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

Education

~~[Please review and update]~~

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

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

Environmental Control Services

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

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

The governor and the State Legislature have been continuously engaged in discussions on potential strategies to help mitigate the effects of the drought. On April 1, 2015, California's governor issued the fourth in a series of executive orders extending the measures necessary to address California's severe drought conditions. The executive order adopted the following additional orders, among others: (i) SWRCB is directed to impose restrictions to reduce potable urban water usage, including usage by commercial, industrial and institutional properties and golf courses, by 25% through February 28, 2016 (which has been extended to May 2017); portions of a water supplier's service area with higher per capita use must achieve proportionally greater reductions than areas with lower per capita use; (ii) the State of California Department of Water Resources ("DWR") is directed to fund a statewide initiative, in partnership with local agencies, to collectively replace 50 million square feet of lawns with drought tolerant landscaping; (iii) the California Energy Commission is directed to implement a rebate program for replacement of inefficient appliances; (iv) urban water suppliers are required to provide monthly water usage, conservation and enforcement information; (v) service providers are required to monitor groundwater basin levels in accordance with the California Water Code § 10933; (vi) permitting agencies are required to prioritize approval of water infrastructure and supply projects; and (vii) DWR is required to install emergency drought salinity barriers. On May 9, 2016, as a result of persistent severe drought conditions in many areas of California, the governor issued an additional executive order that, among other things, made permanent many of the conservation measures set in the governor's previous executive orders. The executive order also called for, among other things, long-term improvements to local drought preparation across California, directs the SWRCB to develop proposed emergency water restrictions for 2017 if the drought persists, directs DWR and the SWRCB to develop new water use efficiency targets as part of a long-term conservation framework for urban water agencies, and permanently prohibits wasteful practices, such as hosing off sidewalks, driveways and other hardscapes. On April 1, 2017, as a result of the recent record rain and snowfall that have occurred in California, the governor declared an end to the drought emergency in California (except with respect to four counties mostly located in California's agricultural Central Valley). However, the conservation measures put in place by the governor's 2016 executive order will remain in place. Such conservation measures prohibit wasteful practices such as: (i) hosing off sidewalks, driveways and other hardscapes, (ii) washing automobiles with hoses not equipped with a shut-off nozzle, (iii) using non-recirculated water in a fountain or other decorative water feature, (iv) water laws in a manner that causes runoff, or within forty-eight hours of measurable precipitation, and (v) irrigating ornamental turf on public street medians.

During a workshop in May of 2015 to discuss the drought, the Board of Supervisors directed staff to revise County Ordinance 859.3 *Water Efficient Landscape Requirements*. On July 21, 2015 the Board of Supervisors adopted, via an urgency ordinance, updated water efficient landscape requirements Ordinance 859. A key highlight of this revised ordinance is that it "*prohibits the use of natural turf grass lawns within the front yards of new homes and promoting low water use plants and inert materials for a sustainable and marketable landscape design*."

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

Sewage. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. The County of Riverside does not own or operate a Publicly Owned Treatment Works (POTW), or sewage plants. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal only if a POTW does not service the area with sewer infrastructure.

FINANCIAL INFORMATION

Budgetary Process and Budget

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

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

Fiscal Year 2016-17 Budget

~~[Please review and update]~~

In June 2016, the Board of Supervisors approved the Fiscal Year 2016-17 Recommended Budget (the "Recommended Budget") and subsequently adopted the Fiscal Year 2016-17 Budget (the "Adopted Budget") in September 2016. The Adopted Budget includes total general fund appropriations of approximately $3.1 billion. For Fiscal Year 2016-17, the County estimates in its Adopted Budget that approximately 65.0% of its General Fund budget revenues will consist of payments from the State and Federal government. Discretionary revenue was budgeted at approximately $763.0 million for Fiscal Year 2016-17, an increase of approximately 4.0% from the Fiscal Year 2015-16 adopted budget estimates. Such revenue increase was primarily attributable to growth in the value of property. The Adopted Budget includes discretionary spending of approximately $821.4 million, an increase of approximately [__]% from the Fiscal Year 2015-16 adopted budget. The $58.2 million gap between discretionary revenue and discretionary spending is covered by ~~a [________]~~the use of reserves. Property tax revenue is budgeted at approximately $343.7 million (including $98.7 million in redevelopment tax increment pass-through funds) for Fiscal Year 2016-17, and represents approximately 45.0% of the

County's discretionary revenue. The County had an increase in assessed valuation in Fiscal Year 2016-17 of 5.36% from Fiscal Year 2015-16.

The ~~Adopted Budget for Fiscal Year 2016-17~~County recognized in prior years that ~~current~~ costs are growing at a rate that is outpacing projected ongoing revenues. ~~In addition, the County has recently entered into a settlement agreement with the Prison Law Office to improve inmate health care (the "Settlement Agreement"). Substantial funding was allocated in the Adopted Budget to address issues related to the Settlement Agreement. The Executive Office continues to evaluate the potential of ongoing costs for increased Detention Health, Behavioral Health and Sherriff Department costs related to the Settlement Agreement, and currently estimates the increased costs to be at least $40 million per year over the near future. The County has already initiated the ramp up of the personnel in Detention Health, Behavioral Health and Sheriff Departments to assure compliance with the terms of the Settlement Agreement, which increases are reflected in current Adopted Budget.To deal with the budgetary issues facing the County, the staff has made several recommendations to the Board for the proposed budget and will finalize those recommendations with the presentation of the proposed budget in June 2017. Since the bulk of the County's increased costs relate to public safety expenditure, the County engaged KPMG Consulting to conduct a~~The County's long-term approach continues to be restraining overall discretionary spending to eliminate general fund deficit and rebuild reserves over time through growth in discretionary revenue. The County has engaged KPMG in Fiscal Year 2017-18 to review operations of the ~~related departments. The County has received the initial Public Safety efficiency report from KPMG and has started the steps to implement the~~County's departments and recommend improved efficiencies. Progress is being made to complete that effort and implement recommendations. ~~These steps are expected to increase the efficiency and effectiveness of the public safety departments and reduce the cost of delivering their services.~~

~~In addition to the Public Safety implementation, the~~The County has given instructions to departments that new personnel costs will need to be absorbed. ~~In addition, although the Board had approved a policy increasing patrol ratios to 1.20 officers per 1,000 of population, the ratio has been frozen until further notice at 1.04/1,000 in order to control costs. The County will be phasing in the occupancy of the East County Detention Center to Fiscal Year 2017-18 or later. Ongoing operations of the detention facility will be funded by the General Fund and Proposition 172 funds.~~With a few exceptions, most departments were able to absorb a 6.5% cost cut in the 2016-2017 Adopted Budget, along with increased pension contributions and changes in internal service and insurance charges. County departments have been instructed that, given current financial constraints, any cost increases will necessarily require offsetting cost savings to prevent expanding the general fund deficit and maintain a minimum level of reserves.

