NEW ISSUE - BOOK-ENTRY ONLY **S&P: AA-**
See "RATING" herein

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2019A Bonds is included in gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the 2019A Bonds is not subject to State of California personal income taxes. See "TAX MATTERS" herein regarding certain other tax considerations.

$12,875,000
COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
Taxable Lease Revenue Refunding Bonds, Series 2019A
(Riverside County Technology Refunding Projects)

Dated: Date of Delivery **Due: As shown on the inside front cover**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or terms of the above-captioned bonds. Investors are advised to read the entire Official Statement, including the section entitled "RISK FACTORS" to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The County of Riverside Asset Leasing Corporation Taxable Lease Revenue Refunding Bonds, Series 2019A (Riverside County Technology Refunding Projects) (the "2019A Bonds") are being issued pursuant to First Supplemental Indenture of Trust, dated as of September 1, 2019 (the "First Supplemental Indenture"), by and between the County of Riverside Asset Leasing Corporation (the "Corporation") and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The First Supplemental Indenture supplements the Indenture of Trust, dated as of July 1, 2013 (the "Original Indenture"), by and between the Corporation the Trustee. The 2019A Bonds are being issued by the Corporation to (i) refund a portion of the outstanding County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2013A (Public Defender/Probation Building and Riverside County Technology Solutions Center Projects) issued pursuant to the Original Indenture; and (ii) pay the cost of issuance in connection with the issuance of the 2019A Bonds, all as more fully described herein. See "SOURCES AND USES OF FUNDS."

The 2019A Bonds will be issued as fully registered bonds registered in the name of a nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the 2019A Bonds. Purchases of the 2019A Bonds may be made in book-entry form only, in the denominations set forth on the inside front cover of this Official Statement through brokers and dealers who are or who act through, DTC Participants. Beneficial owners of the 2019A Bonds will not receive physical delivery of bond certificates. Payments of principal of and interest on the 2019A Bonds will be made to DTC by the Trustee. Disbursements of payments to DTC Participants is the responsibility of DTC and disbursement of payments to the beneficial owners is the responsibility of DTC Participants. See "THE 2019 BONDS—General—Book-Entry System for the 2019A Bonds" herein. Principal will be payable on the dates set forth on the inside cover of the Official Statement. Interest on the 2019A Bonds will be payable semiannually on May 1 and November 1 commencing November 1, 2019. Upon receipt of payments of principal or early redemption and interest, DTC will in turn remit such principal and interest to DTC Participants for subsequent disbursement to beneficial owners of the 2019A Bonds, all as more fully described herein.

The 2019A Bonds will be subject to optional and extraordinary redemption as described herein.

The 2019A Bonds will be payable and secured solely from revenues, consisting primarily of Lease Payments (defined herein) to be made by the County to the Corporation for certain real property, equipment and improvements to be constructed thereon and in connection therewith (the "Leased Premises") under a Lease Agreement, dated as of July 1, 2013, as amended by Amendment No. 1 to Ground Lease and Lease Agreement, dated as of July 1, 2018, and Amendment No. 2 to Lease Agreement, dated as of July 1, 2019 (collectively, the "Lease Agreement"), by and between the Corporation and the County. The County has covenanted in the Lease Agreement to take such action as may be necessary to include Lease Payments and Additional Rental (defined herein) payments due under the Lease Agreement in its annual budget, and to make necessary annual appropriations therefor.

THE 2019A BONDS WILL BE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION AND WILL BE PAYABLE FROM AND SECURED SOLELY BY THE REVENUES AND AMOUNTS PLEDGED THEREFOR. NEITHER THE 2019A BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE PAYMENTS UNDER THE LEASE CONSTITUTES A DEBT OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA.

The 2019A Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, and for the Corporation and the County by the Office of County Counsel. Kutak Rock LLP, Los Angeles, California, serves as Disclosure Counsel to the Corporation and the County in connection with the issuance of the 2019A Bonds. It is expected that the 2019A Bonds will be available for delivery through the DTC book-entry system on or about September 26, 2019.

UBS

Dated: September 11, 2019

MATURITY SCHEDULE

$12,875,000
COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
TAXABLE LEASE REVENUE REFUNDING BONDS, 2019A
(RIVERSIDE COUNTY TECHNOLOGY REFUNDING PROJECTS)

Maturity Date (November 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†:
2020	$ 400,000	1.870%	1.870%	100.000	76911ADQ5
2021	405,000	1.920	1.920	100.000	76911ADR3
2022	415,000	1.960	1.960	100.000	76911ADS1
2023	425,000	1.980	1.980	100.000	76911ADT9
2024	430,000	2.030	2.030	100.000	76911ADU6
2025	445,000	2.160	2.160	100.000	76911ADV4
2026	450,000	2.260	2.260	100.000	76911ADW2
2027	465,000	2.370	2.370	100.000	76911ADX0
2028	470,000	2.470	2.470	100.000	76911ADY8
2029	485,000	2.600	2.600	100.000	76911ADZ5
2030	495,000	2.720	2.720	100.000	76911AEA9
2031	510,000	2.820	2.820	100.000	76911AEB7
2032	520,000	2.870	2.870	100.000	76911AEC5
2033	540,000	2.970	2.970	100.000	76911AED3
2034	550,000	3.020	3.020	100.000	76911AEE1
2035	570,000	3.070	3.070	100.000	76911AEF8
2036	590,000	3.120	3.120	100.000	76911AEG6

$4,710,000 3.400% Term Bond due November 1, 2043, Yield: 3.460%; Price: 99.022%; CUSIP No. 76911AEH4

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the County, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

COUNTY OF RIVERSIDE

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

Board of Supervisors

Kevin Jeffries, First District, Chairman
V. Manuel Perez, Fourth District, Vice Chairman
Karen Spiegel, Second District
Chuck Washington, Third District
Jeff Hewitt, Fifth District

County Officials

George Johnson, County Executive Officer
Jon Christensen, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Peter Aldana, Assessor-County Clerk-Recorder
Gregory P. Priamos, County Counsel
Don Kent, County Finance Officer

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

Board of Directors

Kevin Jeffries, President and Chairman
V. Manuel Perez, Vice President
Karen Spiegel, Member
Chuck Washington, Member
Jeff Hewitt, Member

SPECIAL SERVICES

Bond Counsel

Best Best & Krieger LLP
Riverside, California

Disclosure Counsel

Kutak Rock LLP
Los Angeles, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Trustee

Wells Fargo Bank, National Association
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the County or the Corporation to give any information or to make any representations in connection with the offer or sale of the 2019A Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Corporation. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the 2019A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the 2019A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

This Official Statement and the information contained herein are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the County or the Corporation or any other parties described herein since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the 2019A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County and the Corporation. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "RISK FACTORS" and in "APPENDIX A – INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY AND THE CORPORATION DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE 2019 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE 2019A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

For purposes of compliance with Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Official Statement constitutes an official statement of the County and Corporation that has been deemed final by the County and the Corporation as of its date except for the omission of no more than the information permitted by Rule l5c2-l2.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12. The County maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2019A Bonds.

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OFFICIAL STATEMENT

$12,875,000
County of Riverside Asset Leasing Corporation
Taxable Lease Revenue Refunding Bonds, Series 2019A
(Riverside County Technology Refunding Projects)

INTRODUCTION

The purpose of this Official Statement, including the cover page, and the appendices attached hereto, is to provide information in connection with the offering of the County of Riverside Asset Leasing Corporation Taxable Lease Revenue Refunding Bonds, Series 2019A (Riverside County Technology Refunding Projects) (the "2019A Bonds"), in the aggregate principal amount of $12,875,000. The 2019A Bonds will be issued and delivered pursuant to an First Supplemental Indenture of Trust, dated as of September 1, 2019 (the "First Supplemental Indenture"), by and between the County of Riverside Asset Leasing Corporation (the "Corporation") and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The First Supplemental Indenture supplements the Indenture of Trust, dated as of July 1, 2013 (the "Original Indenture" and, together with the First Supplemental Indenture, the "Indenture"), by and between the Corporation the Trustee.

All capitalized terms used but not otherwise defined in this Official Statement shall have the meanings set forth in the Lease Agreement (as hereinafter defined) or the Indenture. See APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS" attached hereto.

The 2019A Bonds are being issued by the Corporation to (i) refund a portion of the outstanding County of Riverside Asset Leasing Corporation Lease Revenue Bonds Series 2013A (Public Defender/Probation Building and Riverside County Technology Solutions Center Projects) (the "2013A Bonds") issued pursuant to the Original Indenture; and (ii) pay the cost of issuance in connection with the issuance of the 2019A Bonds.

Upon the issuance of the 2019A Bonds, the 2019A Bonds will be payable from Revenues consisting primarily of Lease Payments to be made by the County to the Corporation pursuant to the terms of the Lease Agreement, dated as of July 1, 2013, as amended by Amendment No. 1 to Ground Lease and Lease Agreement, dated as of July 1, 2018, and Amendment No. 2 to Lease Agreement, dated as of July 1, 2019 (collectively, the "Lease Agreement"), by and between the Corporation and the County. Under the Lease Agreement, the County is required to deposit with the Trustee that portion of Lease Payments due under the Lease Agreement semiannually fifteen (15) days prior to each May 1 and November 1 during the term of the Lease Agreement (or if such day is not a Business Day, on the immediately preceding Business Day) commencing November 1, 2019. The County is also required under the Lease Agreement to pay as Additional Rental certain other costs and expenses relating to the Leased Premises and the Trustee. The County covenants in the Lease Agreement to take such actions as may be necessary to include all Lease Payments and Additional Rental due under the Lease Agreement in each of its budgets during the term of the Lease Agreement. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2019A BONDS—Lease Payment Schedule" herein.

The 2019A Bonds are being issued on parity with the 2013A Bonds with respect to the Lease Payments required to be made by the County pursuant to the Lease Agreement.

Brief descriptions of the 2019A Bonds, the Leased Premises, the Continuing Disclosure Certificate, the Lease Agreement, the Ground Lease, dated as of July 1, 2013 and amended, between the County and the Corporation, pursuant to which the County leases the Leased Premises to the Corporation, the Indenture, the County and the Corporation are provided herein. Such descriptions do not purport to be comprehensive or definitive. All references made to various documents herein are qualified in their entirety by reference to the forms thereof, copies of which may be obtained from the Trustee.

THE LEASED PREMISES

General

Proceeds of the 2019A Bonds will be used by the County to refund a portion of the 2013A Bonds. Proceeds of the 2013A Bonds were used by the County for the construction and renovation of a building located at 4075 Main Street in the City of Riverside for use by the County's Law Officers of the Public Defender (the "Public Defender Building"), for the acquisition, construction and renovation of a building located at 3450 14th Street in the City of Riverside to house the County's Information and Technology Department, also known as the Riverside County Innovation Center (the "Technology Solutions Center"), and to make certain improvements to leased facilities located at 1960 Chicago Street, Suite F in the City of Riverside known as the Riverside County Collaboration Center ("RC3"). The portion of the 2013A Bonds being refunded relates to the RC3 leasehold improvements and to a small, stand-alone chapel that was acquired by the County as part of the property that included the Public Defender Building. Approximately $49,310,000 of the 2013A Bonds are expected to remain outstanding after the issuance of the 2019A Bonds.

The Leased Facilities

The Leased Facilities under the Lease Agreement consist of the Technology Solutions Center and the Public Defender Building.

Public Defender Building. The Public Defender Building is an approximately 54,552 square foot, eight-story office building and an approximately 45,000 square foot three-story parking structure located on an approximately 20,540 square foot parcel. The Public Defender Building was built in 1965 and has been owned by the County since 1994. The building housed the County's district attorneys' office until 2010, when the district attorneys' offices were relocated. Approximately $20 million of the proceeds of the 2013A Bonds were used to retrofit and improve the Public Defender Building. The renovation commenced in April 2013 and was completed by November 2014. The Public Defender Building is currently valued by the County at approximately $45,780,961. The Public Defender Building houses the County Public Defender and the Department of Probation.

Technology Solutions Center. The Technology Solutions Center is located on a 5.25 acre parcel and includes an approximately 139,900 square foot, five-story office building known as 3450 Fourteenth Street, Riverside, California, an approximately 7,839 square foot building known as 3478 Fourteenth Street, Riverside, California and an adjacent parking lot with spaces for 355 vehicles. Approximately $30 million of the proceeds of the 2013A Bonds were used to purchase the Technology Solutions Center. An additional $2 million of the proceeds of the 2013A Bonds were used to construct and improve the Technology Solutions Center. The Technology Solutions Center serves as the County's data center and offices of the County's information technology staff. The Technology Solutions Center is currently valued by the County at approximately $35,545,377.

Substitution of Leased Facilities

Pursuant to the Lease Agreement, the County may, at its option, release any portion of the Leased Facilities from the lien of the Lease Agreement and substitute other real property to serve as the Leased Facilities. In order to effect such substitution, the County is required to provide to the Corporation and

Trustee (a) an ALTA policy of title insurance insuring the County's leasehold estate under the Lease Agreement in the Leased Facilities, subject only to Permitted Encumbrances in an amount which, together with the amount of title insurance applicable to the unreleased portion of the Leased Facilities, equals at least the aggregate principal amount of the 2019A Bonds and the 2013A Bonds then outstanding, and (b) an opinion of bond counsel stating that such substitution is permitted pursuant to the Lease Agreement and does not cause interest on the 2013A Bonds to become includable in the gross income of the Bond Owners for federal income tax purposes.

ESTIMATED SOURCES AND USES OF 2019A BOND PROCEEDS

Following is a table of the estimated sources and uses of funds with respect to the 2019A Bonds:

Sources of Funds	
Par Amount of 2019A Bonds	$12,875,000.00
Original Issue Discount	(46,063.80)
Total Proceeds of 2019A Bonds	$12,828,936.20
Funds Released from Prior Debt Service Reserve Fund	299,056.00
TOTAL SOURCES	$13,127,992.20
Uses of Funds	
Refunding Escrow Deposits	$12,858,519.69
Costs of Issuance Fund [(1)]	265,622.24
Additional Proceeds	3,851.27
TOTAL USES	$13,127,992.20

(1) Includes certain legal fees, financing and consulting fees, Underwriter's discount, fees of Bond Counsel, Disclosure Counsel, Underwriter's Counsel, Trustee, and the Municipal Advisor, printing costs, rating agency fees, title insurance and other miscellaneous expenses.

THE 2019A BONDS

General Provisions

The 2019A Bonds will be dated their date of delivery. Interest on the 2019A Bonds will be payable from such date at the rates set forth on the inside cover page of this Official Statement.

The 2019A Bonds will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2019A Bonds will be issued in fully registered form and individual purchases will be made in book-entry form only. Principal at maturity or early redemption and interest are payable by U.S. Bank National Association, as trustee, to The Depository Trust Company, New York, New York ("DTC"), which will in turn remit such principal at maturity or early redemption and interest to the DTC Participants (as defined below) for subsequent disbursement to the Beneficial Owners of the 2019A Bonds, as described in APPENDIX F: "BOOK-ENTRY SYSTEM."

The 2019A Bonds will be issued in denominations of $5,000 and any multiple integral thereof. Interest will be payable semi-annually on May 1 and November 1 commencing November 1, 2019.

Book-Entry System for 2019A Bonds

DTC will act as securities depository for the 2019A Bonds. The 2019A Bonds shall initially be issued exclusively in book-entry form and will be registered in the name of Cede & Co., DTC's partnership nominee. One fully registered bond certificate will be issued for each maturity of the 2019A

Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC. See APPENDIX F: "BOOK-ENTRY SYSTEM."

Redemption Provisions of the 2019A Bonds

Optional Redemption of the 2019A Bonds.

The 2019A Bonds maturing prior to November 1, 2030 shall not be subject to optional redemption. The 2019A Bonds maturing on or after November 1, 2030 are subject to redemption on or after November 1, 2029 at the option of the Corporation, upon the direction of the County, in whole or in part, on any date at a redemption price equal to the principal amount of the 2019A Bonds to be redeemed, together with accrued but unpaid interest to the redemption date, without premium.

***Mandatory Redemption of the 2019A Bonds*.**

The 2019A Bonds maturing November 1, 2043, are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule on November 1, 2037, and each respective November 1 thereafter to and including the respective date of maturity, at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the 2019A Bonds maturing November 1, 2043 have been redeemed pursuant to an optional or mandatory redemption, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2019A Bonds so redeemed pursuant to such optional or mandatory redemption by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by the Corporation with the Trustee.

2019A Bonds Maturing November 1, 2043

Mandatory Sinking Fund Redemption Date (November 1)	Principal Amount to Be Redeemed
2037	$605,000
2038	630,000
2039	650,000
2040	670,000
2041	695,000
2042	720,000
2043 (maturity)	740,000

Extraordinary Redemption of the 2019A Bonds.

The 2019A Bonds shall be subject to redemption as a whole or in part on any date, from the proceeds of insurance or eminent domain required to be used for such purpose as provided in the Indenture, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Procedure for and Notice of Redemption of 2019A Bonds.

The Trustee shall give notice of each redemption to the Owner of any 2019A Bonds of a series designated for redemption by first-class mail, postage prepaid, at the address which appears upon the Bond Register of the Trustee by mailing a copy of the redemption notice at least 30 but not more than 60 days prior to the redemption date. The failure of any Owner to receive such notice or any defect in such notice will not affect the validity of the redemption of any 2019A Bonds or the cessation of accrual of interest from and after the redemption date.

With respect to the optional redemption of the 2019A Bonds, the Corporation may instruct the Trustee to include a statement in the notice of redemption that such redemption is conditioned upon the receipt by the Trustee on or before the date fixed for such redemption of sufficient funds for such purpose. In the event that sufficient funds shall not have been deposited with the Trustee on or before the date fixed for redemption, the Trustee shall promptly so notify the Owners of the Bonds by telephone, facsimile transmission or other form of telecommunication, promptly confirmed in writing; and thereupon such redemption and the notice thereof shall be deemed to be canceled and rescinded.

Selection of 2019A Bonds for Redemption.

Except for mandatory redemption as described above, whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a series, the Trustee shall select the Bonds to be redeemed from all Bonds of a series or such given portion thereof not previously called for redemption from such series, maturities, or portion of such maturities, as shall be set forth in a Written Request of the Corporation filed with the Trustee, or in the absence of such designation of maturities by the Corporation, then on a pro rata basis among maturities of a series, and in any case, by lot within a maturity in any manner which the Trustee in its sole discretion shall deem to maintain substantially level debt service; *provided, however,* that the remaining portion of any 2019A Bond of a series to be redeemed shall be in the principal amount of an Authorized Denomination.

DEBT SERVICE REQUIREMENTS

Under the Lease Agreement, Lease Payments payable by the County to the Corporation are due and payable by the County each April 15 and October 15 commencing October 15, 2019. Pursuant to the Indenture, on May 1 and November 1 commencing November 1, 2019, the Trustee will apply such amounts as are necessary to make principal and interest payments with respect to the 2019A Bonds as the same shall become due and payable, as shown in the following table:

Bond Year Ending November 1	2019A Bonds Principal	2019A Bonds Interest	2019A Bonds Total Principal and Interest(1)	2013A Bonds Total Principal and Interest	Total Debt Service 2019A and 2013A Bonds
2019		$ 35,682.55	$ 35,682.55	$2,496,768.75	$2,532,451.30
2020	$400,000.00	367,020.50	767,020.50	3,490,787.50	4,257,808.00
2021	405,000.00	359,540.50	764,540.50	3,492,287.50	4,256,828.00
2022	415,000.00	351,764.50	766,764.50	3,491,037.50	4,257,802.00
2023	425,000.00	343,630.50	768,630.50	3,487,037.50	4,255,668.00
2024	430,000.00	335,215.50	765,215.50	3,490,287.50	4,255,503.00
2025	445,000.00	326,486.50	771,486.50	3,487,037.50	4,258,524.00
2026	450,000.00	316,874.50	766,874.50	3,490,375.00	4,257,249.50
2027	465,000.00	306,704.50	771,704.50	3,489,775.00	4,261,479.50
2028	470,000.00	295,684.00	765,684.00	3,490,237.50	4,255,921.50
2029	485,000.00	284,075.00	769,075.00	3,491,500.00	4,260,575.00
2030	495,000.00	271,465.00	766,465.00	3,487,500.00	4,253,965.00
2031	510,000.00	258,001.00	768,001.00	3,489,500.00	4,257,501.00
2032	520,000.00	243,619.00	763,619.00	3,492,000.00	4,255,619.00
2033	540,000.00	228,695.00	768,695.00	3,489,750.00	4,258,445.00
2034	550,000.00	212,657.00	762,657.00	3,492,750.00	4,255,407.00
2035	570,000.00	196,047.00	766,047.00	3,490,500.00	4,256,547.00
2036	590,000.00	178,548.00	768,548.00	3,488,000.00	4,256,548.00
2037	605,000.00	160,140.00	765,140.00	3,490,000.00	4,255,140.00
2038	630,000.00	139,570.00	769,570.00	3,491,000.00	4,260,570.00
2039	650,000.00	118,150.00	768,150.00	3,490,750.00	4,258,900.00
2040	670,000.00	96,050.00	766,050.00	3,494,000.00	4,260,050.00
2041	695,000.00	73,270.00	768,270.00	3,490,250.00	4,258,520.00
2042	720,000.00	49,640.00	769,640.00	3,489,500.00	4,259,140.00
2043	740,000.00	25,160.00	765,160.00	3,491,250.00	4,256,410.00
Totals:	$12,875,000.00	$5,573,690.55	$18,448,690.55	$86,263,881.25	$104,712,571.80

(1) Represents total debt service of the 2019A Bonds, but does not include any payments on any other outstanding lease revenue bonds of the County or the Corporation, other than the 2013A Bonds, which like the 2019A Bonds, are payable from lease payments by the County made from its General Fund.

SECURITY AND SOURCE OF PAYMENT FOR THE 2019A BONDS

General

The 2019A Bonds constitute special, limited obligations of the Corporation, and, subject to the terms of the Indenture, are payable and secured solely by all of the Revenues and any other amounts (excluding the following: (a) proceeds of the sale of the 2019A Bonds; (b) any amounts in the Costs of Issuance Fund; (c) any Additional Rent paid by the County to the Corporation pursuant to the Lease Agreement; and (d) excess earnings amounts to be rebated from Corporation to United States of America and any such amounts paid to Corporation by County for rebate to United States of America pursuant to the Indenture and the Lease Agreement) held in any fund or account established pursuant to the Indenture. **The 2019A Bonds do not constitute indebtedness of the County within the meaning of any constitutional or statutory debt limitation or restriction**.

Revenues are defined in the Indenture to mean (a) all amounts received by the Corporation or the Trustee pursuant to or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding any amounts payable Additional Rents; (b) all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture (except for amounts required to be on deposit in the Rebate Fund); and (c) all proceeds of rental interruption insurance policies carried with respect to the Leased Premises pursuant to the Lease Agreement or in accordance with the Indenture for the 2019A Bonds.

Lease Payments

The obligation of the County to make Lease Payments when due is a general fund obligation of the County and does not constitute a debt of the County for which the County is obligated to pledge or levy any form of taxation or for which the County has levied or pledged any form of taxation. Lease Payments will be made from amounts included in the County's annual budget and appropriated therefor except to the extent payments are made from the net proceeds of insurance or condemnation awards or certain other moneys held under the Indenture, including moneys held in the Reserve Account of the Bond Fund established under the Indenture for the 2019A Bonds.

The Trustee, pursuant to the Indenture and the Lease Agreement, will receive Lease Payments for the benefit of the Owners of the 2019A Bonds. The County is required under the Lease Agreement to make semiannual Lease Payments from legally available funds, and Lease Payments are scheduled to be sufficient to pay, when due, the principal of and interest on the 2019A Bonds. The Trustee's obligation to make such payments to Owners is limited to amounts designated as principal of and interest on the 2019A Bonds. Additional Payments due from the County under the Lease Agreement include amounts sufficient to pay the fees and expenses of the Corporation and the Trustee, certain taxes and assessments, insurance premiums, and other fees and expenses set forth in the Lease Agreement. Lease Payments will be abated in the event of damage to, destruction or condemnation of the Leased Premises or any portion thereof. See APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS —The Lease Agreement" herein. The County is also responsible for repair and maintenance of the Leased Premises during the term of the Lease Agreement.

The County has covenanted in the Lease Agreement to take such action as may be necessary to include the annual portion of all rental payments due under the Lease Agreement for the Leased Premises in its annual budget and to make the necessary annual appropriations therefor. The Lease Agreement states that such covenants on the part of the County shall be deemed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the County.

So long as the County has the use and occupancy of the Leased Premises, the obligation of the County to make Lease Payments and Additional Payments and payment of all other amounts provided for in the Lease Agreement, and to perform its obligations thereunder will be absolute and unconditional and such payments will not be subject to setoff, counterclaim or recoupment, subject only to provisions in the Indenture and the Lease Agreement related to abatement.

Should the County default under the Lease Agreement, the Corporation may exercise any and all remedies available at law or in equity or granted pursuant to the Lease Agreement and may elect, without terminating the County's rights under the Lease Agreement, to continue the Lease Agreement in effect and enforce all of its rights and remedies thereunder, including the right to recover Lease Payments as they become due. See APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS –The Lease Agreement" herein. Pursuant to the Indenture, the Corporation assigns and transfers to the Trustee the Revenues, and confers upon the Trustee the power to collect the Revenues and appoints the Trustee as its attorney-in-fact to demand, receive and enforce payment of the Revenues. See APPENDIX D: "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS —The Indenture" herein.

Insurance

The Lease Agreement provides that the County will maintain rental interruption insurance throughout the term of the Lease Agreement so that in the event Lease Payments are abated due to loss of use and occupancy of the Leased Premises as a result of any of the hazards required to be covered by property insurance required by the Lease Agreement, moneys will be available in an amount sufficient to pay two years' maximum Lease Payments under the Lease Agreement.

The Lease Agreement also requires the County to maintain insurance on the Leased Premises against loss or damage to the Leased Premises or any portion thereof including loss or damage caused by fire and lightning, with extended coverage, and vandalism and malicious mischief insurance. Said extended coverage insurance, will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the judgment of the County's risk manager. Such insurance may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance. See "APPENDIX A — INFORMATION REGARDING THE COUNTY OF RIVERSIDE — Insurance," "APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS —The Lease Agreement" and "RISK FACTORS–Risk of Uninsured Loss; Earthquakes" herein.

The County plans to obtain, contemporaneously with the issuance of the 2019A Bonds, an ALTA title insurance policy from First American Title Company with respect to the Leased Premises in the amount of the aggregate principal amount of the 2019A Bonds.

Additional Obligations

The Corporation may issue additional bonds, notes or other indebtedness which are payable out of the Revenues in whole or in part by amending the Indenture and the Lease Agreement, provided that (A) no Event of Default under the Indenture or the Lease Agreement has occurred and is continuing, (B) such additional amounts of rental do not cause the total rental payments made by the County under the Lease Agreement to exceed the fair rental value of the Leased Premises and Facilities, as set forth in a certificate of a County Representative filed with the Trustee and the Corporation, (C) the County shall have obtained and filed with the Trustee and the Corporation a Written Certificate of an Authorized Representative of the County showing that the fair rental value of the Leased Premises and Facilities is not less than the sum of the aggregate unpaid principal components of the Lease Payments and the aggregate principal components of such additional amounts of rental, and (D) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other capital improvements which are authorized pursuant to the laws of the State.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the 2019A Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the 2019A Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks. Additionally, potential investors should be aware of the possibility that other considerations could materialize in the future.

General Considerations – Security for the 2019A Bonds

The 2019A Bonds are special obligations of the Corporation, payable solely from Revenues and certain funds and accounts held under the Indenture. Revenues consist primarily of Lease Payments to be made by the County under the Lease Agreement. If, for any reason, the Revenues collected under the Indenture are, for any reason, insufficient to pay debt service on the 2019A Bonds, neither the Corporation nor the County will be obligated to utilize any of their funds, other than amounts available under the Indenture, to pay debt service on the 2019A Bonds.

Neither the faith and credit nor the taxing power of the County or the State, or any political subdivision thereof, is pledged to the payment of the 2019A Bonds. The Corporation has no taxing power.

The obligation of the County to make the Lease Payments does not constitute a debt of the County or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Lease Agreement to pay the Lease Payments and Miscellaneous Rent from any source of legally available funds, and the County has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Lease Payments and Miscellaneous Rent due under the Lease Agreement in its annual budgets and to make necessary annual appropriations for all such payments, subject to abatement. The County is currently liable and may become liable on other obligations payable from general revenues.

The County has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Lease Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other activities before making Lease

Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. However, the County's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIB of the State Constitution."

Abatement

In the event of substantial interference with the County's right to use and occupy any portion of the Leased Premises by reason of damage to, or destruction or condemnation of the Leased Premises, or any defects in title to the Leased Premises, Lease Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019A BONDS — Abatement." In the event that such portion of the Leased Premises, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Lease Payments, plus the period for which funds are available from the funds and accounts established under the Indenture, or in the event that title and casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Leased Premises or redemption of the 2019A Bonds, there could be insufficient funds to make payments to Owners in full.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Lease Agreement or at the time of the abatement. If the latter, it may be that the value of the Leased Premises is substantially higher or lower than its value at the time of the issuance and delivery of the 2019A Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the 2019A Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Leased Premises results in abatement of the Lease Payments related to such Leased Premises and if such abated Lease Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds and title insurance, if any, are insufficient to make all payments of principal and interest on the 2019A Bonds during the period that the Leased Premises is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Owners for nonpayment under such circumstances.

No Reserve Fund

The Corporation has not funded a debt service reserve fund for the 2019A Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property, and therefor property tax revenue available to make Lease Payments, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the County. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the County be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. The County is not aware of any hazardous substances located on the Leased Premises. However, it is possible that such hazardous substances do currently or potentially exist and that the County is not aware of them.

Other Financial Matters

In the event of weakness in the economy of the State and the United States, it is possible that the general revenues of the County will decline. Such financial matters may have a detrimental impact on the County's General Fund, and, accordingly, may reduce the County's ability to make Lease Payments. See "APPENDIX A — INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

Substitution or Release of Leased Premises

The Corporation and the County may amend the Lease Agreement at any time and from time to time to substitute alternate real property for any portion of the Leased Premises or to release a portion of Leased Premises from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or release, the portion of the Leased Premises for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019A BONDS — Substitution or Release of Leased Premises."

Although the Lease Agreement requires, among other things, that the fair rental value of the Substitute Leased Premises, have a fair rental value at least equal to the fair rental value of the Former Leased Premises, it does not require that such Substitute Leased Premises have a fair rental value equal to the fair rental value of the Leased Premises at the time of substitution. Thus, a portion of the Leased Premises could be replaced with less valuable real property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the 2019A Bonds, particularly if an event requiring abatement of Lease Payments were to occur subsequent to such substitution or release.

Limited Recourse on Default;
No Acceleration of Lease

Failure by the County to make Lease Payments required to be made under the Lease Agreement; failure by the County to make Miscellaneous Rent required to be made under the Lease Agreement and the continuation of such failure for a period of 30 days; failure by the County to observe and perform any other covenant, condition or agreement contained in the Lease Agreement for a period of 60 days after written notice of such failure and request that it be remedied has been given to the County by the Corporation or the Trustee (unless in the reasonable opinion of County such failure can be corrected and the County commences to cure such failure within 60 days and diligently and in good faith cures such failure in a reasonable period of time); or the filing by the County of a voluntary petition in bankruptcy or failure by the County to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted, constitute events of default under the Lease Agreement and permit the Corporation to pursue any and all remedies available under the Lease Agreement and pursuant to law. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable, cause the leasehold interest of the Corporation or the subleasehold interest of the County in the

Leased Premises to be sold, assigned or otherwise alienated, nor do the Corporation or the Trustee have any right to re-enter or re-let the Leased Premises except as described in the Lease Agreement.

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. If the County defaults on its obligation to make Lease Payments with respect to the Leased Premises, the Trustee, as assignee of the Corporation, may retain the Lease Agreement and hold the County liable for all Lease Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the County.

Alternatively, the Corporation or the Trustee may retake possession of the Leased Premises and proceed against the County to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Leased Premises or any property substituted therefor pursuant to the Lease Agreement and the restrictions on its use, no assurance can be given that the Trustee will be able to re-let the Leased Premises so as to provide rental income sufficient to make all payments of principal of, interest and premium, if any, on the 2019A Bonds when due, and the Trustee is not empowered to sell the Leased Premises for the benefit of the Owners of the 2019A Bonds. Any suit for money damages would be subject to limitations on legal remedies against counties in California, including a limitation on the enforcement of judgment against funds of a fiscal year other than the fiscal year in which Lease Payments were due and a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2019A BONDS" and "APPENDIX B — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — LEASE AGREEMENT — Events of Default Defined" and " — Remedies on Default."

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the County may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture may be limited by and are subject to the provisions of federal bankruptcy laws. The County is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the County is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the County were to become a debtor under the Bankruptcy Code, the County would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Such a bankruptcy could adversely affect the payments under the Indenture. Among the adverse effects might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have priority of payment superior to that of the Owners of the 2019A Bonds; and (iv) the possibility of the adoption of a plan (the "Plan") for the adjustment of the County's debt without the consent of the Trustee or all of the Owners of the 2019A

Bonds, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interests of creditors.

Recent bankruptcies in the City of Stockton, the City of San Bernardino and the City of Detroit have brought scrutiny to municipal securities. Specifically, in the San Bernardino bankruptcy, the Court held that in the event of a municipal bankruptcy, payments on pension obligation bonds were unsecured obligations and not entitled to the same priority of payments made to the related pension system. A variety of events including, but not limited to, additional rulings adverse to the interests of bond owners in the Stockton, San Bernardino and Detroit bankruptcy cases or additional municipal bankruptcies, could prevent or materially adversely affect the rights of Owners to receive payments on the 2019A Bonds in the event the County files for bankruptcy. Accordingly, in the event of bankruptcy, it is likely that Owners may not recover their principal and interest.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance and delivery of the 2019A Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the County to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Leased Premises in the event of damage, destruction or title defects, subject to certain exceptions. The Corporation and the County make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the 2019A Bonds when due. In addition, insurance for certain risks, such as floods, are not required under the Lease Agreement, and therefore, may not carried by the County. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019A BONDS — Insurance.”

No Liability of Corporation to the Owners

Except as expressly provided in the Indenture, the Corporation will not have any obligation or liability to the Owners of the 2019A Bonds with respect to the payment when due of the Lease Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Seismic Events; Force Majeure

The areas in and surrounding the Leased Premises, like those in much of California, are subject to unpredictable seismic activity; however, the County is not aware of the Leased Premises having sustained material damage from earthquakes since its construction was completed.

Further, the County is under no obligation under the Lease Agreement to procure and maintain, or cause to be procured and maintained, earthquake insurance on the Leased Premises (unless, in the judgment of the County’s risk manager, such coverage is available at reasonable costs from reputable insurers). There can be no assurance that earthquake insurance on the Leased Premises, if any, will be maintained by the County. If there is no earthquake insurance on the Leased Premises, but the Leased

Premises are damaged in an earthquake, the Lease Payments would be subject to abatement. See "— Abatement."

The County's use and possession of the Leased Premises may also be at risk from other events of force majeure, such as damaging storms, floods and fires, among other events; however, the Leased Premises is not located in mapped flood or fire hazard zone. The County cannot predict what force majeure events may occur in the future.

State's Greenhouse Gas Regulation Could Affect County's General Fund

The Governor of the State signed Assembly Bill 32, the Global Warming Solutions Act of 2006 ("AB 32"), into law on September 27, 2006. AB 32 established a comprehensive program of regulatory and market mechanisms to achieve reductions in greenhouse gas emissions, including a 2020 greenhouse emissions reduction goal. The rules established by AB 32 became effective on January 1, 2012.

Manufacturing is a significant industry within the County (see "APPENDIX A — INFORMATION ABOUT THE COUNTY OF RIVERSIDE — Demographic and Economic Information — Industry and Employment"). AB 32 could have an adverse impact on that industry, resulting in a strain on the County's General Fund.

The State could enact additional laws having an adverse effect on the County's economy.

Drought Conditions

In recent years, California experienced the worst drought in its recorded history. In the event California experiences a drought again, over time, economic development within the County could reduce and adversely affect businesses located within the County, including agriculture.

Change in Law

No assurance can be given that the State electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State, in a manner that could result in a reduction of the County's revenues and, therefore, a reduction of the funds legally available to the County to make Lease Payments. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIC and Article XIIID of the State Constitution."

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the County to make Lease Payments may be affected if the County should exceed its appropriations limit. The State may increase the appropriation limit of its cities by decreasing its own appropriation limit. The County does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS — Article XIIIB of the State Constitution."

Limitations on Remedies Available to Bond Owners

The ability of the County to comply with its covenants under the Lease Agreement and the Indenture may be adversely affected by actions and events outside of the control of the County, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" below. Furthermore, any remedies available to the owners of the 2019A Bonds upon the occurrence of an event of default under the Lease Agreement or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondholder remedies contained in the Lease Agreement and the Indenture, the rights and obligations under the 2019A Bonds, the Lease Agreement and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2019A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Secondary Market for 2019A Bonds

There can be no guarantee that there will be a secondary market for the 2019A Bonds or, if a secondary market exists, that any 2019A Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

THE COUNTY

The County was organized in 1893 from territory in San Bernardino and San Diego counties and encompasses 7,177 square miles. The County is bordered on the north by San Bernardino county, on the east by the State of Arizona, on the south by San Diego and Imperial counties and on the west by Orange and San Bernardino counties. The County is the fourth largest county (by area) in the state and stretches 185 miles from the Arizona border to within 20 miles of the Pacific Ocean. There are 28 incorporated cities in the County. According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,440,124 as of January 1, 2019, reflecting a 1.14% increase over January 1, 2018.

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

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

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

THE CORPORATION

The Corporation is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California. The Corporation was formed in 1983 to assist the County by providing for the acquisition and maintenance of equipment, the acquisition, construction and renovation of facilities and other improvements, and the leasing of such equipment and facilities to the County. The Corporation is governed by a Board of Directors composed of five members appointed by the Board to serve one-year terms. The Board of Directors elects a President, Secretary, and Treasurer from among its members. The County's Executive Officer, Clerk of the Board of Supervisors, Treasurer-Tax Collector, Purchasing Agent and County Counsel serve as staff to the Corporation.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIIIA of the State Constitution

In 1978, California voters approved Proposition 13, adding Article XIIIA to the California Constitution. Article XIIIA was subsequently amended in 1986, as discussed below. Article XIIIA limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill under 'full cash' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to the County continues as part of its allocation in future years.

Article XIIIB of the State Constitution

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIIIB to the California Constitution. Propositions 98 and 111, approved by the California voters in 1988 and 1990, respectively, substantially modified Article XIIIB. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living and population. The initial version of Article XIIIB provided that the "base year" for establishing an appropriations limit was the 1978-79 Fiscal Year, which was then adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies. Proposition 111 revised the method for making annual adjustments to the appropriations limit by redefining changes in the cost of living and in population. It also required that beginning in Fiscal Year 1990-91, each appropriations limit must be recalculated using the actual 1986-87 appropriations limit and making the applicable annual adjustments as if the provisions of Proposition 111 had been in effect.

Appropriations subject to limitation of a local government under Article XIIIB include generally any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Proceeds of taxes include, but are not limited to, all tax revenues plus the proceeds to an entity of government from (1) regulatory licenses, user charges and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), (2) the investment of tax revenues, and (3) certain subventions received from the State. Article XIIIB permits any government entity to change the appropriations limit by a vote of the electors in conformity with statutory and constitutional voting effective for a maximum of four years.

As amended by Proposition 111, Article XIIIB provides for testing of appropriations limits over consecutive two-year periods. If an entity's revenues in any two-year period exceed the amounts permitted to be spent over such period, the excess has to be returned by revising tax rates or fee schedules over the subsequent two years. As amended by Proposition 98, Article XIIIB provides for the payment of a portion of any excess revenues to a fund established to assist in financing certain school needs.

The County's appropriations limit for Fiscal Year 2017-18 was $2,858,405,657 and the amount subject to the limitation was $1,076,087,524. The County's appropriations limit for Fiscal Year 2018-19 is $3,002,755,143 and the amount shown in its budget for that year as the appropriations subject to limitation is $1,060,189,687.

Right To Vote on Taxes Initiative Proposition 218

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

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

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

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

Proposition 62

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

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

The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released Howard Jarvis Taxpayers

Association v. City of La Habra, et al. 74 Cal.App.4th 707 (1999) (the “La Habra” case). In this decision, the court held that a public agency’s continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. No such challenge against the County is currently pending, or to the knowledge of the County, proposed.

Proposition 1A

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

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

Proposition 22

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

Proposition 26

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

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

Assessment Appeals and Assessor Reductions

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals and general economic conditions, California law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated. The County has, in prior years, been affected by a reduction in taxable property assessed values due to successful property owner appeals and unilateral reductions by the County Assessor, and may experience additional reductions in the future.

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

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

Assessor-initialized reductions generally represent the bulk of adjustments to the tax roll during a time of a market decline. Cumulatively, assessed valuation in the County declined 11% since Fiscal Year 2007-08 through Fiscal Year 2014-15 due to the County Assessor's proactive reviews. Since Fiscal Year 2014-15 there have been no additional Proposition 8 reductions of significance. Assessed valuation has increased in the County in each Fiscal Year since Fiscal Year 2013-14, and is projected to increase by approximately 5.86% in Fiscal Year 2019-20 as compared to the prior year. See “APPENDIX A—INFORMATION REGARDING THE COUNTY OF RIVERSIDE.”

Future Initiatives

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

STATE OF CALIFORNIA BUDGET INFORMATION

The following information concerning the State’s budgets has been obtained from publicly available information which the County believes to be reliable; however, the County does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal or interest due on the 2019A Bonds is payable from any funds of the State.

The County relies significantly upon State and Federal payments for reimbursement of various costs including certain mandated programs. For Fiscal Year 2018-19, approximately 43% of the County’s General Fund budget revenues consist of payments from the State and approximately 21% consists of payments from the Federal government. For Fiscal Year 2019-20, the County projects that approximately 44% of its General Fund budget revenues will consist of payments from the State and 20% will consist of payments from the Federal government.

Information about the State budget and State spending is available at various State maintained websites. Text of the 2018-19 State Budget (as defined herein) and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst’s Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriter, and the County and the Underwriter take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

For a description of certain potential impacts of the State budget on the finances and operations of the County, see “APPENDIX A — INFORMATION REGARDING THE COUNTY OF RIVERSIDE — FINANCIAL INFORMATION — Impacts of State Budget” attached hereto.

State Budget for Fiscal Year 2019-20. The Governor released his proposed State budget for fiscal year 2019-20 (the “Proposed 2019-20 State Budget”) on January 10, 2019. On May 9, 2019, the Governor released the May Revision to the Proposed 2019-20 State Budget (the “2019-20 May Revision”). The Governor signed the 2019-20 State Budget on June 27, 2019 which sets forth a balanced budget for Fiscal Year 2019-2020 (the “2019-20 State Budget”). The 2019-20 State Budget notes several potential risks to California’s economy, including the impact of a slowing global economy, projected slower economic and wage growth in the United States, and growing federal deficits constraining the federal government’s options to address the economic slowdown.

The 2019-20 State Budget estimates that total resources available in Fiscal Year 2018-19 totaled approximately $149.46 billion (including a prior year balance of approximately $11.42 billion) and total expenditures in Fiscal Year 2018-19 totaled approximately $142.69 billion. The 2019-20 State Budget projects total resources available for Fiscal Year 2019-20 of approximately $150.58 billion (inclusive of revenues and transfers of approximately $143.80 billion and prior year balance of approximately $6.77 billion). The 2019-20 State Budget projects expenditures totaling $147.78 billion (inclusive of non-Proposition 98 expenditures of approximately $91.89 billion and Proposition 98 expenditures of approximately $55.89 billion). The 2019-20 State Budget proposes to allocate approximately $1.38 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $1.41 billion of the general fund's projected fund balance to the State's Special Fund for Economic Uncertainties. In addition, the 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of $16.52 billion.

The 2019-20 State Budget provides for, among other things, the following:

- The Governor has expressed his desire to expedite the allocation of grant funds to counties derived from the $2 billion No Place Like Home bond measure approved by voters in November 2018. The funds are to be directed to build supportive multifamily housing projects (to serve the homeless, those who are at risk of homelessness, and the mentally ill);
- Provides an annual appropriation of $25 million general fund revenue beginning in Fiscal Year 2019-20 to continue the Housing and Disability Advocacy Program ("HDAP"), which was established as a county match program to assist homeless, disabled veterans with applying for disability benefit programs, while also providing supportive housing and counties participating in HDAP are required to match any state funds on a dollar-to-dollar basis;
- Provides $100 million in funding for the Whole Person Care Pilot programs that provide housing services and such funding will be used to match local county investments in health and housing services with a focus on the homeless mentally ill population;
- Under current law, the managed care organization tax will expire on August 1, 2019. The 2019-20 State Budget restores the 7 percent reduction in IHSS service hours (to be effective August 1, 2019), and the cost to restore such seven percent reduction is estimated to be $342.3 million general fund in Fiscal Year 2019-20;
- A new county In-Home Supportive Services ("IHSS") maintenance-of-effort ("MOE") was negotiated in 2017, which reset the base for counties' share of program costs and applies an annual inflation factor to the MOE beginning in Fiscal Year 2018-2019 under specified conditions. The MOE provides fiscal relief to counties for IHSS program costs through a combination of general fund offsets and temporary redirection of 1991 Realignment growth funds from county indigent health and mental health services to fund a portion of county IHSS costs. The 2019-20 State Budget adjusts the IHSS MOE inflation factor, redirects 1991 realignment back to county indigent health and mental health services, provides $296.7 million in 2019-20 and $1.86 billion over the next four years and reduces counties' IHSS MOE to $1.56 billion to create a sustainable IHSS fiscal structure for counties;
- Provides an increase of $15.4 million in funding for IHSS county administration to reflect revised benefit rate assumptions, for a total of $326 million general fund for IHSS county administration;

- Provides $347.6 million general fund moneys in Fiscal Year 2019-2020 to raise CalWORKs grant levels to 50 percent of the projected 2019 federal poverty level, to be effective October 1, 2019;
- Provides $89.6 million to provide home visiting services to an anticipated 16,000 eligible CalWORKs families in Fiscal Year 2019-2020;
- AB 85 redirection from counties of $617.7 million in projected county indigent health savings in Fiscal Year 2019-20 to offset general fund costs in the CalWORKs program, reflecting a decrease of $155.5 million from Fiscal Year 2018-2019 (this decrease is more than offset by additional indigent health savings (based on the latest reconciliation) of $315 million available from Fiscal Year 2016-2017;
- Provides $3 billion general fund supplemental pension payment to CalPERS, with a $2.5 billion one-time payment in fiscal year 2018-19 and the remaining $500 million to be paid over fiscal years 2020-21 through 2022-23; and
- Provides $31.8 million general fund to backfill for wildfire-related property tax revenue losses for cities, counties and special districts.

The impact of the 2019-20 State Budget on the County's finances cannot be fully determined at this time. The most notable components of the 2019-20 State Budget affecting counties in general include, but are not limited to, the following:

- The 2019-2020 State Budget includes $650 million in one-time funds to support local governments in addressing homelessness in the State, including providing mental health and substance use disorder treatment services, as well as emergency shelters and housing support Proposed 2019-20 State Budget proposal regarding homelessness, emergency shelters and navigations centers. The 2019-20 May Revision increases the total investment from $500 million to $650 million, provides $275 million of that funding directly to counties, and expands eligible uses of funds to include innovative projects such as hotel/motel conversions, rapid rehousing or jobs programs. Combined with other targeted investments, the 2019-20 May Revision includes approximately $1 billion to combat homelessness.
- The 2019-20 State Budget revises the county IHSS MOE and includes an increase of $55 million from the General Fund to reflect revised 1991 Realignment revenue projections and IHSS caseload and cost projections.
- The 2019-20 State Budget temporarily restores the seven-percent across-the-board reduction to IHSS service hours through December 31, 2021, due to lower than expected revenues over the forecast period and ongoing efforts to contain costs.
- The 2019-20 State Budget provides funding to assist local communities in recovering from recent wildfire devastation and becoming more resilient to future disasters. The additional investments include, but are not limited to, updates to the property tax backfills proposed in the 2019-20 State Budget and $75 million from the General Fund to improve resiliency of the State's critical infrastructure and to provide assistance to communities, where appropriate, as specific urgent needs are identified.
- The 2019-20 State Budget includes $87.2 million in one-time General Fund expenditures to make additional investments to upgrade and replace voting systems and technology in all 58 counties in the State. In the 2018-19 State Budget, the State included $134.4 million in General Fund expenditures for these efforts.

The complete Proposed 2019-20 State Budget, the 2019-20 May Revision and the final 2019-20 State Budget are available from the California Department of Finance website at www.dof.ca.gov. The County does not take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

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

TAX MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2019A Bonds is included in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel interest on the 2019A Bonds is not subject to State of California personal income taxes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

LEGAL MATTERS

The validity of the 2019A Bonds and certain other legal matters are subject to the approving opinion of Best Best & Krieger LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C: "FORM OF BOND COUNSEL OPINION." Certain legal matters will be passed upon for the Corporation and for the County by County Counsel. Kutak Rock LLP serves as Disclosure Counsel to the Corporation and the County in connection with the issuance of the 2019A Bonds. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California None of Bond Counsel, counsel to the Underwriter, Disclosure Counsel or County Counsel undertakes any responsibility for the accuracy, completeness or fairness of this Official Statement.

CONTINUING DISCLOSURE

The County has covenanted for the benefit of the owners and beneficial owners of the 2019A Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") and will enter into a Continuing Disclosure Certificate as of the closing date, in which it covenants to provide information regarding certain enumerated events, if any such events should occur in connection with the following, to the owners of the 2019A Bonds and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, or any successor thereto, during the term of the 2019A Bonds. In addition, the County has covenanted to provide updated quarterly cash flow information within 60 days of the end of each fiscal quarter, beginning with the fiscal quarter ending September 30, 2019. See "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

Within the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide timely significant event notices, most often with respect to changes in the ratings of outstanding indebtedness, and primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; (ii) missing, incomplete or late filing of annual or quarterly reports or operating information with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County, though not directly incorporated by reference across all prior issues filed with the Municipal Securities Rulemaking Board; and in all of the cases where a notice of failure to file was required to be filed, no notice of failure to file such information was provided. The County and its related entities have reviewed their previous filings and have made corrective filings where material, including an omnibus corrective notice regarding bond insurer ratings and ratings of the County's General Fund debt.

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

The County was advised by two underwriters that they filed self-reports under the Securities and Exchange Commission's (the "SEC") Municipalities Continuing Disclosure Cooperation ("MCDC") initiative regarding incorrect statements in the County's official statements concerning the County's compliance with its continuing disclosure requirements. In addition, the County filed a self-report under MCDC with respect to statements concerning continuing disclosure compliance made in official statements for over 30 bond issues of the County and related issuers. In connection with such self-reporting, on March 3, 2017, the SEC notified the County that, as of the date of such notice, the SEC did not intend to recommend any enforcement action by the SEC against the County.

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the 2019A Bonds, the Lease Agreement or the Indenture, and an opinion of County Counsel to that effect will be furnished at the time of the original delivery of the 2019A Bonds. Neither the County nor the Corporation is aware of any litigation pending or threatened questioning the existence of the Corporation or the County or contesting the County's ability to appropriate or make Lease Payments. See "APPENDIX A — INFORMATION REGARDING THE COUNTY OF RIVERSIDE-Financial Information-Litigation" for a discussion of the County's pending general litigation.

FINANCIAL STATEMENTS

The County's audited financial statements with supplemental information for the year ended June 30, 2018, are included in this Official Statement as part of APPENDIX B: "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018." In connection with the inclusion of the financial statements and the report of the Auditor thereon, the County did not request the Auditor to, and the Auditor has not undertaken to, update its report or take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATING

Standard & Poor's has assigned the 2019A Bonds the rating of "AA-". In addition, such rating agency has issued a stable outlook for the rating. Such rating expresses only the views of the rating agency and are not a recommendation to buy, sell or hold the 2019A Bonds. There is no assurance that such rating will continue for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. The Corporation, the County, the Trustee and the Underwriter undertake no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2019A Bonds.

UNDERWRITING

The 2019A Bonds are being purchased through negotiation by UBS Financial Services Inc. (the "Underwriter"). The Underwriter has agreed to purchase the 2019A Bonds at a purchase price of $12,784,738.96 (representing the par amount of the 2019A Bonds, less an original issue discount of $46,063.80, less an Underwriter's discount of $44,197.24). The Underwriter is obligated to purchase all of the 2019A Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase relating to the 2019A Bonds.

The Underwriter may also offer and sell the 2019A Bonds to certain dealers and others at prices lower than the respective public offering prices stated or derived from information stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

UBS Financial Services Inc. ("UBS FSI") has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

MUNICIPAL ADVISOR

The Corporation and the County have retained Fieldman, Rolapp and Associates, Irvine, California, as municipal advisor (the "Municipal Advisor") in connection with the preparation of this Official Statement and with respect to the issuance of the 2019A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

EXECUTION AND DELIVERY

The preparation and distribution of this Official Statement have been authorized by the Corporation and the County.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

By: /s/ Kevin Jeffries
President and Chairman

COUNTY OF RIVERSIDE, CALIFORNIA

By: /s/ George Johnson
County Executive Officer

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APPENDIX A

INFORMATION REGARDING THE COUNTY OF RIVERSIDE

GENERAL INFORMATION

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,440,124 as of January 1, 2019, representing an approximately 1.14% increase over the County's population as estimated for the prior year, and a rate higher than the statewide population increase of 0.47% for the same period. For the ten year period of January 1, 2009 to January 1, 2019, the County's population grew by approximately 14.00%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, and account for a total population of 12.37% of the County as of January 1, 2019.

