,117	4,333
Advances from other funds (Note 7)	25,856	-	1,600	-	27,456	5,842
Accreted interest payable (Note 14)	65,893	-	-	-	65,893	-
Accrued closure and post closure care costs (Note 10)	-	80,203	-	-	80,203	-
Accrued remediation costs (Note 10 and 23)	-	38,971	-	-	38,971	-
Capital lease obligations (Notes 1 and 2)	4,357	-	-	-	4,357	36,463
Bonds payable (Note 14)	106,013	-	565	-	106,578	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	120,389
OPEB obligation, net (Note 14 and 22)	-	140	-	-	140	-
Net pension liability	152,631	19,186	6,266	1,185	179,268	72,772
Other long-term liabilities (Note 14)	-	-	6,795	-	6,795	-
Total noncurrent liabilities	362,549	140,277	16,687	1,265	520,778	239,799
Total liabilities	537,465	149,188	19,702	4,770	711,125	347,538
DEFERRED INFLOWS OF RESOURCES (Note 15)	51,478	13,435	2,113	265	67,291	24,544
<b>NET POSITION:</b>						
Net investment in capital assets	23	86,746	8,371	20	95,160	20,649
Restricted for debt service	40,453	-	-	-	40,453	-
Restricted for health and sanitation	-	14,822	-	-	14,822	-
Restricted other	193	-	1,101	-	1,294	-
Unrestricted	(173,423)	8,577	136,243	888	(27,715)	(82,346)
Total net position	\$ (132,754)	\$ 110,145	\$ 145,715	\$ 908	124,014	\$ (61,697)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(94,626)	
Net position of business-type activities					\$ 29,388	

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

**COUNTY OF RIVERSIDE**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>						
Net patient revenue (Notes 1 and 18)	\$ 429,235	\$ -	\$ -	\$ -	\$ 429,235	\$ -
Charges for services	60,773	70,693	1,675	1,720	134,861	283,739
Other revenue	14,803	1,651	85,097	172	101,723	42,651
Total operating revenues	504,811	72,344	86,772	1,892	665,819	326,390
<b>OPERATING EXPENSES:</b>						
Cost of material used	-	217	-	-	217	1,646
Personnel services	245,934	17,063	10,981	1,059	275,037	110,548
Communications	2,578	237	118	-	2,933	6,105
Insurance	5,373	457	258	1	6,089	17,135
Maintenance of building and equipment	18,177	3,667	5,797	75	27,716	23,284
Insurance claims	-	-	-	-	-	140,511
Supplies	59,181	1,823	-	17	61,021	35,939
Purchased services	81,612	1,936	561	920	85,029	21,575
Depreciation and amortization	16,113	5,723	1,413	6	23,255	14,964
Rents and leases of equipment	3,829	2,079	-	1	5,909	53,701
Public assistance	-	5	70,315	-	70,320	-
Utilities	4,332	280	524	96	5,232	2,880
Other	10,322	20,894	527	23	31,766	5,856
Total operating expenses	447,451	54,381	90,494	2,198	594,524	434,144
Operating income (loss)	57,360	17,963	(3,722)	(306)	71,295	(107,754)
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income (loss)	(52)	571	338	38	895	713
Interest expense	(10,068)	-	(124)	-	(10,192)	(3,072)
Gain (loss) on disposal of capital assets	59	2	-	-	61	824
Other nonoperating revenues / (expenses)	(4)	-	(285)	-	(289)	-
Total nonoperating revenues (expenses)	(10,065)	573	(71)	38	(9,525)	(1,535)
Income (loss) before capital contributions and transfers	47,295	18,536	(3,793)	(268)	61,770	(109,289)
Capital contributions	447	-	89	-	536	101,225
Transfers in	16,364	-	-	1	16,365	3,404
Transfers out	(4,662)	(262)	(191)	-	(5,115)	(6,069)
Change in net position before extraordinary item	59,444	18,274	(3,895)	(267)	73,556	(10,729)
Extraordinary item	-	-	905	-	905	-
<b>CHANGE IN NET POSITION</b>	59,444	18,274	(4,800)	(267)	72,651	(10,729)
Net position, beginning of the year, as previously reported	(5,683)	150,065	150,242	2,543		42,249
Adjustments to beginning net position (Note 3)	(186,515)	(58,194)	273	(1,368)		(93,217)
Net position, beginning of the year, as restated	(192,198)	91,871	150,515	1,175		(50,968)
<b>NET POSITION, END OF YEAR</b>	<u>\$ (132,754)</u>	<u>\$ 110,145</u>	<u>\$ 145,715</u>	<u>\$ 908</u>		<u>\$ (61,697)</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