Fiscal Year 2017-18 Proposed Budget

~~[Please review and update]~~

~~[~~The County has started its budget process for Fiscal Year 2017-18 and plans to hold its budget hearings on June ~~[__],~~19, 2017, at which time the Board of Supervisors will consider the Fiscal Year 2017-18 Recommended Budget. In the Fiscal Year ~~2015-16~~2016-17 Third Quarter Budget Report, the County Executive Office stated that, based on discretionary revenue forecasts and projections of existing spending commitments, the County faces an annual structural deficit that threatens to drain reserves. In particular, the County entered into a settlement for detention health care ongoing services which is estimated to cost approximately $40 million per year. Also, the County is faced with the State's shift of responsibility for In-Home Supportive Services (IHSS) back to counties, which is anticipated to initially increase costs of the County by $37 million in Fiscal Year 2017-18 and thereafter increase annually until the completion of the shift of responsibility to the counties in Fiscal Year 2020-21. The County also expects the net costs of the fire department to increase by $6.2 million in Fiscal Year 2017-18 due to State-negotiated wage increases. These requirements complicate the existing pressure to increase funding for inmate healthcare and security, preparing to operate the new or expanded correctional facilities, and other operating deficits. Furthermore, the County Executive Office anticipates the use of discretionary General Fund reserves will be unavoidable in Fiscal Year 2016-~~17 unless severe cuts are made.~~17. The County Executive Office expects to present a balanced Fiscal Year ~~2016-17~~2017-18 Recommended Budget by taking a 6.5% cut from general fund departments and containing public safety costs at current levels~~and~~, while maintaining General Fund reserves above $~~100~~150 million (but below the minimum Board target policy of 25% of discretionary ~~revenues~~revenue).~~]~~

In July 2017, the County expects to ~~adopt its~~present final recommendation to the Fiscal Year 2017-18 Budget when the preliminary year-end financial data for Fiscal Year 2016-17 becomes available. Property tax revenue is expected to grow between ~~[__]~~3% to ~~[__]~~5% in Fiscal Year 2017-18 from the prior fiscal year, and~~, while~~ overall ~~sales tax receipts are [expected to decline,~~ sales tax receipts ~~that are not related to fuel or solar projects within the County~~ are expected to increase modestly}. As a result of the recent interest rate increases by the Federal Open Markets Committee, the County Treasurer is budgeting increased revenue of approximately $11.4 million in Fiscal Year 2017-18. Labor costs are expected to ~~{continue to~~ increase in Fiscal Year 2017-~~18~~18, along with pension obligations and internal service rates}, which is expected to place additional strain on County departments. -{Current and future discretionary revenue growth rates continue to be outpaced by increasing costs.- All General Fund departments have been directed to prepare budgets that are balanced and absorb any additional costs without additional general fund support. ~~-Departments~~The departments may request additional support, if needed, during the budget hearings in June.}

Impacts of State Budget

Changes in payments to the County from the State, whether temporary or permanent, may require adjustments to the County's Fiscal Year 2017-18 and ~~2018-19 budgets~~future budegts. Permanent cuts in State funding ~~will~~would require the County to reduce programs reliant on State funds, unless the County chooses to make corresponding reductions to discretionary funding for core County services.

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

Realignment of Certain Services to Local Governments

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

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

[Please review and update]

With respect to Public Safety, however, county governments have taken on various additional responsibilities related to inmates released from state prison, newly convicted offenders whose offenses are legally defined under the State Penal Code as non-violent, non-serious and non-sexual, and parole violators. In Fiscal Year 2015-16, the County received a $[62.35] million appropriation from the State to address the needs of the realigned criminal justice population. In Fiscal Year 2016-17, the County expects to received approximately $[___] million appropriation from the State to address the needs of the realigned criminal justice population. Although this amount is not sufficient to meet all of the identified needs and the shortfall continues to strain the County's justice system, the affected County departments have been able to continue providing identified services. The County received an estimate from the State that the appropriation is expected to increase by approximately $[___] million in Fiscal Year 2017-18. However, the County does not have an estimate of the total realignment cost for Fiscal Year 2017-18 at this time.

Final Budget Comparison

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

COUNTY OF RIVERSIDE
ADOPTED GENERAL FUND BUDGETS[1]
FISCAL YEARS 2012-13, 2013-14, 2014-15, 2015-16 AND 2016-17
(IN MILLIONS)

	2012-13 Budget	2013-14 Budget	2014-15 Budget	2015-16 Budget	2016-17 Budget
REQUIREMENTS					
General Government	$ 180.4	$ 179.5	$ 178.0	$ 216.1	$ 209.1
Public Protection	1,072.1	1,132.4	1,190.6	1,276.2	1,345.7
Health and Sanitation	430.1	485.9	481.4	562.3	534.9
Public Assistance	762.3	835.7	902.7	1,004.8	1,003.8
Education	0.6	0.6	0.6	0.7	0.7
Recreation and Cultural	0.0	0.4	0.3	0.3	0.5
Debt Retirement-Capital Leases	5.0	4.9	4.9	4.7	5.1
Contingencies	7.0	20.0	23.2	36.5	20.0
Increase to Reserves	2.3	2.3	2.0	2.0	0.0
Total Requirements[3]	$2,459.8	$2,661.7	$2,783.7	$3,100.8	$3,119.8
AVAILABLE FUNDS					
Use of Fund Balance and Reserves	$ 74.0	$ 78.3	$ 48.5	$ 76.8	$ 67.7
Estimated Revenues:					
Property Taxes	211.5	229.9	256.6	280.2	300.9
Other Taxes	35.0	31.0	27.0	25.0	24.0
Licenses, Permits and Franchises	17.7	17.6	18.2	17.5	18.3
Fines, Forfeitures and Penalties	51.7	49.3	45.3	44.4	39.5
Use of Money and Properties	7.4	6.3	10.7	16.6	10.5
Aid from Other Governmental Agencies:					
State	1,005.5	1,097.4	1,194.0	1,356.1	1,357.4
Federal	493.9	544.9	551.8	615.3	634.1
Charges for Current Services	442.6	469.1	496.7	528.9	523.4
Other Revenues	120.5	137.9	134.9	139.9	144.0
Total Available Funds[2]	$2,459.8	$2,661.7	$2,783.7	$3,100.8	$3,119.8

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

Source: County Auditor-Controller.

Riverside County Treasurer's Pooled Investment Fund

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of March 31, 2017, the portfolio assets comprising the PIF had a market value of $6,833,805,197.25.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2016, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 77.87% of the funds on deposit in the County Treasury, while approximately 22.13% of the total funds on deposit in the County Treasury represented discretionary deposits.