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

COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)

City	*2015*	*2016*	*2017*	*2018*	*2019*
Banning	30,746	30,967	31,170	30,950	31,044
Beaumont	43,906	45,617	46,730	46,545	48,401
Blythe	18,522	19,008	19,027	19,651	19,428
Calimesa	8,114	8,212	8,567	9,080	9,159
Canyon Lake	10,673	10,728	10,882	11,213	11,285
Cathedral City	53,390	53,842	54,296	54,466	54,907
Coachella	44,486	44,940	45,273	45,777	46,351
Corona	162,396	163,341	166,819	167,013	168,101
Desert Hot Springs	28,900	29,252	29,347	29,102	29,251
Eastvale	59,930	62,147	63,720	65,725	66,078
Hemet	80,439	80,997	82,417	84,423	84,754
Indian Wells	5,407	5,512	5,549	5,389	5,445
Indio	84,009	85,233	86,632	88,194	89,406
Jurupa Valley	99,742	101,412	103,661	104,661	106,318
Lake Elsinore	59,404	61,422	62,487	62,241	62,949
La Quinta	39,323	39,899	40,605	41,753	42,098
Menifee	85,801	87,608	89,552	90,775	93,452
Moreno Valley	201,387	202,621	204,285	206,046	208,297
Murrieta	109,408	110,166	111,793	116,970	118,125
Norco	26,198	26,727	26,799	26,464	26,386
Palm Desert	50,683	51,250	52,058	53,298	53,625
Palm Springs	46,099	46,534	47,157	48,390	48,733
Perris	74,866	76,070	77,311	76,260	76,971
Rancho Mirage	18,201	18,369	18,579	18,297	18,489
Riverside	317,890	320,226	323,190	326,270	328,101
San Jacinto	46,462	47,085	47,560	47,607	48,878
Temecula	109,144	110,536	112,040	113,248	113,826
Wildomar	34,751	35,270	35,882	35,635	36,066
TOTALS					
Incorporated	1,950,277	1,974,991	2,003,388	2,025,443	2,045,924
Unincorporated	367,618	371,726	379,252	387,093	394,200
County-Wide	2,317,895	2,346,717	2,382,640	2,412,536	2,440,124
California	38,912,464	39,179,627	39,500,973	39,740,508	39,927,315

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

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

The following table summarizes the total effective buying income for the County and the State for the period 2015 through 2019:

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

	Total Effective Buying Income(2)	*Median Household Effective Buying Income*	*Percent of Households with Income over $50,000*
2015			
Riverside County	$ 41,199,300	$45,576	44.79%
California	901,189,699	50,072	50.05
2016			
Riverside County	$ 45,407,058	$48,674	48.50%
California	981,231,666	53,589	52.74
2017			
Riverside County	$ 47,509,909	$50,287	50.23%
California	1,036,142,723	55,681	54.27
2018			
Riverside County	$ 51,784,973	$53,505	53.29%
California	1,113,648,181	58,858	57.15
2019			
Riverside County	$ 54,118,453	$54,920	54.41%
California	1,183,264,399	61,895	59.16

(1) Estimated, as of January 1 of each year.
(2) Dollars in thousands.
Source: The Nielsen Company, Site Reports, 2015-2018; Environics Analytics, Spotlight Claritas Reports 2019.

Industry and Employment

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

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY[(1)]
(In Thousands)

Industry	*2014*	*2015*	*2016*	*2017*	*2018*
Agriculture	14.4	14.8	14.6	14.4	14.5
Construction	77.6	85.7	92.0	97.0	104.8
Finance Activities	42.9	43.9	44.6	44.5	43.7
Government	228.8	233.3	242.3	250.0	257.5
Manufacturing:	91.3	96.1	98.6	98.7	101.3
Nondurables	31.1	33.0	34.2	34.8	36.2
Durables	60.2	63.1	64.4	63.9	65.1
Mining & Logging	1.3	1.3	0.9	0.9	1.0
Retail Trade	169.4	174.3	178.0	182.1	180.8
Professional and Business Services	138.7	147.4	145.0	147.2	150.6
Education and Health Services	194.8	205.1	214.3	224.8	240.0
Leisure & Hospitality	144.8	151.7	160.2	165.7	170.0
Other Services	43.0	44.0	44.6	45.6	45.6
Transportation, Warehousing and Utilities	86.6	97.4	107.3	120.2	132.6
Wholesale Trade	58.9	61.6	62.8	63.7	64.9
Information	11.3	11.4	11.5	11.3	11.2
Total, All Industries	1,303.7	1,367.9	1,416.6	1,466.0	1,518.7

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

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

The following table sets forth the major employers in the County as of June 30, 2018 and their respective product or service and number of employees as of June 30, 2018.

COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS(1)
(AS OF JUNE 30, 2018)

Company Name	***Product/Service***	***No. of Local Employees***
County of Riverside	County Government	22,038
March Air Reserve Base	Military Reserve Base	9,000
University of California, Riverside	Public University	8,829
Kaiser Permanente Riverside Medical Center	Hospital	5,500
Corona-Norco Unified School District	School District	5,478
Pechanga Resort and Casino	Resort Casino	4,750
Riverside Unified School District	School District	4,200
Hemet Unified School District	School District	4,058
Riverside University Health Care Systems – Medical Center	Medical Center	3,965
Morongo Casino, Resort & Spa	Resort Casino	3,800

(1) Certain major employers in the County may have been excluded because of the data collection methodology used by Riverside County Economic Development Agency.
Source: County Economic Development Agency.

Unemployment data for the County, the State and the United States for the years 2014 through 2018 and partial data for 2019 (as indicated) are set forth in the following table.

COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA

	2014	***2015***	***2016***	***2017***	***2018***	***2019(2)***
County(1)	8.2%	6.7%	6.1%	5.2%	4.4%	4.4%
California(1)	7.5	6.2	5.5	4.8	4.2	4.2
United States(3)	6.2	5.3	4.9	4.4	3.9	3.7

(1) Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.
(2) Unemployment rate information is for June 2019.
(3) Data is seasonally adjusted.
Source: State of California Employment Development Department Labor Market Information Division; U.S. Bureau of Labor Statistics.

Commercial Activity

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

The following tables sets forth taxable sales transactions in the County for the years 2013 through 2017, the last year being the most recent full year of which annual data is currently available. Industry level data for 2015 through 2017 is not comparable to that of prior years due to the change in format of reporting the data.

COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)

	2013	*2014*
Motor Vehicles and Parts Dealers	$ 3,965,201	$ 4,417,943
Furniture and Home Furnishings	486,061	520,393
Electronics and Appliances Stores	510,423	510,061
Building Materials, Garden Equipment and Supplies	1,535,178	1,706,183
Food and Beverage Stores	1,421,590	1,509,403
Health and Personal Care Stores	523,724	544,958
Gasoline Stations	3,456,322	3,426,830
Clothing and Clothing Accessories Stores	1,771,603	1,989,623
Sporting Goods, Hobby, Book and Music Stores	499,366	519,188
General Merchandise Stores	3,298,920	3,289,057
Miscellaneous Store Retailers	758,664	809,032
Nonstore Retailers	243,334	309,809
Food Services and Drinking Places	2,836,388	3,093,862
Total Retail and Food Services	$ 21,306,774	$ 22,646,343
All Other Outlets	8,758,693	9,389,345
Total All Outlets	$ 30,065,467	$ 32,035,687

	2015	*2016*	*2017*
Motor Vehicles and Parts Dealers	$ 4,841,615	$ 5,047,534	$ 5,348,814
Home Furnishings and Appliance Stores	1,135,235	1,386,985	1,730,702
Building Materials, Garden Equip. & Supplies Dealers	1,826,294	1,965,101	2,161,593
Food and Beverage Stores	1,727,518	1,574,030	1,666,910
Gasoline Stations	2,851,558	2,704,278	2,933,718
Clothing and Clothing Accessories Stores	2,136,728	2,190,228	2,199,512
General Merchandise Stores	3,040,244	3,052,409	3,101,256
Food Services and Drinking Places	3,384,494	3,648,980	3,852,674
Other Retail Group	2,338,039	2,452,591	2,586,771
Total Retail and Food Services	$ 23,281,724	$ 24,022,136	$ 25,581,948
All Other Outlets	9,629,186	10,209,008	10,550,866
Total All Outlets	$ 32,910,910	$ 34,231,144	$ 36,132,814

Source: California Department of Tax and Fee Administration.

Building and Real Estate Activity

The two tables below set forth a summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) from 2014 through 2018.

COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS
(IN THOUSANDS)

	2014	*2015*	*2016*	*2017*	*2018*
RESIDENTIAL					
New Single-Family	$ 1,296,553	$ 1,313,084	$ 1,526,768	$ 1,670,542	$ 2,200,021
New Multi-Family	178,117	110,458	106,292	109,309	232,707
Alterations and Adjustments	147,081	113,200	126,475	123,567	125,353
Total Residential	$ 1,621,751	$ 1,536,742	$ 1,759,535	$ 1,903,418	$ 2,558,081
NON-RESIDENTIAL					
New Commercial[(1)]	$ 184,138	$ 189,994	$ 540,447	$ 522,769	$ 703,977
New Industrial	161,321	180,521	59,439	410,275	529,326
Other Buildings[(2)]	142,204	226,346	374,917	136,935	410,606
Alterations & Additions	327,327	314,604	371,216	363,711	315,771
Total Nonresidential	$ 814,990	$ 911,465	$ 1,346,020	$ 1,433,690	$ 1,959,680
TOTAL ALL BUILDING	$ 2,436,741	$ 2,448,207	$ 3,105,554	$ 3,337,108	$ 4,517,761

(1) Includes office buildings, stores & other mercantile, hotels & motels, amusement & recreation, parking garages and service stations & repair.
(2) Includes churches and religious buildings, medical and institutional buildings, agricultural and storage buildings, hospitals and institutional buildings, public works and utility buildings, schools and educational buildings, structures other than buildings, and residential garages.
Source: California Homebuilding Foundation.

COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS

	2014	*2015*	*2016*	*2017*	*2018*
Single Family	5,007	5,007	5,662	6,265	7,540
Multi-Family	1,931	1,189	897	1,070	1,628
TOTAL	6,938	6,196	6,559	7,335	9,168

Source: California Homebuilding Foundation.

The following table sets forth the annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2014 through 2018.

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

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*[(1)]
2014	$455,000	$293,000	$240,000	$410,000
2015	487,500	310,000	262,000	431,000
2016	520,000	332,000	284,000	457,500
2017	560,000	356,000	310,000	491,000
2018	596,000	380,000	330,000	524,000

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

The following table sets forth the home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2014 through 2018.

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

Year	*Los Angeles*	*Riverside*	*San Bernardino*	*Southern California*[(1)]
2014	4,566	2,912	2,984	13,787
2015	3,970	2,463	2,616	11,959
2016	3,191	2,045	1,954	9,354
2017	2,316	1,453	1,641	6,968
2018	1,552	1,233	1,183	5,182

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

Agriculture

In 2017, principal agricultural products were nursery stock, milk, table grapes, lemons, bell peppers, hay, eggs, dates, avocados and carrots.

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

The County, and all of Southern California, experienced a severe drought between 2011 and 2015. See "—Environmental Control Services" below. The County cannot predict the impact that a future prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2013 through 2017.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2013	*2014*	*2015*	*2016*	*2017*
Citrus Fruits	$ 142,404,000	$ 170,891,000	$ 199,772,000	$ 200,101,000	$ 177,055,000
Trees and Vines	232,536,000	223,593,000	234,928,000	227,444,000	228,315,000
Vegetables, Melons, Misc.	340,407,000	337,404,000	327,199,000	365,157,000	331,986,000
Field and Seed Crops	154,582,000	156,575,000	122,794,000	97,184,000	96,063,000
Nursery	191,215,000	172,910,000	158,648,000	150,426,000	153,749,000
Apiculture	4,715,000	4,819,000	4,897,000	5,082,000	5,415,000
Aquaculture	2,262,000	5,078,000	5,397,000	4,624,000	4,764,000
Livestock and Poultry	259,683,000	290,746,000	260,015,000	225,758,000	221,175,000
Grand Total	$ 1,327,804,000	$ 1,362,016,000	$ 1,313,650,000	$ 1,275,776,000	$ 1,218,522,000

Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest from Riverside through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County. Riverside 91 Express Lanes that connect with the OCTA SR-91 Express Lanes at the Orange County/Riverside County line and continue to the Interstate 15/State Route 91 interchange opened in March 2017. When travelling along State Route 91 through Corona, vehicles are able to use either the tolled express lanes or the free general purpose lanes.

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

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

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority and was transferred by the City of Los Angeles to the joint powers authority in October 2016. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are three elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Approximately ninety 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 nine two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley, Palo Verde Valley, Banning and Temecula. There are also three universities located in the City of Riverside – the University of California, Riverside ("UCR"), La Sierra University and California Baptist University. The City of Palm Desert also has a UCR campus and California State University, San Bernardino campus.

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, the County does not provide wholesale or retail water service and 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, Elsinore Valley Municipal Water District, and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The governor and the State Legislature have developed strategies to help mitigate the effects of the State's susceptibility to periodic, potentially prolonged and/or severe drought conditions. 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 which occurred between 2011 and 2015. 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. On April 7, 2017, as a result of the record rainfall and snowfall that occurred in the State between November 2016 and March 2017, 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, this same executive order directed the State Water Resources Control Board to initiate the rulemaking process to ensure that many key conservation measures established 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) watering lawns 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.

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 plant. 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. An adopted budget reflecting any revisions to the recommended budget must be approved 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.

Five-Year Forecast. To ensure prudent financial management, the County maintains a five-year budget forecast (the "County Budget Forecast") based on conservative revenue assumptions derived internally and from information provided by external consultants, including projections in the out years for labor and pension increases. The current County Budget Forecast reflects a continuing trend of cost increases outpacing revenue growth, such that the 25% reserve target implemented by the Board of Supervisors is unlikely to be met for the next several years. Consistent with the County Budget Forecast projections, the is budgeting to use reserves and fund transfers to balance the Fiscal Year 2019-20 budget, adopted by the Board of Supervisors on June 25, 2019 (the "Adopted Budget"). Factors driving cost increases include labor concessions, increasing pension costs and inmate health care expenses. See "– Retirement Program" and "– Labor Relations." The County has a number of strategies to address these challenges, such as targeted reductions to the net County cost, keeping new requests to a minimum, identifying one-time revenues and reducing vacant full-time positions. In addition, the hiring freezes that the County Executive Office instituted in January 2018 are ongoing, and the County is committed to limited cost-of-living adjustments after the expiration of the current labor contracts. With the County actively pursuing such cost mitigation strategies, the County Budget Forecast projects deficit spending until Fiscal Year 2020-21 and a rebuilding of reserves beginning in Fiscal Year 2022-23 toward restoration of such reserves to the target level of 25% of revenues set by the Board of Supervisors. Furthermore, the County Budget Forecast provides that one-time revenues are to be applied towards the rebuilding of reserves or mission critical one-time costs and assumes that budgetary shortfalls will not be backfilled with discretionary revenues. The County Budget Forecast projects a minimum reserve level of $150 million through the forecast period.

Fiscal Year 2019-20 Budget

On June 25, 2019, the Board of Supervisors approved the Adopted Budget. The Adopted Budget includes total general fund appropriations of approximately $3.5 billion. For Fiscal Year 2019-20, the County estimates that approximately 64% of its General Fund budget revenues in the Adopted Budget will consist of payments from the State and Federal government. Discretionary revenue is budgeted at approximately $837 million for Fiscal Year 2019-20, an increase of approximately 4.7% from the Fiscal Year 2018-19 adopted budget estimates. The increase is due primarily to modestly rising property-related tax revenues and interest income. The Adopted Budget includes discretionary spending of approximately $857.5 million. The $20.5 million gap between discretionary revenue and discretionary spending is covered by the use of reserves. Property tax revenue is budgeted at approximately $390.6 million (including $116.5 million in redevelopment tax increment pass-through funds) for Fiscal Year 2019-20, and represents approximately 47% of the County's discretionary revenue. Property tax estimates assumed an increase in assessed valuation in Fiscal Year 2019-20 of 5% from Fiscal Year 2018-19. The County's reserve balance at the beginning of Fiscal Year 2019-20 is projected at approximately $212 million, approximately $3 million above the County's reserve policy. As part of the County Executive Office's corrective action plan to bring their overall performance in line with the Adopted Budget, the County Executive Office continues to engage in analyses and discussions with the various County departments to maximize the use of available resources and identify and implement steps necessary to align their spending with their allocated net County cost. For example, the County Executive Office engages in monthly revenue and expenditure monitoring and formal quarterly Board of Supervisors updates and actions. Additionally, the County has implemented and regularly reviews and updates its investment policies and policies related to debt and pension management. Furthermore, the County Executive Office has specifically instructed departments expecting budget shortfalls to provide monthly departmental updates and action plans. To keep discretionary spending within the reserve limits and continue to meet the priorities established by the Board of Supervisors, the Adopted Budget implements targeted reductions of approximately 2.5%.

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. This Realignment funding is derived from three sources: 1) the dedication of 1.0625 cents of the existing sales tax rate; 2) redirection of the revenue generated by Proposition 63 (the "millionaire tax" that supports mental health programs statewide); and 3) 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 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 resulting 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. When the State decided to unwind the In-Home Supportive Services contracts in Fiscal Year 2016-17 and return the program to local control, the initial estimate of the cost to the County was $40 million. Various counties collectively asked for funding for this change and as a result, they were given a two-year reprieve from paying for this program. At this time, the counties are expected to pick up the costs in Fiscal Year 2019-20. The County is continuing its best efforts to mitigate these costs.

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 2017-18, the County received a $72.9 million appropriation from the State to address the needs of the realigned criminal justice population. In Fiscal Year 2018-19, the County received an appropriation of $77.1 million from the State to address the needs of the realigned criminal justice population. In Fiscal Year

2019-20, the County expects to receive an appropriation of approximately $81.0 million 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.

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 2015-16 THROUGH 2019-20
(IN MILLIONS)

	2015-16 Budget	***2016-17 Budget***	***2017-18 Budget***	***2018-19 Budget***	***2019-20 Budget[3]***
REQUIREMENTS					
General Government	$216.1	$209.1	$ 220.4	$171.9	$174.6
Public Protection	1,276.2	1,345.7	1,379.1	1,445.6	1,513.4
Health and Sanitation	562.3	534.9	601.1	678.8	737.2
Public Assistance	1,004.8	1,003.8	996.0	1,002.5	1,049.4
Education	0.7	0.7	0.7	0.7	0.1
Recreation and Cultural	0.3	0.5	0.5	0.5	2.2
Debt Retirement-Capital Leases	4.7	5.1	10.6	10.5	14.5
Contingencies	36.5	20.0	20.0	14.9	20.0
Increase to Reserves	2.0	0.0	0.0	0.0	0.0
Total Requirements[2]	$3,100.8	$3,119.8	$3,228.4	$3,325.4	$3,511.4
AVAILABLE FUNDS					
Use of Fund Balance and Reserves	$76.8	$67.7	$84.9	$0.0	$0.0
Estimated Revenues:					
Property Taxes	280.2	300.9	303.0	313.4	333.9
Other Taxes	25.0	24.0	21.0	3.4	4.6
Licenses, Permits and Franchises	17.5	18.3	18.1	19.1	20.8
Fines, Forfeitures and Penalties	44.4	39.5	38.4	60.1	62.5
Use of Money and Properties	16.6	10.5	11.4	26.5	28.2
Aid from Other Governmental Agencies:					
State	1,356.1	1,357.4	1,407.1	1,462.5	1,547.7
Federal	615.3	634.1	627.5	681.6	718.8
Charges for Current Services	528.9	523.4	562.7	596.1	627.3
Other Revenues	139.9	144.0	154.3	152.7	167.6
Total Available Funds[2]	$3,100.8	$3,119.8	$3,228.4	$3,325.4	$3,511.4

(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.
(3) Includes amounts set forth in the Fiscal Year 2019-20 Recommended Budget. As of the date of the Official Statement, data for the Adopted Budget has not yet been compiled.
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 June 30, 2019, the portfolio assets comprising the PIF had a market value of $6,838,812,308.82.

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, 2018, the Auditor-Controller performed an analysis of the County Treasury which resulted in the identification and classification of "mandatory" vs. "discretionary" depositors. The County Auditor-Controller reported that collectively, these mandatory deposits constituted approximately 80.62% of the funds on deposit in the County Treasury, while approximately 19.38% 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 Treasurer 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 2018 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-Tax Collector to sell portfolio securities prior to maturity at a principal loss.

The allocation of the investments in the PIF as of June 30, 2019 were as follows (numbers may not add up due to rounding of individual components):

	Balance (in thousands)	***% of Pool***
U.S. Treasury Securities	$588,211	8.62%
Federal Agency Securities	3,878,985	56.72
Cash Equivalent & Money Market Funds	889,024	12.99
Commercial Paper	920,200	13.46
Negotiable Certificates of Deposits	35,000	0.51
Medium Term Notes	292,356	4.28
Municipal Notes	234,957	3.41
Local Agency Obligations(1)	80	<0.01
Total Book Value	$6,838,813	100.00%
Book Yield:		2.32%
Weighted Average Maturity:		1.05 Years

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

As of June 30, 2019, the market value of the PIF was 100.41% 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" (the "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 "AAAf/S1" 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 taxes for 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 30. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, a $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-Tax Collector.

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 2008-09 through Fiscal Year 2018-19.

COUNTY OF RIVERSIDE
***AD VALOREM* PROPERTY TAXES - LEVIES AND COLLECTIONS**
FISCAL YEARS 2008-09 THROUGH 2018-19
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(3)*
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	3,368,109,165	45,522,477	1.35	3,486,155,109	103.50
2017-18	3,565,210,050	42,580,125	1.19	3,679,787,833	103.21
2018-19	3,762,000,301	N/A	N/A	3,768,906,901 (4)	100.18

(1) The Levy and Collection data reflect 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, school 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. See the caption "Teeter Plan" herein.
(3) Includes current and prior years' redemptions, penalties and interest in current secured and unsecured taxes.
(4) As of August 1, 2019.
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)*
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	84,381,854	88,526,356	104.91
2016-17	91,527,259	97,904,720	106.97
2017-18	92,470,967	97,787,334	105.75
2018-19	97,064,852	104,905,609	108.08
2019-20	103,243,149	NA	NA

(1) The Levy and Collection data reflect 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, school 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.
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 2008-09 through Fiscal Year 2018-19:

COUNTY OF RIVERSIDE
SUMMARY OF SUPPLEMENTAL ROLL
***AD VALOREM* PROPERTY TAXATION**
FISCAL YEARS 2008-09 THROUGH 2018-19

Fiscal Year	*Tax Levy for Increased Assessments*[(1),(2),(3)]	*Refunds for Decreased Assessments*[(1,(3)]	*Net Supplemental Tax Levy*[(2)]	*Collections*[(1),(2)]
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	85,097,029	7,733,087	77,363,942	70,527,505
2017-18	95,818,550	6,329,416	89,489,134	87,764,555
2018-19[(6)]	52,402,356	3,236,791	49,165,564	62,884,988[(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) The supplemental tax levy is lower in Fiscal Year 2018-19 than the prior year due to a new property tax system implementation. The stabilization phase of the system for the Assessor, Tax Collector and Auditor delayed processing of all supplemental transactions in a timely manner.
(7) Collections are higher than the supplemental levy due to collection of amounts levied in prior years.
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 2014-15 through Fiscal Year 2018-19:

COUNTY OF RIVERSIDE
ASSESSED VALUATION HISTORY BY CATEGORY AND PROPERTY TYPE(1)
FISCAL YEARS 2014-15 THROUGH 2018-19
(IN MILLIONS)

Category	*2014-15*	*2015-16*	*2016-17*	*2017-18*	*2018-19*
SECURED PROPERTY:					
Land	$ 69,805	$ 73,305	$ 76,443	$ 79,694	$ 83,726
Structures	150,275	160,030	169,096	179,648	192,023
Personal Property	919	875	829	789	898
Utilities	4,630	4,768	5,350	5,327	5,461
Total Secured	$ 225,629	$ 238,978	$ 251,718	$ 265,458	$ 282,108
UNSECURED PROPERTY:					
Land	$ 5	$ 9	$ 3	$ 4	$ 35
Structures	203	193	133	115	109
Fixtures	3,519	3,543	3,738	3,791	4,108
Personal Property	3,700	3,736	4,082	4,166	4,612
Total Unsecured(2)	$ 7,427	$ 7,481	$ 7,956	$ 8,076	$ 8,864
GRAND TOTAL	$ 233,056	$ 246,459	$ 259,674	$ 273,534	$ 290,972

(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 1975-76 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 Fiscal Year 2010-11 to Fiscal Year 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. Housing prices in the County have been showing increases in recent years. Assessed valuation in the County increased from Fiscal Year 2014-15 to 2015-16 by approximately 5.78%, from Fiscal Year 2015-16 to 2016-17 by approximately 5.08%, from Fiscal Year 2016-17 to 2017-18 by approximately 5.52% and from Fiscal Year 2017-18 to 2018-19 by approximately 6.3%. Assessed valuation in the County is expected to increase by approximately 5.0% in Fiscal Year 2019-20 as compared to Fiscal Year 2018-19.

Property Tax Appeals. The County has received assessment appeals applicable to Fiscal Year 2018-19 totaling approximately $11.5 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 $85 million of assessed value was reduced from the County tax roll in Fiscal Year 2016-17 and Fiscal Year 2017-18 due to appeals, representing $850,000 in general purpose taxes over the two-fiscal year period. Approximately 6.6% of the Fiscal Year 2018-19 assessment appeals have been completed. The majority of the remaining Fiscal Year 2018-19 assessment appeals are expected to be completed by November 2020.

Teeter Plan

With respect to collection of property taxes, the County adopted in 1993 the Teeter Plan, which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive), commonly referred to as the "Teeter Plan" for distribution of certain property tax and assessment levies on the secured roll.

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan (the "Revenue Districts") on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total then-prior years' delinquent secured property taxes and 100% of the then-current year's secured roll levy. Supplemental taxes are currently excluded from the Teeter Plan.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two thirds of the participating districts in the county. An electing county may, however, determine to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Taxing entities that are required to maintain funds in the County Treasury are all included in the Teeter Plan. These include all K-12 school districts, community college districts and certain special districts. 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 2017-18, taxing agencies representing approximately 56.34% of the secured roll participated in the Teeter Plan. In Fiscal Year 2018-19, taxing agencies representing approximately 56.37% of the secured roll participated in the Teeter Plan.

Pursuant to the Law, the County is required to establish a tax losses reserve fund to cover losses that 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 appropriate amount in the fund is determined by one of two methods: (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. Any amount in excess of the 1% or 25% level determined pursuant to either method of calculation may be credited to the County's General Fund. The County is currently governed by the first alternative, and this amount has consistently been sufficient to provide for any tax losses.

Since 1997, the County has issued taxable and tax exempt notes from time to time to finance the County's obligations to make distributions to the Revenue Districts pursuant to the Teeter Plan, and to refund certain obligations of the County related to such obligations. The County manages the program on a continuous basis by paying down the amount outstanding with collections of prior years' taxes, funding the current year's advance and rolling over any unpaid amounts.

From Fiscal Year 1997-98 through Fiscal Year 2006-07, the size of the Teeter Plan obligations fluctuated between approximately $24 million and $90 million, producing annual net revenue to the County's General Fund of approximately $14 million to $25 million. The Teeter Plan obligations grew to approximately $168.4 million in Fiscal Year 2007-08 and peaked at approximately $266.6 million in Fiscal Year 2008-09. For the last five fiscal years the annual Teeter revenues averaged approximately $25.6 million. As the amount of delinquent taxes receivable has declined, the annual revenue available to the General Fund has been reduced. For Fiscal Year 2017-18, the net Teeter revenue to the County's General Fund was approximately $21 million. The Teeter Plan obligations are approximately $74 million in Fiscal Year 2018-19. The following table sets forth the aggregate principal amount of the Teeter Plan obligations issued in fiscal years 2008-09 through 2018-19.

COUNTY OF RIVERSIDE
TEETER PLAN OBLIGATIONS ISSUED
FISCAL YEARS 2008-09 THROUGH 2018-19

Fiscal Year	*Principal Amount*
2008-09	$266,629,000
2009-10	257,300,000
2010-11	206,805,000
2011-12	171,325,000
2012-13	142,840,000
2013-14	119,770,000
2014-15	100,175,000
2015-16	87,040,000
2016-17	81,765,000
2017-18	78,735,000
2018-19	74,190,000

Source: County of Riverside.

The County accounts for the Teeter Plan in its audited financial statements by listing the amount of its liabilities; including unpaid taxes with its other receivables; and including apportioned prior years' taxes on deposit with other restricted cash. The taxes receivable are listed in their principal amount without any penalties or accrued interest. See APPENDIX B – "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018 – Note 6 Receivables."

Since the Teeter Program is ongoing, the County must have annual access to cash, either through the issuance of Teeter notes or other alternative sources of cash. Should market access for Teeter notes be limited and no private or direct bank placements options be available, the County has two voluntary options to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts.

The first option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts is to have the PIF purchase the Teeter notes. Such Teeter notes have been purchased by the PIF in the past, beginning in 2001. Formal Board of Supervisors and County Treasurer approval would be required in order for the PIF to purchase Teeter notes if the notes are not rated or otherwise not qualified for purchase under the County's investment policy. See "– Riverside County Treasurer's Pooled Investment Fund."

The second option for the County to meet the redemption requirements of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts would be for the County to advance funds from the General Fund. Lawfully available moneys in the County's General Fund are available for the repayment of Teeter notes, and the continuation of the Teeter Program is beneficial to the County's over-all financial condition. Should additional cash be needed, the County may borrow lawfully available moneys in the County's General Fund to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts. Such General Fund borrowings to meet the redemption of maturing Teeter notes and to fund the subsequent Teeter advance to the participating Revenue Districts have been authorized by the Board of Supervisors, most recently in April 2007.

Additionally, the County Treasurer and the County Auditor-Controller have an operating agreement to facilitate such General Fund borrowings by allowing the General Fund account in which the County Pool is deposited to run a negative balance. The amount by which the balance in the General Fund account in which the County Pool is deposited may be negative is capped by the amount the County may borrow. Such operating agreement allows for a seamless mechanism. It also spreads the loan across all County funds, minimizing the impact on any single fund and the need to manage individual fund balances. The Government Code section allows such borrowings on an indefinite basis, stipulating repayment prior to such date that funds are needed in the originating funds. The County has utilized this approach for many years including during the 1990s when the County carried a substantial year-end negative cash balance in the General Fund.

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Largest Taxpayers

The following table shows the 25 largest property taxpayers by individual tax levied in the County for Fiscal Year 2018-19:

COUNTY OF RIVERSIDE
TWENTY-FIVE LARGEST TAXPAYERS IN FISCAL YEAR 2018-19
BY TAX LEVIED[(1)]

Taxpayer	*Total Taxes Levied*	*Percentage of Total Tax Charge*
Southern California Edison Company	$54,571,706.32	1.38%
Southern California Gas Company	14,674,284.48	0.37
Frontier California, Inc.	8,268,397.56	0.21
CPV Sentinel, LLC	6,754,781.82	0.17
Lennar Homes of California Inc.	3,772,685.95	0.10
Costco Wholesale Corporation	3,655,085.30	0.09
Riverside Healthcare System	3,543,195.62	0.09
Tyler Mall Limited Partnership	3,530,892.44	0.09
Chelsea GCA Realty Partnership	3,443,780.12	0.09
Walgreen Co.	3,254,977.97	0.08
Time Warner Cable Pacific West LLC	3,199,819.56	0.08
Ross Dress For Less Inc.	3,176,711.62	0.08
Garden of Champions	3,174,037.70	0.08
Target Corporation	2,936,516.75	0.07
Roripaugh Valley Restoration	2,913,620.02	0.07
Tarpon Prop Ownership 2	2,882,416.56	0.07
Kaiser Foundation Health Plan Inc.	2,749,857.32	0.07
Castle & Cooke Corona Crossings	2,726,228.56	0.07
Lowe's HIW Inc.	2,681,896.00	0.07
Wal-Mart Real Estate Business Trust	2,677,227.80	0.07
Los Angeles SMSA Ltd. dba Verizon Wireless	2,487,776.76	0.06
Duke Realty Limited Partnership	2,461,110.36	0.06
Western Pacific Housing Inc.	2,390,288.14	0.06
Pardee Homes	2,265,614.29	0.06
Walmart Stores Inc.	2,259,762.37	0.06
Total	**$146,452,671.39**	**3.69%**
Total Tax Charge for 2018-19	**$3,964,218,042.50**	

(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 Fiscal Year 2018-19 are shown below:

COUNTY OF RIVERSIDE
TEN LARGEST PROPERTY OWNERS IN FISCAL YEAR 2018-19
BY ASSESSED VALUE

Assessee	*Assessed Value*
Kaiser Foundation Hospitals	$404,850,181
Eisenhower Memorial Hospital	391,974,587
California Baptist University	339,199,186
Riverside Healthcare System	316,510,067
Costco Wholesale Corp	301,916,252
Kaiser Foundation Health Plan Inc	294,177,045
Ross Dress For Less Inc	287,996,906
Walgreen Co	280,547,368
Time Warner Cable Pacific West LLC	271,544,132
Garden of Champions	261,208,902
Subtotal	$3,149,924,626
All Others	$282,851,471,121
Total	$286,001,395,747 (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 2017-18, the County retained approximately 18% of the total amount collected (and is budgeted to retain 18% in Fiscal Year 2018-19 and 18% in Fiscal Year 2019-20). 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 2008-09 through 2018-19.

COUNTY OF RIVERSIDE
COMMUNITY REDEVELOPMENT AGENCIES'
FROZEN BASE VALUE, FULL CASH VALUE INCREMENTS
AND TOTAL TAX ALLOCATIONS
FISCAL YEARS 2008-09 THROUGH 2018-19

Fiscal Year	*Frozen Base Value*	*Full Cash Value Increments*(1)	*Total Tax Allocations*(2),(3)
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	58,479,843,303	688,683,052
2014-15	16,352,691,201	62,266,158,988	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
2017-18	16,352,657,201	73,397,406,955	866,983,038
2018-19	16,352,657,201	77,773,439,495(3)	912,753,199(4)

(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 and includes State assessed properties; has not been adjusted for negative project area increment.
(2) Actual cash revenues collected by the County and available to community redevelopment agencies, subject to certain negotiated agreements with taxing entities for a share of the property tax increment.
(3) Calculated based on estimated full cash value increment including State Assessed properties; has not been adjusted for negative project area increment.
(4) Includes estimated general purpose and debt; excludes negative treatment redevelopment projects where assessed value is less than frozen base value.
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. Through June 2019, the County estimates that it received approximately $10,834,347.13 in residual funds for Fiscal Year 2018-19.

In Fiscal Years 2015-16 and 2016-17, the County received approximately $97,337,412 and $102,159,372, respectively, in pass-through payments pursuant to agreements with various city redevelopment agencies. The County received approximately $107 million in Fiscal Year 2017-18 and is projected to receive approximately $111 million in Fiscal Year 2018-19. 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.

As part of the County's county-wide financial assessment and efficiency analysis, the County has undertaken a review of the operation of sub-funds within its accounting system. The County establishes sub-funds to track revenues and expenditures for certain designated programs administered by the County. Revenues held in sub-funds are generally restricted for the related programs. As part of such review, the County is evaluating the timing of the revenue recognition associated with programs for which sub-funds have been established. Currently, the County classifies restricted revenues as deferred inflows and recognizes the revenues when the associated expenditures are incurred, which may not be in the year in which the restricted revenues are received. A change in the recognition of the restricted revenues to the year in which the revenues are received rather than in the year in which the related expenditures are incurred would result in the acceleration of certain revenues currently held in the sub-funds. Revenues are reported in accordance with Generally Accepted Accounting Principles, and therefore there is no need to alter the current accounting practice related to the recognition of revenue held in sub-funds.

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 2017-18 were audited by Brown Armstrong Accountancy Corporation. See APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

The following table sets forth the County's Statement of Revenues, Expenditures and Change in Unreserved Funds Balances-General Fund for Fiscal Year 2013-14 through 2017-18.

COUNTY OF RIVERSIDE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN UNRESERVED FUND BALANCES – GENERAL FUND
FISCAL YEARS 2013-14 THROUGH 2017-18
(In Thousands)

	2013-14	***2014-15***	***2015-16***	***2016-17***	***2017-18***
BEGINNING FUND BALANCE	$ 357,249	$ 364,676[(1)]	$ 395,389	$ 371,510	$ 348,231
REVENUES					
Taxes	256,746	267,708	279,945	292,674	303,836
Licenses, permits and franchises	16,588	17,829	19,100	18,400	19,142
Fines, forfeiture sand penalties	81,037	77,770	73,198	67,689	64,525
Use of money and property–Interest	4,629	4,372	6,728	7,893	16,727
Use of money and property–Rents and concessions	12,269	7,758	10,491	13,391	13,552
Government Aid–State	1,107,878	1,224,095	1,238,292	1,280,127	1,328,912
Government Aid–Federal	462,291	542,934	572,267	589,905	596,949
Governmental Aid-Other	83,169	94,217	97,888	104,043	110,656
Charges for current services	396,904	431,323	465,333	460,539	481,245
Other revenues	41,248	34,851	20,069	46,355	44,273
TOTAL REVENUES	$2,462,759	$2,702,857	$2,783,311	$2,881,016	$2,979,817
EXPENDITURES					
General government	$ 106,045	$ 109,900	$ 113,779	$ 133,217	$ 130,989
Public protection	1,116,621	1,189,466	1,256,765	1,317,038	1,328,734
Public ways and facilities	-	8	-	-	-
Health and sanitation	416,005	478,047	468,272	494,771	543,976
Public assistance	795,309	865,309	918,963	920,185	916,191
Education	586	590	669	643	628
Recreation and cultural	287	317	325	354	483
Capital Outlay	2,965	54,5292	11,829	64,2893	6,486
Debt service	15,475	12,877	20,755	12,558	17,357
TOTAL EXPENDITURES	$2,453,293	$2,711,043	$2,791,357	$2,943,055	$2,944,844
Excess (deficit) of revenues over (under) expenditures	9,466	(8,186)	(8,046)	(62,039)	34,973
OTHER FINANCING SOURCES (USES)					
Transfer from other reserves	$ 95,017	$ 87,924	$ 114,185	$ 113,509	$ 108,979
Transfer to other funds	(101,021)	(103,554)	(141,847)	(139,043)	(129,087)
Capital Leases	2,965	54,529[(2)]	11,829	64,289[(3)]	6,486
Total other Financing Sources (Uses)	$ (3,039)	$ 38,899	$ (15,833)	$ 38,760	$ (13,622)
NET CHANGE IN FUND BALANCES	$ 6,427	$ 30,713	$ (23,879)	$ (23,279)	$ 21,351
FUND BALANCE, END OF YEAR[(1)]	$ 363,676	$ 395,389	$ 371,510	$ 348,231	$ 369,582

[(1)] Restated.

[(2)] Increases in capital outlay and capital leases expenditures in Fiscal Year 2014-15 primarily reflects costs related to a capital lease for the County Sheriff and the construction of the Riverside County Law Building for the Riverside Economic Development Agency.

[(3)] Increases in capital outlay and capital lease expenditures in Fiscal Year 2016-17 primarily reflects costs related to a capital lease for a solar panel project.

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balance sheets for Fiscal Years 2013-14 through 2017-18.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCE SHEETS
AT JUNE 30, 2014 THROUGH JUNE 30, 2018
(In Thousands)

	2013-14	*2014-15*	*2015-16*	*2016-17*	*2017-18*
ASSETS:					
Cash & Marketable Securities	$129,305	$133,487	$135,255	$ 94,866	$123,884
Taxes Receivable	9,849	9,243	9,772	9,182	9,025
Accounts Receivable	11,281	10,846	14,674	13,865	12,484
Interest Receivable	650	785	2,002	2,295	6,560
Advances to Other Funds	5,842	7,442	7,369	7,369	4,869
Due from Other Funds	11,157	11,854	9,355	9,489	11,242
Due from Other Governments	333,728	317,901	345,183	363,548	380,479
Inventories	1,682	1,638	2,006	1,981	2,360
Prepaid items	--	--	--	--	781
Restricted Assets	350,158	358,985	332,543	365,394	395,407
Total Assets	$853,652	$852,181	$858,159	$ 867,989	$947,091
LIABILITIES:					
Accounts Payable	$ 61,288	$ 24,756	$ 28,234	$ 29,801	$ 38,969
Salaries & Benefits Payable	68,156	79,116	99,724	104,327	103,293
Due To Other Funds	248	2,172	3,247	865	1,551
Due to Other Governments	20,395	32,894	51,497	65,120	76,507
Deferred Revenue	65,929	48,535	50,155	--	–
Deposits Payable	61	43	52	76	35
Advances from other funds	5,000	--	--	--	–
Advances from grantors and third parties	268,899	269,276	253,740	268,007	305,318
Total Liabilities	$489,976	$456,792	$486,649	$468,196	$525,673
FUND BALANCE:					
Nonspendable	$ 2,045	$ 2,001	$ 2,369	$ 2,314	$ 3,470
Restricted	117,595	122,967	99,639	95,130	95,881
Committed	32,820	39,422	40,310	21,907	23,290
Assigned	7,772	5,144	11,870	10,989	12,464
Unassigned	203,444	225,855	217,322	217,891	234,477
Fund Balance	$363,676	$395,389	$ 371,510	$ 348,231	$369,582
Total Liabilities and Fund Balance	$853,652	$852,181	$ 858,159	$ 867,989	$947,091

Source: County Auditor-Controller.

The following table sets forth the County's General Fund balances as of June 30 for Fiscal Years 2008-09 through 2017-18 based on classification.

COUNTY OF RIVERSIDE
GENERAL FUND BALANCES
AT JUNE 30, 2009 THROUGH JUNE 30, 2018
(In Thousands)

	Reserved	***Unreserved***				***Total***
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
2017	2,314	95,130	21,907	10,989	217,891	348,231
2018	3,470	95,881	23,290	12,464	234,477	369,582

(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, 2019, the County issued its 2019 Tax and Revenue Anticipation Note (the "2019 TRAN") in the principal amount of $340,000,000 to provide funds to meet the County's Fiscal Year 20198-20 General Fund expenditures, including current expenses, capital expenditures and prepayment of pension plan contributions. The 2019 TRAN is due on June 30, 2020. The 2019 TRAN is payable from taxes, income, revenues, cash receipts and other moneys of the County attributable to the County's 2019-20 Fiscal Year which are legally available for the payment thereof. Delinquent property taxes attributable to prior Fiscal Years are included in the taxes pledged to the payment of the 2019 Teeter Notes (defined below) and are not available to pay debt service on the 2019 TRAN. The County has issued tax and revenue anticipation notes annually for over twenty consecutive years with timely repayment.

On October 24, 2018, the County issued its $74,190,000 2018 Series A Teeter Obligation Notes (Tax-Exempt) (the "2018 Teeter Notes") to refund the County's 2017 Series A Teeter Obligation Notes and to fund an advance of unpaid property taxes for Revenue Districts participating in the County's Teeter Plan. See "—Teeter Plan" above. The 2018 Teeter Notes are due on October 24, 2019. The 2018 Teeter Notes are payable from "Pledged Taxes," generally consisting of (i) the right to collect any uncollected property taxes due to the County and other Revenue Districts for the fiscal years ended June 30, 1994 through and including June 30, 2018 and such other fiscal years approved by the County under certain circumstances, (ii) all amounts received by the County upon the sale of property to recover such property taxes or assessments, and (iii) all amounts received by the County upon the redemption of properties for sale or previously sold to recover such property taxes or assessments, in each case to which the County is entitled under applicable law, and in each case following an allocation by the County of the receipts of property taxes and assessments between the Revenue Districts and those public districts within the County that are not participating in the Teeter Plan.

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 April 1, 2019, the County had $777,367,018 in direct General Fund obligations and $243,850,000 in pension obligation bond indebtedness, as reflected in the following table, and has no authorized but unissued general obligation debt.

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The statement of direct and overlapping debt (the "Debt Report") set forth below was prepared by California Municipal Statistics, Inc., and is dated as of August 26, 2019. The Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Debt Report is included for general information purposes only. The County has not independently verified its completeness or accuracy and makes no representations in connection therewith.

COUNTY OF RIVERSIDE
ESTIMATED DIRECT AND OVERLAPPING OBLIGATIONS
(AS OF AUGUST 26, 2019)

2018-19 Assessed Valuation: $285,788,852,235 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/19
Metropolitan Water District	6.345%	$ 3,048,773
Community College Districts	1.212-100.	760,215,864
Unified School Districts	1.220-100.	2,895,271,772
Perris Union High School District	100.	246,840,871
Elementary School Districts	100.	131,467,028
City of Riverside	100.	7,795,000
Eastern Municipal Water District Improvement Districts	100.	30,285,000
Riverside County Flood Control, Zone 4 Benefit Assessment District	100.	12,530,000
San Gorgonio Memorial Hospital District	100.	106,565,000
Community Facilities Districts	50.225-100.	2,938,737,026
Riverside County 1915 Act Bonds	100.	1,245,000
City and Special District 1915 Act Bonds (Estimated)	100.	183,566,592
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$7,317,567,926
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	**100.**	**$ 760,056,211**(1)
Riverside County Pension Obligations	**100.**	**243,850,000**
School Districts General Fund and Lease Tax Obligations	1.220-100.	520,866,531
City of Corona General Fund Obligations	100.	36,171,865
City of Moreno Valley General Fund Obligations	100.	80,365,000
City of Indio General Fund and Judgment Obligation Bonds	100.	52,680,000
City of Palm Springs Certificates of Participation and Pension Obligation Bonds	100.	122,475,685
City of Riverside Certificates of Participation	100.	217,284,526
City of Riverside Pension Obligation Bonds	100.	66,120,000
Other City General Fund Obligations	100.	80,776,005
Other Special District Certificates of Participation	100.	9,708,572
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,190,354,395
Less: **Riverside District Court Financing Corporation (100% supported from U.S. General Services Administration)**		**1,737,100**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$2,188,617,295
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$2,186,587,154
GROSS COMBINED TOTAL DEBT		$11,694,509,475(2)
NET COMBINED TOTAL DEBT		$11,692,772,375

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

Ratios to 2018-19 Assessed Valuation:
- Overlapping Tax and Assessment Debt 2.56%
- **Combined Gross Direct Debt ($1,003,906,211)........................ 0.35%**
- **Combined Net Direct Debt ($1,002,169,111)............................ 0.35%**
- Gross Combined Total Debt 4.09%
- Net Combined Total Debt... 4.09%

Ratios to Successor Agency Redevelopment Incremental Valuation ($78,931,108,121):
- Total Overlapping Tax Increment Debt 2.77%

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; the lease obligations are payable from the General Fund. Upon expiration of the lease, title to the facilities vests in the County.

The table on the following page sets forth the County's outstanding publicly offered lease obligations and the respective annual lease requirements as of June 1, 2019. In addition, as discussed below under "—Facilities Lease Agreements," the County has other substantial lease obligations payable from the General Fund.

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COUNTY OF RIVERSIDE
SUMMARY OF PUBLICY OFFERED LEASE RENTAL OBLIGATIONS
(PAYABLE FROM THE COUNTY'S GENERAL FUND — (AS OF JUNE 1, 2019))

	Final Maturity Year	*Original Lease Amount*	*Outstanding Obligations*	*Annual Base Rental*
Riverside County Hospital Project, Leasehold Revenue Bonds:				
1997 Series A	2026	$41,170,073	$ 29,123,111	
1997 Series C	2019	3,265,000	–	
2012 Series A and B[(1)]	2029	90,530,000	31,135,000	$ 20,750,400 [(1)]
County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue)	2020	8,800,000	1,500,000	803,500 [(2)]
County of Riverside Certificates of Participation (2009 Larson Justice Center Refunding)[(3)]	2021	24,680,000	9,290,000	2,546,200
Riverside District Court Financing Corporation (United States District Court Project):				
Series 1999	2020	24,835,000	1,657,100	
Series 2002	2020	925,000	80,000	1,834,910 [(4)]
County of Riverside Leasehold Revenue Bonds (Southwest Justice Center Project) 2008 Series A[(5)]	2032	78,895,000	65,245,000	6,485,771
County of Riverside Certificates of Participation (2009 Public Safety Communication and Woodcrest Library Refunding Projects)[(6)]	2039	45,685,000	32,680,000	13,780,762
County of Riverside Monroe Park Building 2011 Lease Financing	2020	5,535,000	980,000	679,028
County of Riverside Certificates of Participation (2012 County Administrative Center Refunding Project)[(7)]	2031	33,360,000	24,460,000	2,503,000
County of Riverside Public Financing Authority (2012 Lease Revenue Refunding Bonds)[(8)]	2033	17,640,000	12,355,000	1,385,625
County of Riverside Leasehold Revenue Bonds (2013 Series A Public Defender/Probation Bldg. and Riverside County Technology Solution Center Projects)	2043	66,015,000	60,470,000[(9)]	4,269,363
County of Riverside Lease Revenue Bonds (Courts Facilities Project), Series 2014 A & 2014 B (Taxable)[(10)]	2033	18,495,000	9,110,000	2,050,498
County of Riverside Public Financing Authority (2015 A Lease Revenue Bonds)	2045	325,000,000	314,085,000	20,858,100
County of Riverside Infrastructure Financing Authority (2015 A Lease Revenue Refunding Bonds)[(11)]	2037	72,825,000	64,390,000	5,920,581
County of Riverside Infrastructure Financing Authority (2016 A & 2016 A-T Lease Revenue Refunding Bonds)[(12)]	2031	39,985,000	35,845,000	3,484,225
County of Riverside Infrastructure Financing Authority (2017 A Lease Revenue Refunding Bonds) [(13)]	2044	46,970,000	45,705,000	2,761,863
County of Riverside Infrastructure Financing Authority (2017 B & 2017 C Lease Revenue Bonds) [(14)]	2047	22,205,000	21,145,000	1,416,700
TOTAL		$966,815,073	$ 759,255,211	$ 91,530,525

(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 were 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 July 24, 2018 was approximately 1.52%.

(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) Includes approximately $11,160,000 to be refunded with proceeds of the Series 2019A Bonds.

(10) 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).

(11) 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.

(12) 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.

(13) The County of Riverside Infrastructure Financing Authority (2017 A Lease Revenue Refunding Bonds) refunded the Riverside Community Properties Development, Inc. Lease Revenue Bonds (2013 Riverside County Law Building Project).

(14) The County of Riverside Infrastructure Financing Authority (2017 B Lease Revenue Bonds) refunded the County of Riverside Southwest Communities Financing Authority Lease Revenue Bonds, Series 2008 A.

Source: County Executive Office.

Lease Lines of Credits

On December 15, 2015, 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. The initial line of credit was $20 million with an option for an additional $20 million after the initial funds were exhausted. The County started using the initial line of credit on April 8, 2016, and exhausted the funds by September 26, 2017. The County started using the additional line of credit on September 26, 2017 and exhausted the fund as of December 31, 2018. As March 31, 2019, approximately $38,224,398 principal amount remained outstanding for repayment (approximately $23,352,807 for department equipment purchases, and approximately $14,871,591 for fleet vehicles).

On July 31, 2018, the County entered into a multi-year lease line of credit with Banc of America Public Capital Corporation, in the total amount of $50 million for capital purchases. As approved by the Board of Supervisors, there will be a $25 million initial line of credit with the option of an additional $25 million. As of March 31, 2019, the County has drawn $3,275,061.06 on this line of credit.

Facilities Lease Agreements

The County and Corona Medical Arts Plaza, LLC entered into a Lease dated as of September 13, 2016, as supplemented by the First Amendment to Lease (as supplemented, the "Corona Clinic Lease"), dated as of June 20, 2017, in order to fund the construction, operation and maintenance of a 45,204 square-foot medical clinic (the "Corona Care Clinic") for RUHS located in the City of Corona. Presently, the lease obligation is estimated at $42,573,904. Pursuant to the terms of the Corona Clinic Lease, rental payments commenced upon substantial completion of construction and occupancy of the Corona Care Clinic (in the first quarter of 2018), and the County will continue to pay rental payments for approximately 15 years thereafter, subject to certain early prepayment and purchase option provisions. Currently, the initial year's lease payment (Fiscal Year 2018-19) is projected to be approximately $2.6 million, escalating at 2.75% annually thereafter. While RUHS management presently expects to receive federal funding that will cover the Corona Clinic Lease payments, the County may be required to advance monies from its General Fund. Ultimately, as the Lessee and obligor under the Corona Clinic Lease, the County is responsible for lease payments thereunder.

On July 11, 2017, the County and Jurupa Valley Medical Partners, LLC entered into a Lease (the "Jurupa Valley Clinic Lease") in order to fund the proposed construction, operation and maintenance of an approximately 40,000 square-foot medical clinic for RUHS located in the City of Jurupa Valley (the "Jurupa Valley Care Clinic"). Presently, the lease obligation is estimated at $47,575,096. Pursuant to the terms of the Jurupa Valley Clinic Lease, it was anticipated that the County will commence rental payments upon substantial completion of construction and occupancy of the Jurupa Valley Care Clinic, and the County achieved substantial completion of construction on January 10, 2019. The County has commenced rental payments for the lease term and for approximately 20 years thereafter, subject to certain early prepayment and purchase option provisions. Currently, the initial year's lease payment (Fiscal Year 2019-20) is projected to be approximately $2.4 million, escalating at 2% annually thereafter. While RUHS management presently expects to receive federal funding that will cover the Jurupa Valley Clinic Lease payments, the County may be required to advance monies from its General Fund. Ultimately, as the Lessee and obligor under the Jurupa Valley Clinic Lease, the County is responsible for lease payments thereunder.

On April 18, 2017, the County entered into a Facilities Lease Agreement with TC Riverside MOB, LLC to fund the proposed construction, operation, and maintenance of an approximately 200,000 square foot surgery center and medical office building complex (the "Medical Office Building") next to the RUHS Medical Center. Presently, the lease obligation is estimated at $438,469,834. The final project budget and final rent schedule were approved by the County on November 14, 2017. It is anticipated that the County will commence rental payments upon substantial completion of construction and occupancy of the Medical Office Building, currently anticipated to be December 2019, and that the County will continue to pay rental payments for approximately 25 years thereafter, subject to certain early prepayment and purchase option provisions. Currently, the initial year's lease payment (Fiscal Year 2020-21) is projected to be approximately $13.3 million, escalating at 3% annually thereafter. While RUHS management presently expects that the Medical Office Building will attract a more favorable payor mix that will enable RUHS to make Facilities Lease Agreement payments from its operating revenues, the County may be required to advance monies from its General Fund. Ultimately, as the Tenant and obligor under the Facilities Lease Agreement, the County is responsible for Facilities Lease Agreement payments.