(14,266)

Change in net position of business-type activities

\$ 58,385

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



**COUNTY OF RIVERSIDE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Cash flows from operating activities						
Cash receipts from customers / other funds	\$ 550,385	\$ 71,862	\$ 87,896	\$ 1,878	\$ 712,021	\$ 320,937
Cash paid to suppliers for goods and services	(196,693)	(35,393)	(93,644)	(863)	(326,593)	(283,750)
Cash paid to employees for services	(246,008)	(16,632)	(11,047)	(1,018)	(274,705)	(110,289)
Net cash provided by (used in) operating activities	107,684	19,837	(16,795)	(3)	110,723	(73,102)
Cash flows from noncapital financing activities						
Advances from (to) other funds	-	20,000	593	-	20,593	-
Transfers received	16,364	-	-	1	16,365	3,404
Transfers paid	(4,662)	(262)	(191)	-	(5,115)	(6,069)
Net cash provided by (used in) noncapital financing activities	11,702	19,738	402	1	31,843	(2,665)
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	59	2	2,062	-	2,123	824
Acquisition and construction of capital assets	(12,386)	(5,808)	(265)	-	(18,459)	(4,022)
Principal paid on capital leases	(2,731)	-	-	-	(2,731)	(11,915)
Capital Contributions	447	-	89	-	536	101,225
Principal paid on bonds payable	(9,534)	-	(155)	-	(9,689)	-
Interest paid on long-term debt	(10,175)	-	(55)	-	(10,230)	(3,072)
Net cash provided by (used in) capital and related financing activities	(34,320)	(5,806)	1,676	-	(38,450)	83,040
Cash flows from investing activities						
RDA dissolution assets	-	-	(8,408)	-	(8,408)	-
Interest on investments	(52)	554	338	38	878	704
Net cash provided by (used in) investing activities	(52)	554	(8,070)	38	(7,530)	704
Net increase (decrease) in cash and cash equivalents	85,014	34,323	(22,787)	36	96,586	7,977
Cash and cash equivalents, beginning of year	19,659	109,597	48,852	5,496	183,604	204,149
Cash and cash equivalents, end of year	\$ 104,673	\$ 143,920	\$ 26,065	\$ 5,532	\$ 280,190	\$ 212,126
Reconciliation of cash and cash equivalent to the Statement of Net Position						
Cash and investments per Statement of Net Position	\$ 64,027	\$ 75,223	\$ 8,429	\$ 2,569	\$ 150,248	\$ 212,126
Restricted cash and investments per Statement of Net Position	40,646	68,697	17,636	2,963	129,942	-
Total cash and cash equivalents per Statement of Net Position	\$ 104,673	\$ 143,920	\$ 26,065	\$ 5,532	\$ 280,190	\$ 212,126

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

**COUNTY OF RIVERSIDE**  
Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Fiscal Year Ended June 30, 2015  
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Regional Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash						
Operating income (loss)	\$ 57,360	\$ 17,963	\$ (3,722)	\$ (306)	\$ 71,295	\$ (107,754)
Adjustments to reconcile operating income (loss) to net						
Depreciation and amortization	16,113	5,723	1,413	6	23,255	14,964
Decrease (Increase) accounts receivable	1,448	(490)	110	(16)	1,052	(5,592)
Decrease (Increase) taxes receivable	-	-	-	1	1	-
Decrease (Increase) due from other funds	(1,893)	-	-	(1)	(1,894)	(37)
Decrease (Increase) due from other governments	46,019	8	1,014	2	47,043	176
Decrease (Increase) inventories	(1,219)	11	-	-	(1,208)	(53)
Decrease (Increase) prepaid items and deposits	(968)	-	-	-	(968)	105
Increase (Decrease) accounts payable	(968)	377	694	242	345	2,787
Increase (Decrease) due to other funds	(193)	2,137	35	(1)	1,978	(447)
Increase (Decrease) due to other governments	(7,961)	12	(16,398)	-	(24,347)	47
Increase (Decrease) deposits payable	-	-	-	3	3	-
Increase (Decrease) accrued closure costs	-	(5,986)	-	-	(5,986)	-
Increase (Decrease) accrued remediation costs	-	111	-	-	111	-
Increase (Decrease) other liabilities	20	(25)	125	26	146	5,950
Increase (Decrease) estimated claims liability	-	-	-	-	-	16,493
Increase (Decrease) net pension liability	(33,884)	(4,098)	(1,391)	(183)	(39,556)	(16,153)
Increase (Decrease) deferred pension	29,165	3,988	1,198	169	34,520	13,905
Increase (Decrease) service concession arrangement	-	(435)	-	-	(435)	-
Increase (Decrease) salaries and benefits payable	3,460	46	-	44	3,550	1,053
Increase (Decrease) compensated absences	1,185	267	127	11	1,590	1,454
Decrease (Increase) pension assets, net	-	214	-	-	214	-
Decrease (Increase) OPEB obligation, net	-	14	-	-	14	-
Net cash provided by (used in) operating activities	<u>\$ 107,684</u>	<u>\$ 19,837</u>	<u>\$ (16,795)</u>	<u>\$ (3)</u>	<u>\$ 110,723</u>	<u>\$ (73,102)</u>
Noncash investing, capital, and financing activities:						
Capital lease obligations	<u>\$ 4,755</u>				<u>\$ 4,755</u>	<u>33,629</u>