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

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2016 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The allocation of the investments in the Pooled Investment Fund as of March 31, 2017, were as follows:

	% of Pool
Federal Agency Securities	49.080%
Commercial Paper	19.240
Cash Equivalent & Money Market Funds	16.420
U.S. Treasury Securities	8.680
Municipal Notes	6.590
Local Agency Obligations*	0.004
Total	100.000%
Book Yield:	0.950%
Weighted Average Maturity:	1.182 Years

*Represents County obligations issued by Riverside District Court Financing Corporation.
Source: County Treasurer-Tax Collector.

As of March 31, 2017, the market value of the PIF was 99.81% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

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

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

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

Ad Valorem Property Taxes

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

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

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

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

The following tables set forth the secured property tax roll and the unsecured property tax roll of the County for Fiscal Year 2004-05 through Fiscal Year 2016-17.

COUNTY OF RIVERSIDE
AD VALOREM PROPERTY TAXES - LEVIES AND COLLECTIONS
FISCAL YEARS 2004-05 THROUGH 2016-17
SECURED PROPERTY TAX ROLL(1)

Fiscal Year	Secured Property Tax Levy	Current Levy Delinquent June 30	Percentage of Current Taxes Delinquent June 30(2)	Total Collections(3)	Percentage of Total Collections to Current Levy
2004-05	$1,747,034,222	$55,557,116	3.18%	$1,797,065,686	102.86%
2005-06	2,094,068,686	88,930,195	4.25	2,122,973,130	101.38
2006-07	2,559,448,076	180,175,146	7.04	2,533,225,935	98.98
2007-08	2,964,341,768	255,672,935	8.62	2,928,205,634	98.78
2008-09	3,029,936,136	222,218,035	7.33	3,146,419,870	103.84
2009-10	2,791,941,475	139,427,699	4.99	2,957,072,395	105.91
2010-11	2,698,915,858	95,454,538	3.54	2,826,336,496	104.72
2011-12	2,676,613,483	70,921,563	2.65	2,805,588,954	104.82
2012-13	2,677,034,057	58,215,544	2.17	2,800,820,511	104.62
2013-14	2,813,381,750	49,716,695	1.76	2,943,824,187	104.64
2014-15	3,014,259,026	46,145,916	1.53	3,152,661,477	104.59
2015-16	3,205,453,157	45,956,538	1.43	3,318,638,318	103.53
2016-17(4)	3,368,109,165	N/A	N/A	N/A	N/A

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

Source: County Auditor-Controller.

UNSECURED PROPERTY TAX ROLL(1)

Fiscal Year	Unsecured Property Tax Levy	Total Collections(2)	Percentage of Total Collections to Original Levy(2)
2004-05	$61,359,545	$58,253,834	94.94%
2005-06	67,010,790	65,220,783	97.33
2006-07	71,315,299	70,418,974	98.74
2007-08	79,265,231	75,566,558	95.35
2008-09	88,531,578	86,067,900	97.22
2009-10	88,118,784	88,409,527	100.33
2010-11	86,326,418	82,483,361	95.55
2011-12	83,904,478	84,157,603	100.30
2012-13	83,848,832	78,686,704	93.84
2013-14	83,522,992	86,835,311	103.97
2014-15	84,869,586	89,749,581	105.75
2015-16(3)	84,381,854	88,526,356	104.91
2016-17	91,527,259(3)	93,465,427(4)	102.12(4)

(1) The Levy and Collection data reflects the 1% levy allowed under Article XIIIA of the California Constitution and additional taxes levied for voter-approved debt and special assessments. Taxes for the County, cities, schools districts, special districts and redevelopment agencies are included in the totals.
(2) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.
(3) From Unsecured Extension for Fiscal Year 2016-17.

(4) Include Current and Prior Year Unsecured Collections as of March 2017.

Source: County Auditor-Controller.

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

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

The following table sets forth the supplemental tax roll of the County for Fiscal Year 2004-05 through Fiscal Year 2016-17:

COUNTY OF RIVERSIDE
SUMMARY OF SUPPLEMENTAL ROLL
AD VALOREM PROPERTY TAXATION
FISCAL YEARS 2004-05 THROUGH 2016-17

Fiscal Year	Tax Levy for Increased Assessments(1),(2),(3)	Refunds for Decreased Assessments(1),(3)	Net Supplemental Tax Levy	Collections(1),(2)
2004-05	$201,364,003	$2,048,421	$199,315,582	$151,778,352
2005-06	334,571,225	1,818,236	332,752,989	248,929,219
2006-07	344,014,168	2,948,680	341,065,488	301,767,959
2007-08	171,506,667	9,019,397	162,487,270	214,671,863
2008-09(4)	60,817,712	46,478,150	14,339,562	74,316,444
2009-10	27,019,730	35,212,651	(8,192,922)(5)	19,632,809
2010-11	34,612,092	27,686,887	6,925,205	16,813,302
2011-12	26,497,836	18,807,091	7,690,745	17,105,096
2012-13	35,389,177	16,720,188	18,668,989	23,487,988
2013-14	52,907,916	8,982,077	43,925,839	41,498,433
2014-15	68,579,326	7,954,074	60,625,253	56,319,752
2015-16	70,084,954	6,399,454	63,685,501	60,101,066
2016-17	72,945,872(6)	6,458,986(6)	66,486,886(6)	45,983,086(7)

(1) These figures include tax levy, refunds and collections for all districts, including the County, cities, school districts, special districts and redevelopment agencies.
(2) Includes current and prior years' taxes, redemption penalties and interest collected.
(3) Tax levy amounts are shown net of minimum tax less than $10 and refunds are shown net of refunds of negative supplemental taxes less than $10.
(4) Changes from prior years due to decrease in housing values and lower transaction volume. See discussion below, following the table of Assessed Valuation History by Category and Property Type.
(5) The negative tax levy is a result of refunds exceeding the billed amounts.
(6) From July 2016 through April 2017.
(7) From July 2016 through March 2017.

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

The following table sets forth the assessed valuation by category and property type for Fiscal Year 2012-13 through Fiscal Year 2016-17:

COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE[(1)]
FISCAL YEARS 2012-13 THROUGH 2016-17
(IN MILLIONS)

Category	2012-13	2013-14	2014-15	2015-16	2016-17
SECURED PROPERTY:					
Land	$ 63,549	$ 65,635	$ 69,805	$73,305	$76,443
Structures	132,077	138,000	150,275	160,030	169,096
Personal Property	887	878	919	875	829
Utilities	3,475	3,618	4,630	4,768	5,350
Total Secured	$199,988	$208,131	$225,629	$238,978	$251,718
UNSECURED PROPERTY:					
Land	$ 17	$ 13	$ 5	$9	3
Structures	268	227	203	193	133
Improvements	3,683	3,684	3,519	3,543	3,738
Fixtures	3,895	3,691	3,700	3,736	4,082
Total Unsecured[(2)]	$ 7,863	$ 7,615	$ 7,427	$7,481	7,956
GRAND TOTAL	$207,851	$215,746	$233,056	$246,459	$259,674

(1) Assessed valuation is reported as of August 20 of each year at 100% of full taxable value. Pursuant to Article XIIIA of the State Constitution (Proposition 13), property is valued for tax purposes at the 1975 fair market value, adjusted annually for inflation (not to exceed 2%). Generally, property is reassessed at fair market value upon change of ownership and for new construction.
(2) Represents total of categories set forth above; does not represent total tax roll values.