On August 28, 2019, the County entered into a Facilities Lease Agreement on August 28, 2019 with CFP Riverside, LLC, a Minnesota non-profit limited liability company, to fund the construction, operation, and maintenance of the design, acquisition, construction, installation, equipping, furnishing and financing of three separate public library facilities and related amenities (the "Libraries"). The principal component of the lease obligation is $42,115,000. It is anticipated that the County will commence rental payments upon substantial completion of construction and occupancy of the Libraries, currently anticipated to be on or about March 1, 2021, and that the County will continue to pay rental payments for approximately 30 years thereafter, subject to certain early prepayment and purchase option provisions. Currently, the initial year's lease payment is projected to be approximately $2.0 million, escalating by approximately 7% after the tenth year and by approximately 20% after the twentieth year.

Capital Lease Purchase 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 $16,000,000 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 $3,000,000 in lease financing for additional equipment. As of April 1, 2019, approximately $2,000,000 principal amount remained outstanding under the original lease and $1,000,000 principal amount remained outstanding under the first amendment to the lease, which are scheduled to be repaid in full by 2019 and 2020, respectively. 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 $6,368,130 and which is scheduled to be repaid in full by 2022. As of April 1, 2019, approximately $2,882,001 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, 2019, approximately $54,258,705 principal amount remained outstanding, which is scheduled to be repaid in full by August 30, 2035.

Interest Rate Swap Agreements

The County adopted a written interest rate swap policy (the "Swap Policy") establishing the guidelines for the use and 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, "A+" by Standard & Poor's and "AA-" by Fitch as of April 2019. 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 is negative, the County would be liable to the Counterparty for a termination payment equal to the swap's fair market value. As of April 30, 2019, the swap agreement had a negative fair market value of $16,939,828.87 (based on the quoted market price from the Counterparty at such date).

The County's regularly scheduled swap payments are insured by Assured Guaranty Corp. The swap agreement provides that if an "Insurer Event" occurs, whereby the insurer fails at any time to have one out of two of the following ratings: (i) a claims-paying ability rating of "A-" or higher from S&P, or (ii) a financial strength rating of "A3" or higher from Moody's, and only in the event that the County's ratings have also been downgraded to below the threshold level of "Baa2" from Moody's and "BBB" from S&P, the County would be required, within one business day of receiving a notice from the Counterparty, to either (A) provide an alternate credit support document acceptable to the Counterparty from a credit support provider with a claims paying ability rating of at least "AA-" from S&P and a financial strength rating of at least "Aa3" from Moody's or an unenhanced rating on its unsecured unsubordinated long-term debt of at least "AA-" from S&P and at least "Aa3" from Moody's, or (B) give notice to the Counterparty that it will thereafter be subject to the ISDA Credit Support Annex as both a Secured Party and a pledgor in accordance with the terms of such ISDA Credit Support Annex. As of April 2019, Assured Guaranty Municipal Corp. had a rating of "AA" by S&P, "A2" from Moody's and "AA+" from Kroll (KBRA). An explanation of the significance of the above ratings may be obtained from the applicable rating agency.

In July 2017, the United Kingdom's Financial Conduct Authority announced that it may discontinue the use of LIBOR by 2021. The County is unable to predict what benchmark rate will replace LIBOR for purposes of the swap agreement or the effect such replacement will have on the value of the swap agreement.

Employees

The following table sets forth the number of County employees for calendar years 2009 through 2019.

COUNTY OF RIVERSIDE
REGULAR EMPLOYEES
2009 THROUGH 2019

Year	*Regular Employees*[(1)]
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	19,409
2018	19,102
2019	19,438

(1) As of December 31st of each year for years 2009 through 2018; as of April 30, 2019 for year 2019. Excludes temporary and per diem employees.

Source: County Human Resources Department.

Labor Relations

County employees comprise 19 bargaining units, plus another 9 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 67% 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, are represented by the Riverside Sheriffs' Association ("RSA"). The RSA represents three separate units: Law Enforcement Unit "RSA LEU," Corrections Unit "RSA Corrections," and Public Safety Unit "RSA PSU." 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 2012-13, the County entered into collective bargaining agreements with most of its bargaining units. Most of the agreements covered 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 produced 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 and RSA expired in 2016. The County's collective bargaining agreement with RCDDAA expired in 2017. On March 26, 2019, the County's Board of Supervisors approved a two-year collective bargaining agreement with LIUNA, which took effect in April 2019. The County is currently in negotiations with RSA PSU and RCDDAA for new labor contracts and will continue operating under the terms of the expired contracts until new contracts are in place or terms and conditions are imposed upon exhausting procedures required by law. Ongoing labor contract negotiations have been challenging, as a tentative agreement reached with RSA LEU/Corrections was subsequently rejected by the RSA LEU/Corrections membership, and SEIU implemented a 2-day strike in early September 2017 (in which the County obtained an ex parte court order to prohibit certain critical employees from striking). The primary negotiation issues relate to certain merit increases sought by such labor organizations. Other than the 2-day strike by SEIU, there has been no major County employee work stoppage during the past 20 years. On October 17, 2017, following the rejection by the RSA LEU/Corrections membership of the tentative agreement that had been reached with the County, the Board of Supervisors voted to impose the terms of the County's last, best and final offer to RSA LEU/Corrections pursuant to Government Code Section 3505.7, which will govern the RSA LEU/Corrections terms and conditions of employment in place of a memorandum of understanding. On December 20, 2018, the Board of Supervisors voted to impose the terms of the County's last, best and final offer to SEIU pursuant to Government Code Section 3505.7, which will govern the SEIU terms and conditions of employment in place of a memorandum of understanding.

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COUNTY OF RIVERSIDE
LABOR ORGANIZATIONS[1]

Bargaining Units or Employee Group	*Number of Employees[2]*	*Expiration Date of Contract*
Management, Confidential, and Other Unrepresented	1,462	N/A
Law Enforcement Management Unit (LEMU)	433	December 31, 2020
Riverside County Deputy District Attorneys' Association (RCDDAA)	366	June 30, 2017[3]
Riverside Sheriffs' Association (RSA) LEU/Corrections	2,353	June 30, 2016[4]
Riverside Sheriffs' Association Public Safety Unit (RSA)	578	June 30, 2016[3]
Service Employees International Union (SEIU)	7,106	November 30, 2016[7]
Service Employees International Union (SEIU) Per Diem Unit	349	November 30, 2019
Laborers' International Union of North America (LIUNA)	7,112	March 29, 2021[6]
In-Home Supportive Services (IHSS)	N/A[5]	June 30, 2015[3]
Total	19,727	

(1) Includes all County districts.
(2) As of August 1, 2019. Excludes temporary, per diem and seasonal employees.
(3) 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 or the terms of the County's last, best and final offer are imposed.
(4) As described herein, the Board of Supervisors voted to impose the terms of the County's last, best and final offer to RSA pursuant to Government Code Section 3505.7 on October 17, 2017. Such terms will govern the County's relations with RSA in place of a memorandum of understanding.
(5) The IHSS Public Authority is only the employer of record within the meaning of Government Code Section 3500 et seq. (Meyers-Milias-Brown Act) which allows the home care workers to organize and engage in collective bargaining in an effort to improve wages and obtain benefits. The consumer of the services has the right to hire, train, supervise and terminate the home care workers who assist them.
(6) On March 26, 2019, the County's Board of Supervisors approved a two-year collective bargaining agreement with LIUNA, which took effect in April 2019.
(7) As described herein, the Board of Supervisors voted to impose the terms of the County's last, best and final offer to SEIU pursuant to Government Code Section 3505.7 effective December 20, 2018. Such terms will govern the County's relations with SEIU in place of a memorandum of understanding.

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 30, 2019)

Tier Level	*Number of Employees in Tier Level*
Tier 1	11,349
Tier 2	733
Tier 3	7,241
Total	19,323

(1) Excludes districts, temporary, per diem, and seasonal employees.
Source: County Human Resources Department.

Miscellaneous members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 60), Tier II (2% at 60), or Tier III (2% at 62). Safety members, who qualify for retirement benefits based on their date of hire, are enrolled in one of three tiers of benefits Tier I (3% at 50), Tier II (2% at 50), or Tier III (2.7% at 57). The three tiers of retirement benefits all provide for cost-of-living adjustments of up to 2% per year after retirement. For further information on the County's pension obligations, see Note 20 of the Notes to Basic Financial Statements, June 30, 2018, which are included in APPENDIX B — "COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

In September 2003, the County established the Pension Advisory Review Committee ("PARC"). The purpose of PARC is to develop a better institutional understanding of the County's pension plan (the "Plan"), currently managed by PERS and to advise the Board of Supervisors on important matters concerning the Plan. PARC reports annually to the Board of Supervisors on the performance of the Plan and evaluates strategies to address appropriate funding of the Plan. As part of such activities, PARC annually receives an independent, third party report on the County's pension cost projections from Bartel Associates, LLC in order to ensure that the County has adequate information concerning its long-term pension obligations. In addition to PARC's advisory role with respect to the Plan, PARC has been formally tasked with reviewing the County's other post-employment benefit ("OPEB") plans and advising the Board of Supervisors with respect thereto.

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

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

The new Tier III formulas for both Miscellaneous and Safety provide for a reduced benefit and was required to be implemented by all public agency employers unless the retirement formula in existence on December 31, 2012 had both a lower normal cost and lower benefit factor at normal retirement age. PEPRA requires that all new employees hired on or after January 1, 2013, pay at least 50% of the normal cost contribution. Tier III benefits are set 2% at 62 for Miscellaneous members and 2.7% at 57 for Safety members.

PEPRA mandated all new members be subject to a pensionable compensation cap, which limits the annual salary that can be used to calculate final compensation for all new members. Adjustments to the limits are permitted annually based on changes to the Consumer Price Index (CPI) for all urban consumers.

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

The staff actuaries at PERS prepare an annual actuarial valuation which covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the County in July 2018 covered PERS' Fiscal Year 2016-17). The actuarial valuation expresses the County's required contribution rates in percentages of payroll, which is the percentage the County must contribute in the fiscal year immediately following the fiscal year in which the actuarial valuation is prepared (e.g., the County's contribution rates derived from the actuarial valuation as of June 30, 2017, which was prepared in July 2018, is effective for the County's Fiscal Year 2019-20). PERS rules require the County to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions regarding the actuarial present value of the benefits that PERS will pay under the PERS Plans, which includes two components, the Normal Cost and the Unfunded Accrued Actuarial Liability (the "UAAL"). The normal cost represents the actuarial present value of benefits that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions such as, the rate of investment return, average life expectancy, average age at retirement, inflation, salary increases and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments such as, among others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL is an estimate of the unfunded actuarial present value of the benefits that PERS will distribute under the PERS Plans to retirees and active employees upon their retirement. In prior years PERS converted past service cost to a percent of payroll and expressed the total required employer contribution as a single rate. Going forward the past service cost will no longer be converted to a percent of payroll and this cost will be invoiced to the employer as a monthly dollar contribution amount with the option to prepay the annual amount at the beginning of the fiscal year. See the caption "—Historical Funding Status." The normal cost will continue to be expressed as a percentage of active payroll with employer and employee contributions payable as part of the payroll reporting process. It is not a fixed or hard expression of the liability the County owes to PERS under the PERS Plans. The County's actual liability under the PERS Plans could be materially higher or lower.

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

In June 2012, the GASB issued Statement No. 68, which revises and establishes new financial reporting requirements for governments that provide their employees with pension benefits. GASB 68 became effective for fiscal years beginning after June 15, 2014. Prior to implementing GASB 68, employers participating in a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan) administered by PERS did not need any additional information beyond what was included in CalPERS' audited financial statements. Similarly, employers participating in an agent multiple-employer defined benefit pension plan (agent plan) administered by PERS used information from the PERS funding actuarial valuation reports for accounting and financial reporting purposes. With the implementation of GASB 68, employers will be required to recognize a liability as employees accrue pension benefits. For the first time, employers will recognize their net pension liability, deferred outflows of resources, deferred inflows of resources and pension expenses.

On April 17, 2013, the PERS Board approved a recommendation to change the PERS amortization and rate smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy, which spread investment returns over a 15-year period with experience gains and losses amortized over a rolling 30-year period. Effective with the June 30, 2013 valuations, PERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period.

On February 19, 2014, the PERS Board of Administration adopted new demographic assumptions reflecting the (i) expected longer life spans of public agency employees and related increases in costs for the PERS system, and (ii) trend of higher rates of retirement for certain public agency employee classes, including police officers and fire fighters. The new actuarial assumptions were used to set the Fiscal Year 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions was calculated in the 2014 actuarial valuation and amortized over a 20-year period including a 5-year ramp-up and a 5-year ramp-down.

On November 18, 2015, the PERS Board adopted a Funding Risk Mitigation Policy. The Policy seeks to reduce PERS funding risk over time. A mechanism will be established to reduce the discount rate, or assumed rate of return, by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate by at least four percentage points. The policy will incrementally lower the discount rate in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers.

On December 21, 2016, the PERS Board approved lowering the PERS discount rate assumption, the long-term rate of return, from 7.50% to 7.00% over the next three years. Lowering the discount rate will increase both the normal costs and the accrued liabilities. Starting in Fiscal Year 2018-19, such increases will result in higher required employer contributions. The reduction in the discount rate will result in additional County contributions of approximately $40 million in Fiscal Year 2018-19 and totaling approximately $210 million when fully phased in. The benefits of reducing the discount rate strengthen long-term sustainability, reduce negative cash flows, reduce the long-term probability of funded ratios falling below undesirable levels, improve likelihood of PERS investments earning the assumed rate of return, and reduce the risk of contribution increases in the future from volatile investment markets. Due to the adopted changes in the discount rate for the next two valuations in combination with the 5-year phase-in ramp, the increases in the required contributions are expected to continue for seven years from Fiscal Year 2018-19 through Fiscal Year 2024-25.

On February 14, 2018, the PERS Board approved modifying the PERS amortization policy for investment gains/losses from 30 years to 20 years and eliminating the 5-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in the June 30, 2019 valuation and will be implemented starting with Fiscal Year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities. Shortening the amortization period will increase employer contributions and help pay down the pension fund's unfunded liability faster, which may result in interest cost savings.

Contribution Rates. In addition to required County contributions, members are also obligated to make certain payments. For the Miscellaneous Plan, Tier I members' contribution rates are fixed at 8% of salaries. The Tier II and Tier III member contribution rates for the Miscellaneous Plan are 7% and 6.5%, respectively. For the Safety Plan, the Tier I and Tier II member contribution rate is 9%, and the Tier III member contribution rate is 11.25%. Member contribution rates vary based on the terms of the collective bargaining agreements in effect. In addition to making annual contributions to PERS in accordance with the applicable actuarial valuation, the County has historically been obligated pursuant to collective bargaining arrangements to pay a portion of the employees' required contribution to PERS (these payments by the County are referred to herein as the "County Offsets of Employee Contributions"). Effective July 1, 2019, the required Safety Plan PEPRA member contribution rate will be 11.75%.

Funding Status. The actuarial value of assets, the actuarial accrued liability and the funding status with respect to the Safety Plan and the Miscellaneous Plan are set forth under "— Historical Funding Status." In the actuarial valuation for the Miscellaneous Plan as of June 30, 2017, the PERS actuary recommended an employer normal cost contribution rate of 10.998% ($135.1 million) be implemented as the required rate for Fiscal Year 2019-20, and an employer unfunded liability payment of approximately $129.9 million, which the County anticipates will result in a contribution to PERS of approximately $265.0 million for that fiscal year. In addition, the County will pay PERS for the Miscellaneous Plan approximately $355,161 in County Offsets of Employee Contributions for Fiscal Year 2019-20, which will result in a total contribution by the County to PERS for the Miscellaneous Plan for Fiscal Year 2019-20 of approximately $265.4 million. In the actuarial valuation for the Safety Plan as of June 30, 2017, the PERS actuary recommended an employer normal cost contribution rate of 19.853% ($71.0 million) be implemented as the required rate for Fiscal Year 2019-20, and an employer unfunded liability payment of approximately $62.9 million, which the County anticipates will result in a contribution to PERS of approximately $133.9 million for that fiscal year. As of August 2016, the County no longer pays County Offsets of Employee Contributions to PERS for the Safety Plans. The County's total PERS contribution (Miscellaneous Plan and Safety Plan) for Fiscal Year 2019-20 is projected to be approximately $399.2 million.

On February 17, 2005, the County issued its Taxable Pension Obligation Bonds, Series 2005A (the "2005 Pension Obligation Bonds") in the original principal amount of $400,000,000, the proceeds of which were used to fund approximately 90% of the County's estimated actuarial accrued liability as of February 17, 2005. The 2005 Pension Obligations Bonds remain outstanding in the principal amount of $304,520,000, with annual debt service payments of approximately $31,639,000. The payment to PERS resulted in a net pension asset of $396.9 million, $311.2 million of which was applied to the County's UAAL for the Miscellaneous Plan and $85.7 million of which was applied to the County's UAAL for the Safety Plan. According to Bartel Associates, LLC, the 2005 Pension Obligation Bonds have resulted in a net gain to the County of approximately $72 million as of February 15, 2017. A liability management fund was established in connection with the 2005 Pension Obligation Bonds. By Board policy, each year in its annual report, PARC recommends to the Board whether the funds in the liability management fund should be applied to purchase 2005 Pension Obligations Bonds or to transfer the funds to PERS to reduce the County's PERS unfunded liability. In 2016, PARC recommended to transfer the excess liability management funds to the Section 115 Supplemental Pension Trust. In the current year, the excess is recommended to be sent to the Section 115 Supplemental Pension Trust and in future years to be considered an administrative process.

Historical Funding Status. The following two tables, for the Safety Plan and the Miscellaneous Plan, respectively, set forth the UAAL and funded status as of the valuation dates from June 30, 2011 through June 30, 2017 and the total employer contributions of the County for Fiscal Year 2013-14 through Fiscal Year 2019-20. The two tables are based on PERS Actuarial Reports for those years:

HISTORICAL FUNDING STATUS
(Safety Plan)

Valuation Date June 30	*Unfunded Accrued Actuarial Liability*	*Funded Status (Actuarial Value)*	*Affects County Contribution for Fiscal Year*	*County Contribution Amount*[1]	*County Offsets of Employee Contributions*[2]
2011	$286,064,497	85.9%	2013-14	$ 71,724,520	$2,843,364
2012	225,792,281	89.2	2014-15	70,139,838	605,908
2013[3]	509,464,128	77.7	2015-16	80,459,918	698,338
2014	517,389,969	80.2	2016-17	90,515,002	31,077
2015	705,377,373	75.2	2017-18	97,043,553	0
2016	958,272,557	69.2	2018-19	117,148,524	0
2017	966,674,937	71.2	2019-20	133,860,833	0

(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Safety Plan, as debt service with respect to the County's outstanding pension obligation bonds, or otherwise.

(2) Reductions from prior years are due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. The increase for Fiscal Year 2015-16 contributions is due to increased payroll of the plan's membership. Beginning Fiscal Year 2014-15, the County stopped paying towards the employee contribution rate to PERS for the Safety Plans for Tier I and Tier II employees. As of August 2016, the County also stopped paying towards the employee contribution rate to PERS for Safety Plans for Tier III employees.

(3) Beginning with the June 30, 2013 valuation, Actuarial Value of Assets equals Market Value of Assets per PERS Direct Rate Smoothing Policy.

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2017 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

HISTORICAL FUNDING STATUS
(Miscellaneous Plan)

Valuation Date June 30	*Unfunded Accrued Actuarial Liability*	*Funded Status (Actuarial Value)*	*Affects County Contribution for Fiscal Year*	*County Contribution Amount*[1]	*County Offsets of Employee Contributions*[2]
2011	$ 538,055,042	87.9%	2013-14	$125,248,122	$7,319,320
2012	536,480,531	88.6	2014-15	127,786,977	292,784
2013[3]	1,034,364,773	79.3	2015-16	151,557,834	292,900
2014	973,226,141	82.8	2016-17	178,554,572	290,401
2015	1,399,399,333	77.3	2017-18	183,911,209	315,000
2016	2,050,567,259	70.1	2018-19	224,862,038	280,475
2017	2,115,475,543	71.6	2019-20	265,021,457	355,161

(1) Figures listed are amounts paid by the County to PERS in the specific years and do not reflect all amounts paid by the County under the Miscellaneous Plan, as debt service with respect to the County's outstanding pension obligation bonds, or otherwise.

(2) Reductions from prior years due to staggered implementation of employee-paid retirement contributions beginning in Fiscal Year 2011-12. The County continues to pay 8% of the 8% required contributions for Miscellaneous Plan members who are covered by Riverside County Deputy District Attorney Association bargaining unit.

(3) Beginning with the June 30, 2013 valuation, Actuarial Value of Assets equals Market Value of Assets per PERS Direct Rate Smoothing Policy.

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2017 (UAAL and Funded Status) and the County (County Contribution Amount and County Offsets of Employee Contributions).

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

SCHEDULE OF FUNDING PROGRESS
(Safety Plan)

Valuation Date June 30	*Accrued Liability (a)*	*Actuarial Value of Assets (b)*	*Unfunded Liability (a-b)*	*Funded Status (Actuarial Value) (b/a)*	*Annual Covered Payroll (c)*	*UAAL as a Percentage of Payroll ((a-b)/c)*	*Market Value of Assets (MVA)*	*Funded Ratio MVA*
2011	$2,032,001,280	$1,745,936,783	$286,064,497	85.9%	$273,169,605	104.7%	$1,565,799,198	77.1%
2012	2,086,406,405	1,860,614,124	225,792,281	89.2	261,703,717	86.3	1,567,404,726	75.1
2013	2,285,586,497	1,776,122,369[1]	509,464,128	77.7	271,367,032	187.7	1,776,122,369	77.7
2014	2,615,686,777	2,098,296,808	517,389,969	80.2	295,171,068	175.2	2,098,296,808	80.2
2015	2,846,014,858	2,140,637,485	705,377,373	75.2	319,499,129	220.8	2,140,637,485	75.2
2016	3,110,254,402	2,151,981,845	958,272,557	69.2	338,809,025	282.8	2,151,981,845	69.2[2]
2017	3,361,565,098	2,394,890,161	966,674,937	71.2	328,400,573	294.4	2,394,890,161	71.2

(1) Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per PERS Direct Rate Smoothing Policy.
(2) As reported by PERS, decline due to a preliminary 0.61% net return on investments for the 12-month period that ended June 30, 2016.
Source: Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2017.

SCHEDULE OF FUNDING PROGRESS
(Miscellaneous Plan)

Valuation Date June 30	*Accrued Liability (a)*	*Actuarial Value of Assets (b)*	*Unfunded Liability (a-b)*	*Funded Status (Actuarial Value) (b/a)*	*Annual Covered Payroll (c)*	*UAAL as a Percentage of Payroll ((a-b)/c)*	*Market Value of Assets (MVA)*	*Funded Ratio MVA*
2011	$4,461,553,672	$3,923,498,630	$ 538,055,042	87.9%	$ 812,362,628	66.2%	$3,525,640,733	79.0%
2012	4,708,881,750	4,172,401,219	536,480,531	88.6	836,418,298	64.1	3,520,189,846	74.8
2013	5,008,806,968	3,974,442,195[(1)]	1,034,364,773	79.3	856,593,282	120.8	3,974,442,195	79.3
2014	5,656,121,103	4,682,894,962	973,226,141	82.8	897,506,714	108.4	4,682,894,962	82.8
2015	6,174,498,346	4,775,099,013	1,399,399,333	77.3	1,000,223,148	139.9	4,775,099,013	77.3
2016	6,850,143,825	4,799,576,566	2,050,567,259	70.1	1,090,295,411	188.1	4,799,576,566	70.1[(2)]
2017	7,441,270,302	5,325,794,759	2,115,475,543	71.6	1,128,397,500	187.5	5,325,794,759	71.6

(1) Beginning with the June 30, 2013 valuation Actuarial Value of Assets equals Market Value of Assets per PERS Direct Rate Smoothing Policy.
(2) As reported by PERS, decline due to a preliminary 0.61% net return on investments for the 12-month period that ended June 30, 2016.
Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2017.

The following table shows the percentage of salary which the County was responsible for contributing to PERS from Fiscal Year 2013-14 through Fiscal Year 2019-20 to satisfy its retirement funding obligations.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

Valuation Date June 30	*Affects Contribution Rate for Fiscal Year:*	*Safety Plan*	*Employer Payment of Unfunded Liability*	*Miscellaneous Plan*	*Employer Payment of Unfunded Liability*
2011	2013-14	23.368%	N/A	15.001%	N/A
2012	2014-15	21.899	N/A	14.527	N/A
2013	2015-16	23.585	N/A	15.429	N/A
2014	2016-17	26.570	N/A	16.476	N/A
2015	2017-18	17.912	$35,778,888	10.192(1)	$ 73,598,564
2016	2018-19	18.464	48,790,038	10.458	100,265,926
2017	2019-20	19.853	62,876,977	10.998	129,905,894

(1) Beginning in Fiscal Year 2017-18, PERS will collect employer contributions toward the plan's unfunded liability as dollar amounts rather than contribution rate, which was the prior method of collection. The County pays at the beginning of each fiscal year for its unfunded liability payment. The plan's normal cost contribution will continue to be collected as a percentage of payroll. See the caption "— The County's PERS Contract."

Source: PERS Actuarial Reports for June 30, 2011 through June 30, 2017.

Projected County Contributions. As described above under "—General," in 2003 the County established the PARC, which annually prepares a report for the Board. PARC's 2019 Annual Report projects the following contribution to PERS (including both normal cost and UAAL amortization):

PROJECTED COUNTY CONTRIBUTIONS
(Miscellaneous Plan)(1)

Fiscal Year	*County Rate*	*County Payment*
2019-20	23.9%	$293,484,000
2020-21	24.0	302,701,000
2021-22	26.5	342,964,000
2022-23	28.3	376,836,000
2023-24	29.3	400,364,000

(1) Projections are based on data from a report prepared by Bartel Associates, LLC dated December 13, 2017 and include debt service on the County's pension obligation bonds.

Source: PARC 2019 Annual Report.

PROJECTED COUNTY CONTRIBUTIONS
(Safety Plan)[(1)]

Fiscal Year	*County Rate*	*County Payment*
2019-20	39.5%	$141,217,000
2020-21	42.6	156,077,000
2021-22	46.0	173,299,000
2022-23	48.3	186,700,000
2023-24	49.5	196,908,000

(1) Projections are based on data from a report prepared by Bartel Associates, LLC dated January 17, 2019 and include debt service on the County's pension obligation bonds.
Source: PARC 2019 Annual Report.

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

The County's projected contribution rates are affected by the market rate of return in the PERS Plans and other changes that may be adopted by PERS from time to time, see "—The County's PERS Contract" above.

Other Retirement Plans. The County also provides a Defined Benefit Pension Plan (the "DBPP") to employees who are designated as a part-time or temporary employee and not eligible for Social Security or PERS retirement benefits through the County. This plan is subject to Internal Revenue Code Section 401(a), and is self-funded and self-administered. The County has set a goal of ensuring that the DBPP is at least 80% funded. Participants in the DBPP are required to contribute 3.75% of their eligible compensation to the DBPP in lieu of Social Security tax. Based on the actuarial valuation of June 30, 2018, the County's current required contribution level is 1.87% to maintain a funded ratio of 80%. As of June 30, 2018, the DBPP was funded at 82.5%. The County's contribution to the DBPP was $667,952 for Fiscal Year 2015-16, $1,341,340 for Fiscal Year 2016-17 and $815,531 for Fiscal Year 2017-18. The DBPP's unfunded liabilities as of June 30, 2018 were approximately $8.54 million. Overall, the DBPP's unfunded actuarial accrued liability (UAAL) decreased from the prior valuation due to the net result of the following: 1) assets were higher than expected due to favorable investment return on plan assets (9.66% actual compared to 6.0% assumed); 2) demographic experience was different than expected, which resulted in a liability loss; 3) mortality assumptions were updated to reflect the revised mortality table developed in the 2017 CalPERS Experience Study, with generational future improvement scale MP-2018, resulting in an increase in liabilities; and 4) other demographic assumptions were updated to reflect the new assumptions developed in the 2017 CalPERS Experience Study, resulting in a small increase in liabilities.

Other Post-Employment Benefits. The County provides certain post-retirement health insurance benefits to qualifying retired employees and their eligible dependents or survivors. Regular employees with a minimum service of five years and who are at least age 50, or age 52 if they became a PERS member on or after January 1, 2013, at retirement qualify to receive the post-retirement benefits.

The County obtained an actuarial valuation of its Post-Employment Health Benefits obligations, calculated as of June 30, 2018 (the "Postretirement Benefits Plan"), prepared by Aon Hewitt. Based on the combination of plans and contribution levels that the County offers, assuming an investment rate of 6.73%, the present value of benefits was estimated to be $81.2 million, the accrued actuarial liability was estimated to be $68.3 million and the annual normal cost was $1.43 million. According to the Health Benefits Valuation, the

County's funding contribution for Fiscal Year 2018-19 will be approximately $2.1 million and approximately $4.2 million in Fiscal Year 2019-20. The Health Benefits Valuation further provides that the June 30, 2018 plan liabilities and annual costs are higher than the prior valuation, primarily due to increased plan participation (i.e., retirees electing coverage) for CalPERS and RSA participants. As the past year's higher elections caused an increase in liabilities, the assumption was also increased to reflect this recent experience, resulting in an increase in liabilities exceeding $15 million. Beyond the higher participation impact, July 1, 2018 unfunded AAL and costs are still slightly higher than expected based on a projection from the prior valuation, as a net result of the following factors: 1) census experience was different than assumed, resulting in an actuarial loss, 2) updated premiums were lower than assumed, resulting in a reduction in liabilities, 3) mortality assumptions were updated to reflect the revised mortality table developed in the 2017 CalPERS Experience Study, with generational future improvement scale MP-2018, resulting in an increase in liabilities, 4) other demographic assumptions were updated to reflect the new assumptions developed in the 2017 CalPERS Experience Study, resulting in a small increase in liabilities, 5) the liabilities, by their nature, grow each year as all participants get closer to receiving benefits and active participants accrue additional benefits, and 6) investment return on assets was slightly lower than expected, resulting in an asset loss. According to the Health Benefits Valuation, as of June 30, 2018, the County's OPEB funded ratio was 57.8%.

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

In June 2015, GASB released Statement No. 75, which affects accounting for other post-employment benefit plans. Among other goals, GASB Statement No. 75 seeks to improve accounting and financial reporting by state and local governments for OPEB. The County adopted GASB Statement No. 75 in its audited financial statements for the fiscal year ended June 30, 2018. The changes include moving unfunded liabilities from the footnotes to the balance sheet, the potential for more volatile periodic expense and a change in the discount rate basis.

Riverside University Health System - Medical Center

Riverside University Health System—Medical Center ("RUHS") is an approximately 520,000 square foot tertiary care and Level II trauma facility, licensed for 439 beds. There are 362 licensed beds in the main acute-care hospital and 77 licensed beds in a separate psychiatric facility. RUHS is serviced by nearly 3,500 healthcare professionals and support staff, and provides training to 1,000 medical residents and students and 2,500 nursing students annually. RUHS has 12 operating rooms including one with a da Vinci Xi surgical robot, a helipad located directly adjacent to the trauma center, and digital radiology services, including magnetic resonance imaging (MRI) and computerized tomography (CT), and all single-bed rooms, and provides support to numerous hospital-based clinics. There are also adult, pediatric and neonatal intensive care units, a birthing center and complete pulmonary services, including hyperbaric oxygen treatments, and one of only ten emergency psychiatric hospitals in the State.

The County has the legal responsibility to provide health care to all individuals, regardless of their ability to pay or insurance status, and provides these services by operating RUHS. RUHS provides services to patients covered by various reimbursement programs, principally Medi-Cal and Medicare, and some commercial insurance, while also providing services to the uninsured.

In response to several years of declining profitability and losses, in 2013, the County's Board of Supervisors retained Huron Consulting Group ("Huron") to provide consulting services designed to improve efficiencies and increase revenue at RUHS. The engagement is complete and suggested changes were implemented. Toward the end of the Huron engagement, the County completed restructuring efforts at RUHS through permanent hiring of a new executive team. The new leadership team developed and deployed a strategy to lock in recent fiscal improvement, improve operational efficiency and prepare for anticipated challenges. In each of the years following the completion of Huron's engagement, RUHS experienced net operating surpluses before pension adjustments ($54.7 million, $35.9 million, $9.3 million and $11.4 million in Fiscal Years 2014-15, 2015-16, 2016-17 and 2017-18, respectively). As reported in the Third Quarter Budget Report, RUHS Medical Center is on target and projects to end Fiscal Year 2018-19 with an approximate net operating income of $3.0 million, which is dependent on the State's new Quality Incentive Program revenue (although earned, may not be received until after the end of Fiscal Year 2018-19). Also as previously reported in the Third Quarter Budget Report, the RUHS Federally Qualified Health Center projects to end Fiscal Year 2018-19 with an approximate net operating loss of $16.0 million, due to decade-old reimbursement rates (which are reset under limited circumstances) and rising labor, pension and operating costs that threaten financial viability.

The original Huron engagement cost $26 million and was paid for with proceeds of a temporary transfer from the County's Waste Management Enterprise Fund. RUHS is required to repay the remaining balance due on the original $26 million cost, with interest calculated at the County's pool investment fund rate, in five annual installments which are to be paid over the five year period beginning June 2023 and ending in June 2027, reflecting a deferment for cash flow purposes of the original payment schedule that began in 2016 and ended in 2022. If RUHS is unable to repay this loan, any unpaid amounts will be transferred to the County's Waste Management Enterprise Fund from unencumbered amounts in the County's General Fund. Prior to the deferment period, RUHS made scheduled payments on the loan in the amount of $3,693,711 in both Fiscal Years 2015-16 and 2016-17.

RUHS relies on a significant amount of governmental Medicaid waiver revenue including, Disproportionate Share Hospitals (DSH) funding, Delivery System Reform Incentive Payments (DSRIP) and Realignment. In December 2015, several changes were adopted with respect to the Medicaid waiver to shift the focus of care away from hospital-based and inpatient care and instead towards outpatient, primary, and preventive care. RUHS organized to ensure a pay-for-performance transformation that accomplishes the goal of continuing support, maximizing federal funds and improving the system of care for the County. Fiscal Year 2017-18 represented the second year of operations that the renewed focus was implemented, and while efforts to date have been positive and are expected to yield revenues in excess of budget by 10% for the current fiscal year, the County cannot predict the long-term impact of the funding changes.

In Fiscal Year 2017-18, RUHS commenced construction for new medical official buildings to provide a full array of primary care and comprehensive ancillary services. The medical office buildings are schedule to open in the April 2020. RUHS is partnering with a private developer to lease the buildings over twenty-five years with an estimated annual lease payment of $13.3 million. It is expected that, at the end of the lease, ownership of the buildings will transfer to RUHS. Additional expenses for equipping and furnishing the medical office building are estimated at $40 million, of which $10 million is expected to be donated. The remaining cost was financed with a lease line of credit with Banc of America Public Capital Corporation. The County expects construction of the medical office buildings to be complete in fall 2019. The County expects to contribute approximately $7 million in Fiscal Year 2019-20 from the General Fund to RUHS to pay for debt service related to the medical office buildings.

For Fiscal Year 2018-19, consistent with its past practice, the County contributed approximately $10 million to RUHS from its tobacco settlement revenue receipts and $5 million in redevelopment pass through funds to pay for operating expenses and debt service on the main RUHS facility. Additionally, the County committed $5.9 million of General Fund moneys in Fiscal Year 2018-19 toward capital investment at RUHS and to partially compensate RUHS for the cost of providing care to beneficiaries enrolled in the County's medical insurance program, inpatient mental health services and hospital-based medical care for inmates.

Insurance

The County is self-insured for short-term disability, unemployment insurance, general liability, medical malpractice and workers' compensation claims. General liability claims are self-insured to $3.5 million for each occurrence with a $2 million corridor and the balance (to $25 million for each occurrence) is insured through CSAC Excess Insurance Authority ("CSAC EIA"), a joint powers authority and insurance risk sharing pool consisting of 55 counties in the State, as well as other non-county public entities. Medical malpractice is self-insured for the first $1.1 million for each claim with a $1.5 million limit on a claims-made basis in excess of the County's self-insured retention, followed by a $20 million limit on an occurrence basis through CSAC EIA, for a total limit of $21.5 million in excess of the County's self-insured retention. Workers' compensation claims are self-insured to $2 million for each occurrence and the balance of statutory limits (unlimited) is insured through CSAC EIA. Long-term disability income claims are fully insured by an independent carrier.

The CSA EIA property insurance program provides insurance coverage for all-risk subject to a $50,000 per occurrence deductible; flood coverage is subject to a $100,000 per occurrence deductible within a 100-year flood zone and a $50,000 deductible outside of a 100-year flood zone. In order to diversify risk, property exposure amongst all members within the program are categorized into eight "Towers" based on geography and building type. The County participates in four of the eight Towers, each of which provides $100 million in all-risk limits (including earthquake and flood limits). A $300 million excess all risk rooftop layer sits above the Towers, providing a total of $600 million in all-risk limits for Towers I-VIII. With respect to earthquake coverage, each of the four Towers in which the County participates has a sub-limit of $100 million, with a $365 million excess rooftop layer shared by all of the Towers that is triggered by the depletion of the initial limit for one or more of the Towers in a policy year. The County has $765 million in shared earthquake coverage that covers scheduled locations and buildings equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract. Earthquake coverage is subject to a deductible equal to 5% of total value per unit per occurrence, subject to a $100,000 minimum. Boiler and Machinery provides up to $100 million in limits, subject to a $5,000 deductible per event. Property insurance limits in each Tower are shared with other counties within that Tower on a per event basis. If a catastrophic event occurs and losses exceed the limits, the County would be responsible for such amounts.

Litigation

No litigation is pending, or, to the best knowledge of the County, threatened, concerning the validity of the Bonds or the Resolution, or contesting the County's ability to appropriate or make the repayment of the Note, or materially impacting Pledged Revenues, and an opinion of the Office of County Counsel to that effect will be furnished to the Underwriters at the time of the execution and delivery of the Note. Although the County may, from time to time, be involved in legal or administrative proceedings arising in the ordinary course of its affairs, it is the opinion of the County that any currently-pending or known threatened proceedings will not materially affect the County's finances or impair its ability to meet its obligations.

The County is currently involved in litigation brought by the Agua Caliente Band of Cahuilla Indians ("Agua Caliente") in federal court requesting a declaration that the County's assessment, levy, and collection of a possessory interest tax on non-tribal members on tribal and U.S. trust lands violates federal law. For Fiscal Year 2017-18, the total possessory interest tax for Agua Caliente's non-tribal member leases is estimated to be approximately $33,200,000, of which $3,770,000 is allocable to the County. Assuming the portion of the total possessory interest tax allocable to the County in Fiscal Year 2018-19 is similar to Fiscal Year 2017-18, the County's share of possessory interest tax collection from Agua Caliente lessees in Fiscal Year 2018-19 is estimated to be approximately $3,900,000. Should Agua Caliente be successful, the County would be prohibited from assessing, levying, and collecting the possessory interest tax in the future. In addition, taxpayers could have the right to seek a refund of possessory interest taxes paid for the previous four years with interest. The County estimates that its total liability for such refunds would be approximately $16 million, plus accrued interest. The County denied the allegations of the complaint and defended the action. Finding that the County's imposition of the possessory interest tax was lawful, the U.S. District Court entered judgment in favor of the County on

June 15, 2017. Agua Caliente filed an appeal to the 9th Circuit Court of Appeal. Recently, the 9th Circuit Court of Appeal upheld the U.S. District Court's ruling in favor of the County. In a 3-0 decision, the 9th Circuit Court ruled that the possessory interest tax remains lawful citing to its previous rulings in Agua Caliente v. County of Riverside and Fort Mojave Tribe v. County of San Bernardino. All appeals periods have lapsed and the judgment in favor of the County is final.

Approximately 410 taxpayers have filed two different lawsuits in Superior Court seeking refunds for such possessory interest taxes paid. The total amount of the claims is approximately $10,895,104, of which the County's share is approximately $1,961,119 plus interest and attorney's fees. The named Plaintiff, Heidi Herpel, also sought to certify a class for a class-action litigation seeking refund of approximately $31,000,000 annually in possessory interest taxes for the past four years. The first case, *Heidi Herpel, et al. v. County of Riverside*, proceeded to trial where the County prevailed. The *Herpel* plaintiffs have filed an appeal with the 4th District Court of Appeal in California. The parties have fully briefed the case and expect that oral arguments will be scheduled in the fall of 2019. Regardless of the outcome, the County anticipates that the matter will be appealed to the California Supreme Court. The County anticipates that this matter will not be fully resolved until late summer of 2020.

The second case, *Leonard Albrecht et al. v. County of Riverside*, proceeded to trial in October 2018 where the County also prevailed. The County anticipates that the *Albrecht* plaintiffs will also file an appeal to the 4th District Court of Appeal. The County expects that the earliest date the Court of Appeal will hear this case is in the summer of 2020.

APPENDIX B

THE COUNTY OF RIVERSIDE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

PAUL ANGULO, CPA, MA

COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY THE OFFICE OF:

PAUL ANGULO, CPA, MA

COUNTY AUDITOR-CONTROLLER

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COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2018

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INTRODUCTORY SECTION

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COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER
County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802

Paul Angulo, CPA, MA
Auditor-Controller

December 19, 2018

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, 2018, is hereby submitted in accordance with the provisions 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 one discretely presented component unit. 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.

Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the County of Riverside's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

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 325,860, Moreno Valley 207,629, Corona 168,574, Murrieta 113,541, and Temecula 113,181. 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, 2018, was reported as 2,415,955, an increase of 1.4 percent as compared to the revised estimate for January 1, 2017. Approximately 16.0 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 DeLuz, Gavilan Hills, Good Hope, Lake Hills, Lake Mathews, LaCresta, Mead Valley, Meadowbrook, Spring Hills, Temescal Valley, Tenaja, Warm Springs, 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, Eagle Mountain, 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 Banning Bench, Cabazon, Cherry Valley, Desert Hills, Desert Hot Springs, El Nido area, Juniper Flats, Lake Perris, Lakeview, Lakeview Mountains, Mission Lakes, Mission Springs, Morongo Badlands, Nuevo, Painted Hills, Quail Lake, Reche Canyon, San Jacinto Wildlife Reserve, San Timoteo Canyon, Snow Creek, The Sovereign Nation of the Morongo Band of Mission Indians, Twin Pines, West Garnet, Whitewater and Windy Point.

Source: Riverside County GIS

The County has over 22,000 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:

Certificates, Licenses and Permits	**Human Services**
Birth, marriage, and death certificates; animal licensing; and building permits.	Assistance for families, custody issues, and veterans' services.
Children's Services	**Libraries and Museums**
Child Support Services, Mentor programs, Children Medical Services, CalWORKS, Child Health and Disability Prevention.	Edward Dean Museum and Riverside County Law Library.
Criminal Justice	**Parks and Recreation**
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 Club.
Education	**Pets and Animal Services**
Office of Education.	Animal control, animal shelters, animal license inspection, animal rescue, report animal-control violations, and dog license fee.
Emergency Services	**Property Information**
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.

Environment	**Public and Official Records**
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.
Flood Control	**Roads and Highways**
Flood Control and water conservation.	Road maintenance, land development, engineering services, and survey.
Health	**Taxes**
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

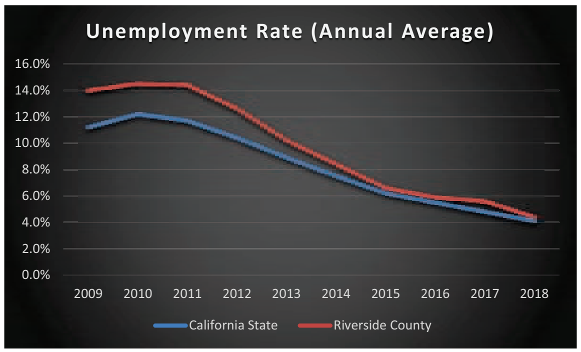
The Governor's Budget Revision was issued in May 2018. The May Revision projects Fiscal Year 2018-19 general fund revenues and transfers of approximately $133.5 billion, total expenditures of approximately $137.6 billion and a year-end fund balance of approximately $4.4 billion, of which $1.2 billion would be reserved for liquidation of encumbrances and approximately $3.2 billion would be deposited in a reserve fund for economic uncertainties.

The May Revision includes a projected balance of $13.8 billion in the Budget Stabilization Account/Rainy Day Fund by the end of Fiscal Year 2018-19. The May Revision assumes continued expansion of the economy and a balanced budget throughout the forecast period. However, the May Revision provides that the State must continue to plan and save for future budgets and avoid making substantial new ongoing obligations. The May Revision assumes the federal tax law changes will provide a temporary boost to the national economy and provide fiscal gains to many Americans, however, such gains come at a long-term cost because it will take economic growth from future years and increase income inequality. The May Revision reflects the receipt of $8.0 billion in higher revenues through Fiscal Year 2018-19 as compared to the Proposed Fiscal Year 2018-19 Budget. Of such amount, the May Revision proposes nearly $4 billion in one-time General Fund spending, focused on infrastructure ($2 billion), homelessness ($359 million) and mental health ($312 million). The May Revision proposes higher Medi-Cal spending of $20.3 general fund ($97.3

billion total funds) in Fiscal Year 2017-18 and $22.9 billion general fund ($103.9 billion total funds) in Fiscal Year 2018-19 as compared to the 2018-19 Proposed Budget Act.

The State has outpaced the nation and many other states in terms of economic growth, job gains, and improvements in its unemployment rate, fueled by strength in many of its key industries. With California hitting its lowest unemployment rate since 1976, wage gains in the state have accelerated in recent years. Average weekly wages in California increased by 4.3% in 2017, the largest increase in the last 10 years. With limited increases in the labor force expected this year, workers are almost guaranteed to see wages rise again.

Steady job growth and limited increases in the labor force will keep the unemployment rate low and push up wages for nearly all workers. With these gains in financial and economic well-being, households in California will fuel growth in their local economies by buying homes, appliances, and cars, and causing expansion in local-serving industries such as retail stores, restaurants, and personnel services.



The annual unemployment rates for the State of California and Riverside County display a continued downward trend improving gradually since its highest peak in 2010. During fiscal year 2017-18, the State's average unemployment rate decreased from 4.8% to 4.1% and the County's unemployment rate decreased from 5.6% to 4.4%.

Source: Employment Development Department, Labor Market Information Division, Preliminary October 2018

Local Economy

Beacon Economics' current forecast for Riverside County represents a positive outlook that the economy is trending in the right direction, and nothing on the immediate horizon signals a reversal of that trend. Corporate tax cuts should boost investment spending on the part of Riverside County businesses. Meanwhile, personal tax cuts will leave households with more disposable income, some of which will be spent in the local economy. Both of these will speed GDP growth in the near term and boost local economic activity.

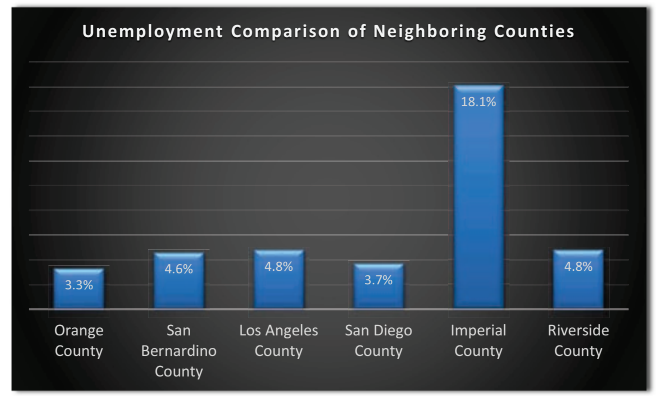
Riverside County remains a seller's market as demand for housing continues to outstrip supply. Home prices are appreciating at above average rates and market inventories remain slim. Despite a limited inventory of homes, the County's real estate market remained on track during the 2016-17 fiscal year. Countywide home sales for 2016-17 were 5.8% higher than in 2015-16, close to the 6.0% increase in home sales that occurred during the prior fiscal year.

Riverside County revenues that are driven primarily by consumer and business spending have been notably weak in recent years, but this is more closely related to transitory developments rather than a change in the broader trend of economic growth in the region. Lower fuel prices have been part of the problem, but as energy prices continue to

stabilize, that effect will subside. The outlook for the regional economy is strong, and spending growth is expected to continue in line with historical averages.

Beacon Economics' expects a moderate positive impact on overall consumer spending as a result of the change in the federal tax law. The long-term impact of the tax legislation is difficult to predict because it depends on how the economy responds to the business cycle. In short term, the reduction in business taxes could provide a windfall to investment, which would support increased nominal spending by local businesses, although much of that is predicated on the degree of optimism that translates to investors.

The regional labor market is in good health, despite a general slowdown in job growth. The slowing in employment has occurred across the U.S. and California, as well as in the County, and is tied to the fact that the national, state, and local economies have reached full employment over the last two years. The County's residential real estate market has been characterized by lean inventories, which have kept upward pressure on prices and restricted sales. Fuel prices have stabilized and are trending higher, which coupled with the new federal tax law, should support growth in taxable sales in the near-term future.



Source: Employment Development Department, Labor Market Division, June 2018

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 promote 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 Review 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, 2017. This was the thirtieth 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, 2017. This was the twelfth 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,

Paul Angulo

PAUL ANGULO, CPA, MA
RIVERSIDE COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE

List of Principal Officials
As of June 30, 2018

ELECTED OFFICIALS

Board of Supervisors

KEVIN JEFFRIES
First District

JOHN F. TAVAGLIONE
Second District

CHUCK WASHINGTON
Third District

V. MANUEL PEREZ
Fourth District

MARION ASHLEY
Fifth District

COUNTYWIDE ELECTED OFFICIALS

MICHAEL HESTRIN
District Attorney

STANLEY SNIFF
Sheriff
Coroner
Public Administrator

PAUL ANGULO
Auditor
Controller

PETER ALDANA
Assessor
Clerk
Recorder

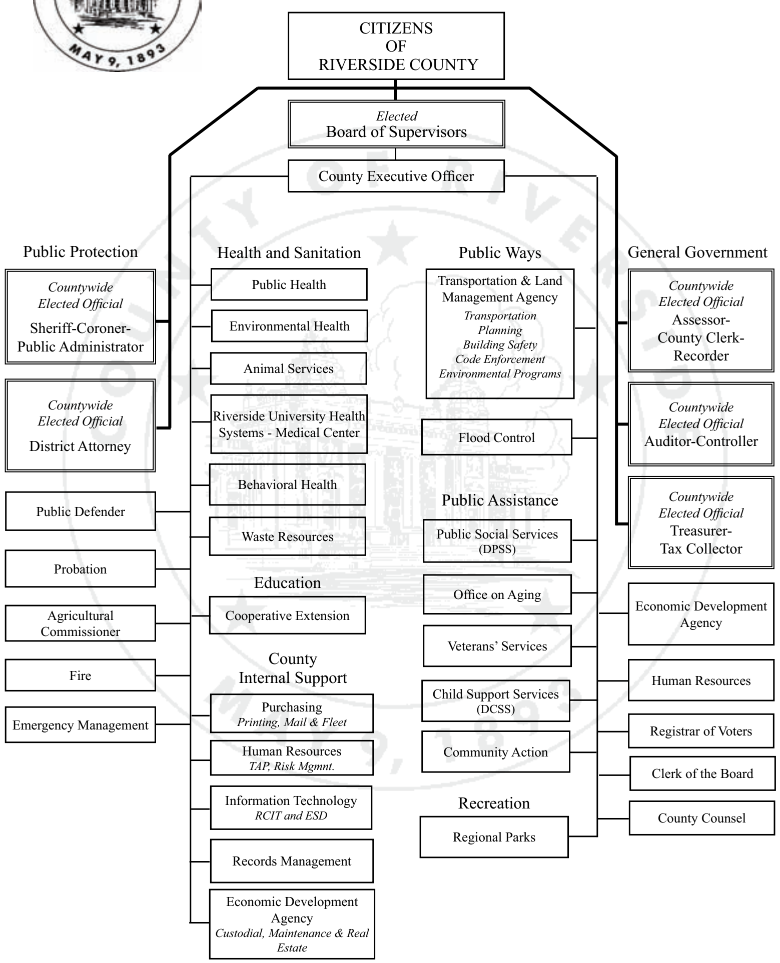
JON CHRISTENSEN
Treasurer
Tax Collector

APPOINTED OFFICIALS

GEORGE JOHNSON
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, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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TEL 559.476.3592

LAGUNA HILLS OFFICE
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SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE
1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

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, 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, 2018, 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	21%	12%
Aggregate Remaining Fund Information	2%	0%
Discretely Presented Component Unit	100%	100%

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, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, 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 Matter

Implementation of New Accounting Standards

As disclosed in Note 1 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* during the year ending June 30, 2018. Our opinion is not modified with respect to this 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 3-24; the County's Retirement Plans schedules relating to net pension liabilities, changes in net pension liabilities, and pension contributions on pages 133-141; and the County's net and total other post-employment benefit (OPEB) liabilities, changes in net and total OPEB liabilities, and schedules of plan contributions on pages 142-145 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 19, 2018, 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, 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
December 19, 2018

Brown Armstrong
Accountancy Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S

DISCUSSION AND ANALYSIS

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

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, 2018. 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

- At the close of fiscal year 2017-18, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $2.29 billion (*net position*). The net position included $3.72 billion of net investment in capital assets, $858.0 million of restricted resources for the County's ongoing obligations related to programs with external restrictions, and $2.29 billion deficit of unrestricted resources.

- As of June 30, 2018, the County's governmental funds reported combined fund balances of $1.08 billion, a decrease of $16.1 million in comparison with the prior year. Approximately 21.6% of this amount ($234.5 million) is available for spending at the County's discretion *(unassigned fund balance).*

- At the end of the fiscal year, unrestricted fund balance (the total of the *committed, assigned,* and *unassigned* components of *fund balance*) for the general fund was $270.2 million, or approximately 9.2% of total general fund expenditures.