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

**COUNTY OF RIVERSIDE**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015  
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
<b>ASSETS:</b>				
Cash and investments (Note 4)	\$ -	\$ -	\$ 126,801	\$ 258,807
Federal agency	-	2,843,640	-	-
Cash and equivalent	195	511,427	-	-
Mutual funds	31,494	-	-	-
Commercial paper	-	278,249	-	-
Repos	-	141,278	-	-
Municipal bonds	-	121,735	-	-
Bond - U.S. Treasury	-	388,884	-	-
Local agency obligation	-	258	-	-
Accounts receivable	104	5,215	916	780
Interest receivable	-	11,257	47	72
Taxes receivable	-	12	-	31,014
Due from other governments	-	-	4,015	-
Land held for sale	-	-	30,974	-
Total assets	<u>31,793</u>	<u>4,301,955</u>	<u>162,753</u>	<u>290,673</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charge on refunding	-	-	5,534	-
<b>LIABILITIES:</b>				
Accounts payable	-	-	13,413	138,346
Due to other governments	-	-	3	152,327
Note payable	-	-	756,015	-
Interest payable	-	-	8,936	-
Accreted interest payable	-	-	7,969	-
Other long-term liabilities	-	-	1,512	-
Total liabilities	<u>-</u>	<u>-</u>	<u>787,848</u>	<u>\$ 290,673</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows of resources	-	-	1,563	-
<b>NET POSITION:</b>				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 31,793</u>	<u>\$ 4,301,955</u>	<u>\$ (621,124)</u>	

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

**COUNTY OF RIVERSIDE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2015**  
**(Dollars in Thousands)**

	Pension Trust	Investment Trust	Private- Purpose Trust
ADDITIONS:			
Employer contributions	\$ 529	\$ -	\$ -
Employee contributions	1,266	-	-
Contributions to pooled investments	-	26,100,989	-
Contributions to private-purpose trust	-	-	70,452
Investment income	204	-	288
Total additions	<u>1,999</u>	<u>26,100,989</u>	<u>70,740</u>
DEDUCTIONS:			
Distributions from pooled investments	-	24,892,047	-
Distributions from private-purpose trust		-	62,956
Administrative and other expenses	<u>1,803</u>	<u>-</u>	<u>-</u>
Total deductions	<u>1,803</u>	<u>24,892,047</u>	<u>62,956</u>
Change in net position	196	1,208,942	7,784
Net position held in trust, beginning of the year	<u>31,597</u>	<u>3,093,013</u>	<u>(628,908)</u>
Net position held in trust, end of the year	<u>\$ 31,793</u>	<u>\$ 4,301,955</u>	<u>\$ (621,124)</u>

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

**BASIC FINANCIAL STATEMENTS –  
NOTES TO THE BASIC FINANCIAL  
STATEMENTS**



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements**  
**June 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

**Component Units**

While each of these component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County's Board acting as, or appointing, the governing board for each of the component units and its ability to impose its will. Because of their relationship with the County and the nature of their operations, component units are, in substance, part of the County's operations and, accordingly, the activities of these component units are combined, or blended with the activities of the County for purposes of reporting in the accompanying basic financial statements. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

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

**Blended Component Units**

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

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

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

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

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

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