Source: County Auditor-Controller/County Assessor.

Assessed valuations can be reduced as a result of an assessment appeal or an assessor-initialized reduction. Property owners can appeal their initial valuation at the time of acquisition to establish their Proposition 13 basis. Subsequently, they may appeal the valuation under Proposition 8 to achieve a temporary reduction below the Proposition 13 value, as adjusted. The County Assessor is required under Proposition 8 to make reductions, should declines in market values call for such reductions. Following the decline in housing prices in the County during the most recent recession, the Assessor proactively reviewed all residential properties purchased after January 1, 1999, in each year from 2010-11 to 2013-14, which resulted in a net decline in assessed valuation in each of those years. In Fiscal Years 2014-15, 2015-16 and 2016-17, there were no additional proactive Proposition 8 reductions~~ of significance~~. Housing prices in the County have been showing increases in recent years. Assessed valuation in the County increased from Fiscal Year 2013-14 to Fiscal Year 2014-15 by approximately ~~7.74~~8.02%, increased from Fiscal Year 2014-15 to 2015-16 by approximately ~~5.78~~5.75% and increased from Fiscal Year 2015-16 to 2016-17 by approximately 5.36%. Assessed valuation in the County is expected to increase by approximately 5.00% in Fiscal Year 2017-18 as compared to the prior year.

Property Tax Appeals. The County has received assessment appeals applicable to Fiscal Year 2016-17 totaling approximately $11.097 billion of assessed value. Successful appeals result in either a refund of taxes paid or a reduction to an unpaid tax bill. A total of $369 million of assessed value was reduced from the County tax roll in Fiscal Year 2014-15 and Fiscal Year 2015-16 due to appeals, representing $3.69 million in general purpose taxes over the two-fiscal year period. 18% of the Fiscal Year 2016-17 assessment appeals have been completed. The majority of the remaining Fiscal Year 2016-17 assessment appeals are expected to be completed by June 2018.

The County cannot predict with certainty the outcome of the assessment appeals that have been filed but not resolved. It is expected that the impact of the assessment appeals on the Fiscal Year 2016-17 budget will be determined primarily by two components: (i) the remainder of the Fiscal Year 2016-17 assessment appeals still to be completed; and (ii) a portion of the Fiscal Year 2016-17 assessment appeals being completed during Fiscal Year 2017-18.

Teeter Plan

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

Upon adopting the Teeter Plan in 1993, the County was required to distribute to participating local agencies 95% of the then-accumulated secured roll property tax delinquencies and place the remaining 5% in the tax losses reserve fund, as described below. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. In Fiscal Year 2016-17, approximately 56.03% of all taxing entities within the County participated in the Teeter Plan.

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

Funding for the County's on-going obligations under the Teeter Plan was completed through the issue, in October 2016, of County of Riverside 2016 Series A Teeter Obligation Notes (Tax-Exempt) (the "2016 Notes") in the amount of $81.765 million. The proceeds of the 2016 Notes refunded the outstanding County of Riverside 2015 Teeter Obligation Notes, Series D originally issued in the amount of $87.040 million, funded an advance of unpaid property taxes for agencies participating in the Teeter Plan, and paid costs of issuance related to the 2016 Notes. The 2016 Notes funded approximately $38.3 million representing Fiscal Year 2015-16 delinquent property taxes and approximately $43.8 million representing prior years' delinquent property taxes. The 2016 Notes mature on October 11, 2017. The County's General Fund is pledged to the repayment of the 2016 Notes in addition to the pledge of the delinquent taxes in the event that delinquent taxes collected are not sufficient to repay the 2016 Notes.

Largest Taxpayers

The following table shows the 25 largest taxpayers by individual tax levied in the County for Fiscal Year 2016-17:

COUNTY OF RIVERSIDE
TWENTY-FIVE LARGEST TAXPAYERS IN FISCAL YEAR 2016-17
COMBINED TAX ROLLS[(1)]

TAXPAYER	TOTAL TAXES LEVIED	PERCENTAGE OF TOTAL TAX CHARGE
Southern California Edison Company	$ 51,917,678.80	1.46%
Southern California Gas Company	11,008,435.34	0.31
Verizon California, Inc.	9,157,733.26	0.26
CPV Sentinel, LLC	7,966,498.54	0.22
Lennar Homes of California Inc.	3,730,590.56	0.10
Costco Wholesale Corporation	3,366,079.86	0.09
Blythe Energy, LLC	3,267,804.78	0.09
Ross Dress For Less Inc.	3,230,665.11	0.09
Chelsea GCA Realty Partnership	3,222,305.56	0.09
Time Warner Cable Pacific West LLC	3,152,522.53	0.09
Walgreen Co.	3,149,418.49	0.09
Tyler Mall Limited Partnership	3,035,403.84	0.09
KB Home Coastal Inc.	2,941,724.11	0.08
Castle & Cooke Corona Crossings	2,744,758.84	0.08
Inland Empire Energy Center, LLC	2,735,325.96	0.08
Lowe's HIW Inc.	2,519,099.40	0.07
Wal-Mart Real Estate Business Trust	2,478,899.94	0.07
AT&T Mobility LLC	2,261,213.50	0.06
Roripaugh Valley Restoration	2,253,379.80	0.06
Standard Pacific Corporation	2,241,796.99	0.06
Los Angeles SMSA Ltd. dba Verizon Wireless	2,241,524.14	0.06
Garden of Champions	2,228,337.94	0.06
Kaiser Foundation Health Plan Inc.	2,214,768.65	0.06
Ralphs Grocery Co.	2,197,336.32	0.06
Wal-Mart Stores Inc.	2,191,169.13	0.06
Total	**$ 137,454,471.39**	**3.86%**
Total Tax Charge for 2016-17	**$3,561,547,870.49**	

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

Source: County Treasurer and Tax Collector.

The 10 largest property owners in the County by assessed value for all properties, for the Fiscal Year 2016-17 are shown below:

COUNTY OF RIVERSIDE
TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2016-17
BY ASSESSED VALUE

ASSESSEE	ASSESSED VALUE
Eisenhower Memorial Hospital	342,580,765
Kaiser Foundation Hospitals	236,941,948
Loma Linda University Medical Center	203,350,249
Chelsea GCA Realty Partnership	154,487,330
Tyler Mall Ltd. Partnership	149,349,798
DB RREEF Perris Ca. Inc.	137,356,033
DS Hotel	134,000,000
HF Logistics SKX T1	132,533,167
Temecula Towner Center Association	126,041,695
Wea Palm Desert L.P.	125,513,340
Subtotal	$ 1,742,154,325
All Others	$253,310,903,698
Total	$255,053,158,023(1)

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

Source: County Assessor.