- The significant change in capital assets net of accumulated depreciation resulted from the acquisition of land and easements in addition to major increases in structures and improvements.

- During fiscal year 2017-18, $47.0 million in lease revenue bonds, 2017 Series A, were issued for refunding the outstanding Riverside Community Properties Development, Inc. Lease Revenue Bonds. Also, $22.2 million in lease revenue refunding bonds, 2017 Series B and Series C were issued. The Series B bonds were issued for the purpose of refunding all of the outstanding Southwest Communities Financing Authority 2008 Lease Revenue Bonds Series A. The Series C bonds were issued for financing the acquisition and construction of certain capital improvements. $27.4 million in capital leases were issued for financing the costs associated with equipment and vehicles.

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, and deferred inflows/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 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 three nonmajor funds. The major enterprise funds are the Riverside University Health Systems-Medical Center (RUHS-MC), 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 Children and Families Commission (the Commission), a legally separate component unit whose governing body is appointed by and serves at the will of the County, is 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
- Housing Authority of the County of Riverside (Housing Authority)
- In-Home Supportive Services Public Authority
- Riverside County Flood Control and Water Conservation District (Flood Control)
- Riverside County Infrastructure Financing Authority (IFA)
- Riverside County Regional Park and Open-Space District
- Riverside County Public Financing Authority (PFA)
- 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 Governmental Accounting Standards Board (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.

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 reconciliations to the 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 financial 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, Infrastructure Financing Authority, Inland Empire Tobacco Securitization Authority, Public Financing Authority, Public Safety Enterprise Communication, 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 RUHS-MC, Waste Resources, Housing Authority, County Service Areas, Flood Control and Riverside University Health System – Community Health Centers (RUHS-CHC). RUHS-MC, 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, as amended. Financial information for the remaining enterprise funds (nonmajor funds) is combined into a single, aggregated presentation. Individual fund statements for County Service Areas, Flood Control and RUHS-CHC 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, human resources, 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.

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 49-131 of this report.

Required Supplementary Information provides changes in net pension liability and related ratios, employer contributions to the pension plan, changes in net other postemployment benefits (OPEB) liability and related ratios, employer contributions to the OPEB plan, changes in total OPEB liability and related ratios. Required supplementary information can be found on pages 133-145 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 147-196 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, 2018, in comparison to the prior fiscal year 2016-17. 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. Total assets and deferred outflows of resources, as indicated below, exceeded liabilities and deferred inflows of resources by $2.29 billion, representing a decrease of $310.3 million ($267.8 million changes in net position and a restatement of $42.5 million, see Note 3), or 11.9%. A more detailed statement can be found on page 25 in the government-wide financial statements.

STATEMENT OF NET POSITION
June 30, 2018 and 2017
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percentage Change
Assets:								
Current and other assets	$ 2,278,347	$ 2,249,916	$ 473,888	$ 494,439	$ 2,752,235	$ 2,744,355	$ 7,880	0.3%
Capital assets	4,835,105	4,719,183	330,659	309,970	5,165,764	5,029,153	136,611	2.7%
Total assets	7,113,452	6,969,099	804,547	804,409	7,917,999	7,773,508	144,491	1.9%
Deferred outflows of resources:	1,347,941	971,638	214,273	136,399	1,562,214	1,108,037	454,177	41.0%
Total deferred outflows of resources	1,347,941	971,638	214,273	136,399	1,562,214	1,108,037	454,177	41.0%
Liabilities:								
Current liabilities	759,858	734,034	230,374	211,601	990,232	945,635	44,597	4.7%
Long-term liabilities	4,953,026	4,315,097	794,475	656,977	5,747,501	4,972,074	775,427	15.6%
Total liabilities	5,712,884	5,049,131	1,024,849	868,578	6,737,733	5,917,709	820,024	13.9%
Deferred inflows of resources:	390,581	315,055	61,988	48,576	452,569	363,631	88,938	24.5%
Total deferred inflows of resources	390,581	315,055	61,988	48,576	452,569	363,631	88,938	24.5%
Net position:								
Net investment in capital assets	3,505,380	3,355,072	218,159	202,150	3,723,539	3,557,222	166,317	4.7%
Restricted	799,830	911,249	58,136	47,468	857,966	958,717	(100,751)	-10.5%
Unrestricted	(1,947,282)	(1,689,770)	(344,312)	(225,964)	(2,291,594)	(1,915,734)	(375,860)	19.6%
Total net position	$ 2,357,928	$ 2,576,551	$ (68,017)	$ 23,654	$ 2,289,911	$ 2,600,205	$ (310,294)	-11.9%

Analysis of Net Position

Below are the three components of net position and their respective balances as of June 30, 2018:

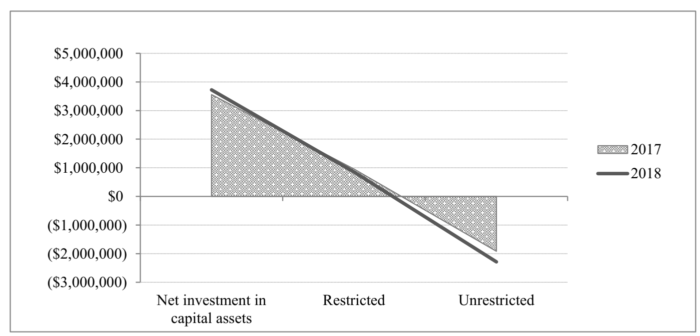
The largest portion of the County's net position reflects its net investment in capital assets of $3.72 billion, an increase of $166.3 million, or 4.7% from prior fiscal year. This component consists of capital assets such as land and easements, structures and improvements, infrastructure, and equipment, 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 net investment in 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 liquidated for these liabilities.

The restricted net position is $858.0 million, a decrease of $100.8 million, or 10.5% from prior fiscal year, and represents resources that are subject to external restrictions on how they may be used. External restrictions include those imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The unrestricted net position is negative $2.29 billion, a decrease of $375.9 million, or 19.6% from prior year. The negative unrestricted net position resulted from GASB Statement No. 68 related to pensions and its requirement to record a net pension liability on the government-wide financial statements as pension costs increased in the current year. An additional cause for the negative unrestricted net position was the prior period adjustment for changes in accounting principle as required by GASB Statement No. 75 and its costs as it relates to other postemployment benefits costs.

The decrease in the overall net position of governmental and business-type activities was attributed to additional pension costs as a result of a lower discount rate which was reduced by 50 basis points and higher than expected salaries expenditures. The annual contribution to retirement plans for fiscal year 2017-18 was $279.9 million, an increase of $3.1 million, or 1.1%, from fiscal year 2016-17. Additional costs were incurred as the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, took effect in the current fiscal year. There were also increased expenditures in public protection of $140.6 million, an increase of $52.1 million in health and sanitation services, and an increase in public assistance services of $43.1 million. The operating expenses in business-type activities were significantly higher than the prior fiscal year. The increases were mostly noted in RUHS-MC by $53.8 million and it is mostly related to personnel salary cost increases. The other major increase in expenses, and therefore decreasing the net position of the business-type activities, was in RUHS-CHC as it ended the current fiscal year with a negative net position of $18.0 million.

Statement of Net Position
June 30, 2018 and 2017
(In thousands)



The following table provides information from the Statement of Activities of the County as of June 30, 2018 as compared to the prior year:

CHANGES IN NET POSITION
For the fiscal years ended June 30, 2018 and 2017
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percentage Change
Revenues:								
Program revenues:								
Charges for services	$ 716,973	$ 766,589	$ 787,775	$ 716,911	$ 1,504,748	$ 1,483,500	$ 21,248	1.4%
Operating grants and contributions	1,951,911	1,912,480	-	-	1,951,911	1,912,480	39,431	2.1%
Capital grants and contributions	77,352	49,088	87	552	77,439	49,640	27,799	56.0%
General revenues:								
Property taxes	387,305	367,937	-	-	387,305	367,937	19,368	5.3%
Sales and use taxes	27,557	27,881	-	-	27,557	27,881	(324)	-1.2%
Unrestricted intergovernmental revenue	262,745	258,999	-	-	262,745	258,999	3,746	1.4%
Investment earnings	26,613	12,918	3,228	2,182	29,841	15,100	14,741	97.6%
Other	257,358	185,141	-	-	257,358	185,141	72,217	39.0%
Total revenues	3,707,814	3,581,033	791,090	719,645	4,498,904	4,300,678	198,226	4.6%
Expenses:								
General government	275,973	277,276	-	-	275,973	277,276	(1,303)	-0.5%
Public protection	1,606,348	1,465,762	-	-	1,606,348	1,465,762	140,586	9.6%
Public ways and facilities	215,360	199,023	-	-	215,360	199,023	16,337	8.2%
Health and sanitation	611,960	559,906	-	-	611,960	559,906	52,054	9.3%
Public assistance	1,067,151	1,024,047	-	-	1,067,151	1,024,047	43,104	4.2%
Education	23,560	24,603	-	-	23,560	24,603	(1,043)	-4.2%
Recreation and cultural services	17,345	17,980	-	-	17,345	17,980	(635)	-3.5%
Interest on long-term debt	63,685	69,874	-	-	63,685	69,874	(6,189)	-8.9%
Riverside University Health Systems - Medical Center	-	-	636,169	582,419	636,169	582,419	53,750	9.2%
Waste Resources	-	-	88,964	87,115	88,964	87,115	1,849	2.1%
Housing Authority	-	-	98,591	91,783	98,591	91,783	6,808	7.4%
County Service Areas	-	-	243	370	243	370	(127)	-34.3%
Flood Control	-	-	5,183	3,903	5,183	3,903	1,280	32.8%
Riverside University Health Systems - Community Health Centers	-	-	56,247	-	56,247	-	56,247	0.0%
Total expenses	3,881,382	3,638,471	885,397	765,590	4,766,779	4,404,061	362,718	8.2%
Excess (deficiency) before transfers	(173,568)	(57,438)	(94,307)	(45,945)	(267,875)	(103,383)	(164,492)	159.1%
Transfer in (out)	(15,036)	(19,916)	15,036	19,916	-	-	-	0.0%
Change in net position, before extraordinary items	(188,604)	(77,354)	(79,271)	(26,029)	(267,875)	(103,383)	(164,492)	159.1%
Extraordinary items	-	-	78	1,152	78	1,152	(1,074)	-93.2%
Change in net position	(188,604)	(77,354)	(79,193)	(24,877)	(267,797)	(102,231)	(165,566)	162.0%
Net position, beginning of year, as restated	2,546,532	2,653,905	11,176	48,531	2,557,708	2,702,436	(144,728)	-5.4%
Net position, end of year	$ 2,357,928	$ 2,576,551	$ (68,017)	$ 23,654	$ 2,289,911	$ 2,600,205	$ (310,294)	-11.9%

Analysis of Changes in Net Position

The following are specific major factors that resulted in the net position changes in governmental activities between fiscal years 2017-18 and 2016-17 as shown in the table on page 9.

Revenues for governmental activities

Total revenues for governmental activities were $3.71 billion, an increase of $126.8 million, or 3.5% from the previous year. This increase consisted of increases in program revenues of $18.1 million and general revenues of $108.7 million. The largest share of program revenues were operating grants and contributions which accounted for 71.1%. Operating grants and contributions are monies received from parties outside the County and are generally restricted to one or more specific programs such as State and Federal revenue for public assistance and health and sanitation. 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. General revenues are used to support program activities countywide. Example of general revenues include property tax, sales and use tax as well as other County levied tax, investment income, rents and concessions, contributions and donation, and sales of surplus property.

The increase in program revenues was primarily comprised of the following:

- Charges for services decreased by $49.6 million, or 6.5%. A significant decrease was due to the exclusion of the revenues previously recorded related to the RUHS-CHC which has been reclassified for reporting purposes to an enterprise fund, a business-type fund. The other main reason for the decrease is due to a decrease in the transportation uniform mitigation fees as large road projects were completed.
- Operating grants and contributions increased by $39.4 million, or 2.1%. A $19.2 million increase was noted on several public assistance programs including adoption assistance and CalWorks, and increases in federal block grants and realignment funding. There was a $17.6 million increase in Mental Health Service Act to continue providing services that are provided through the Behavior Health department. Also, an $11.1 million increase was due to additional service levels for the detention health and behavioral healthcare service provided in the County jails.
- Capital grants and contributions increased by $28.3 million, or 57.6%. The increase relates to capital grant funding mainly related to the East County Detention Center which is partially funded through Assembly Bill (AB) 900 funding.

The increase in general revenues was largely attributable to:

- Property tax revenues increased by $19.4 million, or 5.3%. The increase is due to the growth of assessed property valuations, increases in changes of ownership of real estate, and rising values in all sectors of the commercial real estate market and residential. Additionally, the new construction of industrial buildings from e-commerce and lower vacancy rates in commercial properties lead to higher tax levies.
- Investment earnings increased by $13.7 million, or 106.0%. The increase was due to the Federal Reserve increasing rates and higher investment returns on pooled investment as the economy continues to expand.
- Other revenue increased by $72.2 million, or 39.0%. Approximately $5.0 million was collected from the sales proceeds of the Pedley Transportation Yard. A $1.6 million increase in the first apportionment during the fiscal year related to redevelopment pass through funds. Other increases were noted in contractual revenue, judgements, sale of surplus property, tobacco tax settlement and additional special district revenue.

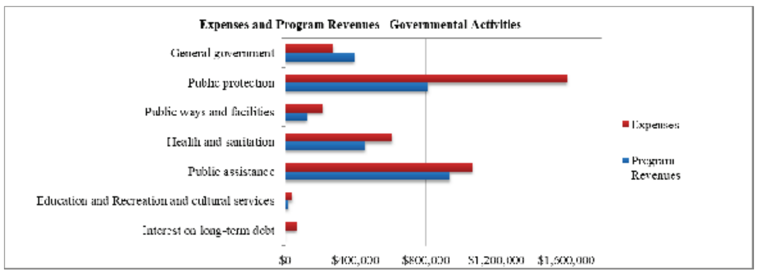
Expenses for governmental activities

Total expenses for governmental activities were $3.88 billion for the current fiscal year, an increase of $242.9 million, or 6.7% ($249.1 million increase in functional expenses and $6.2 million decrease in interest expense), as compared to prior fiscal year. The following are the key components accounting for the variances:

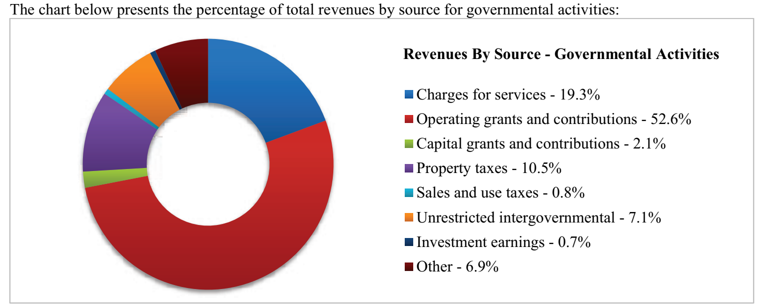
- The expenses in public protection increased by $140.6 million, or 9.6%. The California Department of Forestry and Fire Protection (CalFire) Cooperative Agreement for the retroactive labor cost of living increases were approved by CalFire in June 2017 and therefore affecting the current fiscal year. The probation department incurred additional expenditures due to the implementation of Senate Bill (SB) 190 and Proposition 63, new state legislation that became effect on January 1, 2018. Additionally, there has been an increase of overtime costs to meet state-mandated staffing levels as the department's vacancy rate increases. Expenses also increase because the new flood control and drainage infrastructure projects within certain zone areas began in fiscal year 2017-18.

- The increase in public ways and facilities of $16.3 million, or 8.2%, was mainly caused by the completion of road improvement projects including extension and resurfacing due to recent development in the communities.
- The expenses in health and sanitation increased by $52.1 million, or 9.3%, due to the increased salaries, benefits and program costs associated with the expansion of correctional health services and detention health services. Additionally, increased costs were incurred for meeting the increased demand for behavioral health treatment services in the juvenile hall facilities and acute psychiatric inpatient beds, and Children's Outpatient Medicaid for additional clients served. Also, expenses increased related to programs to treat substance abuse. Expenses also increase as the recently approved Drug Medi-Cal Organized Delivery System Waiver continues to be implemented.
- The increase in public assistance of $43.1 million, or 4.2%, was due mainly to increases in the In-Home Support Services (IHSS) provided. Additionally, the State Coordinated Care Initiative (CCI) was discontinued and the related IHSS Maintenance of Effort (MOE) share of cost was terminated. Increases in expenditures related to adoption services funded via foster care were incurred as there were extended placements for foster youth not approved for emancipation and increases in foster care rates. Increases in expenditures were also incurred in Medi-Cal services that were provided during the fiscal year.
- The $6.1 million decrease in interest on long-term debt is due to the Tax Revenue Anticipation Notes (TRANS) notes that carried a lower interest rate and several bonds that were refunded at a lower interest rate.

The following chart displays expenses and the associated program revenues by function for the governmental activities for the fiscal year ended June 30, 2018 (In thousands):



The chart below presents the percentage of total revenues by source for governmental activities:



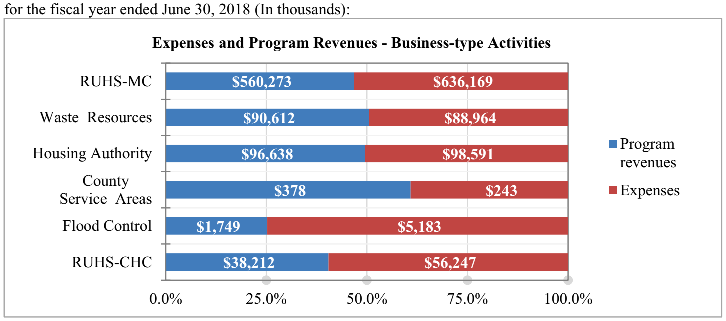
Business-type Activities

The County has three major business-type activity funds: RUHS-MC, Waste Resources, and Housing Authority. In addition, Flood Control, County Service Areas and RUHS-CHC 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.

<u>Revenues</u>: For the current year, $787.8 million, or 99.6%, 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, $560.3 million, was received by RUHS-MC as compared to $544.1 million for the prior fiscal year. The increase was mainly attributed to higher patient revenue from in-patients and out-patients visits and therefore increases in insurance contracts revenues and other collection sources, as well as increased state compensation for care of patients with Medi-Cal insurance.

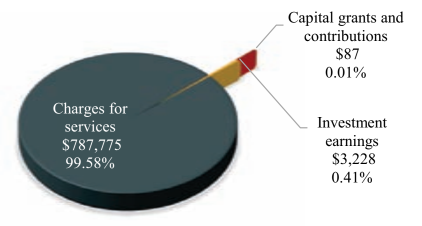
<u>Expenses</u>: Total expenses for business-type activities were $885.4 million for the fiscal year compared to $765.6 million for the prior fiscal year. This represents an increase of $119.8 million, or 15.6%. The majority of the increases in expenses was incurred by RUHS-MC with an increase of $53.8 million and RUHS-CHC with $56.2 million. The increase by RUHS-MC was mainly attributed to salaries and benefit increases and increases in insurance expenses. The increase related to RUHS-CHC is mainly due to this being the first year being presented as an enterprise fund. Previously, it was presented as a special revenue fund and therefore creates a significant variance; however, overall the operational costs increased from the increase of patient volume in the Federally Qualified Health Centers as the implementation of health care reform continued in fiscal year 2017-18.

The following chart displays expenses and the associated program revenues by function for the business-type activities for the fiscal year ended June 30, 2018 (In thousands):



The chart below presents the percentage of total revenues (In thousands) by source for business-type activities:

Revenues By Source - Business-type Activities



FINANCIAL ANALYSIS OF FUND STATEMENTS

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

Governmental Funds

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 projects funds, debt service funds, and the permanent fund.

As of June 30, 2018, the County's governmental funds reported combined fund balances of $1.08 billion, a decrease of $16.1 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 – $6.0 million, 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 – $762.8 million, amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – $36.9 million, 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 – $43.6 million, 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 – $234.5 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 $67.9 million, or 1.9%, from the prior fiscal year with $3.57 billion being recognized for the fiscal year ended June 30, 2018. Expenditures decreased by $98.8 million, or 2.7%, from the prior fiscal year with $3.59 billion being expended for governmental functions during fiscal year 2017-18. Overall, governmental fund balance decreased by $24.3 million, or 2.2%. In comparison, fiscal year 2016-17 had a decrease in governmental fund balance of $132.3 million, or 10.7%, over fiscal year 2015-16.

The general fund is the primary operating fund of the County. At the end of fiscal year 2017-18, the general fund's total fund balance was $369.6 million, as compared to $348.2 million in fiscal year 2016-17. 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 $3.5 million, and the spendable portion was $366.1 million. The current year unassigned fund balance is 8.0% of the total general fund expenditures of $2.94 billion, as compared to 7.4% of the prior year expenditures total of $2.94 billion. The total fund balance of the general fund for the current year is 12.6% of the total general fund expenditures as compared to 11.8% for the prior year.

The fund balance of the County's general fund increased by $21.4 million during the current fiscal year. The overall increase in net position was due to an increase in interest revenue, and decreases in services and supplies expenditures related to public assistance. Other factors contributing to the increase in fund balance were the result of operations as discussed in the general fund financial analysis on pages 15 and 16.

Transportation fund balance increased by $4.7 million, or 5.8%, due to significant decrease in expenditures related to contracts as the department did not have as many projects in the current year as it did last year.

Flood control fund balance increased by $10.7 million, or 4.7%, with approximately 76 percent of this increase being attributable to the addition of donated capital assets, i.e., infrastructure and land, net of investment related expenses.

Public facilities improvements capital projects fund balance increased from $160.7 million to $188.4 million, 17.2% or $27.7 million. The increase was caused by additional State aid received in the current year to continue financing the new detention center that is under construction in addition to the reimbursement for shared cost incurred.

Public financing authority fund balance decreased by $77.4 million, or 83.2%. The decrease was primarily due to the ongoing construction of the detention center, courtrooms, and parking structures that continued in the current fiscal year and which are financed with proceeds from the Series 2015 Bond issuance. The proceeds from the Series 2015 Bond issuance have been spent as the capital projects progressed.

Other Governmental Funds

The $11.4 million, or 5.7%, decrease in nonmajor governmental funds fund balance was essentially from the scheduled annual principal payments of outstanding debts in debt service funds.

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 RUHS-MC, Waste Resources, and Housing Authority are shown in separate columns of the fund statements due to materiality criteria as defined by GASB Statement No. 34, as amended.

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 $7.4 million, compared to $96.4 million from prior fiscal year; this represents a decrease of $89.0 million, or 92.3%. The funds accounting for the majority of the variance were RUHS-MC, Other, and Internal Service Funds. The total decrease in net position for RUHS-MC and Other were $47.3 million and $7.9 million, respectively. Factors concerning the finances of these two funds have been previously discussed in the business-type activities on page 8. The decrease of $39.8 million in the Internal Service Funds was mainly due to increase costs in personnel services and insurance claims in the Risk Management Fund.

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 years ended June 30, 2018 and 2017
(In thousands)

Revenues by Sources	2018 Amount	Percent of Total	2017 Amount	Percent of Total	Increase / (Decrease) Amount	Percentage of Change
Taxes	$ 303,836	9.8%	$ 292,674	9.6%	$ 11,162	3.8%
Intergovernmental revenues	2,036,517	65.8%	1,974,075	64.5%	62,442	3.2%
Charges for services	481,245	15.5%	460,539	15.1%	20,706	4.5%
Other revenue	158,219	5.1%	153,728	5.0%	4,491	2.9%
Other financing sources	115,465	3.7%	177,803	5.8%	(62,338)	-35.1%
Total	$ 3,095,282	100.0%	$ 3,058,819	100%	$ 36,463	1.2%

General fund revenues had an overall increase of $36.5 million, or 1.2%, from the prior year. The increase was due primarily to the changes in the following:

- The increase in *Taxes* during the current fiscal year was due to the increase on the assessment roll value for fiscal year 2017-18 with the main increase of approximately $11.2 million noted in the secured property taxes.
- The increase of $62.4 million in *Intergovernmental revenues* was primarily attributed to increases in state funding for such programs like adoption assistance, CalWorks, mental health services, and increases in AB118 revenue and realignment revenue.
- *Charges for services* increased by $20.7 million, or 4.5%, primarily due to increases in contract law enforcement services and increases in revenues related to fire protection services provided during the fiscal year.
- The decrease in *other financing sources* of approximately $62.3 million, or 35.1%, was primarily due to decreases related to transfers in by $4.5 million and a significant decrease in capital leases of $57.8 million.

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

General Fund - Expenditures by Function
For the fiscal years ended June 30, 2018 and 2017
(In thousands)

Expenditures by Function	2018 Amount	Percent of Total	2017 Amount	Percent of Total	Increase / (Decrease) Amount	Percentage of Change
General government	$ 130,989	4.3%	$ 133,217	4.3%	$ (2,228)	-1.7%
Public protection	1,328,734	43.2%	1,317,038	42.7%	11,696	0.9%
Health and sanitation	543,976	17.7%	494,771	16.1%	49,205	9.95%
Public assistance	916,191	29.8%	920,185	29.9%	(3,994)	-0.4%
Other expenditures	24,954	0.8%	77,844	2.5%	(52,890)	-67.9%
Other financing uses	129,087	4.2%	139,043	4.5%	(9,956)	-7.2%
Total	$ 3,073,931	100.0%	$ 3,082,098	100.0%	$ (8,167)	-0.3%

Total expenditures for the general fund were $3.07 billion, a decrease of $8.2 million, or 0.3%, from the prior year. Significant changes are as follows:

- The increase in *Public protection* of $11.7 million was mainly caused by increases of $1.1 million in technology device support, $1.2 million increase in legal services, $3.7 million increase in county support services, and a $1.8 million increase in administrative support. Also, there were increases of $2.1 million in maintenance tenant improvement and $3.0 million increase in insurance expenditures.
- The increase in *Health and sanitation* of $49.2 million was primarily attributed to increases in salaries of $7.8 million which also increase retirement expenditures by $2.2 million and flex benefits by $1.7 million. Also, there were increased expenditures in private care provider services of $38.9 million.
- The decrease in *Other expenditures* of $52.9 million was mainly due to decrease in capital outlay in the current year.
- The decrease in *Other financing sources* of $10.0 million was mainly due to reductions in contributions to other County funds for construction costs of capital projects and County program activities.

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 budget, and 2) the final 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 Budgets

Estimated Revenue Variances

The original adopted General Fund estimated revenue budget decreased by $82.2 million, or 2.5%, from $3.24 billion to the final revenue budget of $3.16 billion. The major estimated revenue variances are described as follows:

Federal: Increased by $17.6 million, or 2.8%, from $627.5 million to $645.1 million. The primary increase of $12.7 million was a result of contract increases for the efforts by Riverside University Health System- Behavioral Health (RUHS-BH) to operate a continuum of care system that consists of County-operated clinics and contracted service providers delivering a variety of Substance Abuse and Prevention Treatment (SAPT) services within each geographic region of Riverside County. SAPT services provided by RUHS-BH and Drug Medi-Cal (DMC) certified providers include Outpatient, Intensive Outpatient, Residential, Peri-natal Residential, Medication Assisted Treatment, Opioid Treatment, Withdrawal Management, Case Management, and Recovery Services. The program has increased the number of consumers receiving services by 34.0%. An increase of $1.5 million was also related to a RUHS- BH proposal to fund two contract-operated Full Services Partnership programs that would provide integrated mental health, substance abuse and primary care services. These services will utilize an evidenced-based intervention using a Trauma Informed approach. Diversion services were also included for veteran and homeless court defendants as well as those individuals serving post-conviction informal probationers who, due to their impaired functioning, are at risk for re-offending. Restorative justice activities and vocational services will also be provided along with comprehensive housing support. Finally, a $1.7 million grant was received from The California Office of Traffic Safety by the Sheriff's Department. Their mission is to effectively administer traffic safety grants to reduce traffic deaths, injuries and economic losses. The grant will fund two full-time positions within the Sheriff's Grants Unit and events will include: DUI checkpoints, DUI saturation patrols, patrols focusing on pedestrian safety, traffic enforcement, distracted driving, seat belt enforcement, and special enforcement operations encouraging motorcycle safety.

Charges for current services: Decreased by $72.8 million, or 12.7%, from $573.7 million to $500.9 million. The primary decrease of $83.2 million was mainly due to intergovernmental activities. This was offset by an increase of $5.9 million from the Sheriff's Department budget due to increases in law enforcement services to the cities. The Fire Department received $2.3 million from the Cal Fire Cooperation agreement for retroactive labor cost of living increases. The Treasurer-Tax Collector Office budget increased by $1.0 million for the quantum treasurer software license.

Other revenue: Decreased by $23.7 million, or 23.3%, from $101.6 million to $77.9 million. The primary decrease was due to intergovernmental activities of $25.8 million. An additional decrease of $4.2 million was process in the first quarter by the Executive Office to account for a lower premium and interest on Tax and Revenue Anticipation Note. This was offset by a $1.4 million increase by County Council to clean up and transfer outstanding settlement judgement balances to the General Fund.

Expenditure Appropriation Variances

The original adopted General Fund appropriation budget decreased by $90.4 million, or 2.7%, from $3.31 billion to the final appropriation budget of $3.22 billion. The major expenditure appropriation variances are described as follows:

General government: The original adopted appropriation budget for General government decreased by $39.7 million, or 17.3%, from $230.4 million to the final appropriation budget of $190.7 million. The major appropriation variances are described below.

- Services and supplies increased by $6.5 million, or 7.0%, from $92.9 million to $99.4 million. The Executive Office increased in professional services by $2.7 million for KPMG related projects. An increase of $1.6 million was due to increases from encumbrances by various departments related to budgeted goods or services that were not received in the prior fiscal year. There was a $744.0 thousand increase in the Executive Office Subfund Operations budget related to Board Policy B-32 which established a process for the deposit of proceeds from the disposition of real property. The unanticipated proceeds from the sale of real estate were used to offset the professional services costs associated with the acquisition of real property. Finally, the Treasurer-Tax Collector Office budget increased by $667.1 thousand due to the upgrade of the treasurer financial system.

- Other charges decreased by $32.3 million, or 38.7%, from $83.6 million to $51.3 million mainly due to intergovernmental activities relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

- Appropriation for contingencies decreased by $14.3 million, or 71.7%, from $20.0 million to $5.7 million. On behalf of the Emergency Management Department (EMD) the real estate division of the Economic Development Agency purchased property for $3.0 million for the Emergency Operations Center. The purchased property includes a 16,826 square foot office building situated on 3.8 acres of land in the City of Riverside. This facility will be used to establish a new Western County Emergency Operation Center (EOC). The new EOC would serve to provide coordinated coverage and management in emergency and catastrophic events. The building will also serve to house administrative functions of EMD and will be improved accordingly. An additional $2.7 million decrease was recorded to assist departments with the implementation of Board Approved KPMG projects. A $2.5 million decrease was related to the General Fund reimbursement of Countywide projects initiated by the Riverside County Information Technology Department, and a $2.2 million decrease was due to the decline of redevelopment property tax revenue. Finally, structural deficits were experienced by the District Attorney's Office in the amount of $1.8 million and the Law Office of the Public Defender by $1.5 million.

Public protection: The original adopted appropriation budget for Public protection increased by $16.1 million, or 1.2%, from $1.38 billion to the final appropriation budget of $1.40 billion. The major appropriation variances are described below.

- Other charges decreased by $13.9 million, or 27.8%, from $49.9 million to $36.0 million. The main decrease was due to $18.2 million in intergovernmental activities relating to operating transfers in and out within the same fund group. This was offset by $3.1 million increase from projects such as the Palm Springs expansion for $1.9 million and $1.0 million for Probation's Youth Treatment Center that were encumbered from the previous fiscal year because they have not been completed.

- Capital assets increased by $8.7 million, or 229.3%, from $3.8 million to $12.5 million. The Sheriff's Department increased their budget by $6.8 million for patrol and corrections equipment to include FLIR's intelligent traffic solutions which monitor traffic activities, collect traffic data and automatically detect incidents on highways and tunnels regardless of sun glare, darkness, headlights, shadows, snow, and fog with unfiltered best-in-class thermal technology. They also invested in mapping systems, quadcopters, forensics crime scene scanners, a SWAT trailer, and aviation night vision goggles. The Fire Department invested $1.3 million in fire trucks and other fire related equipment.

Health and sanitation: The original adopted appropriation budget for Health and sanitation increased by $17.7 million, or 2.9%, from $601.1 million to the final appropriation budget of $618.8 million. The major appropriation variances are described below.

- Services and supplies increased by $8.2 million, or 6.7%, from $124.3 million to $132.5 million. This was mainly due to Behavioral Health increasing their budget by $5.6 million due to the ratification of Community Corrections agreements for Proposition 47. Public Health also increased their budget by $2.6 million for professional services and special program expenses.

- Other charges increased by $17.7 million, or 8.9%, from $199.2 million to $216.9 million. The majority of the variance consisted of a $22.0 million increase from Behavioral Health continuum of care system that was discussed previously. The contract between the Department of Health Care Services (DHCS) and Behavioral Health for the Drug Medi-Cal Organized Delivery System (DMC-ODS) was amended increasing the contract maximum by $82.1 million of which $22.0 million was not in the current budget for fiscal year 17/18. The services provided by this contract are a component of Behavioral Health's system of care aimed at improving the health and safety of consumers and the community. An increase of $4.1 million is related to expenses incurred from Proposition 47 Integrated Care Behavioral Health Full Service Partnership programs. This was offset by a decrease in intergovernmental activities of $9.5 million.

Public assistance: The original adopted appropriation budget for Public assistance decreased by $24.0 million, or 2.4%, from $995.9 million to the final appropriation budget of $971.9 million. The major appropriation variances are described below.

- Other Charges decreased by $24.2 million, or 4.6%, from $522.2 million to $498.0 million. Of that amount, there was a decrease of $17.1 million from the Department of Public Social Services' ability to offset the new In-Home Supportive Services mandated costs with additional state revenue sources. In addition, there were also decreases in intergovernmental activities by the amount of $8.0 million.

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Debt services: The original adopted appropriation budget for Debt services decreased by $60.5 million, or 60.7%, from $99.6 million to the final appropriation budget of $39.1 million. The major appropriation variances are described below.

- Principal on long-term debt decreased by $31.6 million, or 69.9%, from $45.2 million to $13.6 million primarily due to intergovernmental activities.
- Interest on long-term debt decreased by $28.9 million, or 53.4%, from $54.1 million to $25.2 million primarily due to intergovernmental activities.

Variance between General Fund Actual Revenues and Expenditures and Final Budget

During the year, the General Fund had a positive budget variance of approximately $91.6 million resulting from unexpended appropriations of $272.2 million, or 8.5%, and overestimated revenue of $180.6 million, or 5.7%. The following contributed to the variance:

Revenue Variances

General Fund actual revenues of $2.98 billion were 5.7%, or $180.6 million, less than the final revenue budget of $3.16 billion. The major revenue variances are described as follows:

Fine, forfeitures, and penalties: Actual revenues of $64.5 million were $4.7 million, or 8.0%, more than the final budget of $59.8 million. The Sheriff's Department received additional booking fee recovery revenue of $2.7 million while the District Attorney's office increased by $1.6 million in revenue from the consumer fraud and environment crimes units.

Interest: Actual revenues of $16.7 million were $5.3 million, or 46.4%, more than the final budget of $11.4 million. The primary variance of $3.3 million was due to the Treasurer-Tax Collector Office optimizing the investment selections and strategies which resulted in additional interest earnings. An additional $1.5 million was from the Behavior Health-Mental Health Services Act investment fund.

Rents and concessions: Actual revenues of $13.6 million were $17.9 million, or 56.9%, less than the final budget of $31.5 million. The variance is the result of amounts being transferred from the General Fund to the CORAL Debt service fund.

Federal: Actual revenues of $596.9 million were $48.1 million, or 7.5%, less than the final budget of $645.0 million. There was a $22.5 million decrease from the Department of Public Social Services public assistance revenue that is realized through a claim process. Variances tend to occur throughout the year as there may be increases or decreases in claimable expenditures. The Department of Public Social Services also experienced a $4.8 million decrease due to a decline in CalWORKs and Foster Care caseloads. There were a number of decreases due to fluctuations of expenditures related to grant revenues. These include Behavioral Health for $11.0 million, Public Health for $3.3 million, Probation Department for $2.6 million, Department of Child Support Services for $1.9 million, Fire Department for $1.4 million, and Emergency Management Department for $1.2 million.

State: Actual revenues of $1.33 billion were $76.7 million, or 5.5%, less than the final budget of $1.41 billion. This category is closely aligned with federal revenues whereas decreases in federal funding also translates to decreases in state funding. Behavioral Health, Department of Public Social Services and Probation Department saw the greatest decreases and they were mostly due to Assembly Bill 118 that established the Community Corrections Grant Program for the purpose of funding various changes to the criminal justice system.

Charges for services: Actual revenues of $481.2 million were $19.7 million, or 3.9%, less than the final budget of $500.9 million. A majority of the variance is due to decreases of $92.8 million in intergovernmental activities. This was offset by additional increases in the amount of $9.0 million in Sheriff's contract city law enforcement revenue

and increases of $73.9 million in Fire Protection contract cities. Fire increases included retroactive cost of labor increases from the Cal Fire Cooperative agreement that were approved in June 2017.

Other revenue: Actual revenues of $44.3 million were $33.6 million, or 43.2%, less than the final budget of $77.9 million. The majority of this variance is related to operating transfers in and out of pension activities.

Expenditure Variances

General Fund actual expenditures of $2.94 billion were $272.2 million, or 8.5%, less than the final appropriation budget of $3.22 billion. The major appropriation variances are described as follows:

General government: Actual expenditures were $131.0 million, or 31.3%, less than the final budget of $190.7 million.

- Salaries and employee benefits decreased by $10.2 million, or 9.6%. The County imposed a hiring freeze thus savings were achieved during this time. The Assessor's Office decreased by $2.3 million as they scrutinized vacancies during natural attrition, the Economic Development Agency (EDA) had 11 vacant project manager positions that amounted to $2.4 million in savings, the Human Resources Director retired leading to a temporary savings combined with unfilled vacancies of $1.7 million and the Auditor-Controller Office experienced vacancies that also lead to decreases in salaries and benefits in the amount of $1.2 million.
- Services and supplies decreased by $6.2 million, or 6.3%. Economic Development Agency (EDA) had decreases in costs associated with utilities, more specifically in the water and heating fuel costs that were $1.2 million less than budgeted. EDA also evaluated projects and realized a $1.4 million savings. The balance of the decrease was a combination of conservative spending decisions by departments Countywide.
- Other charges decreased by $43.4 million, or 84.7%, mainly due to decreases in contributions to other funds as directed by the Executive Office and intergovernmental activities.
- Capital assets decreased by $1.3 million, or 92.4%, due to a grant support project that was delayed from the Assessor's Office.
- Intrafund transfers decreased by $7.2 million, or 9.8%, mainly due to a decrease of $4.3 million by the EDA Energy Division having a decrease in utilities cost and in project reimbursement costs.
- Appropriations for contingencies were $5.7 million, or 100.0%, less than budgeted. This budget is established to assist General Fund departments with unforeseen shortfalls but the transactions are recorded under the actual General Fund department.

Public protection: Actual expenditures were $1.33 billion, or 4.8%, less than the final budget of $1.40 billion.

- Salaries and employee benefits were $30.0 million, or 3.3%, less than the final budget. Because of an impasse of negotiations with the Riverside Sheriff's Association, there were salary savings of $10.8 million. The Probation Department had savings of $10.0 million as a result of over 23 unfilled positions. Due to the County imposed hiring freeze, the following departments had salary savings of $2.1 million by the County Clerk-Recorder, $1.9 million by the District Attorney, $1.1 million by the Fire Department and $1.0 million by the Public Defender.
- Services and supplies were $23.7 million, or 5.2%, less than the final budget. The Fire Department had decreases of $12.4 million in professional services and weed abatement charges. The Probation Department had decreases of $2.2 million due to more conservative spending throughout the year. Sheriff's Department had decreases of $3.3 million mainly from Internal Service fund charges.
- Other charges were $1.6 million, or 4.4%, less than the final budget mainly due to decreases of intergovernmental activities.
- Capital assets were $7.3 million, or 58.4%, less than the final budget due to postponed projects by the Sheriff's Department and the Fire Department.
- Intrafund transfers were $3.8 million, or 33.6%, more than the final budget mainly due to the $2.9 million Countywide consolidation of all emergency related costs centralized within the Emergency Management Department. Sheriff's Department also had a $1.2 million increase due to the award of the Juvenile Justice

Crime Prevention Act which was created by the Crime Prevention Act of 2000 to provide a stable funding source for local juvenile justice programs aimed at curbing crime and delinquency among at-risk youth.

Health and sanitation: Actual expenditures were $544.0 million, or 12.1%, less than the final budget of $618.8 million.

- Salaries and employee benefits were $46.1 million, or 14.0%, less than the final budget mainly due to hiring freezes. Behavioral Health had a salary savings of $38.2 million. Public Health had $5.5 million in savings, and Environmental Health Department had $1.7 million in salary savings.
- Services and supplies were $8.1 million, or 6.1%, less than the final budget due to increases of $3.0 million in RCIT device access and of $2.6 million in maintenance and building improvements offset by decreases of $3.5 million in administrative support – direct, $2.0 million in professional services, $1.9 million in consultants, $1.8 million in computer equipment, $1.7 million in medical and dental supplies, $1.4 million in IT Core services and finally $1.1 million in telephone services.
- Other charges were $17.3 million, or 8.0%, less than the final budget mostly due to intergovernmental activities in the amount of $11.4 million as well as decreases of $7.4 million from Behavioral Health as they continue the process of fully implementing the Drug Medi-Cal Waiver program.
- Capital assets were $8.7 million, or 92.2%, less than the final budget mainly due to Behavior Health department's capital project for Augmented Board and Care facility construction that will begin in fiscal year 2019.
- Intrafund transfers were $5.3 million, or 7.7%, less than the final budget mainly due to a decrease in Behavior Health of $2.8 million and in Riverside University Health System of $2.4 million. For Behavior Health, there was a decrease of $4.0 million related to the allocation of administration costs to other Behavioral Health organizations which was offset by an increase of $1.2 million in interfund expenses which are expenditure driven.

Public assistance: Actual expenditures were $916.2 million, or 5.7%, less than the final budget of $971.9 million.

- Salaries and employee benefits actual expenditures of $327.9 million were $14.7 million, or 4.3%, less than the final budget of $342.6 million. This is primarily due to a decrease of $14.6 million in the Department of Public Social Services salaries due to their average of full time employees (FTEs) being lower than budgeted because of the Countywide hiring freeze.
- Services and supplies were $22.8 million, or 17.3%, less than the final budget of $131.6 million primarily due to the Department of Public Social Services. As they continue to fully implement new programs, they experience lower expenses for maintenance projects in their Blythe, Cottonwood and Mission Grove Buildings, and a decrease of contracted services. Also, they have been more fiscally prudent with overall departmental spending.
- Other charges were $18.1 million, or 3.6%, less than the final budget of $497.9 million mainly due to $16.8 million decreases in client services and foster care caseload, and the remaining variance was due to intergovernmental activities.

Debt services: Actual expenditures were $17.4 million, or 55.6%, less than the final budget of $39.1 million primarily due to amounts being transferred from the General Fund to the CORAL debt service fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the County's capital assets for both its governmental and business-type activities amounted to $5.17 billion (net of accumulated depreciation). The capital assets include infrastructure, land & easements, land improvements, structures and improvements, equipment, construction in progress, and concession arrangements. 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 approximately 2.7%, or $136.6 million, from $5.03 billion in fiscal year 2016-17 to $5.17 billion in fiscal year 2017-18.

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

- Infrastructure increased approximately $0.5 million as a result of the completed projects related to various channels, storm drains, roads and traffic signals.
- Land easements increased approximately $20.3 million as a result of the following acquisitions: the Economic Development Agency incurred additional costs of $7.6 million for the site preparation and demolition for the construction of East County Detention Center Jail and acquired approximately 5.5 acres of land for Gateway Office Building for $6.3 million. The Flood Control District realized an increase in land valuation of $5.8 million. Parcels and permanent easements conveyed by Grant Deed make up the bulk of the additions to land.
- Land improvements did not incur any additions for the current fiscal year. The overall decrease of approximately $1.0 million was attributed in depreciation for the current fiscal year.
- Structures and improvements increased approximately $131.2 million as a result of the completion of major projects. The major projects completed were as follows: approximately $58.3 million in costs for the Chevron Solar Project, $31.7 million for the remodel of Public Defender/Probation Building, $31.1 million for the new Alan M. Crogan Youth Treatment and Education Center and $10.0 million for the improvement of the Desert Hot Springs Behavioral Health and Nutrition Services Center.
- Equipment decreased approximately $13.4 million due to the retirement of computer related equipment and vehicles from various departments such as Information Technology, Fleet Services, Waste Management, Fire, Transportation and Sheriff department.
- During the current fiscal year, construction in progress experienced additions in the amount of $194.5 million related to existing and new projects. The major increases were noted as follows: the Economic Development Agency incurred $81.6 million in costs for existing projects such as the construction of the East County Detention Center, the remodel of Public Defender and the laundry expansion for the Larry D. Smith Correctional Facility; the Transportation and Land Management Agency incurred an additional $68.4 million for projects related to roads, bridges, sidewalks and signal lights; the Riverside University Health Systems – Medical Center incurred an additional $14.7 million in costs for existing projects such as the Emergency Room Expansion, the Cardiac Catheterization Lab and the Data Archive; the Flood Control District incurred $11.9 million for storm drains and channels; Waste Management incurred an additional cost of $4.9 million for projects such as the Corona Southeast Drainage Channel Improvement, Badlands & Lamb Canyon landfills drainage improvements and gas collection system expansion; the Crest project incurred an additional $3.7 million towards the new integrated property management system; the Park District incurred an additional $3.7 million for projects related to District Headquarters Building E and to the trails located in Santa River and Salt Creek; and Purchasing Services incurred additional costs of $2.1 million for the new RivcoPRO software program. During the current year, approximately $195.5 million of completed projects were transferred out of construction in progress to other capital asset classifications which resulted in an overall decrease in construction in progress of approximately $1.0 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		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percentage Change
Infrastructure	$1,986,825	$1,982,715	$ 46,189	$ 49,778	$2,033,014	$2,032,493	$ 521	0.0%
Land and easements	581,920	561,581	21,359	21,359	603,279	582,940	20,339	3.5%
Land improvements	81	82	6,680	7,693	6,761	7,775	(1,014)	-13.0%
Structures and improvements	1,318,084	1,193,632	132,046	125,329	1,450,130	1,318,961	131,169	9.9%
Equipment	209,981	224,369	61,623	60,636	271,604	285,005	(13,401)	-4.7%
Construction in porgress	738,214	756,804	53,932	36,345	792,146	793,149	(1,003)	-0.1%
Concession	-	-	8,830	8,830	8,830	8,830	-	0.0%
Total outstanding	$4,835,105	$4,719,183	$330,659	$309,970	$5,165,764	$5,029,153	$ 136,611	2.7%

Additional information on the County's capital assets can be found in Note 8 on pages 76-78 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 $522.0 thousand as of June 30, 2018. The calculated legal debt limit for the County is $3.34 billion.

The following are credit ratings maintained by the County:

	Moody's Investors Services, Inc.	Standard & Poor's Corp.	Fitch
Tax and Revenue Anticipation Notes (TRANS)	Not Rated	SP-1+	F1+
Teeter Notes	MIGl	Not Rated	F1+
Long-Term General Obligations	Aa3	AA	AA-
Certificates of Participation	A1	AA-	A+
Pension Obligation Bonds	A2	AA	A+
Lease Revenue Bonds	A1	AA-	A+

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, 2018.

COUNTY'S OUTSTANDING DEBT OBLIGATIONS
(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	Percentage Change
Loan payable	$ 1,600	$ 2,205	$ -	$ -	$ 1,600	$ 2,205	$ (605)	-27.4%
Bonds payable	1,232,233	1,206,942	77,773	92,371	1,310,006	1,299,313	10,693	0.8%
Certificates of participation	78,128	94,467	-	-	78,128	94,467	(16,339)	-17.3%
Capital leases	116,842	180,290	21,521	8,423	138,363	188,713	(50,350)	-26.7%
Total outstanding	$ 1,428,803	$ 1,483,904	$ 99,294	$ 100,794	$ 1,528,097	$ 1,584,698	$ (56,601)	-3.6%

The County of Riverside's total debt decreased by 3.6% or $56.6 million during the current fiscal year. The decrease was primarily due to a substantial decrease in the finance of capital leases for equipment and the regularly scheduled principal reductions on the existing outstanding debt. Additional information on the County's long-term debt can be found in Note 14 on pages 86-95 of this report.

ECONOMIC FACTORS AND THE FISCAL YEAR 2018-19 BUDGET OUTLOOK

Beacon Economics' forecasts for long-term growth in Riverside County continues to be in an upward direction. The residential and nonresidential property markets continue to be positive while unemployment rates are at its lowest. The County's revenues forecast most closely associated with the local real estate market continue to exhibit positive growth, which increase the assessed property value County wide. Property tax, property transfer tax and unincorporated taxable sales are forecast to show growth through fiscal year 2019. As such, the current forecast is still calling for positive growth for real estate-driven revenues as home price growth and construction activity will continue to support growth in the near term despite the lower than expected home sales volume. The sales tax receipts for the upcoming fiscal year are projected to have a moderate positive impact on the spending by consumers as attributed to changes in the federal tax law.

The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2018-19.

Source	Final Budget Estimate (In millions)
Taxes	$ 370,100
Other taxes	61,532
Licenses, permits, franchise taxes	6,895
Fines, forfeitures, penalties	19,200
Use of money and property	18,008
State	260,419
Federal	3,410
Miscellaneous	41,485
Total	$ 781,049

The County's employee retirement benefit contribution rate for fiscal year 2017-18 for miscellaneous members is 16.9% and the safety contribution rate is 28.2%. The employer rate for both plans is subject to changes in future years, as it continues to reflect changes in investment returns and the County's growth rate, among other factors. Fiscal year 2018-19 rates are projected at 18.9% (Miscellaneous) and 31.6% (Safety). Additional information regarding the County's retirement plans is included in Notes 20 and 21 of the financial statements and schedules of changes in net pension liability and related ratios and contributions, which 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 - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326 Phone: (951) 955-3800; Fax: (951) 955-3802; website: www.auditorcontroller.org/ReportsPublications.