Other Taxing Entities

The County does not retain all of the property taxes it collects for its own purposes. The majority of property taxes collected by the County are disbursed to other agencies. For Fiscal Year 2015-16, the County retained approximately 11% of the total amount collected (and is budgeted to retain 18% in Fiscal Year 2016-17). The remainder is distributed according to State law (AB 8), which established a tax-sharing formula, and State redevelopment law (See "-Redevelopment Agencies" below). Taxes levied for the purpose of repaying general obligation debt, special taxes and assessments are applied to pay such obligations, less any allowable collection charges.

Redevelopment Agencies

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

The following table summarizes the community redevelopment agencies' frozen base value, full cash value increments, and total tax allocations for Fiscal Years 2004-05 through 2016-17.

COUNTY OF RIVERSIDE
COMMUNITY REDEVELOPMENT AGENCIES'
FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS
AND TOTAL TAX ALLOCATIONS
FISCAL YEARS 2004-05 THROUGH 2016-17

Fiscal Year	Frozen Base Value	Full Cash Value Increments(1)(4)	Total Tax Allocations(2)(3)
2004-05	$12,271,092,108	$34,974,969,456	$352,904,769
2005-06	14,682,893,563	42,414,898,724	427,668,011
2006-07	14,555,513,591	52,411,876,802	529,173,451
2007-08	15,259,109,791	62,845,258,807	634,701,584
2008-09	15,257,041,079	66,803,157,176	673,622,251
2009-10	15,256,883,605	62,342,584,603	630,001,609
2010-11	15,980,487,099	58,188,212,570	586,318,387
2011-12	16,272,503,279	56,687,373,841	598,655,064
2012-13	16,352,697,201	56,178,718,338	594,476,134
2013-14	16,352,697,201	58,677,226,297	688,683,052
2014-15	16,352,691,201	58,479,843,303	729,793,564
2015-16	16,352,657,201	65,770,021,482	772,866,457
2016-17	16,352,657,201	69,510,642,793	816,260,103

(1) Full cash value for all redevelopment projects (including County projects) above the "frozen" base year valuations. This data represents growth in full cash values generating tax revenues for use by the community redevelopment agencies.
(2) Actual cash revenues collected by the County and available to community redevelopment agencies, subject to debt limitation and certain negotiated agreements with taxing entities for a share of the property tax increment.
(3) Includes general purpose and debt; excludes negative increment.
(4) Full cash value increment including State Asessed properties; has not been adjusted for negative project area increment.~~[What line item does this footnote?]~~

Source: County Auditor-Controller.

Legislation enacted as part of the State's 2011 Budget Act ("ABx1 26") eliminated redevelopment agencies, with formal dissolution effective February 1, 2012. The County had previously formed a redevelopment agency with project areas in 45 unincorporated communities. In accordance with ABx1 26, the County redevelopment agency dissolved on February 1, 2012 and the County's Board of Supervisors is acting as the successor agency to the County's redevelopment agency. At the time of its dissolution, the County redevelopment agency had a total land area of 82,334 acres, a base year assessed value, including State-owned land, of $3,971,824,734, and a Fiscal Year 2011-12 assessed value of $8,266,787,927. In Fiscal Year 2011-12, the pass-through payment to the County's general fund from the County's redevelopment agency totaled $1,600,443, and was offset in its entirety pursuant to Health and Safety Code Section 33607.5. As a consequence of the dissolution of redevelopment agencies, the County receives only a fraction of the pass-through payments from the County redevelopment agency it previously received, but these amounts were relatively modest and are largely offset by the County's receipt of its tax allocation under the AB 8 formula. As the result of the dissolution, the County is receiving a share of residual, unencumbered low and moderate housing and other asset funding. As of April 2017, the County received approximately $5.6 million in such funds in the current fiscal year.

In Fiscal Years 2014-15 and 2015-16, the County received approximately $94 million and $97 million, respectively, in pass-through payments pursuant to agreements with various city redevelopment agencies, and is projecting that it will receive approximately $101 million in Fiscal Year 2016-17 and $106 million in Fiscal Year 2017-18. Pursuant to ABx1 26 and its following clarifying legislation, the County's negotiated pass-through agreements with these redevelopment agencies remain in full force and effect as enforceable obligations of the successor entity to each such redevelopment agency.

Financial Statements and Related Issues

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

The State Government Code requires every county to prepare an annual financial report. The County Auditor-Controller prepares the "Annual Financial Report of the County of Riverside." Under the U.S. Single Audit Act of 1984 and State law, independent audits are required on all operating funds under the control of the Board of Supervisors and must be conducted annually. The County's financial statements for Fiscal Year 2015-16 were audited by Brown Armstrong Accountancy Corporation. See APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016."

The County adopted the provisions of GASB Statement No. 34 during fiscal year 2001-02. This statement affects the manner in which the County records transactions and presents financial information. GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the County's financial activities in the form of "management's discussion and analysis" (MD&A). In addition, the reporting model established by GASB Statement No. 34 includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. The reporting model features a statement of net assets and a statement of activities. The statement of net assets is designed to display the financial position of the government. The County reports all capital assets, including infrastructure assets, in the government-wide statement of net assets and reports depreciation expense in the statement of activities. The statement of activities reports expenses and revenues in a format that focuses on the cost of each of the County's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the County has recorded other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities. For further information on significant accounting policies, see Note 1 of the Notes to Basic Financial Statements, June 30, 2016, which are included in APPENDIX B – "THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2016."

The following table sets forth the County's Statement of Revenues, Expenditures and Change in Unreserved Funds Balances-General Fund for Fiscal Year 2011-12 through 2015-16.

COUNTY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES – GENERAL FUND
FISCAL YEARS 2011-12 THROUGH 2015-16
(In Thousands)

	2011-12	2012-13	2013-14	2014-15	2015-16
BEGINNING FUND BALANCE	$ 343,562	$ 336,598	$ 357,249	$ 364,676[1]	$ 395,389
REVENUES					
Taxes	216,746	246,144	256,746	267,708	279,945
Licenses, permits and franchises	17,648	16,442	16,588	17,829	19,100
Fines, forfeiture sand penalties	88,979	85,241	81,037	77,770	73,198
Use of money and property–Interest	4,740	1,676	4,629	4,372	6,728
Use of money and property– Rents and concessions	3,798	3,670	12,269	7,758	10,491
Government Aid–State	931,652	1,000,545	1,107,878	1,224,095	1,238,292
Government Aid–Federal	475,221	478,791	462,291	542,934	572,267
Governmental Aid-Other	80,332	81,169	83,169	94,217	97,888
Charges for current services	354,451	374,750	396,904	431,323	465,333
Other revenues	40,852	26,253	41,248	34,851	20,069
TOTAL REVENUES	$2,214,419	$2,315,681	$2,462,759	$2,702,857	$2,783,311
EXPENDITURES					
General government	$ 127,195	$ 103,895	$ 106,045	$ 109,900	$ 113,779
Public protection	1,010,999	1,043,017	1,116,621	1,189,466	1,256,765
Public ways and facilities	-	-	-	8	-
Health and sanitation	369,165	388,325	416,005	478,047	468,272
Public assistance	719,670	735,057	795,309	865,309	918,963
Education	579	564	586	590	669
Recreation and cultural	324	346	287	317	325
Capital Outlay	2,671	1,721	2,965	54,529	11,829
Debt service	21,426	19,576	15,475	12,877	20,755
TOTAL EXPENDITURES	$2,252,029	$2,292,501	$2,453,293	$2,711,043	$2,791,357
Excess (deficit) of revenues over (under) expenditures	(37,610)	23,180	9,466	(8,186)	(8,046)
OTHER FINANCING SOURCES (USES)					
Transfer from other reserves	$ 123,587	$ 92,297	$ 95,017	$ 87,924	$ 114,185
Transfer to other funds	(98,045)	(96,547)	(101,021)	(103,554)	(141,847)
Capital Leases	2,671	1,721	2,965	54,529	11,829
Total other Financing Sources (Uses)	$ 28,213	$ (2,529)	$ (3,039)	$ 38,899	$ (15,833)
NET CHANGE IN FUND BALANCES	$ (9,397)	$ 20,651	$ 6,427	$ 30,713	$ (23,879)
FUND BALANCE, END OF YEAR	$ 336,598	$ 357,249	$ 363,676	$ 395,389	$ 371,510

(1) Restated.

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balance sheets for Fiscal Years 2011-12 through 2015-16.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCE SHEETS
AT JUNE 30, 2012 THROUGH JUNE 30, 2016

(In Thousands)

	2012	2013	2014	2015	2016
ASSETS:					
Cash & Marketable Securities	$ 151,845	$ 128,655	$ 129,305	$ 133,487	$ 135,255
Taxes Receivable	14,046	10,931	9,849	9,243	9,772
Accounts Receivable	9,196	9,167	11,281	10,846	14,674
Interest Receivable	643	687	650	785	2,002
Advances to Other Funds	3,342	3,342	5,842	7,442	7,369
Due from Other Funds	14,227	9,071	11,157	11,854	9,355
Due from Other Governments	328,817	308,532	333,728	317,901	345,183
Inventories	1,187	2,059	1,682	1,638	2,006
Prepaid items	298	818	--	--	--
Restricted Assets	299,673	307,452	350,158	358,985	332,543
Total Assets	$ 823,274	$ 780,714	$ 853,652	$ 852,181	$ 858,159
LIABILITIES:					
Accounts Payable	$ 75,996	$ 24,234	$ 61,288	$ 24,756	$ 28,234
Salaries & Benefits Payable	57,391	57,519	68,156	79,116	99,724
Due To Other Funds	1,466	9,190	248	2,172	3,247
Due to Other Governments	40,804	23,377	20,395	32,894	51,497
Deferred Revenue	311,003	66,855	65,929	48,535	50,155
Deposits Payable	16	19	61	43	52
Advances from other funds	--	--	5,000	--	--
Advances from grantors and third parties	-	242,271	268,899	269,276	253,740
Total Liabilities	$ 486,676	$ 423,465	$ 489,976	$ 456,792	$ 486,649
FUND BALANCE:					
Nonspendable	$ 1,834	$ 3,247	$ 2,045	$ 2,001	$ 2,369
Restricted	101,651	101,440	117,595	122,967	99,639
Committed	52,439	42,183	32,820	39,422	40,310
Assigned	8,674	10,460	7,772	5,144	11,870
Unassigned	171,910	199,919	203,444	225,855	217,322
Fund Balance	$ 336,598	$ 357,249	$ 363,676	$ 395,389	$ 371,510
Total Liabilities and Fund Balance	$ 823,274	$ 780,714	$ 853,652	$ 852,181	$ 858,159

Source: County Auditor-Controller.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCES
AT JUNE 30, 2008 THROUGH JUNE 30, 2016

(In Thousands)

	Reserved	Unreserved				Total
2008	$84,466	394,302				$478,768
2009	91,196	280,925				372,121
2010	90,374	296,112				386,486
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2011[(1)]	$2,214	$98,552	$50,097	$3,463	$189,236	$343,562
2012	1,834	101,651	52,439	8,764	171,910	336,598
2013	3,247	101,440	42,183	10,460	199,919	357,249
2014	2,045	117,595	32,820	7,772	203,444	363,676
2015	2,001	122,967	39,422	5,144	225,855	395,389
2016	2,369	99,639	40,310	11,870	217,322	371,510

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

Source: County Auditor-Controller.

Short-Term Obligations of County

On July 1, 2016, the County issued its 2016-17 Tax and Revenue Anticipation Note (the "2016-17 TRAN") in the principal amount of $340,000,000 to provide funds to meet the County's Fiscal Year 2016-17 general fund expenditures, including current expenses, capital expenditures and the discharge of other obligations and indebtedness of the County. The 2016-17 TRAN is due on June 30, 2017. The 2016-17 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2016-17 Fiscal Year which are legally available for the payment thereof. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment.

Long-Term Obligations of County

Since its formation in 1893, to the best knowledge of County officials, the County has never failed to pay the principal of or interest on any of its bonded indebtedness. As of May 1, 2017, the County had $863,748,111 in direct general fund obligations and $286,535,000 in pension obligation bond indebtedness, as reflected in the following table, and has no authorized but unissued general obligation debt. Set forth below is an estimated direct and overlapping debt report as of May 1, 2017.