BASIC FINANCIAL STATEMENTS- GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF RIVERSIDE
Statement of Net Position
June 30, 2018
(Dollars in Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
ASSETS:				
Cash and investments (Note 4)	$ 1,098,424	$ 151,197	$ 1,249,621	$ 38,162
Receivables, net (Notes 1 and 6)	467,029	215,101	682,130	5,226
Internal balances (Note 7)	163,560	(163,560)	-	-
Inventories	6,386	8,258	14,644	3
Prepaid items and deposits	5,871	5,789	11,660	9
Restricted cash and investments (Notes 4 and 5)	513,050	123,636	636,686	-
Other noncurrent receivables (Note 6)	23,805	-	23,805	-
Loans receivable (Note 6)	-	95,368	95,368	-
OPEB asset, net (Note 22)	222	-	222	-
Land held for resale	-	38,099	38,099	-
Capital assets (Note 8):				
Nondepreciable assets	1,320,134	84,121	1,404,255	373
Depreciable assets, net	3,514,971	246,538	3,761,509	1,698
Total assets	7,113,452	804,547	7,917,999	45,471
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	1,347,941	214,273	1,562,214	2,649
LIABILITIES:				
Current liabilities:				
Cash overdrawn (Note 4)	-	15,595	15,595	-
Accounts payable	127,114	30,658	157,772	4,968
Salaries and benefits payable	118,826	25,509	144,335	234
Due to other governments	78,185	144,739	222,924	193
Interest payable	10,198	293	10,491	-
Deposits payable	1,021	185	1,206	-
Advances from grantors and third parties (Note 12)	325,726	-	325,726	-
Notes payable (Note 13)	80,403	-	80,403	-
Other liabilities	1,540	13,395	14,935	-
Interest rate swap (Notes 14 and 15)	16,845	-	16,845	-
Long-term liabilities (Note 14):				
Due within one year	385,502	41,683	427,185	115
Due beyond one year	4,567,524	752,792	5,320,316	5,326
Total liabilities	5,712,884	1,024,849	6,737,733	10,836
DEFERRED INFLOWS OF RESOURCES (Note 15)	390,581	61,988	452,569	80
NET POSITION:				
Net investment in capital assets	3,505,380	218,159	3,723,539	2,071
Restricted for:				
Children's programs	-	-	-	35,133
Endowment care - nonexpendable	701	-	701	-
Community development	173,457	-	173,457	-
Debt service	156,386	32,001	188,387	-
Health and sanitation	24,698	10,971	35,669	-
Public protection	77,242	-	77,242	-
Public ways and facilities	359,332	-	359,332	-
Other programs	8,014	15,164	23,178	-
Unrestricted	(1,947,282)	(344,312)	(2,291,594)	-
Total net position	$ 2,357,928	$ (68,017)	$ 2,289,911	$ 37,204

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, 2018
(Dollars in Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Children and Families Commission
FUNCTION/PROGRAM ACTIVITIES:								
Primary government:								
Governmental activities:								
General government	$ 275,973	$ 192,894	$ 155,405	$ 45,987	$ 118,313	$ -	$ 118,313	
Public protection	1,606,348	434,301	381,036	-	(791,011)	-	(791,011)	
Public ways and facilities	215,360	41,998	50,175	31,365	(91,822)	-	(91,822)	
Health and sanitation	611,960	36,855	417,648	-	(157,457)	-	(157,457)	
Public assistance	1,067,151	1,507	936,363	-	(129,281)	-	(129,281)	
Education	23,560	528	9,395	-	(13,637)	-	(13,637)	
Recreation and cultural services	17,345	8,890	1,889	-	(6,566)	-	(6,566)	
Interest on long-term debt	63,685	-	-	-	(63,685)	-	(63,685)	
Total governmental activities	3,881,382	716,973	1,951,911	77,352	(1,135,146)	-	(1,135,146)	
Business-type activities:								
Riverside University Health Systems - Medical Center	636,169	560,187	-	86	-	(75,896)	(75,896)	
Waste Resources Department	88,964	90,612	-	-	-	1,648	1,648	
Housing Authority	98,591	96,638	-	-	-	(1,953)	(1,953)	
Flood Control	5,183	1,749	-	-	-	(3,434)	(3,434)	
Riverside University Health Systems - Community Health Centers	56,247	38,211	-	1	-	(18,035)	(18,035)	
County Service Areas	243	378	-	-	-	135	135	
Total business-type activities	885,397	787,775	-	87	-	(97,535)	(97,535)	
Total primary government	$ 4,766,779	$ 1,504,748	$ 1,951,911	$ 77,439	(1,135,146)	(97,535)	(1,232,681)	
Component unit:								
Children and Families Commission	$ 23,599	$ -	$ 19,973	$ -				$ (3,626)
Total component unit	$ 23,599	$ -	$ 19,973	$ -				$ (3,626)
General revenues:								
Taxes:								
Property taxes					387,305	-	387,305	-
Sales and use taxes					27,557	-	27,557	-
Other taxes					18,634	-	18,634	-
Unrestricted intergovernmental revenue					262,745	-	262,745	-
Investment earnings					26,613	3,228	29,841	427
Other					238,724	-	238,724	91
Transfers					(15,036)	15,036	-	-
Total general revenues and transfers					946,542	18,264	964,806	518
Changes in net position before extraordinary item					(188,604)	(79,271)	(267,875)	(3,108)
Extraordinary item								
Extraordinary item					-	78	78	-
Changes in net position					(188,604)	(79,193)	(267,797)	(3,108)
NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)					2,546,532	11,176	2,557,708	40,312
NET POSITION, END OF YEAR					$ 2,357,928	$ (68,017)	$ 2,289,911	$ 37,204

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

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BASIC FINANCIAL STATEMENTS-
FUND FINANCIAL STATEMENTS

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COUNTY OF RIVERSIDE
Balance Sheet
Governmental Funds
June 30, 2018
(Dollars in Thousands)

	General	Transportation	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:								
Assets:								
Cash and investments (Note 4)	$ 123,884	$ 131,555	$ 240,363	$ -	$ 202,220	$ -	$ 125,354	$ 823,376
Accounts receivable (Notes 1 and 6)	12,484	134	835	-	-	-	2,750	16,203
Interest receivable (Note 6)	6,560	333	827	74	558	78	333	8,763
Taxes receivable (Note 6)	9,025	14	975	47,014	-	-	1,276	58,304
Due from other governments (Note 6)	380,479	6,165	615	-	-	-	10,612	397,871
Due from other funds (Note 7)	11,242	-	-	35	920	-	1,093	13,290
Inventories	2,360	1,217	-	-	-	-	-	3,577
Prepaid items and deposits	781	2,578	-	-	-	-	1,969	5,328
Restricted cash and investments (Notes 4 and 5)	395,407	-	1,769	39,588	-	17,469	58,817	513,050
Advances to other funds (Note 7)	4,869	-	-	-	-	-	-	4,869
Total assets	947,091	141,996	245,384	86,711	203,698	17,547	202,204	1,844,631
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 947,091	$ 141,996	$ 245,384	$ 86,711	$ 203,698	$ 17,547	$ 202,204	$ 1,844,631
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:								
Liabilities:								
Accounts payable	$ 38,969	$ 35,996	$ 4,586	$ -	$ 11,417	$ 1,441	$ 6,979	$ 99,388
Salaries and benefits payable	103,293	3,223	1,356	-	-	-	3,269	111,141
Due to other governments	76,507	3	1,555	-	8	-	35	78,108
Due to other funds (Note 7)	1,551	212	331	6,308	-	435	491	9,328
Interest payable	-	-	-	-	-	-	2	2
Deposits payable	35	501	-	-	-	-	485	1,021
Advances from grantors and third parties (Note 12)	305,318	16,532	500	-	896	-	2,480	325,726
Teeter notes payable (Note 13)	-	-	-	80,403	-	-	-	80,403
Advances from other funds (Note 7)	-	-	-	-	3,000	-	-	3,000
Total liabilities	525,673	56,467	8,328	86,711	15,321	1,876	13,741	708,117
Deferred inflows of resources (Note 15)	51,836	-	975	-	-	-	4	52,815
Fund balances (Note 16):								
Nonspendable	3,470	1,223	1	-	-	-	1,337	6,031
Restricted	95,881	65,359	236,080	-	183,777	15,671	165,986	762,754
Committed	23,290	3,828	-	-	3,375	-	6,360	36,853
Assigned	12,464	15,119	-	-	1,225	-	14,776	43,584
Unassigned	234,477	-	-	-	-	-	-	234,477
Total fund balances	369,582	85,529	236,081	-	188,377	15,671	188,459	1,083,699
Total liabilities, deferred inflows of resources, and fund balances	$ 947,091	$ 141,996	$ 245,384	$ 86,711	$ 203,698	$ 17,547	$ 202,204	$ 1,844,631

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

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COUNTY OF RIVERSIDE

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2018
(Dollars in Thousands)

Fund balances - total governmental funds (page 31)		$ 1,083,699
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.		4,760,969
Net other post employment benefits (OPEB) assets are not current financial resources and, therefore, are not reported in the governmental funds.		222
Deferred Outflows of Resources Related to OPEB and Pensions are not current financial resources and, therefore, are not reported in the governmental funds:		
Deferred Outflows of Resources Related to OPEB	$ 9,379	
Deferred Outflows of Resources Related to Pensions	1,250,393	1,259,772
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.		29,565
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	(1,232,234)	
Capital lease obligations	(78,792)	
Certificates of participation	(78,128)	
Loans payable	(1,600)	
Accrued interest payable	(10,195)	
Accreted interest payable	(187,965)	
Accrued remediation cost	(984)	
Compensated absences	(216,558)	
Net OPEB liability	(12,238)	
Net Pension liability	(2,687,427)	(4,506,121)
Deferred Outflows/Inflows of Resources Related to OPEB and Pensions are not current financial resources and, therefore, are not reported in the governmental funds:		
Deferred Inflows of Resources Related to OPEB	(765)	
Deferred Inflows of Resources Related to Pensions	(344,875)	(345,640)
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 governmental activities, the assets and liabilities of these funds are included as governmental activities in the statement of net position.		75,462
Net position of governmental activities (page 25)		$ 2,357,928

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, 2018
(Dollars in Thousands)

	General	Transportation	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds
REVENUES:								
Taxes	$ 303,836	$ 6,788	$ 56,043	$ -	$ -	$ -	$ 67,017	$ 433,684
Licenses, permits, and franchise fees	19,142	3,346	-	-	-	-	731	23,219
Fines, forfeitures, and penalties	64,525	28	-	-	-	-	1,280	65,833
Use of money and property:								
Investment earnings	16,727	874	2,170	94	1,391	997	2,196	24,449
Rents and concessions	13,552	-	163	-	358	-	11,245	25,318
Aid from other governmental agencies:								
Federal	596,949	15,035	-	-	-	-	63,126	675,110
State	1,328,912	58,131	603	-	45,987	-	7,545	1,441,178
Other	110,656	6,448	-	-	32,899	-	26,553	176,556
Charges for services	481,245	26,225	6,860	-	50,105	-	38,400	602,835
Other revenue	44,273	15,048	13,619	-	5,747	-	25,432	104,119
Total revenues	2,979,817	131,923	79,458	94	136,487	997	243,525	3,572,301
EXPENDITURES:								
Current:								
General government	130,989	-	-	-	71,718	-	39,239	241,946
Public protection	1,328,734	5,760	-	-	-	-	8,484	1,342,978
Public ways and facilities	-	133,706	65,926	-	385	-	17,834	217,851
Health and sanitation	543,976	-	-	-	-	-	1,809	545,785
Public assistance	916,191	-	-	-	-	-	61,442	977,633
Education	628	-	-	-	-	-	20,828	21,456
Recreation and cultural services	483	-	-	-	-	-	16,061	16,544
Debt service:								
Principal	7,838	524	-	-	-	-	62,057	70,419
Interest	9,189	22	-	1,766	65	-	52,253	63,295
Cost of issuance	330	-	-	251	-	-	850	1,431
Capital outlay	6,486	-	-	-	-	78,371	10,118	94,975
Total expenditures	2,944,844	140,012	65,926	2,017	72,168	78,371	290,975	3,594,313
Excess (deficiency) of revenues over (under) expenditures	34,973	(8,089)	13,532	(1,923)	64,319	(77,374)	(47,450)	(22,012)
OTHER FINANCING SOURCES (USES):								
Transfers in	108,979	16,607	-	2,005	9,211	-	132,586	269,388
Transfers out	(129,087)	(3,807)	(2,847)	(82)	(45,845)	-	(105,475)	(287,143)
Issuance of debt	-	-	-	-	-	-	10,610	10,610
Issuance of refunding bonds	-	-	-	-	-	-	58,565	58,565
Premium on long-term debt	-	-	-	-	-	-	4,096	4,096
Payment to escrow agent	-	-	-	-	-	-	(64,285)	(64,285)
Capital leases	6,486	-	-	-	-	-	-	6,486
Total other financing sources (uses)	(13,622)	12,800	(2,847)	1,923	(36,634)	-	36,097	(2,283)
NET CHANGE IN FUND BALANCES	21,351	4,711	10,685	-	27,685	(77,374)	(11,353)	(24,295)
Fund balances, beginning of year	348,231	80,818	225,396	-	160,692	93,045	191,597	1,099,779
Adjustments to beginning fund balances (Note 3)	-	-	-	-	-	-	8,215	8,215
Fund balances, beginning of year, as restated	348,231	80,818	225,396	-	160,692	93,045	199,812	1,107,994
FUND BALANCES, END OF YEAR	$ 369,582	$ 85,529	$ 236,081	$ -	$ 188,377	$ 15,671	$ 188,459	$ 1,083,699

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

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

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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, 2018
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 35)		$ (24,295)
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	$ 314,840	
Less loss on disposal of capital assets	(7,187)	
Less current year depreciation	(177,562)	130,091
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.		
Principal repayment	116,384	
Issuance of long-term debt	(79,757)	36,627
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.		(980)
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	407	
Change in accreted interest	(20,819)	
Change in long-term compensated absences	6,877	
Change in pollution remediation obligation	310	
OPEB expense	1,218	
Pension expense	(308,274)	(320,281)
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.		(9,766)
Change in net position of governmental activities (page 27)		$ (188,604)

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, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 303,039	$ 300,839	$ 303,836	$ 2,997
Licenses, permits, and fees	18,160	18,160	19,142	982
Fines, forfeitures, and penalties	59,403	59,753	64,525	4,772
Use of money and property:				
Investment earnings	11,429	11,429	16,727	5,298
Rents and concessions	31,466	31,466	13,552	(17,914)
Aid from other governmental agencies:				
Federal	627,535	645,091	596,949	(48,142)
State	1,407,089	1,405,632	1,328,912	(76,720)
Other	109,220	109,220	110,656	1,436
Charges for services	573,680	500,928	481,245	(19,683)
Other revenue	101,591	77,907	44,273	(33,634)
Total revenues	3,242,612	3,160,425	2,979,817	(180,608)
EXPENDITURES:				
Current:				
General government:				
Salaries and employee benefits	106,083	106,321	96,149	(10,172)
Services and supplies	92,943	99,422	93,182	(6,240)
Other charges	83,638	51,269	7,821	(43,448)
Capital assets	1,392	1,435	110	(1,325)
Intrafund transfers	(73,625)	(73,442)	(66,273)	7,169
Appropriation for contingencies	20,000	5,662	-	(5,662)
Total general government	230,431	190,667	130,989	(59,678)
Public protection:				
Salaries and employee benefits	889,197	903,695	873,688	(30,007)
Services and supplies	447,419	454,330	430,585	(23,745)
Other charges	49,900	36,042	34,446	(1,596)
Capital assets	3,802	12,519	5,211	(7,308)
Intrafund transfers	(11,236)	(11,374)	(15,196)	(3,822)
Total public protection	1,379,082	1,395,212	1,328,734	(66,478)
Health and sanitation:				
Salaries and employee benefits	335,546	328,490	282,402	(46,088)
Services and supplies	124,259	132,545	124,484	(8,061)
Other charges	199,178	216,917	199,593	(17,324)
Capital assets	8,863	9,381	727	(8,654)
Intrafund transfers	(66,705)	(68,528)	(63,230)	5,298
Total health and sanitation	601,141	618,805	543,976	(74,829)

COUNTY OF RIVERSIDE
Budgetary Comparison Statement
General Fund (Continued)
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Public assistance:				
Salaries and employee benefits	$ 342,562	$ 342,601	$ 327,852	$ (14,749)
Services and supplies	131,504	131,638	108,878	(22,760)
Other charges	522,199	497,986	479,890	(18,096)
Capital assets	160	160	(31)	(191)
Intrafund transfers	(464)	(464)	(398)	66
Total public assistance	995,961	971,921	916,191	(55,730)
Education:				
Salaries and employee benefits	338	333	293	(40)
Services and supplies	336	336	335	(1)
Total education	674	669	628	(41)
Recreation and cultural services:				
Salaries and employee benefits	124	139	134	(5)
Services and supplies	292	466	349	(117)
Other charges	63	20	-	(20)
Capital assets	1	1	-	(1)
Intrafund transfers	(1)	(1)	-	1
Total recreation and cultural services	479	625	483	(142)
Debt service:				
Principal	45,163	13,574	7,838	(5,736)
Interest	54,123	25,225	9,189	(16,036)
Cost of issuance	330	330	330	-
Total debt service	99,616	39,129	17,357	(21,772)
Capital outlay	-	-	6,486	6,486
Total expenditures	3,307,384	3,217,028	2,944,844	(272,184)
Excess (deficiency) of revenues over (under) expenditures	(64,772)	(56,603)	34,973	91,576
OTHER FINANCING SOURCES (USES):				
Transfers in	-	108,979	108,979	-
Transfers out	-	(129,087)	(129,087)	-
Capital leases	-	-	6,486	6,486
Total other financing sources (uses)	-	(20,108)	(13,622)	6,486
NET CHANGE IN FUND BALANCE	(64,772)	(76,711)	21,351	98,062
Fund balance, beginning of year, as restated	348,231	348,231	348,231	-
FUND BALANCE, END OF YEAR	$ 283,459	$ 271,520	$ 369,582	$ 98,062

COUNTY OF RIVERSIDE
Budgetary Comparison Statement
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 7,607	$ 7,607	$ 6,788	$ (819)
Licenses, permits, and franchise fees	3,047	3,047	3,346	299
Fines, forfeitures, and penalties	20	20	28	8
Use of money and property:				
Investment earnings	295	296	874	578
Aid from other governmental agencies:				
Federal	22,251	22,251	15,035	(7,216)
State	58,730	58,911	58,131	(780)
Other	16,875	16,875	6,448	(10,427)
Charges for services	77,061	60,877	26,225	(34,652)
Other revenue	12,799	13,190	15,048	1,858
Total revenues	198,685	183,074	131,923	(51,151)
EXPENDITURES:				
Current:				
Public protection	8,499	8,080	5,760	(2,320)
Public ways and facilities	194,140	193,975	133,706	(60,269)
Debt service:				
Principal	516	526	524	(2)
Interest	22	22	22	-
Total expenditures	203,177	202,603	140,012	(62,591)
Excess (deficiency) of revenues over (under) expenditures	(4,492)	(19,529)	(8,089)	11,440
OTHER FINANCING SOURCES (USES):				
Transfers in	-	16,607	16,607	-
Transfers out	-	(3,807)	(3,807)	-
Total other financing sources (uses)	-	12,800	12,800	-
NET CHANGE IN FUND BALANCE	(4,492)	(6,729)	4,711	11,440
Fund balance, beginning of year	80,818	80,818	80,818	-
FUND BALANCE, END OF YEAR	$ 76,326	$ 74,089	$ 85,529	$ 11,440

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, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	$ 54,316	$ 54,316	$ 56,043	$ 1,727
Use of money and property:				
Investment earnings	1,353	1,353	2,170	817
Rents and concessions	160	160	163	3
Aid from other governmental agencies:				
State	591	591	603	12
Charges for services	4,535	4,535	6,860	2,325
Other revenue	16,383	16,383	13,619	(2,764)
Total revenues	77,338	77,338	79,458	2,120
EXPENDITURES:				
Current:				
Public ways and facilities	136,555	133,708	65,926	(67,782)
Total expenditures	136,555	133,708	65,926	(67,782)
Excess (deficiency) of revenues over (under) expenditures	(59,217)	(56,370)	13,532	69,902
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(2,847)	(2,847)	-
Total other financing sources (uses)	-	(2,847)	(2,847)	-
NET CHANGE IN FUND BALANCE	(59,217)	(59,217)	10,685	69,902
Fund balance, beginning of year	225,396	225,396	225,396	-
FUND BALANCE, END OF YEAR	$ 166,179	$ 166,179	$ 236,081	$ 69,902

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, 2018
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
ASSETS:						
Current assets:						
Cash and investments (Note 4)	$ 48,868	$ 96,754	$ 4,043	$ 1,532	$ 151,197	$ 275,048
Accounts receivable - net (Notes 1 and 6)	47,425	7,534	2,103	1,675	58,737	7,659
Interest receivable (Note 6)	-	595	-	16	611	893
Taxes receivable (Note 6)	-	-	-	10	10	-
Due from other governments (Note 6)	151,978	136	-	3,629	155,743	1,141
Due from other funds (Note 7)	6,371	-	-	14,938	21,309	353
Advances to other funds (Note 7)	-	21,469	-	-	21,469	-
Inventories	7,589	292	-	377	8,258	2,809
Land held for sale	-	-	38,099	-	38,099	-
Prepaid items and deposits	5,536	-	-	253	5,789	543
Restricted cash and investments (Notes 4 and 5)	32,194	72,103	16,117	3,222	123,636	-
Total current assets	299,961	198,883	60,362	25,652	584,858	288,446
Noncurrent assets:						
Loans receivable (Note 6)	-	4,000	91,368	-	95,368	-
Capital assets (Note 8):						
Nondepreciable assets	53,029	27,461	3,631	-	84,121	1,001
Depreciable assets	163,531	60,668	11,107	11,232	246,538	73,135
Total noncurrent assets	216,560	92,129	106,106	11,232	426,027	74,136
Total assets	516,521	291,012	166,468	36,884	1,010,885	362,582
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	179,079	16,778	6,574	11,842	214,273	71,324
LIABILITIES:						
Current liabilities:						
Cash overdrawn (Note 4)	-	-	-	15,595	15,595	-
Accounts payable	21,790	3,822	998	4,048	30,658	27,726
Salaries and benefits payable	21,966	1,287	-	2,256	25,509	7,685
Due to other governments	135,459	36	-	9,244	144,739	77
Due to other funds (Note 7)	17,581	-	-	5,912	23,493	2,131
Interest payable	250	-	-	43	293	-
Deposits payable	-	38	-	147	185	-
Other liabilities	12,066	667	435	227	13,395	1,540
Accreted interest payable (Note 14)	243	-	-	-	243	-
Accrued closure and post-closure costs (Notes 10 and 23)	-	851	-	-	851	-
Accrued remediation costs (Note 23)	-	913	-	-	913	95
Compensated absences (Notes 1 and 14)	19,304	1,224	169	1,128	21,825	9,279
Capital lease obligations (Note 14)	4,177	-	-	492	4,669	17,370
Bonds payable (Note 14)	12,982	-	200	-	13,182	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	61,295
Total current liabilities	245,818	8,838	1,802	39,092	295,550	127,198
Noncurrent liabilities:						
Compensated absences (Note 2)	9,508	1,836	1,523	1,984	14,851	4,944
Advances from other funds (Note 7)	18,469	-	1,527	-	19,996	3,342
Accreted interest payable (Note 14)	76,128	-	-	-	76,128	-
Accrued closure and post-closure care costs (Note 10)	-	84,230	-	-	84,230	-
Accrued remediation costs (Notes 10 and 23)	-	44,741	-	-	44,741	104
Capital lease obligations (Notes 1 and 2)	6,561	-	-	10,291	16,852	20,680
Bonds payable (Note 14)	64,591	-	-	-	64,591	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	184,967
Net OPEB liability (Notes 14 and 22)	1,861	122	-	229	2,212	689
Total OPEB liability (Notes 14 and 22)	-	630	-	-	630	-
Net pension liability (Notes 14 and 20)	369,810	37,894	14,252	14,144	436,100	157,678
Other long-term liabilities (Note 14)	1,178	-	11,279	-	12,457	-
Total noncurrent liabilities	548,106	169,453	28,581	26,648	772,788	372,404
Total liabilities	793,924	178,291	30,383	65,740	1,068,338	499,602
DEFERRED INFLOWS OF RESOURCES (Note 15)	45,936	12,157	2,467	1,428	61,988	21,691
NET POSITION:						
Net investment in capital assets	127,071	88,129	2,510	449	218,159	36,086
Restricted for debt service	32,001	-	-	-	32,001	-
Restricted for health and sanitation	-	10,971	-	-	10,971	-
Restricted other	193	-	14,971	-	15,164	-
Unrestricted	(303,525)	18,242	122,711	(18,891)	(181,463)	(123,473)
Total net position	$ (144,260)	$ 117,342	$ 140,192	$ (18,442)	94,832	$ (87,387)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(162,849)	
Net position of business-type activities					$ (68,017)	

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, 2018
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
OPERATING REVENUES:						
Net patient revenue (Notes 1 and 18)	$ 522,099	$ -	$ -	$ 19,375	$ 541,474	$ -
Charges for services	3,261	87,912	4,466	12,898	108,537	310,674
Other revenue	34,827	2,700	92,172	8,065	137,764	34,306
Total operating revenues	560,187	90,612	96,638	40,338	787,775	344,980
OPERATING EXPENSES:						
Cost of materials used	-	168	-	-	168	1,571
Personnel services	375,031	23,153	13,494	39,760	451,438	129,681
Communications	573	171	-	225	969	10,900
Insurance	10,711	1,106	-	316	12,133	24,818
Maintenance of building and equipment	14,590	3,742	3,794	2,689	24,815	41,343
Insurance claims	-	-	-	-	-	186,254
Supplies	63,276	1,961	-	2,162	67,399	24,187
Purchased services	97,306	3,805	1,148	9,876	112,135	30,837
Depreciation and amortization	19,530	6,758	1,149	398	27,835	23,387
Rents and leases of equipment	4,037	1,995	-	2,941	8,973	57,636
Public assistance	-	6	77,723	-	77,729	-
Utilities	3,656	285	680	447	5,068	3,070
Closure and post-closure care costs	-	2,494	-	-	2,494	-
Remediation costs	-	400	-	-	400	5
Other	15,488	39,657	46	291	55,482	5,432
Total operating expenses	604,198	85,701	98,034	59,105	847,038	539,121
Operating loss	(44,011)	4,911	(1,396)	(18,767)	(59,263)	(194,141)
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	196	2,243	916	(127)	3,228	2,168
Interest expense	(8,819)	-	(108)	(200)	(9,127)	(797)
Gain (loss) on disposal of capital assets	967	275	(449)	-	793	(1,083)
Other nonoperating revenues / (expenses)	-	-	-	-	-	(224)
Total nonoperating revenues (expenses)	(7,656)	2,518	359	(327)	(5,106)	64
Gain (loss) before capital contributions and transfers	(51,667)	7,429	(1,037)	(19,094)	(64,369)	(194,077)
Capital contributions	86	-	-	1	87	151,567
Transfers in (Note 7)	20,935	-	-	11,493	32,428	9,553
Transfers out (Note 7)	(16,621)	(308)	(185)	(278)	(17,392)	(6,834)
Change in net position before extraordinary item	(47,267)	7,121	(1,222)	(7,878)	(49,246)	(39,791)
Extraordinary item	-	-	78	-	78	-
CHANGE IN NET POSITION	(47,267)	7,121	(1,144)	(7,878)	(49,168)	(39,791)
Net position, beginning of the year, as previously reported	(96,252)	110,999	141,336	395		(49,338)
Adjustments to beginning net position (Note 3)	(741)	(778)	-	(10,959)		1,742
Net position, beginning of the year, as restated	(96,993)	110,221	141,336	(10,564)		(47,596)
NET POSITION, END OF YEAR	$ (144,260)	$ 117,342	$ 140,192	$ (18,442)		$ (87,387)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(30,025)	
Change in net position of business-type activities					$ (79,193)	

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, 2018
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Cash flows from operating activities						
Cash receipts (payments due) from customers	$ 537,253	$ 90,052	$ 96,215	$ 42,137	$ 765,657	$ 243
Cash receipts (payments due) from other funds	(2,802)	-	-	(14,792)	(17,594)	351,091
Cash paid to suppliers for goods and services	(200,829)	(53,094)	(80,193)	(15,527)	(349,643)	(345,137)
Cash paid to employees for services	(322,571)	(19,746)	(12,011)	(37,003)	(391,331)	(111,894)
Program loans	-	-	(3,810)	-	(3,810)	-
Net cash provided by (used in) operating activities	11,051	17,212	201	(25,185)	3,279	(105,697)
Cash flows from noncapital financing activities						
Debt proceeds other than from captial debt	-	-	927	-	927	-
Advances to (from) other funds	-	2,000	587	-	2,587	(2,500)
Contributions (to) from others	-	-	-	-	-	(224)
Transfers received	20,935	-	-	11,493	32,428	9,553
Transfers paid	(16,621)	(308)	(185)	(278)	(17,392)	(6,834)
Net cash provided by (used in) noncapital financing activities	4,314	1,692	1,329	11,215	18,550	(5)
Cash flows from capital and related financing activities						
Proceeds (loss) from sale of capital assets	967	275	(449)	-	793	(803)
Acquisition and construction of capital assets	(18,793)	(8,652)	(4,616)	(11,547)	(43,608)	(3,884)
Principal paid on capital leases	(2,067)	-	-	10,783	8,716	(24,088)
Capital contributions	86	-	-	1	87	151,567
Principal paid on bonds payable	(10,937)	-	(190)	-	(11,127)	-
Interest paid on long-term debt	(8,754)	-	(41)	(157)	(8,952)	(797)
Net cash provided by (used in) capital and related financing activities	(39,498)	(8,377)	(5,296)	(920)	(54,091)	121,995
Cash flows from investing activities						
Investment income (loss)	242	1,855	916	(132)	2,881	1,565
Net cash provided by (used in) investing activities	242	1,855	916	(132)	2,881	1,565
Net increase (decrease) in cash and cash equivalents	(23,891)	12,382	(2,850)	(15,022)	(29,381)	17,858
Cash and cash equivalents, beginning of year	104,953	156,475	23,010	4,181	288,619	257,190
Cash and cash equivalents, end of year	$ 81,062	$ 168,857	$ 20,160	$ (10,841)	$ 259,238	$ 275,048
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Cash and investments per Statement of Net Position	$ 48,868	$ 96,754	$ 4,043	$ (14,063)	$ 135,602	$ 275,048
Restricted cash and investments per Statement of Net Position	32,194	72,103	16,117	3,222	123,636	-
Total cash and cash equivalents per Statement of Net Position	$ 81,062	$ 168,857	$ 20,160	$ (10,841)	$ 259,238	$ 275,048

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, 2018
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	Riverside University Health Systems - Medical Center	Waste Resources	Housing Authority	Other	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ (44,011)	$ 4,911	$ (1,396)	$(18,767)	$ (59,263)	$ (194,141)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	19,530	6,758	1,149	398	27,835	23,387
Decrease (Increase) accounts receivable	3,541	(618)	(1,714)	337	1,546	5,532
Decrease (Increase) taxes receivable	-	-	-	(1)	(1)	-
Decrease (Increase) due from other funds	(2,802)	-	-	(14,791)	(17,593)	579
Decrease (Increase) due from other governments	(26,475)	58	1,291	1,462	(23,664)	243
Decrease (Increase) inventories	470	39	-	(355)	154	(70)
Decrease (Increase) prepaid items and deposits	667	-	-	(253)	414	1,748
Increase (Decrease) accounts payable	4,122	129	952	400	5,603	(4,312)
Increase (Decrease) due to other funds	16,712	(13)	-	4,850	21,549	876
Increase (Decrease) due to other governments	(26,255)	18	(696)	(1,290)	(28,223)	33
Increase (Decrease) deposits payable	(13)	-	-	32	19	-
Increase (Decrease) accrued closure costs	-	2,494	-	-	2,494	-
Increase (Decrease) accrued remediation costs	-	400	-	-	400	(9)
Increase (Decrease) other liabilities	13,105	63	2,942	36	16,146	286
Increase (Decrease) estimated claims liability	-	-	-	-	-	42,364
Increase (Decrease) net pension liability	95,498	7,311	3,275	5,074	111,158	35,574
Increase (Decrease) net OPEB liability	1,120	(161)	-	109	1,068	418
Increase (Decrease) deferred OPEB	(1,300)	74	-	(160)	(1,386)	-
Increase (Decrease) deferred pensions	(48,042)	(3,844)	(1,543)	(2,672)	(56,101)	(17,474)
Increase (Decrease) service concession arrangement	-	(434)	-	-	(434)	-
Increase (Decrease) salaries and benefits payable	2,104	35	-	40	2,179	(271)
Increase (Decrease) compensated absences	3,080	(8)	(249)	366	3,189	(460)
Decrease (Increase) loans receivable	-	-	(2,961)	-	(2,961)	-
Increase (Decrease) program loans	-	-	(849)	-	(849)	-
Net cash provided by (used in) operating activities	$ 11,051	$ 17,212	$ 201	$ (25,185)	$ 3,279	$ (105,697)
Noncash investing, capital, and financing activities:						
Capital lease obligations	$ 4,382			$ 10,941	$ 15,323	$ 5,615

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, 2018
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private-Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 4)	$ -	$ -	$ 115,884	$ 292,978
Federal agency	-	2,227,850	-	-
Cash and cash equivalents	932	438,770	-	-
Mutual funds	57,785	-	-	-
Commercial paper	-	803,860	-	-
Negotiable CDs	-	598,217	-	-
Medium term notes	-	128,907	-	-
Municipal bonds	-	169,122	-	-
Bonds - U.S. Treasury	-	152,512	-	-
Local agency obligation	-	111	-	-
Accounts receivable	162	5,718	538	373
Interest receivable	-	15,411	201	308
Taxes receivable	-	-	-	31,303
Due from other governments	-	-	2,318	-
Land held for sale	-	-	23,755	-
Total assets	58,879	4,540,478	142,696	324,962
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	-	-	36,812	-
LIABILITIES:				
Accounts payable	-	-	9,662	201,026
Due to other governments	-	-	3	123,936
Note payable	-	-	739,440	-
Interest payable	-	-	7,190	-
Accreted interest payable	-	-	9,764	-
Other long-term liabilities	-	-	201	-
Total liabilities	-	-	766,260	$ 324,962
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources	-	-	1,869	
NET POSITION:				
Net position restricted for pensions	58,879	-	-	
Net position restricted for investment trust	-	4,540,478	-	
Net position restricted for private-purpose	-	-	(588,621)	
Net position (deficit) held in trust	$ 58,879	$ 4,540,478	$ (588,621)	

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, 2018
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private-Purpose Trust
ADDITIONS:			
Employer contributions	$ 815	$ -	$ -
Employee contributions	1,631	-	-
Contributions to pooled investments	-	30,051,356	-
Contributions to private-purpose trust	-	-	59,990
Investment income	15,560	-	1,098
Total additions	18,006	30,051,356	61,088
DEDUCTIONS:			
Distributions from pooled investments	-	30,410,459	-
Distributions from private-purpose trust	-	-	36,428
Administrative and other expenses	2,092	-	-
Total deductions	2,092	30,410,459	36,428
Change in net position	15,914	(359,103)	24,660
Net position held in trust, beginning of the year	42,965	4,899,581	(613,281)
Net position held in trust, end of the year	$ 58,879	$ 4,540,478	$ (588,621)

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

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BASIC FINANCIAL STATEMENTS- NOTES TO THE BASIC FINANCIAL STATEMENTS

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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 services.

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 separate columns in the government-wide financial statements to emphasize that they are legally separate from the County.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of twelve 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. One component unit is 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units (Continued)

Riverside County Infrastructure Financing Authority (IFA). The Board is the governing body of the IFA and the County is responsible for all its financial debt. The Riverside County Infrastructure Financing Authority (IFA) is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated September 15, 2015 by and between the County of Riverside and the Riverside County Flood Control and Water Conservation District. The IFA is authorized and empowered to issue bonds for the purpose of financing and refinancing public capital improvements of the County. The Infrastructure Financing Authority is reported as a governmental fund type.

County of Riverside District Court Financing Corporation (District Corporation). The Board is the governing body of the District Corporation. The District Corporation assists the County by providing for the acquisition, construction and renovation of U.S. District Court facilities. The County is responsible for all financial debt, and management has operational responsibility. The District Corporation is reported as a governmental fund type.

In-home Support Services Public Authority (IHSS PA). The Board is the governing body of the IHSS PA. The IHSS PA acts as the employer of record for purposes of collective bargaining for Riverside In-home Supportive Services providers and performs other IHSS PA functions as required and retained by the County. Management has operational responsibility. The IHSS PA is reported as a governmental fund type.

Perris Valley Cemetery District (the District). The Board is the governing body of the District. The District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created in July 1927 for the purpose of operating a public cemetery for the residents of Perris Valley. Management has operational responsibility. The District is reported as a governmental fund type.

Inland Empire Tobacco Securitization Authority (the Authority). The Board appoints two of the three members of the governing board of the Authority. The San Bernardino County Board of Supervisors appoints the third member. The Authority was created by a Joint Exercise of Powers Agreement (the Agreement) effective as of July 18, 2007, between Riverside County and San Bernardino County. The Authority was created for the purpose of securitizing the payments to be received by the County from the nation-wide Tobacco Settlement Agreement (the Payments) for such purposes, but not limited to, issuance, sale, execution and delivery of bonds secured by those Payments or the lending of money based on thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such Payments of the County. The Authority is a blended component unit of the County because the Authority is providing services solely to the County and the County's Board has the ability to impose its will by removing the Authority's governing board at will. The County is responsible for all financial debt. The Authority is reported as a governmental fund type.

Discretely Presented Component Units

Riverside County Children and Families Commission (the Commission). The County Board established First 5 Riverside, also known as Riverside County Children and Families Commission, in 1999 under the provisions of the California Children and Families Act of 1998. The Commission was formed to develop, adopt, promote, and implement early childhood development programs.

A governing board of nine members, that administers the Commission, is appointed by the County Board. The Commission includes one member of the County Board. The Commission is a component unit of the County because the County's Board has the ability to remove some of the Commission's governing board at will. It is discretely presented because its governing board is not substantially the same as the County's governing board and it does not provide services entirely or exclusively to the County.

Presentation of Financial Information Related to County Fiduciary Responsibilities

The basic financial statements also include an Investment Trust fund to account for cash and investments held by the County Treasurer for numerous self-governed school and special districts. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets. School and special district boards that are separately elected and that are independent of the County Board, administer activities of the school districts and special districts. The County Auditor-Controller makes disbursements upon the request of the responsible self-governed special district officers. The Board has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, or appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County. Twenty-

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

eight cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements since each entity conducts its own day-to-day operations and is controlled by its own governing board.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, excluding fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County, and between the County and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely, to a significant extent, on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Expenses by function have been adjusted for any internal service profit/loss existing at fiscal year-end. In addition, 43.71%, or $30.4 million, of the County's $69.5 million indirect costs, allocated through the Countywide Cost Allocation Program (COWCAP), have been included in the expenses of those functions, which can obtain reimbursement through State and Federal Programs or other charges. Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating* expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as *nonoperating* expenses.

The County reports the following major governmental funds:

General fund is the County's primary operating fund. It is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the general fund includes such activities as general government, public protection, health and sanitation, public assistance, education, and recreation and cultural services.

Transportation fund accounts for revenue consisting primarily of the County's share of highway user taxes which are supplemented by Federal funds, vehicle code fines, and fees and reimbursements for engineering services provided. The fund was established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public.

Flood Control special revenue fund accounts for revenues and expenditures related to providing flood control in various geographical zones. The fund is primarily financed by ad valorem property taxes, developer fees, and local cooperative agreements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Teeter debt service fund accounts for revenue from the collection of delinquent taxes, which is then used to pay principal of the debt issued to finance the Teeter plan.

Public facilities improvements capital projects fund accounts for revenues and expenditures related to the acquisition and construction of public buildings and park or recreational facilities. Revenues are obtained from State funding, sale of capital assets, contributions, and from other funds when allocated by the Board.

Public financing authority capital projects fund accounts for revenues and expenditures related to the acquisition and construction of the East County Detention Center. Revenues are obtained from State funding and bond proceeds.

The County reports the following major enterprise funds:

Riverside University Health Systems - Medical Center (RUHS-MC) accounts for the maintenance of physical plant facilities and quality care to all patients in accordance with accreditation standards; the bylaws, rules and regulations of the medical staff; and the RUHS-MC. Revenue for this fund is primarily from charges for services, and secondarily from the County's general fund.

Waste Resources department (Waste Resources) accounts for solid waste revenues, expenses, and the allocation of net income for solid waste projects initiated for the public's benefit. The fund facilitates management and accounting of solid waste projects. Waste Resources prepares and maintains the County's solid waste management plan, provides environmental monitoring in accordance with state and federal mandates, and administers landfill closure and acquisition.

Housing Authority was established to provide affordable, decent, safe housing opportunities to low and moderate income families including elderly and handicapped persons, while supporting programs to foster economic self-sufficiency.

The County reports the following additional fund types:

Internal service funds account for the County's records management and archives, fleet services, central mail, printing services, supply services, purchasing, Riverside County Information Technology (RCIT) enterprise solutions division project (accounting, purchasing, and human resources information system), risk management, temporary assistance pool, custodial services, maintenance services, real estate, and flood control equipment on a cost-reimbursement basis. Internal service funds are presented in summary form as part of the proprietary fund financial statements. In the government-wide financial statements, the changes in net position at the end of the fiscal year, as presented in the statement of activities, were allocated to the functions of both the governmental and business-type activities, to reflect the entire activity for the year. Since the predominant users of the internal services are the County's governmental activities, the asset and liability balances of the internal service funds are consolidated into the governmental activities column at the government-wide level.

Pension trust fund accounts for resources held in trust for the members and beneficiaries of a defined benefit pension plan for County employees not eligible for social security or California Public Employees' Retirement System (CalPERS) participation. The County's pension trust fund uses the economic resources measurement focus and accrual basis of accounting.

Investment trust fund accounts for the external portion of the County Treasurer's investment pool. External investment pool participants include entities legally separate from the County, such as school and special districts governed by local boards, regional boards, and authorities. This fund accounts for assets, primarily cash and investments, held or invested by the County Treasurer and the related County liability to disburse these monies on demand to the related external entities. The County's investment trust fund uses the economic resources measurement focus and accrual basis of accounting.

Private-purpose trust fund accounts for resources held and administered by the County in a fiduciary capacity for individuals, private organizations, or other governments based on trust arrangements. The fund includes the Redevelopment Successor Agency, public guardian conservatorship, public social service foster care, and maintenance and children's trust. The County's private-purpose trust fund uses the economic resources measurement

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

focus and accrual basis of accounting.

Agency funds account for assets held by the County in a custodial capacity. These funds only involve the receipt, temporary investment, and remittance to individuals, private organizations, or other governments and include property taxes and special assessments collected on behalf of cities, special districts, and other taxing agencies. The County's agency funds have an accrual basis of accounting but no measurement focus.

The government-wide, proprietary, pension trust, investment trust, and private-purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions occur. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund type financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues and other governmental fund type financial resources (e.g., bond issuance proceeds) are recognized when they become both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property and sales taxes are considered available for the year levied and are accrued when received within sixty days after fiscal year-end. Revenue received from expenditure driven (cost-reimbursement) grants, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, is considered available and accrued if expected to be received within twelve months after fiscal year-end. All other revenue streams are considered available and accrued if they are expected to be received within ninety days after the fiscal year-end. Since revenue from these sources are not available to meet current period liabilities, these sources are financed through proceeds received from Tax and Revenue Anticipation Notes (TRANs) which are outstanding for a twelve month period. General capital assets acquisitions are reported as expenditures in governmental fund financial statements. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Reconciliations are presented to explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements. These reconciliations are presented because governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements for governmental activities.

Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance of the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's pooled investments.

For purposes of the statement of cash flows, the County considers all highly liquid investments (including restricted cash and investments) with an original maturity of three months or less when purchased to be cash equivalents.

Securities, including U.S. Treasury and Agency securities, are carried at fair value/cost based on current market prices on a monthly basis. Repurchase agreements are carried at fair value based on quoted market prices, except for repurchase agreements maturing within ninety days of June 30, 2018, which are carried at cost. Bond anticipation notes are carried at fair value/cost. Commercial paper is carried at amortized cost/cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value. Mutual funds are carried at fair value based on the funds' share price. Local Agency Obligations are carried at cost based on the value of each participating dollar.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The fair value of a participant's position in the pool is not the same as the value of the pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost, and accrued interest of the participants' percentage participation at the date of such withdrawal.

State law requires that the County Treasurer hold all operating monies of the County, school districts, and certain special districts. Collectively, these mandatory deposits constituted approximately 80.6% of the funds on deposit in the County treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 19.4% of the total funds on deposit in the County treasury represented discretionary deposits.

Receivables

The RUHS-MC accounts receivable are reported at their gross value and, where appropriate, are reduced by contractual allowances and the estimated uncollectible amounts. The estimated allowance for uncollectibles and allowance for contractuals are $103.0 million and $171.0 million, respectively. The RUHS-MC has contracted with a Medi-Cal managed care plan to provide services to patients enrolled with Medicare and Medi-Cal programs. The RUHS-MC receives a fixed monthly premium payment for each patient enrolled. Revenue under this agreement is recognized in the period in which the RUHS-MC is required to provide services.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and the Revenue and Taxation Code. Property is assessed by the County Assessor and State Board of Equalization at 100.0% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions. The total for fiscal year 2017-18 gross assessed valuation (for tax purposes) of the County was $268.9 billion.

The property tax levy to support general operations of the various local government jurisdictions is limited to 1.0% of the full cash value of taxable property and distributed in accordance with statutory formulas. Amounts needed to finance the annual requirements of voter-approved debt (approved by the electorate prior to June 20, 1978) are excluded from this limitation and are calculated and levied each fiscal year. The rates are formally adopted by either the Board or the city councils and, in some instances, the governing board of a special district.

The County is divided into tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved indebtedness.

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 proceeding 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 when paid. 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.

Supplemental tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill.

Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1, and become delinquent, if unpaid, on August 31.

During fiscal year 1993-94, the County authorized an alternative property tax distribution method referred to as the "Teeter plan." This method allows for a 100.0% distribution of the current secured property tax levy to entities electing the alternative method, as compared to the previous method where only the current levy less any delinquent taxes was

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

distributed. This results in the general fund receiving distributions of approximately 50.0-55.0% in December, 40.0-45.0% in April and the remaining balance in the fall of each year. The Teeter plan also provides that all of the payments of redemption penalties and interest on delinquent secured property taxes of participating agencies flow to a Tax Loss Reserve Fund (TLRF). Any amounts on deposit in the TLRF greater than 1.0% of the tax levy for participating entities may flow to the County general fund. For fiscal year 2017-18, $21.0 million was transferred from the TLRF to the general fund.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The prepaid assets recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is nonspendable. The consumption method is used to account for prepaid items. Under the consumption method, prepaid items are recorded as expenditures during the period benefited by the prepayment.

Inventories, which consist of materials and supplies held for consumption, are valued at cost (on a first- in, first-out basis). Inventories for all governmental funds are valued at average cost. The consumption method is used to account for inventories. Under the consumption method of accounting, inventories are recorded as expenditures when consumed rather than when purchased. Material amounts of inventory are reported as assets of the respective fund. Reported inventories of governmental funds are equally offset by a nonspendable fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Capital assets received by the County through a Service Concession Arrangement and donated capital assets, including works of art and historical treasures, are recorded at the estimated acquisition value at the date of donation. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, traffic signals, park trails and improvements, flood control channels, storm drains, dams, and basins. The capitalization threshold for equipment is $5.0 thousand; buildings, land and land improvements are $5.0 thousand and, infrastructure and intangibles are $150.0 thousand. Betterments result in more productive, efficient, or long-lived assets. Significant betterments are considered capital assets when they result in an improvement of $5.0 thousand or more.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide financial statements and proprietary funds.

The estimated useful lives are as follows:

Infrastructure			
Flood channels	99 years	Buildings	25-50 years
Flood storm drains	65 years	Improvements	10-20 years
Flood dams and basins	99 years	Equipment	2-20 years
Roads	20 years		
Traffic signals	10 years		
Parks trails and improvements	20 years		
Bridges	50 years		

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the changes in financial position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Leases

The County leases various assets under both operating and capital lease agreements. For governmental funds, assets under capital leases and the related lease obligations are reported in the government-wide financial statements. For proprietary funds, the assets and related lease obligations are recorded in the appropriate enterprise or internal service fund and the government-wide financial statements.

Restricted Assets

The County maintains various restricted asset accounts as a result of debt agreements and certain state statutes. The agreements authorizing the issuance of CORAL and Housing Authority obligations include certain covenants pertaining to the disposition of bond proceeds for construction, acquisition, and bond redemption purposes. Waste Resources has restricted assets to meet requirements of state and federal laws and regulations to finance closure and post-closure maintenance activities at landfill sites. The general fund has restricted assets for program money where use is legally or contractually restricted.

Employee Compensated Absences

County policy permits employees in some bargaining units to accumulate earned, but unused vacation, holiday, and sick pay benefits. Vacation and holiday pay are accrued when incurred. For other bargaining units, annual leave is earned and accrued, but not vacation or sick leave. Proprietary funds report accrued vacation and holiday pay as a liability of the individual fund while governmental funds record amounts that are due and payable at year-end as a liability of the fund and amounts due in the future as a liability in the government-wide financial statements. At June 30, 2018, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net position was $267.7 million.

The County allows unlimited accumulation of sick leave. Upon service retirement, disability retirement, or death of an employee or officer, and subject to the provisions of any applicable agreement between the employing agency and CalPERS, unused accumulated sick leave for most employees with at least 5 but less than 15 years of service shall be credited at the rate of 50.0% of current salary value thereof provided, however, that the total payment shall not exceed a sum equal to 960 hours of full pay.

Unused accumulated sick leave for employees with more than 15 or more years of service shall be credited at the rate of the current salary value provided, however, that the total payment shall not exceed a sum equal to 960 hours of full pay. In addition, the employee may also elect to place the payable amount of sick leave into a VEBA (Voluntary Employee Beneficiary Association) account, which may be used for future health care costs.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the County recognizes deferred outflows of resources and inflows of resources. The deferred outflow of resources is defined as a consumption of net position or fund balance by the government that is applicable to the future reporting period. A deferred inflow of resources is defined as an acquisition of net position or fund balance by the government that is applicable to a future reporting period. Refer to Note 15 for a detailed listing of the deferred inflows and outflows of resources the County has recognized.

Long-term Debt

The County reports long-term debt of governmental funds in the government-wide statement of net position. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide statement of net position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund and the government-wide statement of net position.

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, bond issuance costs, and deferred losses on refundings are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount, and deferred losses on refundings.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs are reported as debt service expenditures whether or not withheld from the actual debt proceeds received.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position has been determined on the same basis as it is reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Landfill Closure and Post-Closure Care Costs

Waste Resources provides for closure and post-closure care costs over the life of the operating landfills as the permitted airspace of the landfill is used. Accordingly, the entire closure and post-closure care cost is recognized as expense by the time the landfills are completely filled. Waste Resources also recognizes as expense closure and post-closure care costs for inactive landfills that have been closed under state and federal regulations.

Waste Resources, under state and federal regulations, may be required to perform corrective action for contaminate releases at any of its active or inactive landfills. Waste Resources provides for remediation costs for landfills upon notification from the local water quality board that a specific landfill is considered to be in the evaluation monitoring phase. Upon notification, Waste Resources provides for these costs based on the most recent cost study information available.

Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate. These transactions are subject to elimination upon consolidation and are referred to as either "due to/due from other funds" (the current portion of interfund loans) or "advances to/advances from other funds" (the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are neither available for appropriation nor available as financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Net Position

The government-wide financial statements and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted net position, or unrestricted net position.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Restricted Net Position – This category presents net position with external restrictions imposed on its use by creditors, grantors, contributors, laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation.

Unrestricted Net Position – This category represents net position of the County, not restricted for any project or other purpose.

Fund Balance

In the fund financial statements, fund balance may be categorized as nonspendable, restricted, committed, assigned, and unassigned. All of the County's governmental fund balances will be comprised of the following categories:

- Nonspendable fund balance – amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.
- Restricted fund balance – amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – amounts that are committed can only be used for specific purposes determined by formal action from the Board, the County's highest level of decision-making authority. Commitments may be changed or lifted only by the County's Board taking the same formal action that imposed the constraint originally.
- 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. The Board delegates the County Executive Officer or an Executive Officer designee for the establishment of assignments within the general fund. Assigned amounts cannot cause a deficit in unassigned fund balance.
- Unassigned fund balance – funds that are not reported in any other category and are available for any purpose within the general fund.

Fund Balance Policy

On September 13, 2011, the Board approved Policy B-30, Governmental fund balance policy, to ensure fund balance is accurately classified and reported on the annual financial statements per GASB Statement No. 54. This policy applies to governmental fund types which include the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds.

The purpose of this policy is to establish the guidelines for:

- The use of reserves with a restricted purpose versus an unrestricted purpose when both are available for expenditures.
- The establishment of stabilization arrangements for governmental funds.
- The minimum fund balance allowable for governmental funds.

The Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

Spending Prioritization for Fund Categories

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Board to consider restricted amounts to be reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Minimum Fund Balance Policy for Governmental Funds

Establishing guidelines for minimum fund balance for governmental funds is essential to ensuring a prudent level of fund balance is maintained for unanticipated expenditures, delays in revenue receipt, or revenue shortfalls.

The County shall commit a portion of the general fund for disaster relief. The use of these funds will be restricted to one-time or short-term expenditures that are the result of a natural disaster or act of terrorism. The funds restricted for this purpose shall be at least 2.0% of discretionary revenue or $15.0 million, whichever is greater.

No formal action is required to remove an assignment. Assignments within the general fund must be established by the County Executive Officer or an Executive Officer designee.

Special revenue fund balances shall be kept at the higher of the minimum level dictated by the funding source or an amount that does not fall below zero. In the event that the fund balance drops below the established minimum levels, the department with primary responsibility for expending the special revenue will develop a plan to replenish the balance to established minimum levels within 2 years and submit the plan to the Board for approval.

The County shall maintain a minimum unassigned fund balance in its general fund of at least 25.0% of the fiscal year's estimated discretionary revenue. A significant portion of the minimum unassigned fund balance may be used for one-time or short-term expenditures caused by an economic crisis and should be designated within an "Economic Uncertainty" account. Use of these stabilization funds should be as the last resort in balancing the County budget. The general fund unassigned fund balance of $234.5 is 31.1% of discretionary revenue.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Current Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB Statement No. 75 is effective for reporting periods beginning after June 15, 2017.

Governmental Accounting Standards Board Statement No. 81

In March of 2016, GASB issued Statement No. 81, *Irrevocable Split–Interest Agreements.* The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situation in which a government is a beneficiary of the agreement. GASB Statement No. 81 is effective for reporting periods beginning after December 15, 2016.

Governmental Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017.* The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 is effective for reporting periods beginning after June 15, 2017.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Governmental Accounting Standards Board Statements (Continued)

Governmental Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB Statement No. 86 is effective for reporting periods beginning after June 15, 2017.

Future Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. GASB Statement No. 83 is effective for reporting periods beginning after June 15, 2018. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as deferred inflows of resources or deferred outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 is effective for reporting periods beginning after June 15, 2018. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB Statement No. 89*, Accounting for Interest Cost Incurred before the End of a Construction Period.* The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Standards Board Statements (Continued)

end of a construction period. GASB Statement No. 89 is effective for reporting periods beginning after December 15, 2019. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 90

In August 2018, GASB Statement No. 90*, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 is effective for reporting periods beginning after December 15, 2018. The County has elected not to early implement this statement.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

On or before October 2 of each fiscal year, after conducting public hearings concerning the proposed budget, the County Board adopts a budget in accordance with the provisions of Sections 29000-29144 and 30200 of the Government Code of the State of California (the Government Code), commonly known as the County Budget Act, and Board Resolution No. 90-338. Annual budgets are adopted on the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Budgeted governmental funds consist of the general fund, major funds, and some nonmajor funds (all special revenue funds, certain debt service funds, and certain capital projects funds). Annual budgets are not adopted for the following funds: CORAL, District Court Financing Corporation, the CORAL Capital Projects Fund, Redevelopment Agency (RDA) Housing Successor Agency, Public Financing Authority, Infrastructure Financing Authority and the Perris Valley Cemetery Permanent Fund.

As adopted by the Board, expenditures are controlled by the County at the budgetary unit level, which is the organization level, for each appropriation (object) class. The appropriation classes are salaries and benefits, services and supplies, other charges, capital assets, transfers out, and intrafund transfers. The separately prepared Expenditure by Appropriation – Budget and Actual report, showing budgetary comparisons at the object level of control, is available in the Auditor-Controller's Office.

Each year the original budget, as published in a separate report titled the "Adopted Budget," is adjusted to reflect increases or decreases in revenues and changes in fund balance. These changes are offset by an equal change in available appropriations. The County Executive Officer is authorized by the Board to transfer appropriations between appropriation classes within the same budgetary unit. Transfers of appropriations between budgetary units require approval of the Board (legal level of control). Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act. All annual appropriations lapse at year-end.

Budgetary comparison statements are prepared for the general fund, special revenue funds, certain debt service funds, and certain capital projects funds. The budgetary comparison statements are a part of the basic financial statements. Each budgetary comparison statement provides three separate types of information: (1) the original adopted budget; (2) the final budget, which included legally authorized changes regardless of when they occurred; and (3) the actual amount of inflows and outflows in the budget-to-actual comparison.