COUNTY OF RIVERSIDE
ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
(AS OF MAY 1, 2017)

2016-17 Assessed Valuation: $255,866,488,676 (includes unitary utility valuation)

	% Applicable	Debt 5/1/17
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	6.325%	$ 4,737,741
Community College Districts	1.204-100.	617,832,578
Unified School Districts	1.271-100.	2,672,252,404
Perris Union High School District	100.	110,014,224
Elementary School Districts	100.	81,219,391
City of Riverside	100.	11,390,000
Eastern Municipal Water District Improvement Districts	100.	33,545,000
Riverside County Flood Control, Zone 3-B and 4 Benefit Assessment District	100.	19,205,000
San Gorgonio Memorial Hospital District	100.	112,220,000
Community Facilities Districts	50.225-100.	2,786,483,307
Riverside County 1915 Act Bonds	100.	1,355,000
City and Special District 1915 Act Bonds (Estimated)	100.	194,572,660
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$ 6,644,827,305
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	**100.%**	**$ 863,748,111** (1)
Riverside County Pension Obligations	**100.**	**286,535,000**
School Districts General Fund and Lease Tax Obligations	1.271-100.	485,660,755
City of Corona General Fund Obligations	100.	42,536,247
City of Moreno Valley General Fund Obligations	100.	69,750,000
City of Indio General Fund Obligations	100.	19,285,000
City of Palm Springs Certificates of Participation and Pension Obligation Bonds	100.	135,165,352
City of Riverside Certificates of Participation	100.	219,259,544
City of Riverside Pension Obligation Bonds	100.	101,000,000
Other City General Fund Obligations	100.	89,893,536
Other Special District Certificates of Participation	100.	1,512,045
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 2,314,345,590
Less: **Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)**		**5,554,904**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 2,308,790,686
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$ 2,424,887,154
GROSS COMBINED TOTAL DEBT		$11,384,060,049 (2)
NET COMBINED TOTAL DEBT		$11,378,505,145

Ratios to 2016-17 Assessed Valuation:

Overlapping Tax and Assessment Debt	2.60%
Combined Gross Direct Debt ($1,150,283,111)	**0.45%**
Combined Net Direct Debt ($1,144,728,207)	**0.45%**
Gross Combined Total Debt	4.45%
Net Combined Total Debt	4.45%

Ratios to Successor Agency Redevelopment Incremental Valuation ($69,550,413,908):

Total Overlapping Tax Increment Debt	3.49%

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

Source: California Municipal Statistics, Inc.

Lease Obligations

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

As of June 1, 2017, the County's current outstanding lease obligations total $848,790,671. The County's annual lease obligation is approximately $79,082,953 and the maximum annual lease payment is $128,774,684.

The table on the following page sets forth the County's outstanding lease obligations and the respective annual lease requirements as of June 1, 2017.

COUNTY OF RIVERSIDE
SUMMARY OF LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY'S GENERAL FUND)
(AS OF JUNE 1, 2017)

	Final Maturity Year	*Original Lease Amount*	*Obligations Outstanding*	*Annual Base Rental*
Riverside County Hospital Project, Leasehold Revenue Bonds:				
1997 Series A	2026	$41,170,073	$31,350,767	
1997 Series C	2019	3,265,000	3,265,000	
2012 Series A and B[1]	2019	90,530,000	54,475,000	19,514,247[1]
County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue)	2020	8,800,000	2,800,000	825,000[2]
County of Riverside Certificates of Participation (2009 Larson Justice Center Refunding)[3]	2021	36,100,000	13,330,000	2,552,563
Riverside District Court Financing Corporation (United States District Court Project):				
Series 1999	2020	24,835,000	5,289,904	
Series 2002	2020	925,000	265,000	1,829,006[4]
County of Riverside Leasehold Revenue Bonds (Southwest Justice Center Project) 2008 Series A[5]	2032	78,895,000	71,140,000	6,487,648
County of Riverside Certificates of Participation (2007A Public Safety Commission Project)	2022	111,125,000	10,850,000	271,250
County of Riverside Southwest Communities Financing Authority Lease Revenue Bonds, Series 2008 A	2038	15,105,000	13,165,000	1,156,494
County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects)[6]	2040	45,685,000	45,025,000	1,918,600
County of Riverside Monroe Park Building 2011 Lease Financing	2020	5,535,000	2,205,000	677,836
County of Riverside Certificates of Participation (2012 County Administrative Center Refunding Project)[7]	2031	33,360,000	27,090,000	2,508,788
County of Riverside Public Financing Authority (2012 Lease Revenue Refunding Bonds)[8]	2033	17,640,000	14,005,000	1,385,025
County of Riverside Leasehold Revenue Bonds (2013 Series A Public Defender/Probation Bldg and Riverside County Technology Solution Center Projects)	2043	66,015,000	62,815,000	4,278,488
Riverside Community Properties Development, Inc. Lease Revenue Bonds (2013 Riverside County Law Building Project)	2044	44,380,000	43,695,000	3,112,250
County of Riverside Lease Revenue Bonds (Courts Facilities Project), Series 2014 A & 2014 B (Taxable)[9]	2033	18,495,000	12,955,000	2,350,687
County of Riverside Public Financing Authority (2015 A Lease Revenue Bonds)	2046	325,000,000	325,000,000	20,855,000
County of Riverside Infrastructure Financing Authority (2015 A Lease Revenue Refunding Bonds)[10]	2037	72,825,000	70,085,000	5,874,706
County of Riverside Infrastructure Financing Authority (2016 A & 2016 A-T Lease Revenue Refunding Bonds)[11]	2031	39,985,000	39,985,000	3,486,608
TOTAL		$1,079,670,073	$848,790,671	$79,082,954

[1] Total annual base rental for Riverside County Hospital Project, Leasehold Revenue Bonds. The 2012 Series A and B Bonds refunded the 1997 B Bonds. A portion of the proceeds of the 2012 Bonds was used to redeem the 1997 B Bonds and the remaining proceeds will be used to pay for improvements of the Medical Center Campus.

[2] Annual base rental estimated at assumed interest rate of 9.00%. The average interest rate for the twelve-month period ending April 18, 2017 was approximately 0.66%.

[3] The 2009 Larson Justice Center Refunding Project Refunded the 1998 Larson Center Refunding Project.

[4] Total annual base rental for Riverside District Court Financing Corporation (United States District Court Project).

[5] The 2008 Series A refunded the 2000 Series B SWJC Project.

[6] The 2009 Public Safety Communication and Woodcrest Library Refunding Project refunded the 2007B Public Safety Communication Refunding Project and the 2006 Capital Appreciation Notes.

[7] The 2012 County Administrative Refunding Project refunded the 2001 County Administrative Annex Project.

[8] The 2012 Public Financing Authority Lease Revenue Refunding Bonds refunded the 2003A Palm Desert Financing Authority Lease Revenue Bonds.

[9] The 2014 Series A & B (Taxable) County of Riverside Lease Revenue Bonds refunded the County of Riverside Certificates of Participation (Capital Facilities Project) 2003 Series B, County of Riverside Certificates of Participation (Historic Courthouse Project) 2003 Series A and the County of Riverside Court Financing Corporation Certificates of Participation (Bankruptcy Courthouse Acquisition Property).

[10] The 2015 Series A Infrastructure Financing Authority Lease Revenue Refunding Bonds refunded the County of Riverside Certificates of Participation (Capital Facilities Project) 2005 Series A, County of Riverside Certificates of Participation (Historic Courthouse Refunding Project) 2005 Series B and the County of Riverside Certificates of Participation (Capital Facilities Projects) 2006 A.