Individual Fund Deficits

For the year ended June 30, 2018, Enterprise funds (EF) and Internal Service Funds (ISF) individual Fund Deficits are as follows (In thousands):

Proprietary Funds:	
EF - Riverside University Health Systems - Medical Center	$ 144,260
EF - Flood Control	$ 743
EF - Riverside University Health Systems - Community Health Centers	$ 17,983
ISF - Information Services	$ 36,447
ISF -Risk Management	$ 62,761
ISF - Temporary Assistance Pool	$ 1,408
ISF - EDA Facilities Management	$ 24,724

The primary reason for the fund deficits in all funds listed is due to the net pension liability and net OPEB liability related to GASB Statement No. 68 and GASB Statement No. 75.

Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations in capital outlay by $6.5 million in the general fund. This excess of expenditures resulted from the acquisition of $6.5 million of capital leases. Accordingly, this is being funded by other financing sources-capital leases.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 3 – RESTATEMENTS OF BEGINNING FUND BALANCES / NET POSITION

The County's beginning net position or fund balance has been restated to reflect the cumulative effect of prior year adjustments. A summary of the restatements as of June 30, 2018 is as follows (In thousands):

Government-wide:

	Primary Government	
Description	Governmental Activities	Business-type Activities
Government-wide net position as of June 30, 2017, as previously reported	$ 2,576,551	$ 23,654
Fund financial statements:		
Prior period adjustments:		
Net OPEB liability adjustment (1)	(274)	(1,610)
Net pension liability adjustment (2)	2,016	-
Compensated absences adjustment (3)	-	(2,653)
Fund type correction (4)	8,215	(8,215)
Government-wide financial statements:		
Prior period adjustments:		
Net OPEB liability adjustment (1)	(37,960)	-
Net pension liability adjustment (2)	(2,016)	-
Net position as of June 30, 2017, as restated	$ 2,546,532	$ 11,176

Fund Financials:

	Governmental Funds	Proprietary Funds				
	Nonmajor Fund	Enterprise Funds			Nonmajor Fund	Internal Service Funds
Description	Other Governmental Funds	Riversity University Health Systems - Medical Center	Waste Resources	Housing Authority	Other Enterprise Funds	Internal Service Funds
Fund balances or net position as of June 30, 2017, as previously reported	$ 191,597	$ (96,252)	$ 110,999	$ 141,336	$ 395	$ (49,338)
Prior Period Adjustments:						
Net OPEB liability adjustment (1)	-	(741)	(778)	-	(91)	(274)
Net pension liability adjustment (2)	-	-	-	-	-	2,016
Compensated absences adjustment (3)	-	-	-	-	(2,653)	-
Fund type correction (4)	8,215	-	-	-	(8,215)	-
Fund balances or net position as of June 30, 2017, as restated	$ 199,812	$ (96,993)	$ 110,221	$ 141,336	$ (10,564)	$ (47,596)

(1) The adjustment was made to reflect the prior period costs related to the implementation of the net OPEB liability. The beginning net position decreased by $38.2 million in Governmental Activities and $1.6 million in Business-type Activities.

(2) A prior period adjustment of $2.0 million was made in net pension liability due to the Records Management and Archives and Printing Services Departments that were transferred from internal service fund to general fund.

NOTE 3 – RESTATEMENTS OF BEGINNING FUND BALANCES / NET POSITION (Continued)

(3) A prior period adjustment of $2.7 million was made to decrease the business-type activities' beginning net position for compensated absences adjustment. The adjustment was made due to employees that were transferred with leave balances from governmental fund departments to enterprise fund departments.

(4) A prior period adjustment of $8.2 million was made to correct the fund type for RUHS-CHC from Special Revenue Fund to Enterprise Fund.

NOTE 4 – CASH AND INVESTMENTS

As of June 30, 2018, cash and investments are classified in the accompanying financial statements as follows (In thousands):

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Fiduciary Funds	Total
Cash and investments	$ 1,098,424	$ 151,197	$ 38,162	$ 4,986,928	$ 6,274,711
Restricted cash and investments	513,050	123,636	-	-	636,686
Total cash and investments	$ 1,611,474	$ 274,833	$ 38,162	$ 4,986,928	$ 6,911,397

As of June 30, 2018, cash and investments consist of the following (In thousands):

Deposits	$ 206,279
Investments	6,705,118
Total cash and investments	$ 6,911,397

Investment in State Investment Pool

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio and a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov. The fair value of the County's investment in this pool is reported in the accompanying financial statements at amounts based upon the County's prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. As of June 30, 2018 reported under investments CORAL had $2.5 million and RUHS-Medical Center had $3.6 million for a total amount of $6.1 million in LAIF. Also reported under restricted cash, Housing Authority had $0.9 million in LAIF.

GASB Statement No. 79 establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The statement also establishes additional note disclosures for qualifying external investment pools. There was no material impact on the County's financial statement as a result of the implementation of GASB Statement No. 79.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements of the respective component units, rather than the general provisions of the California Government Code or the County's investment policy. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates is its fair value. One of the ways the County Treasurer manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so a portion of the portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity required for operations.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the County contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. In accordance with GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, the County should provide information about the concentration of credit risk associated with its investments in any one issuer that represent 5% or more of total County investments. These investments are identified on the investment table below.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law or a letter of credit issued by the Federal Home Loan Bank of San Francisco (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. GASB Statement No. 40 requires that a disclosure is made with respect to custodial credit risks relating to deposits. The County has cash deposits with fiscal agents in excess of federal depository insurance limits held in collateralized accounts with securities held by Union Bank in the amount of $330 million. Investment securities are registered and held in the name of the County.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Investments Authorized by the California Government Code and the County's Investment Policy

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, whichever is more restrictive. The table also identifies certain provisions that address interest rate, credit risk, and concentration of credit risk. A copy of the County's investment policy can be found at www.treasurer-tax.co.riverside.ca.us.

Authorized investment type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Municipal bonds (MUNI)	4 Years	15%	5% **
U.S. treasuries	5 Years	100%	N/A
Local agency obligations (LAO)	3 Years	2.5%	2.5%
Federal agencies	5 Years	100%	N/A
Commercial paper (CP)	270 Days	40%	5% *
Certificate & time deposits (NCD & TCD)	1 Year	25%	5% *
Repurchase agreements (REPO)	45 Days	40% / 25%	20%
Reverse REPOS	60 Days	10%	10%
Medium term notes (MTNO) or Corporate Notes	3 Years	20%	5% *
CalTRUST short term fund	Daily Liquidity	1%	1%
Money market mutual funds (MMF)	Daily Liquidity	20%	None
Local agency investment fund (LAIF)	Daily Liquidity	Max $50M	N/A
Cash/deposit account	N/A	N/A	N/A

* Maximum of 5% per issuer in combined commercial paper, certificate & time deposits, and medium term notes.
** For credit rated below AA-/Aa3, 2% maximum in one issuer only for State of California debt.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the County's Investment Policy (Continued)

As of June 30, 2018, the County and Component Units had the following investments (In thousands):

	June 30, 2018	Interest Rate Range	Maturity	Weighted Average Maturity (Years)	Minimum Legal Rating
County treasurer investments					
Investments by fair value level					
U.S. treasuries	$ 218,979	0.750 - 1.508%	07/18 - 07/19	0.44	N/A
Federal home loan mortgage corporation	1,172,485	0.820 - 3.100%	07/18 - 06/23	2.49	N/A
Federal national mortgage association	369,011	0.800 - 2.375%	07/18 - 01/23	1.84	N/A
Federal home loan bank	800,720	0.625 - 2.700%	08/18 - 03/23	1.73	N/A
Federal farm credit bank	646,982	1.110 - 2.700%	09/18 - 04/23	1.87	N/A
Farmer mac	189,591	1.250 - 2.530%	08/18 - 05/21	1.29	N/A
Municipal notes	242,828	1.000 - 5.000%	07/18 - 04/21	1.00	AA-/Aa3/AA-
Commercial paper	1,154,198	1.520 - 2.490%	07/18 - 01/19	0.22	A1/P1/F1
Corporate notes	185,087	1.100 - 2.000%	02/19 - 03/21	1.60	AA/Aa2/AA
Total County treasurer investments by fair value level	4,979,881				
Investments measured at amortized cost					
Farmer mac	20,000	2.530%	1/2/2020	0.14	N/A
Negotiable certificate of deposits	858,931	1.520 - 2.510%	07/18 - 02/19	0.27	A1/P1/F1
Managed rate accounts	515,000	2.000%	7/1/2018	0.00	N/A
Local agency obligations	160	2.322%	6/15/2020	1.96	N/R
CalTRUST short term fund	24,000	2.000 - 2.010%	7/1/2018	0.00	N/R
Money market mutual funds (2)	90,995	1.784 - 2.113%	7/1/2018	0.00	AAA
Total investments measured at amortized cost	1,509,086				
Total County treasurer investments	6,488,967				
Investments measured at amortized cost					
Money market funds	121,135	0.000 - 1.814%		N/A	AAA/Aaa
Certificates of deposit	4,800	0.100%	10/18 - 06/19		
U.S. treasuries	-	0.100%	10/18 - 06/19		
Local agency investment funds	6,139	1.430%	7/1/2018	N/A	N/A
Mutual funds	81,446	0.000 - 5.740%			
Government obligation funds	-	1.320%			
Investment agreements	2,631	4.828%	2/12/2035		
Total blended component unit investments measured at amortized cost	216,151				
Total blended component unit investments	216,151				
Total investments	$ 6,705,118				

(1) Investment ratings are from Standard and Poor's (S&P) and Moody's Investor Service (Moody's).
(2) Government Code requires money market mutual funds to be rated.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The County has the following recurring fair value measurements as of June 30, 2018 (In thousands):

		Fair Value Measurements Using				
Rating (1) June 30, 2018	% of Portfolio	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	June 30, 2018	
						County treasurer investments
						Investments by fair value level
AA+/Aaa	3.37%	$ 218,979			$ 218,979	U.S. treasuries
AA+/Aaa	18.07%		$ 1,172,485		1,172,485	Federal home loan mortgage corporation
AA+/Aaa	5.69%		369,011		369,011	Federal national mortgage association
AA+/Aaa	12.34%		800,720		800,720	Federal home loan bank
AA+/Aaa	9.97%		646,982		646,982	Federal farm credit bank
N/R	2.92%		189,591		189,591	Farmer mac
AAA/Aaa	3.74%		242,828		242,828	Municipal notes
AAA/Aaa	17.79%		1,154,198		1,154,198	Commercial paper
AAA/Aaa	2.85%		185,087		185,087	Corporate notes
	76.74%	218,979	4,760,902	-	4,979,881	Total County treasurer investments by fair value level
						Investments measured at amortized cost
N/A	0.31%				20,000	Farmer mac
AA-/Aa2	13.24%				858,931	Negotiable certificate of deposits
AA+/Aaa	7.94%				515,000	Managed rate accounts
N/R	0.00%				160	Local agency obligations
AAA/Aaa	0.37%				24,000	CalTRUST short term fund
AAA/Aaa	1.40%				90,995	Money market mutual funds (2)
	23.26%				1,509,086	Total investments measured at amortized cost
	100.00%	218,979	4,760,902	-	6,488,967	Total County treasurer investments
						Investments measured at amortized cost
AAA/Aaa	56.04%				121,135	Money market funds
	2.22%				4,800	Certificates of deposit
	0.00%				-	U.S. treasuries
N/R	2.84%				6,139	Local agency investment funds
NR/Aaa	37.68%				81,446	Mutual funds
NR/Aaa	0.00%				-	Government obligation funds
	1.22%				2,631	Investment agreements
	100.00%				216,151	Total blended component unit investments measured at amortized cost
	100.00%	-	-	-	216,151	Total blended component unit investments
		$ 218,979	$ 4,760,902	$ -	$ 6,705,118	Total investments

The County and its component units categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 — Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs to the valuation methodology are unobservable and signifi cant to the fair value measurement. Unobservable inputs refl ect the County's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the County's own data.

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2018 is as follows (In thousands):

Governmental Activities			
General Fund			$ 395,407
Flood Control			1,769
Teeter Debt Service			39,588
Public Financing Authority			17,469
Other Governmental Funds			
CORAL			
Local Agency Investment Fund	2,538		
Restricted Cash and Other Investments	10,616	13,154	
District Court Financing Corporation		1,195	
Infrastructure Financing Authority		12,013	
Pension Obligation		11,710	
Inland Empire Tobacco Securitization Authority		19,341	
Public Financing Authority		1,404	
Total Other Governmental Funds			58,817
Total Governmental Activities			**513,050**
Business-type Activities			
Riverside University Health Systems - Medical Center			
Local Agency Investment Fund		3,601	
Restricted Cash and Other Investments		28,593	
Total Riverside University Health Systems - Medical Center			32,194
Waste Resources			
Remediation costs		33,370	
Closure and post-closure care costs		31,265	
Customer deposits		597	
Advances from grantors & 3rd parties		608	
Deposit payable		38	
Deferred inflow of resources		6,225	
Total Waste Resources			72,103
Housing Authority			
Local Agency Investment Fund		886	
Restricted Cash and Other Investments		15,231	
Total Housing Authority			16,117
Other - Flood Control			3,222
Total Business-type Activities			**123,636**
Total Restricted Cash and Investments			**$ 636,686**

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 6 – RECEIVABLES

Receivables at year-end of major individual funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows (In thousands):

Receivables Governmental activities:	Accounts	Interest	Taxes	Due From Other Govts	Total Governmental Activities
General fund	$ 12,484	$ 6,560	$ 9,025	$ 380,479	$ 408,548
Transportation	134	333	14	6,165	6,646
Flood Control	835	827	975	615	3,252
Teeter debt service	-	74	47,014	-	47,088
Public facilities improvement capital projects	-	558	-	-	558
Public Financing Authority	-	78	-	-	78
Other governmental funds	2,750	333	1,276	10,612	14,971
Internal service funds	7,659	893	-	1,141	9,693
Total receivables	$ 23,862	$ 9,656	$ 58,304	$ 399,012	$ 490,834

Receivables Business-type activities:	Accounts	Interest	Taxes	Loans	Due From Other Govts	Allowance for Uncollectibles	Total Business-type Activities
Riverside University Health Systems - Medical Center	$ 321,351	$ -	$ -	$ -	$ 151,978	$ (273,926)	$ 199,403
Waste Resources	7,534	595	-	4,000	136	-	12,265
Housing Authority	307,667	-	-	91,368	-	(305,564)	93,471
Other	2,898	16	10	-	3,629	(1,223)	5,330
Total receivables	$ 639,450	$ 611	$ 10	$ 95,368	$ 155,743	$ (580,713)	$ 310,469

COUNTY OF RIVERSIDE
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NOTE 7 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2018 is as follows (In thousands):

Due to/from other funds :

	Receivable Fund			
Payable Fund	General Fund	Teeter Debt Service	Public Facilities Improvements Capital Projects	Other Governmental Funds
General Fund				
Delinquent property tax	$ -	$ 35	$ -	$ -
Interfund activity	-	-	-	1,044
Total General Fund				
Transportation				
Interfund activity	212	-	-	-
Total Transportation				
Flood Control				
Interfund activity	-	-	-	-
Total Flood Control				
Teeter Debt Service				
Interfund activity	6,308	-	-	-
Total Teeter Debt Service				
Public Financing Authority				
Capital projects	-	-	435	-
Total Public Financing Authority				
Other Governmental Funds				
Capital projects	452	-	-	-
Interfund activity	1	-	-	38
Total Other Governmental Funds				
Riverside University Health System-Medical Center				
Interfund activity	2,149	-	-	11
Law Enforcement	491	-	-	-
Total Riverside University Health System-Medical Center				
Other Enterprise Funds				
Interfund activity	-	-	-	-
Total Other Enterprise Funds				
Internal Service Funds				
Interfund activity	1,629	-	485	-
Total Internal Service Funds				
Total Receivable	$ 11,242	$ 35	$ 920	$ 1,093

These interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made.

Advances to/from other funds:

The General Fund advanced $3.3 million to the Economic Development Agency for the internal service fund start up costs.
The General Fund advanced Housing Authority $1.5 million to pay off the principal and interest on predevelopment loans.
The General Fund advanced $2.5 million to Riverside County Information Technology for technology intiatitive costs.

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

(a) Interfund Receivables/Payables (Continued)

	Receivable Fund			
Payable Fund	Riverside University Health Systems-Medical Center	Other Enterprise Funds	Internal Service Funds	Total Payable
General Fund				
Delinquent property tax	$ -	$ -	$ -	$ 35
Interfund activity	472	-	-	1,516
Total General Fund				1,551
Transportation				
Interfund activity	-	-	-	212
Total Transportation				212
Flood Control				
Interfund activity	-	8	323	331
Total Flood Control				331
Teeter Debt Service				
Interfund activity	-	-	-	6,308
Total Teeter Debt Service				6,308
Public Financing Authority				
Capital projects	-	-	-	435
Total Public Financing Authority				435
Other Governmental Funds				
Capital projects	-	-	-	452
Interfund activity	-	-	-	39
Total Other Governmental Funds				491
Riverside University Health System-Medical Center				
Interfund activity	-	14,930	-	17,090
Law Enforcement	-	-	-	491
Total Riverside University Health System-Medical Center				17,581
Other Enterprise Funds				
Interfund activity	5,899	-	13	5,912
Total Other Enterprise Funds				5,912
Internal Service Funds				
Interfund activity	-	-	17	2,131
Total Internal Service Funds				2,131
Total Receivable	$ 6,371	$ 14,938	$ 353	$ 34,952

Advances to/from other funds (Continued):
Waste Resources advanced $3.0 million to Public Facilities Capital Project Improvement Fund for East County Detention Center.

Waste Resources advanced $18.5 million to RUHS-MC for Huron Consulting Services.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers

(b) Between Funds within the Governmental Activities:[1]

Transfer Out	Transfer In: General Fund	Transportation	Teeter Debt Service	Public Facilities Improvements Capital Projects
General Fund				
*To finance capital projects	$ -	$ -	$ -	$ 8,075
*For debt service payments	-	-	2,005	-
*Operating contribution	-	200	-	-
*For professional services	-	4,107	-	-
*To fund pension obligation	-	-	-	-
Total general fund				
Transportation				
Capital projects	-	-	-	249
*For professional services	2,598	-	-	-
*To fund pension obligation	-	-	-	-
Total transportation				
Flood Control				
*For debt service payments	-	-	-	-
Total Flood Control				
Teeter Debt Service				
*For debt service payments	82	-	-	-
Total teeter debt service				
Public Facilities Improvements Capital Projects				
*To finance capital projects	28,085	9,215	-	19
*For professional services	-	-	-	-
Total public facilities imprv cap proj				
Other Governmental Funds				
*To finance capital projects	-	1,445	-	842
*For debt service payments	8	-	-	-
*For Fire protection services	53,463	-	-	-
*For professional services	22,115	1,640	-	-
*Operating contribution	2,245	-	-	26
*To fund pension obligation	148	-	-	-
Total other governmental funds				
Riverside University Health System-Medical Center				
*Operating contribution	-	-	-	-
*To fund pension obligation	-	-	-	-
Total Riverside University Health System-Medical Center				
Waste Resources				
*To fund pension obligation	-	-	-	-
Total Waste Resources				
Housing Authority				
*To fund pension obligation	-	-	-	-
Total Housing Authority				
Other Enterprise Funds				
*To fund pension obligation	-	-	-	-
Total other enterprise funds				
Internal Service Funds				
Business Services	-	-	-	-
*Operating contribution	235	-	-	-
*To fund pension obligation	-	-	-	-
Total Internal Service Funds				
Total transfers in	$ 108,979	$ 16,607	$ 2,005	$ 9,211

1) These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type Activities.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

Transfers (Continued)

(b) Between Governmental and Business-type Activities:[2]

Transfer In: Other Governmental Funds	Riverside University Health Systems-Medical Center	Other Enterprise Funds	Internal Service Funds	Total Transfers Out	*Principal purpose for transfer
					General Fund
$ -	$ -	$ -	$ -	$ 8,075	*To finance capital projects
57,563	-	-	-	59,568	*For debt service payments
8,568	15,935	-	3,500	28,203	*Operating contribution
4,321	-	-	-	8,428	*For professional services
24,813	-	-	-	24,813	*To fund pension obligation
				129,087	**Total general fund**
					Transportation
-	-	-	-	249	Capital projects
43	-	-	-	2,641	*For professional services
917	-	-	-	917	*To fund pension obligation
				3,807	**Total transportation**
					Flood Control
2,847	-	-	-	2,847	*For debt service payments
				2,847	**Total Flood Control**
					Teeter Debt Service
-	-	-	-	82	*For debt service payments
				82	**Total teeter debt service**
					Public Facilities Improvements Capital Projects
2,023	5,000	-	1,193	45,535	*To finance capital projects
310	-	-	-	310	*For professional services
				45,845	**Total public facilities imprv cap proj**
					Other Governmental Funds
11,151	-	-	-	13,438	*To finance capital projects
299	-	-	-	307	*For debt service payments
-	-	-	-	53,463	*For Fire protection services
8,143	-	-	-	31,898	*For professional services
2,750	-	243	295	5,559	*Operating contribution
662	-	-	-	810	*To fund pension obligation
				105,475	**Total other governmental funds**
					Riverside University Health System-Medical Center
-	-	11,250	-	11,250	*Operating contribution
5,371	-	-	-	5,371	*To fund pension obligation
				16,621	**Total Riverside University Health System-Medical Center**
					Waste Resources
308	-	-	-	308	*To fund pension obligation
				308	**Total Waste Resources**
					Housing Authority
185	-	-	-	185	*To fund pension obligation
				185	**Total Housing Authority**
					Other Enterprise Funds
278	-	-	-	278	*To fund pension obligation
				278	**Total other enterprise funds**
					Internal Service Funds
-	-	-	4,565	4,565	Business Services
-	-	-	-	235	*Operating contribution
2,034	-	-	-	2,034	*To fund pension obligation
				6,834	**Total Internal Service Funds**
$ 132,586	$ 20,935	$ 11,493	$ 9,553	$ 311,369	**Total transfers in**

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows (In thousands):

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land & easements	$ 561,581	$ 13,200	$ (457)	$ 7,596	$ 581,920
Construction in progress	756,804	176,144	(421)	(194,313)	738,214
Total capital assets, not being depreciated	1,318,385	189,344	(878)	(186,717)	1,320,134
Capital assets, being depreciated:					
Infrastructure	3,449,859	42,649	(723)	76,261	3,568,046
Land improvements	110	-	-	-	110
Structures and improvements	1,692,570	70,130	(10,878)	104,534	1,856,356
Equipment	561,203	26,197	(28,521)	(3,141)	555,738
Total capital assets, being depreciated	5,703,742	138,976	(40,122)	177,654	5,980,250
Less accumulated depreciation for:					
Infrastructure	(1,467,144)	(114,114)	37	-	(1,581,221)
Land improvements	(28)	(1)	-	-	(29)
Structures and improvements	(498,938)	(44,822)	5,488	-	(538,272)
Equipment	(336,834)	(42,012)	30,065	3,024	(345,757)
Total accumulated depreciation	(2,302,944)	(200,949)	35,590	3,024	(2,465,279)
Total capital assets, being depreciated, net	3,400,798	(61,973)	(4,532)	180,678	3,514,971
Governmental activities capital assets, net	$ 4,719,183	$ 127,371	$ (5,410)	$ (6,039)	$ 4,835,105

NOTE 8 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2018 was as follows (In thousands):

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Business-type activities:					
Capital assets, not being depreciated:					
Land & easements	$ 21,359	$ -	$ -	$ -	$ 21,359
Construction in progress	36,345	47,386	(28,626)	(1,173)	53,932
Concession arrangements	8,830	-	-	-	8,830
Total capital assets, not being depreciated	66,534	47,386	(28,626)	(1,173)	84,121
Capital assets, being depreciated:					
Infrastructure	101,932	928	(775)	775	102,860
Land improvements	21,123	244	(244)	244	21,367
Structures and improvements	249,290	13,636	(154)	154	262,926
Equipment	174,836	24,716	(16,672)	9,063	191,943
Total capital assets, being depreciated	547,181	39,524	(17,845)	10,236	579,096
Less accumulated depreciation for:					
Infrastructure	(52,154)	(4,517)	-	-	(56,671)
Land improvements	(13,430)	(1,257)	-	-	(14,687)
Structures and improvements	(123,961)	(6,919)	-	-	(130,880)
Equipment	(114,200)	(15,142)	2,046	(3,024)	(130,320)
Total accumulated depreciation	(303,745)	(27,835)	2,046	(3,024)	(332,558)
Total capital assets, being depreciated, net	243,436	11,689	(15,799)	7,212	246,538
Business-type activities capital assets, net	$ 309,970	$ 59,075	$ (44,425)	$ 6,039	$ 330,659

Depreciation

Depreciation expense was charged to governmental functions as follows (In thousands):

General government	$ 45,412
Public protection	12,178
Health and sanitation	1,354
Public assistance	1,226
Public ways and facilities	111,251
Recreation and cultural services	2,919
Education	3,222
Depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their use of the assets	23,387
Total depreciation expense – governmental functions	$ 200,949

NOTE 8 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the business-type functions as follows (In thousands):

RUHS-Medical Center	$ 19,530
Waste Resources	6,758
Housing Authority	1,149
RUHS-CHC	390
Flood Control	5
County Service Areas	3
Total depreciation expense – business-type functions	$ 27,835

Capital Leases

Leased property under capital leases by major class (In thousands):

	Governmental Activities	Business-type Activities
Land	$ 488	$ -
Structures and improvements	65,792	-
Equipment	142,607	19,174
Less: Accumulated amortization	(79,329)	(10,687)
Total leased property, net	$ 129,558	$ 8,487

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2018 was as follows (In thousands):

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	$ 373	$ -	$ -	$ -	$ 373
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	373	-	-	-	373
Capital assets, being depreciated					
Building and improvements	1,898	-	-	-	1,898
Machinery and equipment	100	-	-	-	100
Total capital assets, being depreciated	1,998	-	-	-	1,998
Less accumulated depreciation for:					
Building and improvements	(167)	(54)	-	-	(221)
Machinery and equipment	(65)	(14)	-	-	(79)
Total accumulated depreciation	(232)	(68)	-	-	(300)
Total capital assets, being depreciated, net	1,766	(68)	-	-	1,698
Total capital assets, net	$ 2,139	$ (68)	$ -	$ -	$ 2,071

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA)

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCA)* defines an SCA as a type of public-private or public-public partnership. As used in GASB Statement No. 60, an SCA is an arrangement between a government (the transferor) and an operator in which all of the following criteria are met*:*

a) The transferor conveys to the operator the right and related obligation to provide public service through the use and operation of a capital asset (referred to in the statement as a "facility") in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
b) The operator collects and is compensated by fees from third parties.
c) The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services.

The County has determined that the following arrangements meet the criteria set forth above (where the County is the transferor) and therefore included these SCAs in the County's financial statements. GASB Statement No. 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as such an operator.

McIntyre Park Campground
On October 15, 1985, and as later amended, the Park District (the Park) entered into an agreement with California East Coast, Inc. (the "Company"), under which the Company will operate and collect user fees from a campground, camp store, boat launch and recovery ramp, day-use area and marina fuel station through a lease with the Park at McIntyre County Park through the year 2047. The Company will pay the Park between ten and seventeen percent of the revenues it earns from the operation of the campground. The Company is required to operate and maintain the campground in accordance with the Lease Contract. The Park reports the campground as a capital asset with a carrying amount of $51.6 thousand at year-end. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

Riviera RV Resort
On or about January 1, 1970, and as later amended, the County and later the Park entered into an agreement with Cavan Inc. The lease was assigned to J&W Enterprises, then to Alpine Capital LLC, then Reynolds Riviera Resorts, and lastly to The Cove RV Resort (the "Company") as of December 2016. Under the terms of the agreement, the Company is permitted to engage in the operation of a travel trailer park, rental of spaces in the park, food service operations including a grocery store, boat launching ramp, and other associated camping functions through June 2044. The Company will pay the Park the greater of $8.3 hundred or seven percent of gross receipts earned from operation of the RV Park. The Park reports the RV Park as a capital asset with a carrying amount of $131.4 thousand at year-end. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

Lake Skinner Recreation Area
On or about November 2007, the Park entered into an agreement with Pyramid Enterprise, Inc. d.b.a. Rocky Mountain Recreation Company of Piru, California (the "Company") to sublease its rights to Lake Skinner Recreation Area Concessionaire. Under the provisions of the agreement, the Company is permitted to engage in the operation of a marina, camp store, cafe, parking lots, laundry facility, fueling station, and bike shop. The monthly payment from the Company to the Park will be the greater of the combination of 7% of all retail gross sales, 9% of all rental gross sales, and 2% of all fuel gross sales or $2.5 thousand. The Park has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Park also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability. The term of the agreement is 10 years, renewable in 5 year increments.

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA) (Continued)

Gopher Hole Camp Store
On February 7, 2017, the Park entered into an agreement with Pyramid Enterprises, Inc. d.b.a. Rocky Mountain Recreation Company of Piru, California (the "Company") to lease the Rancho Jurupa Regional Park Gopher Hole camp store. Under the provisions of the agreement, the Company is permitted to engage in the operation of the store, office, storage 107, and storage 102. The Company will pay the Park ten percent of gross receipts earned from operation of the store each month. All remaining areas will remain under the control and responsibility of the Park. The term of the agreement is 3 years, with the option to renew 2 more years.

Edom Hill Transfer Station
On November 2, 2002, the Department of Waste Resources entered into a 30-year agreement with Burrtec Recovery and Transfer LLC (Burrtec), under which Burrtec has the rights to construct the Edom Hill Transfer Station in order to serve the traditional users/waste-shed of the closed Edom Hill Landfill and operate the transfer station.

Cove Waterpark and Dropzone Waterpark
On April 18, 2017, the Economic Development Agency (the Agency) entered into a 5-year agreement with Standguard Aquatics, Inc., a Georgia Corporation (the "Company") to operate and maintain the Cove Waterpark and the Dropzone Waterpark (the "Waterparks") in a clean, safe and good condition. The Waterparks are to be operated as paid recreational and competitive use facilities with food and beverage and other concessions as provided by the Agency. The Company shall pay the Agency a quarterly percentage rent. The percentage rent shall be calculated by multiplying the gross revenues from the Waterparks for the applicable quarterly period by a factor of 10 percent. The Agency has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The Agency also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability. The term of the agreement is 5 years, renewable in one 5 year extension.

A summary of the important details and capital assets pertaining to the SCAs are described below (In thousands).

	Date SCA Entered Into	Term of SCA	Expiration of SCA	Revenue Sharing	Minimum Rent Payment (per month)
McIntyre Park Campground	10/15/1985	62 years	10/15/2047	Between 10.0% and 17.0% of the revenues it earns from the operation of the campground.	$ -
Riviera RV Resort	1/1/1970	74 years	6/30/2044	Greater of $8.3 hundred or 7.0% of gross receipts earned from operation of the RV park.	-
Lake Skinner Recreation Area	11/1/2007	15 years	10/31/2022	Greater of the combination of 7.0% of all retail gross sales, 9.0% of all rental gross sales, and 2.0% of all fuel gross sales or $2.5 thousand.	-
Gopher Hole Camp Store	2/7/2017	3 years	2/7/2020	10.0% of monthly gross revenues from the operation of the store.	-
Edom Hill Transfer Station	11/2/2002	30 years	11/2/2032	Service Fee ranging from $4.41 to $4.13 per ton, Disposal fee of $23.00 per ton, and City Mitigation Fee of $1 per ton for all incoming solid waste.	-
Cove and Dropzone Waterparks	4/18/2017	5 years	5/18/2022	10.0% of the quarterly gross revenues from the operation of the waterparks.	-
					$ -

NOTE 9 – SERVICE CONCESSION ARRANGEMENTS (SCA) (Continued)

Capital assets balance for the SCAs for the fiscal year ended June 30, 2018, and over the terms of the agreements are as follows (In thousands):

	Land, Structures, & Structure Improvements
McIntyre Park Campground	$ 52
Riviera RV Resort	131
Lake Skinner Recreation Area	-
Gopher Hole Camp Store	-
Edom Hill Transfer Station	8,830
Cove and Dropzone Waterparks	46,810
	$ 55,823

The deferred inflows of resources activity for the SCA for the year ended June 30, 2018 are as follows (In thousands):

SCA Capital Assets	Balance July 1, 2017	Additions/ Restatements	Amortization[1]	Balance June 30, 2018
McIntyre Park Campground[2]	$ -	$ -	$ -	$ -
Riviera RV Resort[2]	-	-	-	-
Lake Skinner Recreation Area[2]	-	-	-	-
Gopher Hole Camp Store[2]	-	-	-	-
Edom Hill Transfer Station	6,659	-	(434)	6,225
Cove and Dropzone Waterparks[2]	-	-	-	-
Total deferred inflows	$ 6,659	$ -	$ (434)	$ 6,225

[1] Amortization calculated using the straight-line method for the term of the agreement for the SCA.
[2] No upfront payments received or installment payments that are required to be reported as a deferred inflow of resources.

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require Waste Resources to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Waste Resources will recognize the remaining estimated cost of $10.6 million as the remaining estimated capacity of 17.7 million tons is filled. Waste Resources expects all currently permitted landfill capacities to be filled by 2098. The total estimated closure liability of $20.7 million and post-closure care cost of $31.8 million is based on what it would cost to perform all closure and post-closure care costs at present value. Actual costs may be different due to inflation, changes in technology, or changes in regulations.

In addition to the liability amounts calculated per California Department of Resources, Recycling, and Recovery (CalRecycle) regulations that are designated to the Escrow Funds, Waste Resources is also responsible for the post-closure care costs related to twenty-six (26) other landfill sites that have been inactive or closed since before 1988. Liability for these sites fluctuates dependent on the needs of each site and changes to, or the implementation of, laws and regulations. As of June 30, 2018, the post-closure liability is estimated at $32.6 million.

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

Facility Name (City)	Total Estimate	Capacity Used as of June 30, 2018	Outstanding Recognized Liability	Estimated Years Remaining
Badlands (Moreno Valley)	$ 10,392	68.6%	$ 7,125	4
Blythe (Blythe)	5,016	33.1%	1,659	29
Edom Hill (Cathedral City)	5,583	100.0%	5,583	-
Lamb Canyon (Beaumont)	8,141	53.7%	4,369	11
Desert Center (Desert Center)	404	69.8%	282	69
Mecca II (Mecca)	980	98.8%	968	80
Oasis (Oasis)	732	94.1%	689	45
Total Closure Estimate	$ 31,248		$ 20,675	

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NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (Continued)

Post-Closure Escrow Fund Landfill Sites

Facility Name (City)	Estimated Liability
Badlands (Moreno Valley)	$ 8,262
Blythe (Blythe)	2,564
Coachella (Coachella)	1,420
Double Butte (Winchester)	2,167
Edom Hill (Cathedral City)	2,661
Highgrove (Riverside)	1,774
Lamb Canyon (Beaumont)	5,906
Mead Valley (Perris)	1,379
Anza (Anza)	1,612
Desert Center (Desert Center)	1,243
Mecca II (Mecca)	1,540
Oasis (Oasis)	1,304
Total Post-Closure Estimate	$ 31,832

Waste Resources is required by state and federal laws and regulations to make annual contributions to a trust fund to finance closure and post-closure care. Title 27 of the California Code of Regulations (CCR) requires solid waste landfill operators to demonstrate the availability of financial resources to conduct closure and post-closure maintenance activities. Waste Resources expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional closure and post-closure requirements are determined (due to changes in technology or applicable laws or regulations), these costs may need to be covered by charges to future landfill users.

In accordance with Sections 22228 and 22245 of the CCR, the County has implemented Pledge of Revenue agreements between the County and the California Department of Resources, Recycling and Recovery (CalRecycle) for six active landfills and six closed landfills to demonstrate financial responsibility for post-closure maintenance costs. Waste Resources has determined that the projected net revenues, after current operating costs, from tipping fees during the 30 year period of post-closure care maintenance will, during each year of this period, be greater than the yearly monitoring and post-closure care maintenance costs for each landfill. It is agreed that the amount of these Pledge of Revenue agreements may increase or decrease to match any adjustments to the identified cost estimates, which is mutually agreed to by Waste Resources and CalRecycle.

NOTE 11 – OPERATING LEASES

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2018 (In thousands):

Year Ending June 30	
2019	$ 45,383
2020	41,990
2021	37,268
2022	32,421
2023	27,160
2024 - 2028	62,452
2029 - 2033	14,748
2034 - 2038	1,017
2039 - 2043	394
2044 - 2048	180
Total Minimum Payments	$ 263,013

Total rental expenditure/expense for the year ended June 30, 2018 was $113.0 million, of which $9.0 million was recorded in the enterprise funds.

NOTE 12 – ADVANCES FROM GRANTORS AND THIRD PARTIES

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

The balance as of June 30, 2018 of advances from grantors and third parties is as follows (In thousands):

	Balance June 30, 2018
General Fund:	
Advances on state and federal grants for mental health services	$ 168,686
Advances on state funding for social services	91,892
Advances on state grants for probation services	18,431
Advances on state grants and other 3rd party advances for public health services	15,182
Advances on state and federal grants for sheriff services	4,817
Advances on state grants and other federal grants for environmental health services	3,138
Advances on state grants and other 3rd party advances for emergency management services	990
Advances on state grants for district attorney services	920
Advances on state grants and other 3rd party advances for animal services	410
Advances on state grants for veteran services	275
Advances from 3rd party for registrar of voters services	172
Advances on state and federal grants for fire protection services	141
Advances on state grants for public defender services	138
Other advances	126
Total general fund	305,318
Transportation Special Revenue Fund:	
Developer fees	10,587
Federal exchange and state match	2,381
Advances from developers for median projects	1,674
Survey fees	798
Road deposits	338
Utility relocation	320
Deposit based fees	312
Advances for community facilities districts improvement projects	122
Total transportation special revenue fund	16,532
Flood Special Revenue Fund:	
Advances for flood control projects	500
Total flood special revenue fund	500
Public Facilities Improvements Capital Projects Fund:	
Advances for facility renewal projects	896
Total public facilities improvements capital projects fund	896
Other Governmental Funds:	
Advance from state for the community recidivism reduction grant program	878
Camping and recreation fees	584
Developer impact fees	660
Advance from state for community service block grant	320
Advances for aviation projects	35
Advance from 3rd parties for recreational events	3
Total other governmental funds	2,480
Grand total of advances from grantors and third parties	$ 325,726

NOTE 13 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes (TRANs)

On July 1, 2017, the County issued $340.0 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which will be paid by June 30, 2018. The notes were issued with a yield rate of 0.9% and a stated interest rate of 2.0%. This was to provide needed cash to cover the projected intra-period cash-flow deficits of the County's General Fund during the fiscal year July 1 through June 30.

Tax-Exempt Commercial Paper Notes (Teeter)

In December 1993, the County adopted the Teeter Plan, the alternative method for the distribution of secured property taxes and other assessments. In order to fulfill the requirements of the plan, the County obtained cash for the "buyout" of delinquent secured property taxes and the annual advance of current unpaid taxes to all entities that elected to participate in the Teeter Plan. The current financing takes place through the sale of Tax-Exempt Commercial Paper Notes (Teeter Notes). During fiscal year 2017-18, the County retired $83.5 million and issued $80.4 million 2017 Series A teeter obligation notes (tax-exempt) which includes a premium of $1.7 million, leaving an outstanding balance of $80.4 million at June 30, 2018.

Short-term debt activity for the year ended June 30, 2018, was as follows (In thousands):

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
TRANs	$ -	$ 340,000	$ (340,000)	$ -
Teeter notes	83,462	80,403	(83,462)	80,403
Total	$ 83,462	$ 420,403	$ (423,462)	$ 80,403

NOTE 14 – LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of capital lease obligations, bonds, notes, and other liabilities that are payable from the general, debt service, enterprise, and internal service funds. The calculated legal debt limit for the County is $3.3 billion.

Capital Leases

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

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

The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2018 (In thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2019	$ 28,049	$ 5,250
2020	22,074	4,257
2021	13,938	2,911
2022	8,314	2,250
2023	5,961	1,435
2024-2028	21,302	5,364
2029-2033	25,862	5,005
2034-2038	13,849	-
Total minimum payments	139,349	26,472
Less amount representing interest	(22,507)	(4,951)
Present value of net minimum lease payments	$ 116,842	$ 21,521

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

The following schedules provide details of all certificates of participation, bonds payable, and notes payable for the County that are outstanding as of June 30, 2018 (In thousands):

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2018
Governmental activities:				
Certificates of Participation				
CORAL				
1990 Monterey Avenue: Serial Certificates	$ 8,800	Variable	2020	$ 2,200
2009 Series A - Public Safety Communication				
and Woodcrest Library Refunding Projects	45,685	Variable	2039	44,905
2009 Larson Justice Center Refunding:				
Serial Certificates	24,680	2.00% - 5.00%	2021	11,469
Total CORAL	152,940			58,574
District Court Financing Corporation				
U.S. District Court Project: Term/Series 1999	2,165	7.59%	2020	963
U.S. District Court Project: Term/Series 2002	925	3.00%	2020	145
Total District Court Financing Corporation	3,090			1,108
Flood Control				
Zone 4 - 2015 Negotiable Promissory Note	21,000	2.00% - 5.00%	2025	18,446
Total Flood Control	21,000			18,446
Total certificates of participations	$ 177,030			$ 78,128
Bonds payable				
CORAL				
2012 CAC Annex Refunding Project	$ 33,360	2.00% - 5.00%	2031	$ 27,548
2008 A Southwest Justice Center: Term Certificates	78,895	5.16%	2032	68,245
1997 B & C (Hospital): Term Bonds (Series C)	1,733	5.81%	2019	1,733
2013 Probation & RCIT: Term Bonds (Series A)	66,015	3.00% - 5.25%	2043	62,110
2014 Lease Refunding Court Facilities Project, Series A	10,890	2.00% - 5.00%	2033	8,827
2014 Lease Refunding Court Facilities Project, Series B	7,605	0.55% - 2.73%	2019	2,630
Total CORAL	198,498			171,093
Taxable Pension Obligation Bonds				
Pension Obligation Bonds (Series 2005-A)	400,000	4.91% - 5.04%	2035	266,365
Total Taxable Pension Obligation Bonds	400,000			266,365

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2018
Bonds payable (continued)				
Inland Empire Tobacco Securitization Authority				
Series 2007 A	$ 87,650	5.10%	2021	$ 42,440
Series 2007 B	53,758	5.75%	2026	53,758
Series 2007 C-1	53,542	6.63%	2036	53,542
Series 2007 C-2	29,653	6.75%	2045	29,653
Series 2007 D	23,457	7.00%	2057	23,458
Series 2007 E	18,948	7.63%	2057	18,949
Series 2007 F	27,076	8.00%	2057	27,076
Total Inland Empire Tobacco Securitization Authority	294,084			248,876
Riverside County Public Financing Authority				
Series 2012	17,640	3.00% - 5.00%	2021	13,195
Series 2015	325,000	2.00% - 5.00%	2046	343,303
Total Riverside County Public Financing Authority	342,640			356,498
Riverside County Infrastructure Financing Authority				
Series 2015 A	72,825	2.00% - 5.00%	2054	73,936
Series 2016 A	36,740	2.00% - 4.00%	2032	41,115
Series 2016 A-T	3,245	1.18% - 1.34%	2019	1,625
Series 2017 A	46,970	3.00% - 4.00%	2045	49,576
Series 2017 B	11,595	3.00% - 5.00%	2038	12,061
Series 2017 C	10,610	3.125% - 5.00%	2047	11,088
Total Riverside Infrastructure Financing Authority	181,985			189,401
Total bonds payable	$ 1,417,207			$ 1,232,233
Loans payable				
CORAL				
2011 Monroe Park Building Refunding	$ 5,535	3.54%	2021	$ 1,600
Total 2011 Monroe Park Building Refunding	5,535			1,600
Total loans payable	$ 5,535			$ 1,600
Total governmental activities	$ 1,599,772			$ 1,311,961
Business-Type Activities				
Bonds payable				
Riverside University Health Systems - Medical Center (RUHS-MC)				
1997 A Serial Capital Appreciation Bonds (net of future capital appreciation of $130.5 million)	$ 41,170	5.70% - 6.01%	2026	$ 30,204
1997 Term bonds (Series C)	1,532	5.81%	2019	1,488
2012 Term bonds (Series A)	87,510	2.00% - 5.00%	2029	42,880
2012 Term bonds (Series B)	3,020	3.25%	2019	3,001
Total RUHS-MC	133,232			77,573
Housing Authority				
1998 Series A: Term Bonds	2,405	6.85%	2019	$ 200
Total Housing Authority	2,405			200
Total bonds payable	$ 135,637			$ 77,773
Total business-type activities	$ 135,637			$ 77,773

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2018, annual debt service requirements of governmental activities to maturity are as follows (In thousands):

Governmental	Loans Payable		Certificates of Participation	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
2019	$ 620	$ 51	$ 17,581	$ 3,203
2020	650	29	18,323	2,314
2021	330	6	18,570	1,407
2022	-	-	9,110	784
2023	-	-	2,660	513
2024 - 2028	-	-	6,330	1,105
2029 - 2033	-	-	1,255	629
2034 - 2038	-	-	1,675	339
2039 - 2043	-	-	815	33
Total requirements	1,600	86	76,319	10,327
Bond discount/premium, net	-	-	1,809	-
Total	$ 1,600	$ 86	$ 78,128	$ 10,327

Governmental	Bonds Payable	
Fiscal Year Ending June 30	Principal	Interest
2019	$ 134,108	$ 50,571
2020	53,163	43,603
2021	48,465	40,187
2022	52,375	37,861
2023	56,570	35,300
2024 - 2028	206,630	138,971
2029 - 2033	202,674	95,806
2034 - 2038	156,898	60,219
2039 - 2043	110,890	31,613
2044 - 2048	99,208	7,134
2049 - 2053	3,840	-
2054 - 2058	65,642	4,671
Total requirements	1,190,463	545,936
Bond discount/premium, net	41,770	-
Total	$ 1,232,233	$ 545,936

As of June 30, 2018, annual debt service requirements of business-type activities unit to maturity are as follows (In thousands):

Business-type	Bonds Payable		Other Long-term Liabilities	
Fiscal Year Ending June 30	Principal	Interest	Principal	Interest
2019	$ 13,182	$ 8,180	$ 1,178	$ -
2020	4,981	15,769	-	-
2021	4,664	16,086	-	-
2022	4,376	16,374	-	-
2023	4,125	16,626	-	-
2024 - 2028	32,577	53,345	6,795	-
2029 - 2033	9,536	381	780	-
2034 2038	-	-	-	-
2039 2043	-	-	-	-
2044 2048	-	-	-	-
2049 2053	-	-	-	-
2054 2058	-	-	-	-
2059 2063	-	-	-	-
2064 2068	-	-	3,704	-
Total requirements	73,441	126,761	12,457	-
Bond discount/premium, net	4,332	-	-	-
Total	$ 77,773	$ 126,761	$ 12,457	$ -

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2018 (In thousands):

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Governmental Activities:				
Certificates of Participation:				
Court Financing (U.S. District Court Project)	$ 3,019	$ -	$ (1,007)	$ 2,012
Bonds:				
Inland Empire Tobacco Securitization Authority	164,127	21,826	-	185,953
Total governmental-type activities	$ 167,146	$ 21,826	$ (1,007)	$ 187,965
Business-type Activities:				
Lease Revenue Bonds:				
Riverside University Health Systems - Medical Center (1997A Hosp)	$ 72,900	$ 6,318	$ (2,847)	$ 76,371
Total business-type activities	$ 72,900	$ 6,318	$ (2,847)	$ 76,371

The accreted interest payable balances at June 30, 2018 represent accreted interest on the U.S. District Court project, the 2007 Inland Empire Tobacco Securitization Authority Bonds, and the 1997 A Hospital Serial Capital Appreciation Bonds. The original issues were $2.2 million for the U.S. District Court Project, $294.1 million for the 2007 Inland Empire Tobacco Securitization Authority Bonds, and $41.2 million for the 1997 A Hospital Serial Capital Appreciation Bonds. The total accreted value on the bonds and certificates upon maturity will be $7.2 million for the U.S. District Court Project, $171.6 million for the 1997 A Hospital Serial Capital Appreciation Bonds and $3.5 billion for the 2007 Inland Empire Tobacco Securitization Authority Bonds. The County is under no obligation to make payments of accreted value or redemption premiums, if any, or interest on the Series 2007 Bonds.

The increases of $21.8 million and $6.3 million represent the current year's accretion for governmental activities and business-type activities, respectively. The accumulated accretion for business-type activities is $76.4 million at June 30, 2018. The accumulated accretion for U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority in governmental activities is $188.0 million. The un-accreted balances at June 30, 2018 are $33.9 million for the 1997-A Hospital RUHS-MC project, and $3.3 billion for the Inland Empire Tobacco Securitization Authority Bonds.

Bonds, Certificates of Participation / Refunding

In December 2017, the Infrastructure Financing Authority issued $47.0 million in lease revenue refunding bonds, 2017 Series A. The 2017 Series bond is being issued for the purpose of (i) refunding the outstanding Riverside Community Properties Development, Inc. Lease Revenue Bonds, 2013 (Riverside County Law Building Project) and (ii) pay the costs incurred in connection with the issuance of the bonds. The bonds have an interest rate of 3% to 4%.

In December 2017, the Infrastructure Financing Authority also issued $22.2 million in lease revenue refunding bonds, 2017 Series B and Series C. The Series B Bonds are being issued for the purpose of (i) refunding all of the outstanding Southwest Communities Financing Authority 2008 Lease Revenue Bonds Series A (County of Riverside Capital Projects) and (ii) pay the costs incurred in connection with the issuance of the Series B Bonds. The Series C Bonds are being issued for the purpose of (i) financing the acquisition and construction of certain capital improvements to be owned and operated by the County and (ii) pay the costs incurred in connection with the issuance of the Series C bonds. The new bonds have an interest rate of 3% to 5%.

Defeasance of Debt

In December 2009, CORAL issued $24.7 million of certificates of participation (2009 Larson Justice Center Project Refunding Certificate of Participation) to provide funds to refund and prepay the certificates of participation relating to the 1998 Larson Justice Center Project with an outstanding principal amount of $23.7 million; to fund the reserve fund; and to pay certain costs of issuance incurred in connection with this refunding. The requisition price exceeded the net carry amount of the old debt by $1.0 million. This amount is being netted against the new debt and amortized

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Defeasance of Debt (continued)

over the new debt's life. The transaction resulted in an economic gain of $3.7 million and a reduction of $1.5 million in future debt service payments.

In December 2009, CORAL also issued $45.7 million of certificates of participation (2009 Public Safety Communication and Woodcrest Library Projects Refunding Certification of Participation) to provide funds to refund and redeem the certificates of participation relating to 2007 Series B Public Safety Communication Project with an outstanding principal amount of $37.4 million; to provide funds to refund and retire the series 2006 Certificates of Participation Anticipation Note relating to Woodcrest Library Project with an outstanding principal amount of $6.0 million; to fund capitalized interest on a portion of the certificates of participation through July 1, 2012; to fund a security deposit with respect to base rental payable under the sublease; and to pay certain costs of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carry amount of the old debts by $2.3 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $3.3 million and an addition of $6.9 million in future debt service payments.

On February 28, 2011, CORAL issued $5.5 million in private placement bonds (2011 Monroe Building) to provide funds to refund and redeem the notes payable relating to the 2007 Monroe Park Building loan with an outstanding principal amount of $5.4 million and to pay certain costs of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carrying amount of the old debt by $140.0 thousand. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $527.2 thousand and a reduction of $339.2 thousand in future debt service payments.

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

In July 2012, CORAL issued $90.5 million in lease revenue bonds (2012 Series A and Taxable Series B County of Riverside Capital Projects) to provide funds to refund and prepay CORAL's Leasehold Revenue Bonds, 1997 Series B with an outstanding principal amount of $64.4 million; to provide funds ($30.0 million) for improvements to the Medical Center Campus; deposit funds into the debt service reserve fund; and pay certain costs of issuance incurred in connection with this refunding. The refunding resulted in a redemption premium of $639.4 thousand for the 1997 Series B lease revenue bonds and a net premium of $6.9 million for the 2012 Series A and Taxable Series B. The reacquisition price exceeded the net carry amount of the old debt by $26.6 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of $8.0 million and a reduction of $7.1 million in future debt service payments.

In June 2014, CORAL issued $18.5 million in lease revenue bonds (2014 A & B Court Facilities Project) to provide funds mainly to refund the 2003 A Historic Courthouse Projects, 2003 B Capital Facilities Project Refunding, and 2003 Bankruptcy Court Project (a County bond) with a total outstanding principal amount of $20.0 million; and to pay certain costs of issuance incurred in connection with this refunding. The refunding resulted in a premium of $756.0 thousand for the 2014 A and B Court Facilities Project. The reacquisition price exceeded the net carry amount of the old debt by $1.5 million. This amount is being netted against the new debt and amortized over the new debt life. The transaction resulted in an economic gain of $4.2 million and a reduction of $3.3 million in future debt service payments.

In October 2016, the Infrastructure Finance Authority issued $40.0 million in lease revenue bonds (2016 Series A and Series A-T) for the purpose of refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenue Bonds (County Facilities Projects) 2008 Series A, with a total outstanding principal amount of $40.4 million, to finance the acquisition, construction and installation of certain capital improvements to be owned and operated by the County, and to pay costs incurred in connection with the issuance of the bonds. The refunding resulted in an unamortized bond premium of $5.2 million, loss on refunding of $3.8 million, and a net carrying value of $41.3 million.

In December 2017, the Infrastructure Financing Authority issued $47.0 million in lease revenue refunding bonds, 2017 Series A. The 2017 Series bond is being issued for the purpose of (i) refunding the outstanding Riverside Community Properties Development, Inc. Lease Revenue Bonds, 2013 (Riverside County Law Building Project)

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Defeasance of Debt (continued)

The outstanding principal balance on the 2017 Series A, or $46,970,000, is stated net of related unamortized bond premiums of $2,606,484, resulting in net carrying value of $49,576,484.