[11] The 2016 A & A-T Infrastructure Financing Authority Lease Revenue Refunding Bonds refunded the Riverside County Palm Desert Financing Authority Lease Revenue Bonds 2008 Series A.

Source: County Executive Office.

Lease Lines of Credits

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

Capital Lease Repurchase Agreements

On January 29, 2013, the County entered into a Master Equipment Lease Purchase Agreement with Banc of America Capital Corp. in the amount of $15,000,000 to finance the purchase and installation of Cisco voice, video, wireless and data converged network equipment to replace all of the County's phones, auto attendants, Interactive Voice Response System, call centers, voicemail and wireless networks. On June 25, 2013, the County entered into an amendment to the Master Equipment Lease Purchase Agreement to provide for an additional $3,250,000 in lease financing for additional equipment. As of March 1, 2017, approximately $9,700,000 principal amount remained outstanding under the original lease and $273,300 principal amount remained outstanding under the first amendment to the lease, which are scheduled to be repaid in full by 2019. On September 22, 2015, the County entered into a subsequent Master Equipment Lease Purchase Agreement to finance the last of the required equipment in an additional amount of $6,380,000, which is scheduled to be repaid in full by 2022. As of March 1, 2017, approximately, $1,164,000 principal amount of this Master Equipment Lease Purchase Agreement remained outstanding,

On October 30, 2014, the County entered into a Lease Purchase Agreement with Banc of America Public Capital Corp. in the amount of $54,573,300 to finance the purchase and installation of certain solar equipment for the purpose of reducing County energy costs. As of March 31, 2017, the financing was restructured to a principal balance of $57,977,325. As of April 1, 2017, approximately $57,160,000 principal amount remained outstanding.

Interest Rate Swap Agreements

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

Simultaneously with the issuance of the County's Leasehold Obligation Bonds (Southwest Justice Center Refunding) 2008 Series A, the County entered into an amended and restated interest rate swap agreement with a notional amount of $76,300,000. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty (the "Counterparty"). Under the swap agreement the County has an obligation to pay the Counterparty a fixed rate of 5.155 percent and the County receives 64 percent of one month LIBOR from the Counterparty. The bonds and the related swap agreement mature on November 1, 2032. The Counterparty was rated "Aa2" by Moody's, "AA-" by Standard & Poor's and "AA-" by Fitch as of March 2017. Downgrade provisions specify that if the long-term senior unsecured debt rating of the Counterparty is withdrawn, suspended or falls below "BBB" (in the case of S&P) or "Baa2" (in the case of Moody's), the County or the party so downgraded is required to post collateral in the amount of its exposure. If the swap agreement is terminated and, at the time of such termination, the fair market value of the swap agreement was negative, the County would be liable to the Counterparty for a termination payment equal to the swap's fair market value. As of May 31, 2017, the swap agreement had a negative fair market value of approximately $27.49 million (based on the quoted market price from the Counterparty at such date).

The County's regularly scheduled swap payments are insured by Assured Guaranty Corp. The swap agreement provides that if an "Insurer Event" occurs, whereby the insurer fails at any time to have one out of two of the following ratings: (i) a claims-paying ability rating of "A-" or higher from S&P, or (ii) a financial strength rating of "A3" or higher from Moody's, and only in the event that the County's ratings have also been downgraded to below the threshold level of "Baa2" from Moody's and "BBB" from S&P, the County would be required, within one business day of receiving a notice from the Counterparty, to either (A) provide an alternate credit support document acceptable to the Counterparty from a credit support provider with a claims paying ability rating of at least "AA-" from S&P and a financial strength rating of at least "Aa3" from

Moody's or an unenhanced rating on its unsecured unsubordinated long-term debt of at least "AA-" from S&P and at least "Aa3" from Moody's, or (B) give notice to the Counterparty that it will thereafter be subject to the ISDA Credit Support Annex as both a Secured Party and a pledgor in accordance with the terms of such ISDA Credit Support Annex. As of March 2017, Assured Guaranty Corp. had a rating of "AA" by S&P and "A2" from Moody's. An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

Employees

The following tables set forth the number of County employees for Fiscal Years 2007-2017.

COUNTY OF RIVERSIDE
REGULAR EMPLOYEES
2007 THROUGH 2017

Year	Regular Employees[(1)]
2007	17,584
2008	18,912
2009	18,013
2010	17,671
2011	17,764
2012	17,815
2013	18,728
2014	18,620
2015	19,244
2016	19,404
2017[(2)]	19,255

(1) As of December 31st of each year. Excludes temporary and per diem employees.
(2) As of April 26, 2017.

Source: County Human Resources Department

County employees comprise 13 bargaining units, plus another 7 unrepresented employee groups. The bargaining units are represented by six labor organizations. The two largest of these organizations are Service Employees International Union, Local 721 ("SEIU") and the Laborers International Union of North America ("LIUNA"), which represent approximately 73% of all County employees in a variety of job classifications. Salary, benefits and personnel items for management, confidential and other unrepresented employees which are exempt from collective bargaining, are governed by a County Resolution and Ordinance which contain provisions for these personnel related matters.

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

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

The County's collective bargaining agreements with SEIU, LIUNA and RSA expired in 2016. The County is currently in negotiations with such labor organizations for new labor contracts and will continue operating under the terms of the expired contracts until new contracts are in place. During the last 20 years, there has been no major County employee work stoppage.

COUNTY OF RIVERSIDE
LABOR ORGANIZATIONS(1)

Bargaining Units or Employee Group	Number of Employees	Expiration Date of Contract
Management, Confidential, and Other Unrepresented	1,418	N/A
Law Enforcement Management Unit (LEMU)	432	June 30, 2017
Riverside County Deputy District Attorneys' Association (RCDDAA)	374	June 30, 2017
Riverside Sheriffs' Association (RSA)	3,173	June 30, 2016(2)
Service Employees International Union (SEIU)	6,987	November 30, 2016(2)
Laborers' International Union of North America (LIUNA)	7,405	June 30, 2016(2)
Total	19,789	

(1) Includes all County districts.
(2) The County is currently in negotiations with such labor organization for a new labor contract and will continue operating under the terms of the expired contract until a new contract is in place.

Source: County Human Resources Department.

Retirement Program

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

COUNTY OF RIVERSIDE
EMPLOYEES PER RETIREMENT TIER(1)
(As of April 26, 2017)

Tier Level	Number of Employees in Tier Level
Tier 1	12,959
Tier 2	724
Tier 3	5,572
Total	19,255

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

Miscellaneous members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 60), Tier II (2% at 60), or Tier III (2% at 62). Safety members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 50), Tier II (2% at 50), or Tier III (2.7% at 57). The three tiers of retirement benefits all provide for cost-of-living adjustments of up to 2% per year after retirement. For further information on the County's pension obligations, see Note 20 of the Notes to Basic Financial