In December 2017, the Infrastructure Financing Authority also issued 2017 Series B & C lease revenue bonds (County of Riverside Capital Projects) for $11.6 million and $10.6 million respectively. The 2017 Series B lease revenue bonds were issued to refund the outstanding Southwest Communities Financing Authority 2008 Lease Revenue Bonds Series A with a principal balance outstanding of $13.2 million. The 2017 Series C lease revenue bonds were issued to provide funds to finance the acquisition and construction of certain capital improvements to be owned and operated by the County.

The outstanding principal balance on the 2017 Series B, or $11,135,000, is stated net of related unamortized bond premiums of $926,369, resulting in a net carrying value of $12,061,369.

The outstanding principal balance on the 2017 Series C, or $10,550,000, is stated net of related unamortized bond premiums of $538,299, resulting in a net carrying value of $11,088,299.

Single Family and Multi-Family Mortgage Revenue Bonds

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

A total of $24.0 million of Mortgage Revenue Bonds have been issued and $17.9 million is outstanding as of June 30, 2018. These bonds do not constitute an indebtedness of the County. The bonds are payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of the County officials, these bonds are not payable from any revenues or assets of the County, and neither the full faith and credit nor the taxing authority of the County, the State, or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the basic financial statements.

Special Assessment Bonds

Various special districts in the County reporting entity have issued special assessment bonds, totaling $87.0 million at June 30, 2018, to provide financing or improvements benefiting certain property owners. Special assessment bonds consist of Community Facilities District Bonds and Assessment District Bonds.

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

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

State Appellate Court Financing

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

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap

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

Terms: The bonds and the related swap agreement mature on November 1, 2032, and the swap's notional amount of $76.3 million approximately matches a portion of $78.9 million variable-rate bonds. The swap was effective at the same time the bonds were issued on May 24, 2000, and was amended and restated as of December 10, 2008. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty. The notional value of the swap and the principal amount of the associated debt decline starting in fiscal year 2014-15. Under the amended and restated swap agreement, CORAL pays Wells Fargo Bank, N.A. a fixed payment rate of 5.2%.

CORAL receives an interest rate equal to an amount not to exceed the maximum interest rate payable on the bonds, expressed as a decimal, equal to 64.0% of the monthly London Interbank Offered Rate (LIBOR) in the relevant calculation period. Conversely, the bonds' variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA). Under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the interest rate swap contract qualifies as a derivative financial instrument and a cash flow hedging. CORAL's net cash outflow or payment under the interest rate swap contract was $301.6 thousand for the year ended June 30, 2018.

Fair Value: As of June 30, 2018 and 2017, the swap had a negative fair value of $16.8 million and $21.7 million, respectively, a decrease in fair value of $4.9 million occurred during the fiscal year 2017-18. The fair value was recorded in the CORAL's statement of net position as interest rate swap liability and deferred outflows of resources in the assets section. Because the coupons on the Southwest Justice Center Series 2008 A Leasehold Revenue Refunding Bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was the quoted market price from Wells Fargo Bank, N.A. at June 30, 2018.

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

Basis Risks: The swap exposes CORAL to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2018, CORAL's rate was 64.0% of LIBOR, or 0.1%, whereas BMA or the reset rate on bonds was 0.1%. The synthetic rate on the bonds at June 30, 2018 was 5.2%.

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

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities

Swap Payment and Associated Debt: Using rates as of June 30, 2018, debt service requirements of the variable-rate debt and net swap payments, *assuming current interest rates remain the same* for their term, were as follows (In thousands):

Fiscal Year Ending June 30, 2018	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Net Swap Payments	Total Interest
2019	$ 3,000	$ 958	$ 2,470	$ 3,428
2020	3,205	913	2,354	3,267
2021	3,410	865	2,231	3,096
2022	3,620	814	2,100	2,914
2023	3,825	760	1,961	2,721
2024-2028	18,200	2,892	7,462	10,354
2029-2033	17,370	1,052	2,709	3,761
	$ 52,630	$ 8,254	$ 21,287	$ 29,541

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

The following is a summary of governmental activities long-term liabilities transactions for the year ended June 30, 2018 (In thousands):

	Balance June 30, 2017	New Additions	Payments / Reclass	Balance June 30, 2018	Amounts Due Within One Year
Governmental activities:					
Debt long-term liabilities:					
Bonds payable	$ 1,206,942	$ 73,271	$ (47,980)	$ 1,232,233	$ 134,108
Capital lease obligations	180,290	12,101	(75,549)	116,842	25,269
Certificates of participation	94,467	-	(16,339)	78,128	17,581
Loans payable	2,205	-	(605)	1,600	620
Total debt long-term liabilities	1,483,904	85,372	(140,473)	1,428,803	177,578
Other long-term liabilities:					
Accreted interest payable	167,146	21,826	(1,007)	187,965	-
Compensated absences (a)	238,119	273	(7,611)	230,781	146,200
Estimated claims liabilities (b)	203,898	102,854	(60,490)	246,262	61,295
Net OPEB liability	-	12,927	-	12,927	-
Net pension liabilites (d)	2,220,528	624,577	-	2,845,105	-
Accrued remediation costs (c)	1,502	-	(319)	1,183	429
Total other long-term liabilities	2,831,193	762,457	(69,427)	3,524,223	207,924
Total governmental activities – long-term liabilities	$ 4,315,097	$ 847,829	$ (209,900)	$ 4,953,026	$ 385,502

(a) General Fund, Special Revenue Funds, and Internal Service Funds are used to liquidate the compensated absences.
(b) Internal Service Funds are used to liquidate the estimated claims liabilities.
(c) General Fund is used to liquidate the remediation costs.
(d) General Fund, Special Revenue, Capital Projects and Internal Service Funds are used to liquidate net pension liabilities.

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities (Continued)

The following is a summary of business-type and discretely presented component unit activities long-term liabilities transactions for the year ended June 30, 2018 (In thousands):

	Balance June 30, 2017	New Additions	Payments / Reclass	Balance June 30, 2018	Amounts Due Within One Year
Business-type activities:					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses	$ 92,371	$ -	$ (14,598)	$ 77,773	$ 13,182
Capital lease	8,423	15,323	(2,225)	21,521	4,669
Total debt long-term liabilities	100,794	15,323	(16,823)	99,294	17,851
Other long-term liabilities:					
Accreted interest payable	72,900	6,318	(2,847)	76,371	243
Accrued closure and post-closure costs	82,587	2,494	-	85,081	851
Compensated absences	30,834	6,099	(257)	36,676	21,825
Accrued remediation costs	45,254	400	-	45,654	913
OPEB obligation, net	135	2,077	-	2,212	-
Total OPEB liability	-	630	-	630	-
Net pension liabilites	317,678	118,422	-	436,100	-
Other long-term liabilities (a)	6,795	5,662	-	12,457	1,178
Total other long-term liabilities	556,183	142,102	(3,104)	695,181	25,010
Total business-type activities – long-term liabilities	$ 656,977	$ 157,425	$ (19,927)	$ 794,475	$ 42,861
Discretely Presented Component Unit					
Other long-term liabilities:					
Compensated absences	$ 200	$ 10	$ -	$ 210	$ 115
Net pension liability	2,988	2,243	-	5,231	-
Total discretely presented component unit – long-term liabilities	$ 3,188	$ 2,253	$ -	$ 5,441	$ 115

(a) For Business-type Activities, Other long-term liabilities consist of the following:
Housing Authority has two note payable, totaling $11.3 million, Riverside University Health System has a note payable of $1.2 million.

Disclosure of Pledged Revenues

Inland Empire Tobacco Securitization Authority, a blended component unit of the County, issued $294.1 million of tobacco asset-backed bonds. The bonds are solely secured by pledging a portion of County tobacco assets*** made payable to the County pursuant to agreements with the State and other parties. The portion of revenues that will be used to pay the debt service are (i) the County tobacco assets to the extent consisting of or relating to amounts due to the County after the first $10.0 million has been paid to the County in each year beginning on January 1, 2008 and ending on December 31, 2020, (ii) the County tobacco assets to the extent consisting of or relating to amounts due to the County after the first $11.5 million has been paid to the County in each year beginning on January 1, 2021 and ending on December 31, 2026, (iii) the County tobacco assets to the extent consisting of or relating to amounts due to the County from and after January 1, 2027, and (iv) the County tobacco assets to the extent consisting of or relating to the applicable percentage of a lump sum payment of 14.1% to the County and 85.9% to the Inland Empire Tobacco Securitization Authority for calendar year 2017. During the fiscal year ended June 30, 2018, $19.4 million was received by the Inland Empire Tobacco Securitization Authority; $10.0 million, or 51.5%, was distributed to the County per the above agreement, leaving $13.2 million, or 48.5%, of the specific tobacco settlement revenues available to be pledged (see page 167). The County is under no obligation to make payments of the principal or accreted value or redemption premiums, if any, or interest on the Series 2007 bonds in the event that revenues are insufficient for the payment thereof.

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

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Disclosure of Pledged Revenues (Continued)

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

The Housing Authority reports the $218.0 thousand received each year as revenue. MBIA Insurance Corporation has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2018, before applying the deferred charge, was $390.0 thousand.

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognized deferred outflows of resources in the government-wide and proprietary fund financial statements. These items are a consumption of net position or fund balance by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The County has three items that are reportable on the government-wide statement of net position: the first item relates to outflows from changes in the net pension liability (Notes 20 and 21), the second item relates to changes in the OPEB liability (Note 22) and the third item relates to the interest rate swap (Note 14) that have met all requirements other than timing. Deferred outflows of resources that are reported in the proprietary funds are included in the government-wide statement of net position.

Deferred outflows of resources balances for the year ended June 30, 2018 were as follows (In thousands):

		Balance June 30, 2018
Government-wide deferred outflows of resources:		
Governmental activities:		
Interest rate swap	$	16,845
OPEB		9,903
Pension		1,321,193
Total governmental activities		1,347,941
Business-type activities:		
OPEB		1,683
Pension		212,590
Total business-type activities		214,273
Total government-wide deferred outflows of resources	$	1,562,214
Discretely presented component unit deferred outflows of resources:		
Pension	$	2,649
Total discretely presented component unit deferred outflows of resources	$	2,649

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)

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

The largest portions of the County's deferred inflows of resources are pensions, Senate Bill (SB) 90 and Teeter tax loss reserve. Pensions are related to GASB Statement No. 68, which can be found in Notes 20 and 21. SB90 is California SB90 of 1972, which established a requirement that the State of California reimburse local government agencies for the costs of new programs or increased levels of service on programs mandated by the State. Teeter tax loss reserve pursuant to California Revenue and Taxation Code Section 4703 was established as a tax loss reserve fund for covering losses that may occur in the amount of tax liens as a result of special sales of tax defaulted property.

Deferred inflows of resources balances for the year ended June 30, 2018 were as follows (In thousands):

		Balance June 30, 2018
Government-wide deferred inflows of resources:		
Governmental activities:		
Teeter tax loss reserve	$	23,250
OPEB		808
Pension		366,523
Total governmental activities		390,581
Business-type activities:		
Service concession arrangement		6,225
OPEB		298
Housing Opportunities for Persons with Aids (HOPWA) grant		585
Pension		54,880
Total business-type activities		61,988
Total government-wide deferred inflows of resources	$	452,569
Governmental funds deferred inflows of resources:		
General Fund:		
SB 90	$	23,973
Teeter tax loss reserve		23,250
Property tax		4,613
Total general fund		51,836
Flood Control Special Revenue Fund:		
Property tax		924
Special assessments		51
Total flood control special revenue fund		975
Other Governmental Funds:		
Property tax		4
Total other governmental funds		4
Total governmental funds deferred inflows of resources	$	52,815
Discretely presented component unit deferred inflows of resources:		
Pension	$	80
Total discretely presented component unit deferred inflows of resources	$	80

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2018

NOTE 16 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. (See Note 1 for a description of each category.) A detailed schedule of fund balances as of June 30, 2018 is as follows (In thousands):

	Major Funds					
	General Fund	Transportation	Flood Control	Public Facilities Improvements Capital Projects	Public Financing Authority	Total Major Governmental Funds
Fund balances:						
Nonspendable						
Inventory	$ 2,360	$ 1,217	$ -	$ -	$ -	$ 3,577
Prepaid items	781	5	-	-	-	786
Imprest cash	329	1	1	-	-	331
Permanent fund	-	-	-	-	-	-
Total nonspendable	**3,470**	**1,223**	**1**	**-**	**-**	**4,694**
Restricted						
Aging	-	-	-	-	-	-
Air quality planning	229	-	-	-	-	229
Airport	-	-	-	-	-	-
Auto theft interdiction	562	-	-	-	-	562
CAP local initiative program	-	-	-	-	-	-
Construction & capital projects	8,409	-	-	154,583	15,671	178,663
Court services	9,395	-	-	-	-	9,395
Debt services	1,759	-	-	2,379	-	4,138
District attorney	17,126	-	-	-	-	17,126
Domestic violence	2,139	-	-	-	-	2,139
Emergency medical services	7,095	-	-	-	-	7,095
Emergency preparedness	-		-	-	-	-
Endowment care	-	-	-	-	-	-
Environmental health	327	-	-	-	-	327
Public ways and facilities	-	-	236,080	17,402	-	253,482
Fire protection	-	-	-	-	-	-
Geographical info system	-	-	-	-	-	-
Hazmat	2,659	-	-	-	-	2,659
Humane services	134	-	-	-	-	134
Landscape maintenance	-	3,380	-	-	-	3,380
Libraries	-	-	-	-	-	-
Mental health	9,041	-	-	-	-	9,041
Modernization	8,792	-	-	-	-	8,792
Other purposes	3,935	-	-	-	-	3,935
Parks and recreation	-	-	-	9,413	-	9,413
Public assistance	2,725	-	-	-	-	2,725
Public health	1,540	-	-	-	-	1,540
Public protection	2,969	-	-	-	-	2,969
Public safety revenue	1,794	-	-	-	-	1,794
Roads	-	61,979	-	-	-	61,979
Sheriff patrol	8,908	-	-	-	-	8,908
Teeter tax losses	6,343	-	-	-	-	6,343
Total restricted	**95,881**	**65,359**	**236,080**	**183,777**	**15,671**	**596,768**

Note: Encumbrances - see Note 23 – Contingencies and Commitments

NOTE 16 – FUND BALANCES (Continued)

Nonmajor Funds						
Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds	Total Governmental Funds	
						Fund balances:
						Nonspendable
$ -	$ -	$ -	$ -	$ -	$ 3,577	Inventory
7	-	580	-	587	1,373	Prepaid items
49	-	-	-	49	380	Imprest cash
-	-	-	701	701	701	Permanent fund
56	**-**	**580**	**701**	**1,337**	**6,031**	**Total nonspendable**
						Restricted
415	-	-	-	415	415	Aging
434	-	-	-	434	663	Air quality planning
1,344	-	-	-	1,344	1,344	Airport
-	-	-	-	-	562	Auto theft interdiction
371	-	-	-	371	371	CAP local initiative program
-	-	11,716	-	11,716	190,379	Construction & capital projects
-	-	-	-	-	9,395	Court services
-	44,768	114	-	44,882	49,020	Debt services
-	-	-	-	-	17,126	District attorney
-	-	-	-	-	2,139	Domestic violence
-	-	-	-	-	7,095	Emergency medical services
2,778	-	-	-	2,778	2,778	Emergency preparedness
-	-	-	52	52	52	Endowment care
-	-	-	-	-	327	Environmental health
-	-	-	-	-	253,482	Public ways and facilities
16,742	-	-	-	16,742	16,742	Fire protection
1,590	-	-	-	1,590	1,590	Geographical info system
-	-	-	-	-	2,659	Hazmat
-	-	-	-	-	134	Humane services
22,532	-	-	-	22,532	25,912	Landscape maintenance
31,487	-	-	-	31,487	31,487	Libraries
-	-	-	-	-	9,041	Mental health
-	-	-	-	-	8,792	Modernization
464	-	-	-	464	4,399	Other purposes
5,274	-	7,679	-	12,953	22,366	Parks and recreation
5,605	-	-	-	5,605	8,330	Public assistance
5,469	-	-	-	5,469	7,009	Public health
17	-	-	-	17	2,986	Public protection
-	-	-	-	-	1,794	Public safety revenue
1,718	-	-	-	1,718	63,697	Roads
5,417	-	-	-	5,417	14,325	Sheriff patrol
-	-	-	-	-	6,343	Teeter tax losses
101,657	**44,768**	**19,509**	**52**	**165,986**	**762,754**	**Total restricted**

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NOTE 16 – FUND BALANCES (Continued)

	Major Funds					
	General Fund	Transportation	Flood Control	Public Facilities Improvements Capital Projects	Public Financing Authority	Total Major Governmental Funds
Fund balances:						
Committed						
Code enforcement	$ -	$ 3,474	$ -	$ -	$ -	$ 3,474
Community improvement	172	-	-	-	-	172
Construction & capital projects	500	3	-	3,375	-	3,878
EDA special projects	-	-	-	-	-	-
Environmental programs	1,595	351	-	-	-	1,946
Legal services	1,214	-	-	-	-	1,214
Other purposes	2,637	-	-	-	-	2,637
Parks	-	-	-	-	-	-
Sheriff correction	16,793	-	-	-	-	16,793
Solar program	-	-	-	-	-	-
Youth protection	379	-	-	-	-	379
Total committed	**23,290**	**3,828**	**-**	**3,375**	**-**	**30,493**
Assigned						
Airports	-	-	-	-	-	-
Capital improvement projects	278	-	-	5	-	283
Construction & capital projects	-	-	-	1,220	-	1,220
Debt service	-	-	-	-	-	-
Equipment	-	6,303	-	-	-	6,303
Other purposes	86	-	-	-	-	86
Probation	3,494	-	-	-	-	3,494
Professional services	734	-	-	-	-	734
Public health	488	-	-	-	-	488
Public protection	2,676	-	-	-	-	2,676
Roads	-	8,816	-	-	-	8,816
Sheriff correction	4,708	-	-	-	-	4,708
Total assigned	**12,464**	**15,119**	**-**	**1,225**	**-**	**28,808**
Unassigned	**234,477**	**-**	**-**	**-**	**-**	**234,477**
Total fund balances	**$ 369,582**	**$ 85,529**	**$ 236,081**	**$ 188,377**	**$ 15,671**	**$ 895,240**

Note: Encumbrances - see Note 23 – Contingencies and Commitments

NOTE 16 – FUND BALANCES (Continued)

Nonmajor Funds						
Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds	Total Governmental Funds	
						Fund balances:
						Committed
$ -	$ -	$ -	$ -	$ -	$ 3,474	Code enforcement
-	-	-	-	-	172	Community improvement
-	-	-	-	-	3,878	Construction & capital projects
900	-	-	-	900	900	EDA special projects
-	-	-	-	-	1,946	Environmental programs
-	-	-	-	-	1,214	Legal services
-	-	-	-	-	2,637	Other purposes
4,757	-	-	-	4,757	4,757	Parks
-	-	-	-	-	16,793	Sheriff correction
703	-	-	-	703	703	Solar program
-	-	-	-	-	379	Youth protection
6,360	**-**	**-**	**-**	**6,360**	**36,853**	**Total committed**
						Assigned
1,626	-	-	-	1,626	1,626	Airports
-	-	-	-	-	283	Capital improvement projects
-	-	5,947	-	5,947	7,167	Construction & capital projects
-	4,055	-	-	4,055	4,055	Debt service
-	-	-	-	-	6,303	Equipment
3,148	-	-	-	3,148	3,234	Other purposes
-	-	-	-	-	3,494	Probation
-	-	-	-		734	Professional services
-	-	-	-	-	488	Public health
-	-	-	-	-	2,676	Public protection
-	-	-	-	-	8,816	Roads
-	-	-	-	-	4,708	Sheriff correction
4,774	**4,055**	**5,947**	**-**	**14,776**	**43,584**	**Total assigned**
-	**-**	**-**	**-**	**-**	**234,477**	**Unassigned**
$ 112,847	**$ 48,823**	**$ 26,036**	**$ 753**	**$ 188,459**	**$ 1,083,699**	**Total fund balances**

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NOTE 17 – RISK MANAGEMENT

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

The County supplements its self-insurance for general liability, medical malpractice, and workers' compensation with catastrophic excess insurance coverage. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are $10 million, subject to a self-insured retention (SIR) of $2 million for each occurrence. A SIR is a form of a deductible. The County also purchases an additional $15 million per occurrence in excess of the $10 million for a total of $25 million in limits. Medical malpractice utilizes an excess policy providing coverage on a per occurrence basis. Limits under the malpractice policy are $20 million subject to a SIR of $1.1 million. The maximum limit under the excess workers' compensation, Section A, is statutory (unlimited); Section B, employer liability is $5 million per claim. Section A is subject to a $2 million SIR for each accident, employee injury, or disease. Settlements have not exceeded coverage for each of the past three fiscal years.

The County's property insurance program provides insurance coverage for all risks subject to a $50,000 per occurrence deductible; flood coverage is subject to a 2.0% deductible (subject to a $100,000 minimum) per unit within a 100-year flood zone (as determined by Federal Emergency Management Agency) and $25,000 per unit deductible outside a 100-year flood zone. (A 'unit' is defined as a separate building, contents in a separate building, property in the open (yard), or time element coverage in a separate building.) The County's property is categorized into four towers and the overall all risk coverage is $600 million. Earthquake (covering scheduled locations equal to or greater than $1 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each tower of $90 million with an additional $290.5 million excess rooftop limit available to any one tower. The excess rooftop limit may be triggered during the policy year if a covered earthquake event somewhere in the state has depleted the initial underlying limits. Earthquake coverage is subject to a deductible equal to 5.0% of replacement cost value per unit subject to a $100,000 minimum per unit. Boiler and machinery coverage is included and provides up to $100 million per accident in limits, with a $5,000 per occurrence deductible. The limits in each tower are shared with other counties on a per event basis. Should a catastrophic event occur and losses exceed the limits, the County would be responsible.

The activities related to such programs are accounted for in Internal Service Funds (ISF). Accordingly, estimated liabilities for claims, including loss adjustment expenses, filed or to be filed, for incidents that have occurred through June 30, 2018, are reported in these funds. Where certain ISF funds have an accumulated deficit or insufficient reserves, the County provides funding to reduce the deficit and increase the reserves. If the funding is above the Board of Supervisors approved 70.0% confidence level, an appropriate reduction in funding including a one-time holiday on department charges may be granted. For fiscal year 2017-18, the Board approved to continue reduced funding at slightly below the 60.0% confidence level for the general liability ISF and for the workers' compensation ISF. Funding for the medical malpractice ISF was at the 70.0% confidence level. Revenues for these internal service funds are primarily provided by other County departments and are intended to cover the self-insured claim payments, insurance premiums, and operating expenses. The revenue is not used to cover catastrophic events and/or other uninsured liabilities. Cash available in the risk management and workers' compensation ISF at June 30, 2018, plus revenues to be collected during fiscal year 2018-19, are $246.3 million. The liabilities are discounted at 2.0% for general liability and medical malpractice and 2.5% for workers' compensation.

	Auto & General Liabilities	Medical Malpractice	Workers' Compensation	Total
Unpaid claims, beginning of FY 2016-17	$ 85,709	$ 14,896	$ 103,293	$ 203,898
Increase in provision for insured events of prior years	2,424	(511)	4,592	6,505
Incurred claims for current year	62,861	3,914	29,574	96,349
Claim payments	(35,038)	(2,022)	(23,430)	(60,490)
Unpaid claims, end of FY 2017-18	$ 115,956	$ 16,277	$ 114,029	$ 246,262

NOTE 18 – MEDI-CAL AND MEDICARE PROGRAMS

RUHS-MC provides services to patients covered by various reimbursement programs. The principal programs are Medicare, the State of California Medi-Cal, and the County Medically Indigent Services Program (MISP) and the Medi-Cal Managed Care Assembly Bill (AB) 85 Expansion Program. Net patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. In addition, net patient service revenue includes a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed at a per diem rate based upon estimated certified public expenditures (CPEs) and outpatient services are reimbursed under a schedule of maximum allowable reimbursement provided by the California Department of Health Care Services. Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed based upon pre-established rates for diagnostic-related groups. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology subject to payment caps and indexing formulas. RUHS-MC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by RUHS-MC and audit thereof by the Medicare fiscal intermediary. Normal estimation differences between final settlements and amounts accrued in previous years are reflected in net patient services revenue. The fiscal intermediary has audited RUHS-MC's Medicare cost reports through June 30, 2015 and Medi-Cal cost reports through June 30, 2016. RUHS-MC has received notices of program reimbursement (NPR), a written notice reflecting the intermediary's final determination of the total amount of reimbursement due the medical center for Medicare through June 30, 2015. For Medi-Cal Fee for Service, RUHS-MC is settled through the California public hospital P-14 cost reports. Notice of final settlement has been received through June 30, 2009.

California's 1115 Waiver Renewal Medi-Cal 2020 was approved on December 30, 2015 by the Centers for Medicare and Medicaid Services. In connection with Medi-Cal 2020, the Global Payment Program (GPP) establishes a statewide pool of funding for uninsured by combining Disproportionate Share Hospital Program (DSH) and uncompensated care funding. GPP incentivizes Designated Public Hospitals (DPH) to deliver more cost-effective and higher value care for indigent, uninsured individuals. GPP combines funding into global budgets for DPHs to draw down by earning points for services provided to uninsured patients. For fiscal year ending June 30, 2018, RUHS-MC recognized \$56.3 million of GPP revenue. The Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program is designed to build upon the foundational delivery system transformation work, expansion of coverage, and increased access to coordinated primary care achieved through the prior California Section 1115 Bridge to Reform demonstration. PRIME is a pay-for-performance program that uses evidence-based quality improvement methods to achieve performance targets and improve health outcomes for patients. RUHS-MC recognized \$30.3 million in PRIME for fiscal year ending June 30, 2018.

Redirection of 1991 State Health Realignment

Realignment was affected by California electing to implement a state-run Medicaid Expansion program through the Affordable Care Act (ACA). The State anticipates that counties' costs and responsibilities for the health care services for the indigent population has decreased for much of this population who became eligible for coverage through Medi-Cal or the Healthcare Exchange offering affordable coverage through Covered California. On June 27, 2013, Governor Brown signed into law AB 85 that provides a mechanism for the State to redirect State health realignment funding to fund social service programs.

The redirected amount was determined according to an agreed to formula option for California's twelve public hospital system counties, thirty-four County Medical Services Program (CMSP) counties, and the remaining twelve counties (Article 13 counties). The formula options were developed in consultation with the counties and California

NOTE 18 – MEDI-CAL AND MEDICARE PROGRAMS (Continued)

Department of Health Care Services (DHCS) to ensure continued viability of the county safety net. For CMSP counties, AB 85 outlines that 60% of health-realignment that would have otherwise been received will be redirected, while the remaining two county groups had an option to either have 60% of health realignment redirected, or to use a formula-based approach that takes into account a county's cost and revenue experience, and redirect 80% (70% in FY 13-14) of the savings realized by the county.

RUHS-MC is fully reserved for any estimated liabilities due back to the State for any State health realignment overpayments. RUHS-MC recognized \$6.8 million in revenue for the fiscal year ending June 30, 2018 from state health realignment.

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS

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

A representation of the jointly governed organizations on which the County served at June 30, 2018 follows:

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

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

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

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

NOTE 19 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

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

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

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

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

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

Coachella Valley Conservation Commission (CVCC) was formed in October 2005. The CVCC is a Joint Powers Agreement Agency comprised of the cities of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage and Riverside, and the Coachella Valley Water District as well as the Imperial Irrigation District. The purpose of the CVCC is to implement the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). The CVMSHCP's goal is to enhance and maintain biological diversity and ecosystem processes while allowing future economic growth.

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

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

NOTE 20 – RETIREMENT PLAN

General Information about the Pension Plans

Plan descriptions. The County, Flood Control, Park District, and Waste Resources contract with the CalPERS to provide retirement benefits to their employees. CalPERS is a common investment and administrative agent for participating public entities within the State of California. State statutes, governed by the Public Employees' Retirement Law (PERL), have established benefit provisions as well as other requirements. The County may select from a variety of optional benefit provisions offered by CalPERS. Upon selecting the benefit provisions and entering into a contractual agreement with CalPERS, the benefit provisions may be adopted through local ordinance. CalPERS issues a comprehensive annual financial report (CAFR) which details its plan assets, liabilities, and plan activity. The County receives an annual actuarial valuation report which summarizes plan assets, liabilities, and employer rates for its plans. Under GASB Statement No. 68, both the County (Miscellaneous and Safety) and Flood Control (Miscellaneous) are agent multiple-employer defined benefit pension plans, while the Park District (Miscellaneous) and Waste Resources (Miscellaneous) are cost-sharing multi-employer defined benefit pension plans due to their pooling composite. Copies of the CalPERS CAFR may be obtained from: California Public Employees' Retirement System, 400 Q Street, P.O. Box 942701, Sacramento, CA 94229-2701.

Benefits provided. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments (COLA), and death benefits to plan members and plan beneficiaries. The County of Riverside has three retirement Tiers through the California Public Employee's Retirement System (CalPERS). Tier I - Applicable to employees hired prior to August 23, 2012. Formula is 3.0% at age 50 for County Safety plan employees and age 60 for other Miscellaneous plan employees. Tier II - Applicable to employees hired on or after August 23, 2012 through December 31, 2012. Formula is 2.0% at age 50 for County Safety plan employees and age 60 for other Miscellaneous plan employees. Tier III - Applicable to new CalPERS members hired on or after January 1, 2013 as a result of Public Employees' Pension Reform Act of 2013 (PEPRA). New lower retirement benefit formulas, final compensation periods, and contribution requirements were implemented. Formula is 2.7% at age 57 for County Safety plan employees and 2.0% at age 62 for other Miscellaneous plan employees. New members who were hired by Waste Resources on or after August 23, 2012 are applicable to the County Miscellaneous plan. Listed below is a table with the new retirement options and provision changes.

Summary of Benefits by plan:

	Plan	Employer Paid Member Contribution (EPMC)	Earliest Retirement Age	PEPRA Compensation Limits	Final Compensation	Effective Date
Tier I						
County Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
County Safety	3.0% at 50	Yes	50	N/A	12 months	N/A
Flood Control Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
Park District Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
Waste Resources Miscellaneous	3.0% at 60	Yes	50	N/A	12 months	N/A
Tier II						
County Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
County Safety	2.0% at 50	No	50	N/A	36 months	8/23/2012
Flood Control Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
Park District Miscellaneous	2.0% at 60	No	50	N/A	36 months	8/23/2012
Waste Resources Miscellaneous	N/A	N/A	N/A	N/A	N/A	N/A
Tier III (PEPRA)						
County Miscellaneous	2.0% at 62	No	52	$ 121,388	36 months	1/1/2013
County Safety	2.7% at 57	No	50	$ 145,666	36 months	1/1/2013
Flood Control Miscellaneous	2.0% at 62	No	52	$ 121,388	36 months	1/1/2013
Park District Miscellaneous	2.0% at 62	No	52	$ 121,388	36 months	1/1/2013
Waste Resources Miscellaneous	N/A	N/A	N/A	N/A	N/A	N/A

NOTE 20 – RETIREMENT PLAN (Continued)

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	10,132	2,391	232	75	105
Inactive employees entitled to but yet receiving benefits	12,580	1,167	129	165	47
Active employees	17,201	3,731	227	169	22
	39,913	7,289	588	409	174

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

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

For fiscal year 2017-18, the employer and employee contribution rates were:

	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
County contribution rates:					
County Tier I	16.9%	28.2%	24.7%	13.5%	13.5%
County Tier II	16.9%	28.2%	24.7%	7.9%	N/A
County Tier III	16.9%	28.2%	24.7%	6.9%	N/A
Plan Members contribution rates					
County Tier I	8.0%	9.0%	8.0%	8.0%	8.0%
County Tier II	7.0%	9.0%	7.0%	7.0%	N/A
County Tier III	6.5%	10.8% *	5.5%	6.5%	N/A

*During the term of Memorandum of Understanding (MOU), the employee contributions pursuant to the cost-sharing provision cannot exceed less than that which the employees are obligated under the MOU to contribute.

Net Pension Liability

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016.

NOTE 20 – RETIREMENT PLAN (Continued)

Actuarial assumptions. For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

By Plan	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions:					
Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services	Varies by Entry Age and Services
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%	7.15%
Mortality Rate Table for all Plans (1)	Derived using CalPERS' Membership Data for all Funds				
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter				

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. More details on this table are available in the 2014 experience study report (based on CalPERS demographic data from 1997 to 2011).

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of assumptions. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term,

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NOTE 20 – RETIREMENT PLAN (Continued)

the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80	2.27
Inflation Sensitive	6.0%	0.60	1.39
Private Equity	12.0%	6.60	6.63
Real Estate	11.0%	2.80	5.21
Infrastructure and Forestland	3.0%	3.90	5.36
Liquidity	2.0%	(2.20)	(2.70)

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability for Agent Multiple-Employer Defined Benefit Pension Plan

The following table shows the changes in net pension liability recognized over the measurement period (In thousands).

Measurement Period June 30, 2017	County Miscellaneous	County Safety	Flood Control Miscellaneous	Total
Total pension liability				
Service cost	$ 211,842	$ 101,987	$ 3,196	$ 317,025
Interest	501,855	229,003	13,182	744,040
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	151,001	13,324	4,317	168,642
Changes of assumptions	450,226	215,024	11,057	676,307
Benefit payments, including refunds of employee contributions	(259,302)	(115,929)	(8,387)	(383,618)
Net change in total pension liability	1,055,622	443,409	23,365	1,522,396
Total pension liability - beginning (a)	6,198,152	2,981,468	171,582	9,351,202
Total pension liability - ending (c)	$ 7,253,774	$ 3,424,877	$ 194,947	$ 10,873,598
Plan fiduciary net position				
Contributions - employer	$ 164,307	$ 85,091	$ 3,899	$ 253,297
Contributions - employee	87,201	33,623	1,343	122,167
Net investment income	540,579	243,597	12,842	797,018
Benefit payments, including refunds of employee contributions	(259,302)	(115,929)	(8,387)	(383,618)
Administrative expense	(7,122)	(3,184)	(171)	(10,477)
Net change in plan fiduciary net position	525,663	243,198	9,526	778,387
Plan fiduciary net position - beginning (b)	4,564,796	2,156,829	116,480	6,838,105
Plan fiduciary net position - ending (d)	$ 5,090,459	$ 2,400,027	$ 126,006	$ 7,616,492
Net pension liability - beginning (a) - (b)	1,633,356	824,639	55,102	2,513,097
Net pension liability - ending (c) - (d)	$ 2,163,315	$ 1,024,850	$ 68,941	$ 3,257,106

NOTE 20 – RETIREMENT PLAN (Continued)

Changes in Proportionate Share of the Net Pension Liability for Cost Sharing Multiple-Employer Defined Benefit Pension Plans

The following table shows the proportionate share of the net pension liability over the measurement period.

	Park District Miscellaneous Increase (Decrease)			Waste Resources Miscellaneous Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)	Total Net Pension Liability
Balance at 06/30/2016	$ 37,974	$ 28,823	$ 9,151	$ 45,402	$ 33,112	$ 12,290	$ 21,441
Balance at 06/30/2017	$ 43,486	$ 32,747	$ 10,739	$ 50,676	$ 36,548	$ 14,128	$ 24,867
Net changes during 2016-17	$ 5,512	$ 3,924	$ 1,588	$ 5,274	$ 3,436	$ 1,838	$ 3,426

The following table shows the total net pension liability for both Agent and Cost Sharing Multiple-Employer plans by primary government and component unit.

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total Net Pension Liability
County Miscellaneous	$ 1,738,414	$ 419,670	$ 5,231	2,163,315
County Safety	1,024,850	-	-	1,024,850
Flood Control Miscellaneous	66,639	2,302	-	68,941
Park District Miscellaneous	10,739	-	-	10,739
Waste Resources Miscellaneous	-	14,128	-	14,128
Total:	$ 2,840,642	$ 436,100	$ 5,231	3,281,973

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the County's net pension liability, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate (In thousands):

Net Pension Liability By Plan	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
County Miscellaneous	$ 3,288,949	$ 2,163,315	$ 1,258,283
County Safety	1,564,505	1,024,850	588,548
Flood Control Miscellaneous	95,643	68,941	46,917
Park District Miscellaneous	16,741	10,739	5,769
Waste Resources Miscellaneous	22,024	14,128	7,589
Total:	$ 4,987,862	$ 3,281,973	$ 1,907,106

Pension plan fiduciary net position. Detailed information about the pension's plan fiduciary net position is available in the separately issued CalPERS financial report. The pension's plan fiduciary net position may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, CalPERS must keep deficiency reserves, fiduciary self-insurance, and Other Postemployment Benefit (OPEB) expense as assets. These amounts are excluded for rate setting purposes in the actuarial valuation report. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Subsequent Events. There were no subsequent events that would materially affect the results presented in this disclosure.

NOTE 20 – RETIREMENT PLAN (Continued)

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and plan fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows of resources and deferred outflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is five year straight-line amortization. All other amounts are straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the plan for the 2016-17 measurement period was obtained by dividing the total service years of the sum of remaining service lifetimes of the active employees by the total number of participants (active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. The future service is based on the members' probability of decrementing due to an event other than receiving cash refund.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2017, the Park District and Waste Resources reported a liability of $10.7 million and $14.1 million, respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The proportion of the net pension liability was based on a projection of long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Park District's and Waste Resources' proportions were 0.27243 percent and 0.35839 percent, respectively, which was an increase of 0.00898 percent and 0.00462 percent, respectively, from their proportion measured as of June 30, 2016.

For the year-ended June 30, 2018, the County recognized pension expense of $663.4 million. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

NOTE 20 – RETIREMENT PLAN (Continued)

At June 30, 2018, the deferred outflows of resources and deferred inflows of resources related to pensions are reported from the following sources (In thousands):

	Agent Multiple-Employer			Cost Sharing Multiple-Employer		
Deferred Outflows of Resources By Plan:	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Difference between projected and actual earnings on pension plan investments - investment earnings less than projected	$ 304,010	$ 136,988	$ 7,462	$ 1,879	$ 2,163	$ 452,502
Difference between expected and actual experience	198,216	55,146	4,904	15	17	258,298
Change of assumptions	345,521	179,186	7,986	1,815	2,142	536,650
Adjustment due to differences in proportions	-	-	-	574	687	1,261
Sub-total	847,747	371,320	20,352	4,283	5,009	1,248,711
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	182,070	91,224	4,252	1,094	900	279,540
Total	$ 1,029,817	$ 462,544	$ 24,604	$ 5,377	$ 5,909	$ 1,528,251

$279.5 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

	Agent Multiple-Employer			Cost Sharing Multiple-Employer		
Deferred Inflows of Resources By Plan:	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Difference between projected and actual earnings on pension plan investments - investment earnings less than projected	$ (239,072)	$ (107,715)	$ (5,743)	$ (1,469)	$ (1,712)	$ (355,711)
Difference between expected and actual experience	-	-	-	(210)	(243)	(453)
Change of assumptions	(33,232)	(27,248)	(596)	(138)	(161)	(61,375)
Adjustment due to differences in proportions	-	-	-	-	(297)	(297)
Difference in employer contributions and proportionate share of contributions	-	-	-	(130)	-	(130)
Total	$ (272,304)	$ (134,963)	$ (6,339)	$ (1,947)	$ (2,413)	$ (417,966)

The follow table summarizes the total deferred outflows of resources and deferred inflows of resources by primary government and component unit.

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit	Total
Deferred Outflows of Resources	$ 1,313,012	$ 212,590	$ 2,649	$ 1,528,251
Deferred Inflows of Resources	$ (363,006)	$ (54,880)	$ (80)	$ (417,966)

NOTE 20 – RETIREMENT PLAN (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (In thousands):

Year Ended June 30	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
2019	$ 148,675	$ 40,136	$ 4,824	$ 670	$ 616	$ 194,921
2020	243,878	75,985	6,837	1,195	1,337	329,232
2021	180,740	53,322	3,283	714	844	238,903
2022	2,150	27,311	(931)	(243)	(201)	28,086
2023	-	39,603	-	-	-	39,603
Thereafter	-	-	-	-	-	-
	$ 575,443	$ 236,357	$ 14,013	$ 2,336	$ 2,596	$ 830,745

Payable to the Pension Plan

At June 30, 2018, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2018.

NOTE 21 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The County provides a Part-time and Temporary Employees' Retirement Plan (the Plan) to provide retirement benefits to eligible employees as a substitute for benefits under social security. The Plan is an IRS Section 401(a) defined benefit plan and agent multiple-employer defined benefit pension plan under GASB No. Statement No. 68. This Plan is self-funded and self-administered. Effective July 20, 2010, the County Board of Supervisors appointed U.S. Bank as the Plan's investment consultant, investment manager and trustee. Contributions made to the Plan are deposited with U.S. Bank, who maintains the responsibility of investing contributions in a diversified portfolio and reported at fair value. No financial report has been issued separately for public view under the defined benefit pension plan.

Benefits provided. Retirement benefits are determined as 2.0 percent of the employee's compensation and payable as a single life annuity. The eligible retirement age is 65. Participants are immediately 100% vested in the Plan upon enrollment. Benefits are payable for the life of the employee only. The normal retirement benefit is accrued to the date of termination. A lump sum distribution is paid if the actuarial equivalent benefit is less than $5,000. Actuarial Equivalence for this purpose is based on the greater of the factor produced under the UP1984 unisex mortality table at 6% or the applicable mortality table and interest rate under 417(e).

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	250
Inactive employees entitled to but yet receiving benefits	6,860
Active employees	2,019
	9,129

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions. Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. According to the July 1, 2017 valuation, the County's current required contribution rate is 1.87%. Overall, the Plan's unfunded actuarially accrued liability (UAAL) decreased from the prior valuation due to the net result of the following: 1) assets were higher than expected due to favorable investment return on plan assets (13.12% actual compared to 6.0% assumed), 2) demographic experience was different than expected which resulted in a liability loss, 3) updates to the assumed mortality improvement scale resulted in a reduction in liabilities, and 4) higher discount rate resulted in a GASB liability gain. The Plan's current funded ratio is 90%. The Plan actuary calculates the minimum recommended employer contribution rate through preparation of an actuarial valuation report and the County determines the contribution rates. Administrative costs of the Plan are paid by the Trustee from Plan assets.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Inflation	2.8%
Salary Increases	3.0%
Payroll Growth	3.0%
Investment Rate of Return:	6.0%

The mortality rates for active employees are based on RP-2006 combined annuitant/non-annuitant table with the generational future improvement from 2006 using scale MP-2017. The mortality rates for inactive employees no longer accruing benefits are based on the most recent CalPERS mortality table developed in 1997-2011 CalPERS Experience Study, with generational future improvement from 2008 using scale MP-2017.

The actuarial assumption used in the July 1, 2017 valuation was based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Nominal Return	Expected Volatility
Cash	0.70%	1.7%	0.3%
Domestic Equity	48.46%	7.1%	15.7%
Developed International Equity	17.93%	8.4%	17.1%
Aggregate Fixed Income	32.91%	2.2%	3.3%

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate. The discount rate used to measure the total pension liability was 6.0 percent. The projected cash flow used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (In thousands):

	Governmental Activities Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability/(Asset) (c) = (a) - (b)**
Measurement Period June 30, 2016	**$ 38,789**	**$ 32,133**	**$ 6,656**
Changes of the year:			
Service cost	1,914	-	1,914
Interest Cost	2,358	-	2,358
Differences between expected and actual experience	1,457	-	1,457
Change of assumptions	(746)	-	(746)
Benefit payments, including refunds of employee contributions	(1,757)	(1,757)	-
Contributions - employer	-	1,341	(1,341)
Contributions - employee	-	1,674	(1,674)
Net investment income (loss)	-	4,289	(4,289)
Administrative expense	-	(128)	128
Net changes	3,226	5,419	(2,193)
Measurement Period June 30, 2017	**$ 42,015**	**$ 37,552**	**$ 4,463**

Changes in Assumptions and Methods since the Prior Valuation

1) Update to GASB Statement No. 68 discount rate from 5.92% as of 7/1/2016 to 6.00% as of 7/1/2017 to reflect revised projection of assets and municipal bond index as of 7/1/2017.

2) Update to assumed mortality improvement scale from MP-2016 to MP-2017.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 6.0 percent, as well as what the County's net pension liability would be if it were using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current rate (In thousands):

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
Net Pension Liability	$ 11,197	$ 4,463	$ (1,187)

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension plan fiduciary net position

Statement of Fiduciary Net Position
June 30, 2018

ASSETS	Pension Trust
Cash and investments	$ 41,468
Accounts receivable	162
Total assets	41,630
LIABILITIES	
Accounts payable	-
Total liabilities	-
NET POSITION	
Restricted for pension benefits	$ 41,630

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

ADDITIONS:	
Contributions to pension trust:	
Employer	$ 815
Employee	1,630
Investment income	3,261
Total additions	5,706
DEDUCTIONS:	
Benefits paid to participants	1,687
Total deductions	1,687
Net position, beginning of the year	37,611
Net position, end of the year	$ 41,630

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows of resources and deferred outflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is five year straight-line amortization. All other amounts are straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning measurement period.

The EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2016-17 measurement period is 7.97 years, which was obtained by dividing the total service years of 72,758 (the sum of remaining service lifetimes of the active employees) by 9,129 (total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving cash refund.

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended June 30, 2018, the County recognized pension expense of $1.4 million. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (In thousands):

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,507	$ -
Changes of assumptions	1,905	(1,097)
Net difference between projected and actual earnings on pension plan investments	1,996	(2,420)
Sub-total	7,408	(3,517)
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	773	-
Total	$ 8,181	$ (3,517)

$773.0 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a deduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (In thousands):

Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2019	$ 573
2020	1,109
2021	724
2022	316
2023	649
Thereafter	520
	$ 3,891

Payable to the Pension Plan
At June 30, 2018, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2018.

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

Plan description. The County and its Special Districts, Flood Control, Park District, and Waste Resources, provide a postemployment benefits plan to all full-time general and public safety employees. The postemployment benefit plan is an agent multiple-employer defined benefit OPEB plan. A qualified Internal Revenue Code Section 115 Trust has been established for the County and its Special Districts, with the exception of Waste Resources, with the California Employers' Retiree Benefit Trust (CERBT) for the purpose of receiving employer contributions that will prefund health and other post employment costs for retirees and their beneficiaries. The CERBT administers each plan's assets and issues a financial report available for public review, which includes financial statements and required supplementary information for the trust fund. The CERBT report may be obtained from CalPERS Affiliate Programs Services Division, CERBT (OPEB), P.O. Box 1494 Sacramento, CA 95812-1494. Waste Resources Postretirement Benefits Plan is a single employer defined benefit OPEB plan administered by the Waste Resources Department and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. The County provides retiree medical benefits for eligible retirees enrolled County sponsored plans. Benefit provisions are established and amended through negotiations between the County and the respective unions. Former employees eligible for CalPERS pension benefits but who are not eligible for retirement at termination of employment are not eligible for retiree health benefits. The benefits are provided in the form of monthly County contributions toward the retiree's medical premium and contribution of $25 per month to the Riverside Sheriffs' Association (RSA) Benefits Trust for RSA law enforcement retirees. Previously, the County allowed certain retirees to receive coverage prior to age 65 by paying premiums that were developed by blending active and retiree costs, which resulted in an implicit subsidy to retirees. The implicit subsidy has been discontinued since January 1, 2011.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

	County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
Inactive employees or beneficiaries currently receiving benefit payemnts	2,194	32	8	23
Inactive employees entitled to but not yet receiving benefit payments	-	-	-	-
Active employees	19,171	226	112	19
	21,365	258	120	42

Contributions. Contribution requirements of the plan members and the County are established and may be amended through negotiations between the County and the respective bargaining units. The County contributes a portion of an eligible retiree's medical plan premium under a County's sponsored health plan (either at retirement or during a subsequent annual enrollment) for the retiree's lifetime. The current monthly amount paid by the County ranges from $25 - $256, depending on the retiree's bargaining unit at retirement. Contributions are based on the employee's bargaining unit at the time of retirement, as shown on next page:

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Bargaining Unit	Monthly Contribution: County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous
Confidential	$ 256.00	$ 256.00	N/A	N/A
Law Enforcement Management Unit	$ 133.12	N/A	N/A	N/A
Law Enforcement Executive Staff	$ 256.00	N/A	N/A	N/A
LIUNA	$ 25.00	$ 25.00	N/A	N/A
Management (General)	$ 256.00	$ 256.00	$ 256.00	$ 256.00
District Attorneys	$ 256.00	N/A	N/A	N/A
RSA Law Enforcement	$ 25.00	N/A	N/A	N/A
RSA Public Safety	$ 133.12	N/A	N/A	N/A
SEIU	$ 25.00	$ 25.00	$ 25.00	$ 25.00
Unrepresented	$ 256.00	N/A	N/A	N/A

Net OPEB (Asset)/Liability

The net OPEB (asset)/liability of the County, Flood Control and Park District was measured as of June 30, 2017, and the total OPEB (asset)/liability used to calculate the net OPEB (asset)/liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous
Inflation	2.75%	2.75%	2.75%
Salary Increases	3.0%	3.0%	3.0%
Investment Rate of Return*	6.73%	6.12%	7.28%

*Net of OPEB plan investment expense, including inflation

County Miscellaneous and Safety Plan: The healthcare cost trend rate for the Pre Medicare Plan was 7.9 percent, decreasing 0.4 percent per year to an ultimate rate of 5.0 percent for 2018 and later years. The healthcare cost trend rate for the Post Medicare Plan was 8.8 percent, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2018 and later years.

Flood Control Miscellaneous Plan: The medical trend rates are not applied to the Park District Miscellaneous plan. All benefits are assumed to remain at their current level.

Mortality rates are based on the most recent CalPERS mortality table developed in the 1997 to 2011 CalPERS Experience study, with generational future improvements from 2008 using scale MP-2017.

The actuarial assumptions used in the July 1 2017 valuation were based on the results of the 1997 to 2011 CalPERS Experience Study.

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Total OPEB Liability

The Waste Resources' total OPEB liability of $630.3 thousand was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Waste Resources Miscellaneous	
Inflation	2.75%	
Salary Increases	3.0%	
Discount rate	3.58%	
Healthcare cost trend rates	All benefits are assumed to remain at current level.	
Retiree's share of benefit-related costs	Retirees pay the premiums in excess of the County contributions.	

Since the plan is unfunded, the discount rates used in the valuation equal to 20-year municipal bond yields that are in effect as of 7/1/2016 and 7/1/2017.

Mortality rates are based on the most recent CalPERS mortality table developed in the 1997 to 2011 CalPERS Experience Study, with generational future improvements using scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study period for the period of July 1, 2016 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.0%	5.71%
Fixed Income	39.0%	2.40%
Treasury Inflation-Protected Securities	10.0%	2.55%
Real Estate Investment Trust	8.0%	7.88%
Commodities	3.0%	4.95%
Total	100.0%	

Discount rate. The discount rate used to measure the total OPEB liability was 3.58 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore,

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB (Asset)/Liability for Agent Multiple-Employer Defined Benefit OPEB Plan Administered Through Trusts

Measurement Period June 30, 2017	County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous	Total
Total OPEB liability				
Service cost	$ 700	$ 4	$ 3	$ 707
Interest on the total OPEB liability	3,010	30	8	3,048
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	5,814	19	23	5,856
Changes of assumptions	3,186	(2)	(2)	3,182
Benefit payments	(2,841)	(32)	(8)	(2,881)
Net change in total OPEB liability	9,869	19	24	9,912
Total OPEB liability - beginning (a)	42,049	498	116	42,663
Total OPEB liability - ending (c)	$ 51,918	$ 517	$ 140	$ 52,575
Plan fiduciary net position				
Contributions - employer	$ 1,909	$ -	$ -	$ 1,909
Contributions - employee	-	-	-	-
Net investment income	3,612	23	33	3,668
Benefit payments	(2,841)	(32)	(8)	(2,881)
Administrative expense	(17)	-	-	(17)
Net change in plan fiduciary net position	2,663	(9)	25	2,679
Plan fiduciary net position - beginning (b)	34,116	555	308	34,979
Plan fiduciary net position - ending (d)	$ 36,779	$ 546	$ 333	$ 37,658
Net OPEB (asset)/liability - beginning (a) - (b)	7,933	(57)	(192)	7,684
Net OPEB (asset)/liability - ending (c) - (d)	$ 15,139	$ (29)	$ (193)	$ 14,917

The assumptions were changed from the prior valuation as follow:

County Miscellaneous and Safety Plan: 1) Discount rate changed from 7.28% to 6.73%, 2) Mortality improvement was updated from scale MP-2016 to scale MP-2017, and 3) The claims table was updated to reflect most recent CalPERS monthly premiums available for 2018. Aging factors are also updated to reflect the most recent CalPERS demographic experience, and 4) Medical trend rate was updated to reflect the current long term expected growth of medical benefits.

Flood Control Miscellaneous Plan: Mortality improvement was updated to use scale MP-2017.

Park District Miscellaneous Plan: Mortality improvement was updated to use scale MP-2017.

Waste Resources Miscellaneous Plan: Mortality improvement was updated to use scale MP-2017 and discount rate changed from 2.85% to 3.58%.

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Changes in the Total OPEB Liability for Agent Multiple-Employer Defined Benefit OPEB Plan Not Administered Through Trusts

Measurement Period June 30, 2017	Business-type Activities Waste Resources Miscellaneous
Changes for the year:	
Service cost	$ 4
Interest	25
Changes of benefit terms	-
Differences between expected and actual experience	(183)
Changes in assumptions or other inputs	(81)
Benefit payments	(40)
Net changes	(275)
Total OPEB liability - beginning	905
Total OPEB liability - ending	$ 630

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017, and mortality improvement was updated to use scale MP-2017.

The following tables shows the Net OPEB Asset and Liability, and Total OPEB Liability by primary government (In thousands).

	Governmental Activities	Business-type Activities	Total
Net OPEB Asset	$ 222	$ -	$ 222
Net OPEB Liability	$ 12,927	$ 2,212	$ 15,139
Total OPEB Liability	$ -	$ 630	$ 630

Sensitivity of the net OPEB (asset)/liability to changes in the discount rate. The following presents the net OPEB (asset)/liability, as well as what the net OPEB (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Net OPEB (Asset)/Liability		
	1% Decrease (5.73%)	Discount Rate (6.73%)	1% Increase (7.73%)
County Miscellaneous and Safety	$ 22,061	$ 15,139	$ 9,502

	Net OPEB (Asset)/Liability		
	1% Decrease (5.12%)	Discount Rate (6.12%)	1% Increase (7.12%)
Flood Control Miscellaneous	$ 27	$ (29)	$ (76)

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

	Net OPEB (Asset)/Liability		
	1% Decrease (6.28%)	Discount Rate (7.28%)	1% Increase (8.28%)
Park District Miscellaneous	$ (178)	$ (193)	$ (206)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Total OPEB Liability		
	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Waste Resources Miscellaneous	$ 707	$ 630	$ 566

Sensitivity of the net OPEB (asset)/liability to changes in the healthcare cost trend rates. The following presents the net OPEB (asset)/liability, as well as what the net OPEB (asset)/liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Net OPEB (Asset)/Liability		
	1% Decrease (6.9% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.9% decreasing to 5.0%)	1% Increase (8.9% decreasing to 6.0%)
County Miscellaneous and Safety (Pre Medicare Plan)	$ 11,230	$ 15,139	$ 20,065

	Net OPEB (Asset)/Liability		
	1% Decrease (7.8% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.8% decreasing to 5.0%)	1% Increase (9.8% decreasing to 6.0%)
County Miscellaneous and Safety (Post Medicare Plan)	$ 11,230	$ 15,139	$ 20,065

	Net OPEB (Asset)/Liability		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Flood Control Miscellaneous*	$ (29)	$ (29)	$ (29)

	Net OPEB (Asset)/Liability		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Park District Miscellaneous*	$ (193)	$ (193)	$ (193)

*The medical trend rates are not applied to Flood Control and Park District Miscellaneous plans. All benefits are assumed to remain at their current level.

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Total OPEB Liability		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Waste Resources Miscellaneous	$ 630	$ 630	$ 630

The medical trend rates are not applied to the Waste Resources Miscellaneous plan. All benefits are assumed to remain at their current level.

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, $1.9 million was recognized as OPEB expense. At June 30, 2018, the deferred outflows of resources and deferred inflows of resources related to OPEB were reported from the following sources.

Deferred Outflows of Resources By Plan:	County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Difference between expected and actual experience	$ 5,196	$ 17	$ 21	$ -	$ 5,234
Difference between expected and actual earnings on OPEB plan investments	-	8	-	-	8
Changes of assumptions	2,849	-	-	-	2,849
Sub-total	8,045	25	21	-	8,091
Contributions made in fiscal year ending 6/30/2018 after measurement date	3,457	36	-	2	3,495
Total	$ 11,502	$ 61	$ 21	$ 2	$ 11,586

$3.5 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

Deferred Inflows of Resources By Plan:	County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Difference between expected and actual experience	$ -	$ -	$ -	$ (112)	$ (112)
Difference between expected and actual earnings on OPEB plan investments	(932)	-	(8)	-	(940)
Changes of assumptions	-	(2)	(3)	(49)	(54)
Total	$ (932)	$ (2)	$ (11)	$ (161)	$ (1,106)

NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The table below summarizes the total deferred outflows of resources and deferred inflows of resources by primary government (In thousands).

	Governmental Activities	Business-type Activities	Total
Deferred Outflows of Resources	$ 9,903	$ 1,683	$ 11,586
Deferred Inflows of Resources	$ (808)	$ (298)	$ (1,106)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
2019	$ 722	$ 4	$ -	$ (102)	$ 624
2020	722	4	-	(59)	667
2021	722	4	-	-	726
2022	722	4	-	-	726
2023	955	2	3	-	960
Thereafter	3,270	5	7	-	3,282
	$ 7,113	$ 23	$ 10	$ (161)	$ 6,985

Payable to the OPEB Plan

At June 30, 2018, there is no outstanding amount of contributions payable to the OPEB plan required for the year ended June 30, 2018.

NOTE 23 – COMMITMENTS AND CONTINGENCIES

Lawsuits and Other Claims

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

Federal Grant Revenue

Compliance examinations for the fiscal year ended June 30, 2017, indicated no items found of noncompliance with Federal grants and regulations. The fiscal year 2017-18 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 31, 2019.

Commitments

At June 30, 2018 the County had various non-cancelable contracts and construction-in-progress with outside contractors. These contracts were financed through either the general fund or capital projects funds. $201.0 million will be payable upon future performance under the contracts.

Landfill Construction and Consulting Contracts

Waste Resources enters into various construction and consulting contracts to facilitate its landfill operations and continues the process of installing landfill liners as needed at Badlands and Lamb Canyon landfills, in accordance with state and federal laws and regulations. Waste Resources does not anticipate a new area landfill expansion at the Lamb Canyon landfill in the next five years, but does plan to complete two expansion projects at Badlands landfill which will increase refuse airspace and days of site life in the current burial area. The northwestern berm construction at the Badlands landfill will cost approximately $1.9 million and the cost of the 7.2-acre liner expansion on the north part of the site is now estimated at $2.2 million. Both Badlands landfill projects are expected to be completed in the next five years.

Remediation Contingencies

Governmental Funds

Release of gasoline and diesel fuel has been reported at seven underground storage tanks. Orders have been issued by the California Regional Water Quality Control Board (CRWQCB) to assess and cleanup these sites by specific dates. It has determined the remediation plan and monitoring action is required. In addition to groundwater contamination, asbestos has been found in six facilities. As of June 30, 2018, the accrued remediation liability is $983.7 thousand. The liability has been calculated using the expected cash flow technique. The liability is subject to change over time. Cost may vary due to price fluctuations, changes in technology, results of environmental studies, changes to statute or regulations and other factors that could result in revisions to these estimates.

Enterprise Funds

The Waste Resources Department has established restricted cash funds to set aside for future remediation costs as they are required to be performed. Investments of $33.4 million are held for these purposes at June 30, 2018 and are classified as accrued remediation in the statements of net position.

The Waste Resources Department is aware of air/gas contamination at 17 landfills, 11 of which are closed, and required to have corrective action plans. Based on engineering studies, Waste Resources estimates the present value of the total costs of corrective action for foreseeable water quality contaminant releases, and/or non-water quality corrective action measures, at $41.9 million as of June 30, 2018.

In addition to the liability amounts calculated per CalRecycle regulations that are designated to the Escrow Funds, the Waste Resources Department is also responsible for the corrective action costs related to 19 other landfill sites that

NOTE 23 – COMMITMENTS AND CONTINGENCIES (Continued)

have been inactive or closed since before 1988. Liability for these sites fluctuates dependent on the needs of each site and changes to or the implementation of laws and regulations. As of June 30, 2018, the post-closure liability is estimated at $3.8 million.

Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executor contracts not yet performed and purchases orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted or assigned fund balance on the governmental funds balance sheet. As of June 30, 2018, the encumbrance balances for the governmental funds are reported as follows (In thousands):

	Restricted	Assigned	Total
Major Governmental Funds			
General Fund:			
Criminal justice system review	$ -	$ 207	$ 207
Energy projects	-	12	12
Fire protection	-	2,627	2,627
Health care programs	-	488	488
Legal services	-	8	8
Other purpose	-	19	19
Probation programs	-	3,494	3,494
Sheriff correction	-	1,728	1,728
Sheriff court services	-	7	7
Sheriff patrol	-	2,493	2,493
Sheriff support	-	460	460
Veteran services	-	74	74
Donations	-	176	176
Treasurer tax collector projects	-	324	324
Sheriff coroner	-	20	20
Agricultural commissoner projects	-	49	49
Facilities maintenance	-	278	278
Transportation:			
Equipment	1,188	-	1,188
Roads	281	-	281
Nonmajor Governmental Funds			
Special Revenue Funds:			
Library services	47	-	47
Public ways and facilities	67	-	67
Purpose of fund	127	190	317
Parks projects	12	-	12
Capital Projects Funds:			
Capital improvement projects	-	1,067	1,067
Parks projects	40	-	40
Total Encumbrances	**$ 1,762**	**$ 13,721**	**$ 15,483**

NOTE 24 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANs)

On July 2, 2018, the County issued $340.0 million in Tax and Revenue Anticipation Notes in the form of a 2019 Maturity bond due June 28, 2019. The stated interest rate for the bond is set at 4.0% per annum with a yield of 1.55%. In accordance with California law, the TRANs bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2019 and legally available for payment thereof. Proceeds for the bonds will be used for fiscal year 2019 general fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Riverside County Bonds and Certificates of Participation

On September 2018, Fitch, one of the three major credit ratings, has assigned the County's bonds and certificates of participation ratings as follows:

- Riverside County implied general obligation (GO) bond rating at 'AA-'.
- Riverside County pension obligation bonds (POB-Series 2005A) at 'A+'.
- Riverside County certificates of participation (COPs-, 2005A, 2007A, 2007B, 2009) at 'A+'.
- Riverside County Asset Leasing Corporation certificates of participation (CORAL- COPS/Series 2006A and lease revenue bonds (LRBs), Series 1997A, 1997B, 1997C, 2013A) at 'A+'.
- Riverside County Public Financing Authority (LRBs) (Series 2012 and 2015) at 'A+'.
- Riverside County Infrastructure Financing Authority Lease Revenue Bonds (2015 Series A, 2016 Series A and A-T, Series 2017 A, B, and C) at 'A+'.

Fitch's reasoning is summarized in the following paragraphs:

The County's economy is large, diverse, and well-situated for long-term growth. It has affordable housing stock, capacity for additional development, proximity to employment centers including San Bernardino, Orange County, and Los Angeles, and a location along a major distribution route. The County is exposed to considerable housing market and tax base volatility as it was one of the worst – affected regions in the country during the economic downturn. However, both the housing market and assessed values have improved significantly over the past several years and a large amount of state revenue in the budget moderates the effect of this cyclicality on overall revenues.

State and federal health, social services, and criminal justice pass-through funds comprise a substantial amount of the County's budget, as is typical for California counties. The County's non-discretionary general fund revenues are primarily provided by state funds and federal funds, which account for an estimated 64% of the fiscal 2019 budget. Discretionary revenues (i.e., excluding state and federal funds) comprise about 24% of the County's fiscal 2019 total general fund revenues and are primarily generated by property taxes.

Growth in total general fund revenues have been generally above U.S. economic performance. Property tax revenue has increased each of the last five years, with assessed value increasing 5.5% in fiscal 2018. The County estimates fiscal 2019 general fund discretionary revenues will increase approximately 4.0% over the prior year.

The County has limited capacity to independently raise revenues under state law, particularly Proposition 13, which fixes the countywide property tax rate at 1.0% and limits assessment growth to no more than 2.0% per year absent a change in ownership, as well as Proposition 218, which requires voter approval for new or increased general taxes.

Discretionary spending is focused on public safety, which accounts for 78.0% of the discretionary fiscal 2019 budget, public assistance at 5.5%, and health and sanitation at 3.0%.

The County's fixed-costs burden is relatively low with carrying costs for debt, pensions, and retiree healthcare accounting for 10.0% of fiscal 2017 governmental spending. Labor relations with some employee groups continue to be pressured. The County's employees are represented by six labor organizations.

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Riverside County Bonds and Certificates of Participation (Continued)

Contracts for three of those bargaining units expired in 2016. The County has reached an impasse and is currently in the fact finding phase with two of those bargaining units with no firm date for resolution. One of those units implemented a two-day strike in early September 2017. In addition, members of another bargaining unit recently rejected a tentative agreement with the County in October, after which the County imposed its last, best and final offer. According to the County, the primary negotiation issues relate to merit increases. In addition, the County is in negotiations with two other bargaining units whose contracts recently expired. The County has the ability to ultimately impose terms and contracts are not subject to binding arbitration. The County has demonstrated its capacity to implement layoffs and furloughs in times of revenue decline.

The County estimates the ongoing cost of a recently settled inmate class action lawsuit at about $40.0 million per year. This amount compares to a fiscal 2019 general fund discretionary revenues of $799.5 million and overall budget of $5.6 billion. It has identified offsets, including adjusting and delaying staffing for the new John J. Benoit Detention Center and establishing a requirement for County departments to absorb any staffing cost increases. In addition, the County continues to implement recommendations from a Strategic Plan for Criminal Justice produced by KPMG Consulting for the County and a preliminary jail utilization report provided by California Forward, a bipartisan governance reform organization. The County expects implementation of both to result in considerable cost savings, as well as revenue recovery.

The County's very strong gap-closing capacity is derived from its ability to manage spending, relatively low expected revenue volatility and available reserves. The unrestricted general fund balance at year-end fiscal 2017 was $251 million, or 8.1% of total general fund spending. Fitch expects that the County would maintain reserves at solid levels throughout a moderate economic downturn, primarily by adjusting spending.

To balance the fiscal 2019 budget, most departments were directed to make 4.0% cuts to their allocation of discretionary County revenue by using departmental reserves and eliminating unfilled positions. The general fund discretionary reserve was budgeted at $179.0 million (or about 22.0% of discretionary revenues) for fiscal 2019. The County expects to begin adding to reserves in fiscal 2022 to meet its board policy reserve target of 25.0% of discretionary revenue. Spending restraint will be required in order to meet that target, given expected increased costs for salaries and benefits, uncertainty about future homecare worker costs, and operating costs related to the new correctional facility. In addition, the County will face the challenges of absorbing settlement costs associated with the inmate class action lawsuit mentioned earlier, additional health and mental health professional staffing, and managing exposure to its hospital operations (particularly in the evolving healthcare environment).

Teeter Obligation Notes, Series A

On October 24, 2018, the County issued $74.2 million in 2018 Teeter Obligation Notes, Series A (Tax-Exempt) to refund a portion of the outstanding 2017 Teeter Obligation Notes, Series A, and fund an advance of unpaid property taxes for agencies participating in the County's Teeter plan, and to pay the cost of issuance related to the notes. The 2018 Notes bear an interest rate of 4.0% for 2018 Teeter Obligation Note, Series A and a maturity date of October 24, 2019, when the existing Letter of Credit will expire.

The Effects of the Economy on CalPERS

Based on past performance of the CalPERS fund, CalPERS has estimated the County's miscellaneous and safety contribution rates for fiscal year 2018-19 will be 18.9% and 21.6%, respectively. Fiscal year 2019-20 contribution rates for miscellaneous and safety are estimated at 21.6% and 37.4%, respectively. They will be accounted for in fiscal year 2018-19 and future budget years.

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Successor Agency to the Redevelopment Agency for the County of Riverside, California

On October 2, 2018, the Agency entered into a settlement agreement with Cardenas Markets, Inc. regarding their litigation on the 2012 ground lease agreement. As part of the settlement agreement, the Agency agreed to sell Cardenas Markets, Inc. certain real property in the City of Jurupa for $600.0 thousand to terminate the 2012 ground lease agreement.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD
(Dollar amounts in thousands)

County Miscellaneous, Agent Multiple Employer Plan

Measurement Period		**2016-17** (1)		**2015-16** (1)		**2014-15** (1)		**2013-14** (1)
Total pension liability								
Service cost	$	211,842	$	175,662	$	162,257	$	158,164
Interest on total pension liability		501,855		457,630		418,860		377,221
Changes of benefit terms		-		-		-		-
Differences between expected and actual experience		151,001		141,472		15,756		-
Changes of assumptions		450,226		-		(109,320)		-
Benefit payments, including refunds of employee contributions		(259,302)		(234,668)		(217,701)		(195,420)
Net change in total pension liability		1,055,622		540,096		269,852		339,965
Total pension liability - beginning		6,198,152		5,658,056		5,388,204		5,048,239
Total pension liability - ending (a)	$	7,253,774	$	6,198,152	$	5,658,056	$	5,388,204
Plan fiduciary net position								
Contributions - employer	$	164,307	$	157,639	$	98,867	$	134,673
Contributions - employee		87,201		82,884		76,078		69,872
Net investment income		540,579		24,832		104,069		666,911
Benefit payments, including refunds of employee contributions		(259,302)		(234,668)		(217,701)		(195,420)
Administrative expense		(7,122)		(2,894)		(5,345)		-
Net change in plan fiduciary net position		525,663		27,793		55,968		676,036
Plan fiduciary net position - beginning		4,564,796		4,537,003		4,481,035		3,804,999
Plan fiduciary net position - ending (b)	$	5,090,459	$	4,564,796	$	4,537,003	$	4,481,035
Plan's net pension liability - ending (a) - (b)	$	2,163,315	$	1,633,356	$	1,121,053	$	907,169
Plan fiduciary net position as a percentage of the total pension liability		70.2%		73.6%		80.2%		83.2%
Covered payroll (2)	$	1,056,636	$	1,010,690	$	909,644	$	842,865
Plan's net pension liability as a percentage of covered payroll		204.7%		161.6%		123.2%		107.6%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD (Continued)
(Dollar amounts in thousands)

County Safety, Agent Multiple Employer Plan

Measurement Period	2016-17 (1)	2015-16 (1)	2014-15 (1)	2013-14 (1)
Total pension liability				
Service cost	$ 101,987	$ 86,039	$ 80,457	$ 77,706
Interest on total pension liability	229,003	212,548	195,332	181,393
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	13,324	47,893	22,825	-
Changes of assumptions	215,024	-	(53,617)	-
Benefit payments, including refunds of employee contributions	(115,929)	(105,002)	(97,869)	(91,921)
Net change in total pension liability	443,409	241,478	147,128	167,178
Total pension liability - beginning	2,981,468	2,739,990	2,592,862	2,425,684
Total pension liability - ending (a)	$ 3,424,877	$ 2,981,468	$ 2,739,990	$ 2,592,862
Plan fiduciary net position				
Contributions - employer	$ 85,091	$ 76,363	$ 65,364	$ 72,947
Contributions - employee	33,623	32,073	30,313	28,396
Net investment income	243,597	10,790	46,730	312,502
Benefit payments, including refunds of employee contributions	(115,929)	(105,002)	(97,869)	(91,921)
Administrative expense	(3,184)	(1,306)	(2,398)	-
Net change in plan fiduciary net position	243,198	12,918	42,140	321,924
Plan fiduciary net position - beginning	2,156,829	2,143,911	2,101,771	1,779,847
Plan fiduciary net position - ending (b)	$ 2,400,027	$ 2,156,829	$ 2,143,911	$ 2,101,771
Plan's net pension liability - ending (a) - (b)	$ 1,024,850	$ 824,639	$ 596,079	$ 491,091
Plan fiduciary net position as a percentage of the total pension liability	70.1%	72.3%	78.2%	81.1%
Covered payroll (2)	$ 340,897	$ 341,419	$ 320,550	$ 279,508
Plan's net pension liability as a percentage of covered payroll	300.6%	241.5%	186.0%	175.7%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD (Continued)
(Dollar amounts in thousands)

Flood Control Miscellaneous, Agent Multiple Employer Plan

Measurement Period	2016-17 (1)	2015-16 (1)	2014-15 (1)	2013-14 (1)
Total pension liability				
Service cost	$ 3,196	$ 2,736	$ 2,606	$ 2,659
Interest on total pension liability	13,182	12,356	11,562	10,889
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	4,317	3,136	1,641	-
Changes of assumptions	11,057	-	(2,831)	-
Benefit payments, including refunds of employee contributions	(8,387)	(7,290)	(6,729)	(6,007)
Net change in total pension liability	23,365	10,938	6,249	7,541
Total pension liability - beginning	171,582	160,644	154,395	146,854
Total pension liability - ending (a)	$ 194,947	$ 171,582	$ 160,644	$ 154,395
Plan fiduciary net position				
Contributions - employer	$ 3,899	$ 3,445	$ 2,918	$ 2,793
Contributions - employee	1,343	1,356	1,276	1,394
Net investment income	12,842	666	2,660	17,670
Benefit payments, including refunds of employee contributions	(8,387)	(7,290)	(6,729)	(6,007)
Administrative expense	(171)	(73)	(133)	-
Net change in plan fiduciary net position	9,526	(1,896)	(8)	15,850
Plan fiduciary net position - beginning	116,480	118,376	118,384	102,534
Plan fiduciary net position - ending (b)	$ 126,006	$ 116,480	$ 118,376	$ 118,384
Plan's net pension liability - ending (a) - (b)	$ 68,941	$ 55,102	$ 42,268	$ 36,011
Plan fiduciary net position as a percentage of the total pension liability	64.6%	67.9%	73.7%	76.7%
Covered payroll (2)	$ 17,428	$ 16,643	$ 15,838	$ 15,385
Plan's net pension liability as a percentage of covered payroll	395.6%	331.1%	266.9%	234.1%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: In the measurement period ended June 30, 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

County Miscellaneous, Agent Multiple Employer Plan

Fiscal year	**2017-18***	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 184,572	$ 160,437	$ 143,300	$ 126,838
Contributions in relation to the actuarially determined contribution	(182,070)	(178,196)	(159,154)	(132,619)
Contribution deficiency (excess)	$ 2,503	$ (17,759)	$ (15,854)	$ (5,781)
Covered payroll **	$ 78,438	$ 1,056,636	$ 1,010,690	$ 909,644
Contributions as a percentage of covered payroll	232.1%	16.9%	15.7%	14.6%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

County Safety, Agent Multiple Employer Plan

Fiscal year	**2017-18***	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 98,314	$ 85,699	$ 69,936	$ 62,624
Contributions in relation to the actuarially determined contribution	(91,224)	(91,330)	(83,166)	(71,228)
Contribution deficiency (excess)	$ 7,090	$ (5,631)	$ (13,230)	$ (8,604)
Covered payroll **	$ 29,871	$ 340,897	$ 341,419	$ 320,550
Contributions as a percentage of covered payroll	305.4%	26.8%	24.4%	22.2%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF PLAN CONTRIBUTIONS (Continued)
(Dollar amounts in thousands)

Flood Control Miscellaneous, Agent Multiple Employer Plan

Fiscal year	**2017-18***	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 4,252	$ 3,896	$ 3,442	$ 2,918
Contributions in relation to the actuarially determined contribution	(4,252)	(3,896)	(3,442)	(2,918)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll **	$ 17,545	$ 17,428	$ 16,643	$ 15,838
Contributions as a percentage of covered payroll	24.2%	22.4%	20.7%	18.4%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule
The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017-18 were derived from the June 30, 2016 funding valuation report.

	County Miscellaneous	County Safety	Flood Control Miscellaneous
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	25 Years as of the Valuation Date	25 Years as of the Valuation Date	25 Years as of the Valuation Date
Asset valuation method	Market Value of Assets	Market Value of Assets	Market Value of Assets
Inflation	2.75%	2.75%	2.75%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Payroll growth	3.0%	3.0%	3.0%
Investment rate of return*	7.15%	7.15%	7.15%

The Retirement Age is determined by the probabilities of retirement which are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

The Mortality is based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Net of pension plan investment and administrative expenses; includes inflation.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

As of the Measurement Date
(Dollar amounts in thousands)

Park District Miscellaneous, Cost Sharing Multiple Employer Plan

Measurement Period	**2016-17** (1)	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Employer's proportion of the net pension liability (asset)	0.27243%	0.26345%	0.25620%	0.09946%
Employer's proportionate share of the net pension liability (asset)	$ 10,739	$ 9,151	$ 7,029	$ 6,189
Employer's covered payroll (2)	$ 6,201	$ 6,791	$ 5,799	$ 4,992
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	173.2%	134.8%	121.2%	124.0%
Pension plan's fiduciary net position as a percentage of the total pension liability	75.3%	75.9%	80.2%	81.8%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Waste Resources Miscellaneous, Cost Sharing Multiple Employer Plan

Measurement Period	**2016-17** (1)	**2015-16** (1)	**2014-15** (1)	**2013-14** (1)
Employer's proportion of the net pension liability (asset)	0.35839%	0.35378%	0.35266%	0.13583%
Employer's proportionate share of the net pension liability (asset)	$ 14,128	$ 12,290	$ 9,675	$ 8,452
Employer's covered payroll (2)	$ 1,981	$ 2,339	$ 2,298	$ 3,082
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	713.2%	525.4%	421.0%	274.2%
Pension plan's fiduciary net position as a percentage of the total pension liability	72.1%	72.9%	77.4%	79.8%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

Park District Miscellaneous, Cost Sharing Multiple Employer Plan

Fiscal year	**2017-18***	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 1,094	$ 1,094	$ 1,062	$ 950
Contributions in relation to the actuarially determined contribution	(1,094)	(1,094)	(1,062)	(950)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll**	$ 5,415	$ 6,201	$ 6,791	$ 5,799
Contributions as a percentage of covered payroll	20.2%	17.6%	15.6%	16.4%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Waste Resources Miscellaneous, Cost Sharing Multiple Employer Plan

Fiscal year	**2017-18***	**2016-17***	**2015-16***	**2014-15***
Actuarially determined contribution	$ 1,020	$ 905	$ 863	$ 623
Contributions in relation to the actuarially determined contribution	(900)	(832)	(411)	(189)
Contribution deficiency (excess)	$ 120	$ 73	$ 452	$ 434
Covered payroll**	$ 1,816	$ 1,981	$ 2,339	$ 2,298
Contributions as a percentage of covered payroll	49.6%	42.0%	17.6%	8.2%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions: In measurement period ended June 30, 2017, the discount rate reduced from 7.65 percent to 7.15 percent.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS DURING THE MEASUREMENT PERIOD
(Dollar amounts in thousands)

Riverside County – Part-time and Temporary Help Retirement

Measurement Period	2016-17 (1)	2015-16 (1)	2014-15 (1)	2013-14 (1)
Total pension liability				
Service cost	$ 1,914	$ 1,718	$ 1,512	$ 1,557
Interest cost	2,358	2,186	1,983	1,800
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	1,457	1,524	795	1,146
Changes of assumptions	(746)	(594)	2,939	-
Benefit payments, including refunds of employee contributions	(1,757)	(1,507)	(1,511)	(1,762)
Net change in total pension liability	3,226	3,327	5,718	2,741
Total pension liability - beginning	38,789	35,462	29,744	27,003
Total pension liability - ending (a)	$ 42,015	$ 38,789	$ 35,462	$ 29,744
Plan fiduciary net position				
Contributions - employer	$ 1,341	$ 668	$ 607	$ 956
Contributions - employee	1,674	1,399	1,267	1,394
Net investment income (expense)	4,289	(117)	131	4,437
Benefit payments, including refunds of employee contributions	(1,757)	(1,507)	(1,511)	(1,762)
Administrative expense	(128)	(189)	(217)	(228)
Other	-	-	-	-
Net change in plan fiduciary net position	5,419	254	277	4,797
Plan fiduciary net position - beginning	32,133	31,879	31,602	26,805
Plan fiduciary net position - ending (b)	$ 37,552	$ 32,133	$ 31,879	$ 31,602
Net pension liability (asset) - ending (a) - (b)	$ 4,463	$ 6,656	$ 3,583	$ (1,858)
Plan fiduciary net position as a percentage of the total pension liability (asset) - (b)/(a)	89.4%	82.8%	89.9%	106.2%
Covered payroll (2)	$ 44,525	$ 39,761	$ 32,963	$ 29,517
Net pension liability (asset) as a percentage of covered payroll	10.0%	16.7%	10.9%	6.3%

(1) Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

(2) Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule:

Changes of assumptions:

1) Update to GASB Statement No. 68 discount rate from 5.92% as of 7/1/2016 to 6.0% as of 7/1/2017 to reflect revised projection of assets and municipal bond index as of 7/1/2017.
2) Update to assumed mortality improvement scale from MP-2016 to MP-2017.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

Riverside County – Part-time and Temporary Help Retirement

Fiscal Year	2017-18*	2016-17*	2015-16*	2014-15*
Actuarially determined contribution	$ 657	$ 727	$ 122	$ 252
Contributions in relation to the actuarially determined contribution	(773)	(1,365)	(639)	(529)
Contribution deficiency (excess)	$ (116)	$ (638)	$ (517)	$ (277)
Covered payroll **	$ 43,357	$ 44,525	$ 39,761	$ 32,963
Contributions as a percentage of covered payroll	-1.8%	3.1%	1.6%	1.6%

* Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

** Covered payroll represents compensation on which contributions to a pension plan are based in accordance with GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule

Valuation date: July 1, 2017
Methods and assumptions used to determine contribution rates:
Actuarial cost method: Entry Age Normal
Amortization method: Level-Dollar Projected Payroll
Remaining amortization period: 20 –year Amortization of Unfunded Liability, plus Normal Cost, less expected Employee Contributions
Asset valuation method: Market Value
Inflation: 3.0%
Salary increases: 3.0%
Investment rate of return: 6.0% (net of administrative expense)
Retirement age: 65
Mortality: *Actives*
RP-2006 combined annuitant/non-annuitant mortality table with generational future improvement from 2006 using scale MP-2017.
Full-time Actives (no longer accruing benefits)
Mortality rates are based on the most recent CalPERS mortality table developed in the 1997-2011 CalPERS Experience Study, with generational future improvements from 2008 using scale MP-2017.

Age	30	40	50	60	70	80	90
Male	0.05%	0.08%	0.16%	0.35%	1.77%	5.28%	16.19%
Female	0.03%	0.05%	0.11%	0.22%	1.26%	3.69%	12.33%

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(Dollar amounts in thousands)

Agent Multiple Employer Plan Administered Through Trusts

Measurement Period	County Miscellaneous and Safety 2016-17 (1)	Flood Control Miscellaneous 2016-17 (1)	Park District Miscellaneous 2016-17 (1)
Total OPEB liability			
Service cost	$ 700	$ 4	$ 3
Interest cost	3,010	30	8
Changes of benefit terms	-	-	-
Differences between expected and actual experiences	5,814	19	23
Changes of assumptions	3,186	(2)	(2)
Benefit payments	(2,841)	(32)	(8)
Net change in total OPEB liability	9,869	19	24
Total OPEB liability - beginning	42,049	498	116
Total OPEB liability - ending (a)	$ 51,918	$ 517	$ 140
Plan fiduciary net position			
Contributions - employer	$ 1,909	$ -	$ -
Contributions - employee	-	-	-
Net investment income	3,612	23	33
Benefit payments	(2,841)	(32)	(8)
Administrative expense	(17)	-	-
Net change in plan fiduciary net position	2,663	(9)	25
Plan fiduciary net position - beginning	34,116	555	308
Plan fiduciary net position - ending (b)	$ 36,779	$ 546	$ 333
County's net OPEB liability (asset) - ending (a) - (b)	$ 15,139	$ (29)	$ (193)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	70.8%	105.6%	237.9%
Covered payroll	$ 1,382,037	$ 17,428	$ 6,201
County's net OPEB liability (asset) as a percentage of covered payroll	1.1%	-0.2%	-3.1%

(1) Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

Notes to Schedule:

Changes of assumptions: The mortality improvement was updated from scale MP-2016 to scale MP-2017. For County Misc. and Safety Plan, the discount rate reduced from 7.28 percent to 6.73 percent. The claims table was updated to reflect most recent CalPERS monthly premiums available for 2018. Aging factors are also updated to reflect the most recent CalPERS demographic experience. The medical trend rate was updated to reflect the current long-term expected growth of medical benefits.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2018

SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

Agent Multiple Employer Plan Administrated Through Trusts

Fiscal year	County Miscellaneous and Safety 2017-18*	Flood Control Miscellaneous 2017-18*	Park District Miscellaneous 2017-18*
Actuarially determined contribution (1)	$ 1,288	$ -	$ -
Contributions in relation to the actuarially determined contribution	(3,457)	(36)	-
Contribution deficiency (excess)	$ (2,170)	$ (36)	$ -
Covered payroll	$ 1,390,971	$ 17,545	$ 5,683
Contributions as a percentage of covered payroll	0.2%	0.2%	0.0%

(1) No actuarially determined contribution in Flood Control and Park District Miscellaneous plans due to assets being greater than the Present Value of Benefit.

* Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

	County Miscellaneous and Safety	Flood Control Miscellaneous	Park District Miscellaneous
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	20 Years as of the Valuation Date	20 Years as of the Valuation Date	20 Years as of the Valuation Date
Asset valuation method	5 Year Asset Smoothing	5 Year Asset Smoothing	5 Year Asset Smoothing
Inflation	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%
Investment rate of return	6.73%	6.12%	7.28%
Retirement Age	Retirement rates developed in the 1997-2011 CalPERS Experience Study		
Mortality	Most recent CalPERS mortality table developed in the 1997-2011 CalPERS Experience Study, with generational future improvements from 2008 using scale MP-2017		

Healthcare cost trend rates: For County Misc. and Safety Plan, the healthcare cost trend rate for the Pre Medicare Plan was 7.9 percent, decreasing 0.4 percent per year to an ultimate rate of 5.0 percent for 2018 and later years. The healthcare cost trend rate for the Post Medicare Plan was 8.8 percent, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2018 and later years. For Flood Control and Park District Misc. plans, the healthcare cost trend rates are not applicable. All benefits are assumed to remain at current level.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

(Dollar amounts in thousands)

Agent Multiple Employer Plan Not Administered Through Trusts

	Waste Resources Miscellaneous
Measurement Period	2016-17 (1)
Total OPEB liability	
Service cost	$ 4
Interest cost	25
Changes of benefit terms	-
Differences between expected and actual experiences	(183)
Changes of assumptions	(81)
Benefit payments	(40)
Net change in total OPEB liability	(275)
Total OPEB liability - beginning	905
Total OPEB liability - ending	$ 630
Covered payroll	$ 1,931
Total OPEB liability as a percentage of covered payroll	32.6%

(1) Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017, and mortality improvement was updated to use scale MP-2017.

SCHEDULE OF PLAN CONTRIBUTIONS

(Dollar amounts in thousands)

Agent Multiple Employer Plan Not Administered Through Trusts

	Waste Resources Miscellaneous
Fiscal year	2017-18*
Actuarially determined contribution (1)	$ -
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	$ -
Covered payroll	$ 1,816
Contributions as a percentage of covered payroll	0.0%

(1) The Schedule of Plan Contributions is not required. The funding is not based on actuarially determined contributions and contributions are neither statutorily nor contractually established.

* Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the information will be presented for those years for which information is available.

Notes to Schedule: The total OPEB liability was measured as of June 30, 2017 and determined by an actuarial valuation dated June 30, 2016, based on the following methods and assumptions:

	Waste Resources Miscellaneous
Actuarial cost method	Entry Age
Amortization method	Level Percent of Payroll
Amortization a period	20 Years as of the Valuation Date
Asset valuation method	5 Year Asset Smoothing
Inflation	2.75%
Healthcare cost trend rates	Not applicable. All benefits are assumed to remain at current level.
Salary increases	3.00%
Investment rate of return	3.58%
Retirement Age	Retirement rates developed in the 1997-2011 CalPERS Experience Study
Mortality	Most recent CalPERS mortality table developed in the 1997-2011 CalPERS Experience Study, with generational future improvements from 2008 using scale MP-2017

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES

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COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Teeter Debt Service Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ -	$ -	$ 94	$ 94
Other revenue	2,766	761	-	(761)
Total revenues	2,766	761	94	(667)
EXPENDITURES:				
Debt service:				
Interest	2,446	2,424	1,766	(658)
Cost of issuance	320	260	251	(9)
Total expenditures	2,766	2,684	2,017	(667)
Excess (deficiency) of revenues over (under) expenditures	-	(1,923)	(1,923)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,005	2,005	-
Transfers out	-	(82)	(82)	-
Total other financing sources (uses)	-	1,923	1,923	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Public Facilities Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ 400	$ 400	$ 1,391	$ 991
Rents and concessions	360	360	358	(2)
Aid from other governmental agencies:				
State	-	-	45,987	45,987
Other	33,305	33,305	32,899	(406)
Charges for services	106,385	100,944	50,105	(50,839)
Other revenue	8,281	26,067	5,747	(20,320)
Total revenues	148,731	161,076	136,487	(24,589)
EXPENDITURES:				
Current:				
General government	132,227	132,293	71,718	(60,575)
Public ways and facilities	17,010	7,921	385	(7,536)
Debt service:				
Interest	-	65	65	-
Total expenditures	149,237	140,279	72,168	(68,111)
Excess (deficiency) of revenues over (under) expenditures	(506)	20,797	64,319	43,522
OTHER FINANCING SOURCES (USES):				
Transfers in	-	9,211	9,211	-
Transfers out	-	(45,845)	(45,845)	-
Total other financing sources (uses)	-	(36,634)	(36,634)	-
NET CHANGE IN FUND BALANCE	(506)	(15,837)	27,685	43,522
Fund balance, beginning of year	160,692	160,692	160,692	-
FUND BALANCE, END OF YEAR	$ 160,186	$ 144,855	$ 188,377	$ 43,522

NONMAJOR GOVERNMENTAL FUNDS

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COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Assets:					
Cash and investments	$ 113,326	$ -	$ 11,277	$ 751	$ 125,354
Accounts receivable	477	2,273	-	-	2,750
Interest receivable	193	88	50	2	333
Taxes receivable	1,276	-	-	-	1,276
Due from other governments	7,843	-	2,769	-	10,612
Due from other funds	1,093	-	-	-	1,093
Prepaid items and deposits	12	-	1,957	-	1,969
Restricted cash and investments	-	46,841	11,976	-	58,817
Total assets	124,220	49,202	28,029	753	202,204
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	$ 124,220	$ 49,202	$ 28,029	$ 753	$ 202,204
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts payable	$ 5,187	$ 379	$ 1,413	$ -	$ 6,979
Salaries and benefits payable	3,141	-	128	-	3,269
Due to other governments	35	-	-	-	35
Due to other funds	39	-	452	-	491
Interest payable	2	-	-	-	2
Deposits payable	485	-	-	-	485
Advances from grantors and third parties	2,480	-	-	-	2,480
Total liabilities	11,369	379	1,993	-	13,741
Deferred inflows of resources	4	-	-	-	4
Fund balances:					
Nonspendable	56	-	580	701	1,337
Restricted	101,657	44,768	19,509	52	165,986
Committed	6,360	-	-	-	6,360
Assigned	4,774	4,055	5,947	-	14,776
Total fund balances	112,847	48,823	26,036	753	188,459
Total liabilities, deferred inflows of resources, and fund balances	$ 124,220	$ 49,202	$ 28,029	$ 753	$ 202,204

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
REVENUES:					
Taxes	$ 67,017	$ -	$ -	$ -	$ 67,017
Licenses, permits and franchise fees	731	-	-	-	731
Fines, forfeitures and penalties	1,100	-	180	-	1,280
Use of money and property:					
Investment earnings	535	1,448	206	7	2,196
Rents and concessions	7,486	3,759	-	-	11,245
Aid from other governmental agencies:					
Federal	63,126	-	-	-	63,126
State	6,851	-	694	-	7,545
Other	26,553	-	-	-	26,553
Charges for services	32,763	2,972	2,587	78	38,400
Other revenue	6,522	16,257	2,653	-	25,432
Total revenues	212,684	24,436	6,320	85	243,525
EXPENDITURES:					
Current:					
General government	21,903	16,832	504	-	39,239
Public protection	8,484	-	-	-	8,484
Public ways and facilities	17,834	-	-	-	17,834
Health and sanitation	1,809	-	-	-	1,809
Public assistance	61,442	-	-	-	61,442
Education	20,828	-	-	-	20,828
Recreation and cultural services	13,239	-	2,822	-	16,061
Debt service:					
Principal	-	62,057	-	-	62,057
Interest	-	52,253	-	-	52,253
Cost of issuance	-	850	-	-	850
Capital outlay	-	-	10,118	-	10,118
Total expenditures	145,539	131,992	13,444	-	290,975
Excess (deficiency) of revenues over (under) expenditures	67,145	(107,556)	(7,124)	85	(47,450)
OTHER FINANCING SOURCES (USES):					
Transfers in	23,134	95,098	14,354	-	132,586
Transfers out	(91,419)	(11,339)	(2,717)	-	(105,475)
Issuance of debt	-	10,610	-	-	10,610
Issuance of refunding bonds	-	58,565	-	-	58,565
Premium on long-term debt	-	4,096	-	-	4,096
Payment to escrow agent	-	(64,285)	-	-	(64,285)
Total other financing sources (uses)	(68,285)	92,745	11,637	-	36,097
NET CHANGE IN FUND BALANCES	(1,140)	(14,811)	4,513	85	(11,353)
Fund balances, beginning of year, as previously reported	105,772	63,634	21,523	668	191,597
Adjustments to beginning fund balances	8,215	-	-	-	8,215
Fund balances, beginning of year	113,987	63,634	21,523	668	199,812
FUND BALANCES, END OF YEAR	$ 112,847	$ 48,823	$ 26,036	$ 753	$ 188,459

SPECIAL REVENUE FUNDS

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COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

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

COMMUNITY SERVICES

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

COUNTY SERVICE AREAS

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

REGIONAL PARK AND OPEN-SPACE

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

AIR QUALITY IMPROVEMENT

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

IN-HOME SUPPORT SERVICES (IHSS)

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

PERRIS VALLEY CEMETERY DISTRICT

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

OTHER SPECIAL REVENUE

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

COUNTY OF RIVERSIDE
Combining Balance Sheet
Special Revenue Funds
June 30, 2018
(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:								
Assets:								
Cash and investments	$ 57,312	$ 23,019	$ 11,023	$ 303	$ 491	$ 885	$ 20,293	$ 113,326
Accounts receivable	342	-	92	-	-	-	43	477
Interest receivable	32	79	38	1	-	3	40	193
Taxes receivable	968	206	87	-	-	4	11	1,276
Due from other governments	5,840	-	260	138	1,181	-	424	7,843
Due from other funds	1,055	30	-	-	-	-	8	1,093
Prepaid items and deposits	12	-	-	-	-	-	-	12
Total assets	65,561	23,334	11,500	442	1,672	892	20,819	124,220
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 65,561	$ 23,334	$ 11,500	$ 442	$ 1,672	$ 892	$ 20,819	$ 124,220
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:								
Liabilities:								
Accounts payable	$ 4,154	$ 341	$ 307	$ -	$ 1	$ 23	$ 361	$ 5,187
Salaries and benefits payable	1,632	168	560	-	330	-	451	3,141
Due to other governments	23	1	8	-	-	-	3	35
Due to other funds	31	-	-	8	-	-	-	39
Interest payable	-	-	-	-	2	-	-	2
Deposits payable	1	92	-	-	-	392	-	485
Advances from grantors and third parties	1,665	193	584	-	-	-	38	2,480
Total liabilities	7,506	795	1,459	8	333	415	853	11,369
Deferred inflows of resources	-	-	-	-	-	4	-	4
Fund balances (Note 16):								
Nonspendable	33	1	10	-	-	-	12	56
Restricted	55,250	22,532	5,274	434	1,339	473	16,355	101,657
Committed	900	-	4,757	-	-	-	703	6,360
Assigned	1,872	6	-	-	-	-	2,896	4,774
Total fund balances	58,055	22,539	10,041	434	1,339	473	19,966	112,847
Total liabilities, deferred inflows of resources, and fund balances	$ 65,561	$ 23,334	$ 11,500	$ 442	$ 1,672	$ 892	$ 20,819	$ 124,220

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Special Revenue Funds

For the Fiscal Year Ended June 30, 2018

(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total
REVENUES:								
Taxes	$ 59,961	$ 885	$ 5,225	$ -	$ -	$ 245	$ 701	$ 67,017
Licenses, permits, and franchise fees	-	-	-	-	-	-	731	731
Fines, forfeitures, and penalties	293	-	-	127	-	-	680	1,100
Use of money and property:								
Investment earnings	97	208	106	1	-	7	116	535
Rents and concessions	643	-	765	-	-	-	6,078	7,486
Aid from other governmental agencies:								
Federal	58,672	-	3	-	2,678	-	1,773	63,126
State	3,422	9	160	478	2,738	3	41	6,851
Other	23,801	195	972	-	-	28	1,557	26,553
Charges for services	902	11,054	6,930	-	28	291	13,558	32,763
Other revenue	5,992	30	84	-	-	50	366	6,522
Total revenues	153,783	12,381	14,245	606	5,444	624	25,601	212,684
EXPENDITURES:								
Current:								
General government	14,345	-	-	305	-	-	7,253	21,903
Public protection	2,222	240	586	-	-	202	5,234	8,484
Public ways and facilities	5	8,262	-	-	-	-	9,567	17,834
Health and sanitation	1,040	769	-	-	-	-	-	1,809
Public assistance	54,986	-	-	-	6,456	-	-	61,442
Education	20,828	-	-	-	-	-	-	20,828
Recreation and cultural services	-	582	12,657	-	-	-	-	13,239
Total expenditures	93,426	9,853	13,243	305	6,456	202	22,054	145,539
Excess (deficiency) of revenues over (under) expenditures	60,357	2,528	1,002	301	(1,012)	422	3,547	67,145
OTHER FINANCING SOURCES (USES):								
Transfers in	16,414	3,237	485	-	1,087	-	1,911	23,134
Transfers out	(76,025)	(5,888)	(2,102)	(174)	(498)	(288)	(6,444)	(91,419)
Total other financing sources (uses)	(59,611)	(2,651)	(1,617)	(174)	589	(288)	(4,533)	(68,285)
NET CHANGE IN FUND BALANCES	746	(123)	(615)	127	(423)	134	(986)	(1,140)
Fund balances, beginning of year, as previously reported	49,094	22,662	10,656	307	1,762	339	20,952	105,772
Adjustments to beginning fund balances	8,215	-	-	-	-	-	-	8,215
Fund balances, beginning of year, as restated	57,309	22,662	10,656	307	1,762	339	20,952	113,987
FUND BALANCES, END OF YEAR	$ 58,055	$ 22,539	$ 10,041	$ 434	$ 1,339	$ 473	$ 19,966	$ 112,847

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Community Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes	$ 56,935	$ 57,022	$ 59,961	$ 2,939
Fines, forfeitures, and penalties	400	400	293	(107)
Use of money and property:				
Investment earnings	5	6	97	91
Rents and concessions	1,071	758	643	(115)
Aid from other governmental agencies:				
Federal	70,255	73,228	58,672	(14,556)
State	21,648	4,882	3,422	(1,460)
Other	21,867	21,907	23,801	1,894
Charges for services	36,913	1,774	902	(872)
Other revenue	12,386	6,761	5,992	(769)
Total revenues	221,480	166,738	153,783	(12,955)
EXPENDITURES:				
Current:				
General government	16,087	17,551	14,345	(3,206)
Public protection	68,060	5,526	2,222	(3,304)
Public ways and facilities	-	356	5	(351)
Health and sanitation	48,353	4,033	1,040	(2,993)
Public assistance	75,532	71,069	54,986	(16,083)
Education	25,431	22,830	20,828	(2,002)
Recreation and cultural services	-	-	-	-
Total expenditures	233,463	121,365	93,426	(27,939)
Excess (deficiency) of revenues over (under) expenditures	(11,983)	45,373	60,357	14,984
OTHER FINANCING SOURCES (USES):				
Transfers in	-	16,414	16,414	-
Transfers out	-	(76,025)	(76,025)	-
Total other financing sources (uses)	-	(59,611)	(59,611)	-
NET CHANGE IN FUND BALANCE	(11,983)	(14,238)	746	14,984
Fund balance, beginning of year, as previously reported	49,094	49,094	49,094	-
Adjustments to beginning fund balance	-	-	8,215	8,215
Fund balance, beginning of year, as restated	49,094	49,094	57,309	8,215
FUND BALANCE, END OF YEAR	$ 37,111	$ 34,856	$ 58,055	$ 23,199

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
County Service Areas Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes	$ 816	$ 816	$ 885	$ 69
Use of money and property:				
Investment earnings	54	54	208	154
Rents and concessions	1	1	-	(1)
Aid from other governmental agencies:				
State	8	8	9	1
Other	169	169	195	26
Charges for services	14,699	11,677	11,054	(623)
Other revenue	37	51	30	(21)
Total revenues	15,784	12,776	12,381	(395)
EXPENDITURES:				
Current:				
Public protection	791	880	240	(640)
Public ways and facilities	14,333	11,359	8,262	(3,097)
Health and sanitation	780	780	769	(11)
Recreation and cultural services	2,085	1,825	582	(1,243)
Total expenditures	17,989	14,844	9,853	(4,991)
Excess (deficiency) of revenues over (under) expenditures	(2,205)	(2,068)	2,528	4,596
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,237	3,237	-
Transfers out	-	(5,888)	(5,888)	-
Total other financing sources (uses)	-	(2,651)	(2,651)	-
NET CHANGE IN FUND BALANCE	(2,205)	(4,719)	(123)	4,596
Fund balance, beginning of year	22,662	22,662	22,662	-
FUND BALANCE, END OF YEAR	$ 20,457	$ 17,943	$ 22,539	$ 4,596

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Regional Park and Open-Space Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes	$ 5,030	$ 5,030	$ 5,225	$ 195
Use of money and property:				
Investment earnings	31	31	106	75
Rents and concessions	461	461	765	304
Aid from other governmental agencies:				
Federal	-	-	3	3
State	152	152	160	8
Other	745	745	972	227
Charges for services	7,464	7,450	6,930	(520)
Other revenue	665	194	84	(110)
Total revenues	14,548	14,063	14,245	182
EXPENDITURES:				
Current:				
Public protection	694	722	586	(136)
Recreation and cultural services	14,647	13,931	12,657	(1,274)
Total expenditures	15,341	14,653	13,243	(1,410)
Excess (deficiency) of revenues over (under) expenditures	(793)	(590)	1,002	1,592
OTHER FINANCING SOURCES (USES):				
Transfers in	-	485	485	-
Transfers out	-	(2,102)	(2,102)	-
Total other financing sources (uses)	-	(1,617)	(1,617)	-
NET CHANGE IN FUND BALANCE	(793)	(2,207)	(615)	1,592
Fund balance, beginning of year	10,656	10,656	10,656	-
FUND BALANCE, END OF YEAR	$ 9,863	$ 8,449	$ 10,041	$ 1,592

COUNTY OF RIVERSIDE

Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Fines, forfeitures and penalties	$ 75	$ 75	$ 127	$ 52
Use of money and property:				
Investment earnings	1	1	1	-
Aid from other governmental agencies:				
State	477	477	478	1
Total revenues	553	553	606	53
EXPENDITURES:				
Current:				
General government	597	423	305	(118)
Total expenditures	597	423	305	(118)
Excess (deficiency) of revenues over (under) expenditures	(44)	130	301	171
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(174)	(174)	-
Total other financing sources (uses)	-	(174)	(174)	-
NET CHANGE IN FUND BALANCE	(44)	(44)	127	171
Fund balance, beginning of year	307	307	307	-
FUND BALANCE, END OF YEAR	$ 263	$ 263	$ 434	$ 171

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
In-Home Support Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Aid from other governmental agencies:				
Federal	$ 3,415	$ 3,415	$ 2,678	$ (737)
State	2,051	2,051	2,738	687
Charges for services	1,087	-	28	28
Total revenues	6,553	5,466	5,444	(22)
EXPENDITURES:				
Current:				
Public assistance	8,057	7,559	6,456	(1,103)
Total expenditures	8,057	7,559	6,456	(1,103)
Excess (deficiency) of revenues over (under) expenditures	(1,504)	(2,093)	(1,012)	1,081
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,087	1,087	-
Transfers out	-	(498)	(498)	-
Total other financing sources (uses)	-	589	589	-
NET CHANGE IN FUND BALANCE	(1,504)	(1,504)	(423)	1,081
Fund balance, beginning of year	1,762	1,762	1,762	-
FUND BALANCE, END OF YEAR	$ 258	$ 258	$ 1,339	$ 1,081

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COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Perris Valley Cemetery District Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes	$ 263	$ 263	$ 245	$ (18)
Use of money and property:				
Investment earnings	3	3	7	4
Aid from other governmental agencies:				
State	3	3	3	-
Other	25	25	28	3
Charges for services	280	280	291	11
Other revenue	-	50	50	-
Total revenues	574	624	624	-
EXPENDITURES:				
Current:				
Public protection	573	378	202	(176)
Total expenditures	573	378	202	(176)
Excess (deficiency) of revenues over (under) expenditures	1	246	422	176
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(288)	(288)	-
Total other financing sources (uses)	-	(288)	(288)	-
NET CHANGE IN FUND BALANCE	1	(42)	134	176
Fund balance, beginning of year	339	339	339	-
FUND BALANCE, END OF YEAR	$ 340	$ 297	$ 473	$ 176

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
REVENUES:				
Taxes	$ 645	$ 645	$ 701	$ 56
Licenses, permits, and franchise fees	720	720	731	11
Fines, forfeitures, and penalties	2	471	680	209
Use of money and property:				
Investment earnings	60	60	116	56
Rents and concessions	6,545	6,714	6,078	(636)
Aid from other governmental agencies:				
Federal	2,640	4,192	1,773	(2,419)
State	274	309	41	(268)
Other	1,635	1,643	1,557	(86)
Charges for services	13,526	13,254	13,558	304
Other revenue	1,516	529	366	(163)
Total revenues	27,563	28,537	25,601	(2,936)
EXPENDITURES:				
Current:				
General government	9,426	7,872	7,253	(619)
Public protection	6,036	5,854	5,234	(620)
Public ways and facilities	12,977	13,370	9,567	(3,803)
Total expenditures	28,439	27,096	22,054	(5,042)
Excess (deficiency) of revenues over (under) expenditures	(876)	1,441	3,547	2,106
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,911	1,911	-
Transfers out	-	(6,444)	(6,444)	-
Total other financing sources (uses)	-	(4,533)	(4,533)	-
NET CHANGE IN FUND BALANCE	(876)	(3,092)	(986)	2,106
Fund balance, beginning of year	20,952	20,952	20,952	-
FUND BALANCE, END OF YEAR	$ 20,076	$ 17,860	$ 19,966	$ 2,106

DEBT SERVICE FUNDS

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COUNTY OF RIVERSIDE

DEBT SERVICE FUNDS

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

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

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

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

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

INFRASTRUCTURE FINANCING AUTHORITY

The Infrastructure Financing Authority is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement by and between the County of Riverside and the Riverside County Flood Control and Water Conservation District. The authority is authorized and empowered to issue bonds for the purpose of financing and refinancing public capital improvements of the County.

TAXABLE PENSION OBLIGATION BONDS (PENSION OBLIGATION)

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

INLAND EMPIRE TOBACCO SECURITIZATION AUTHORITY

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

PUBLIC FINANCING AUTHORITY

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

FLOOD CONTROL

The Flood Control debt service fund was established to service the debt incurred by Zone 4 for the construction of Zone 4 flood controls facilities. The fund receives transfers from Zone 4 revenues to pay principal and interest on promissory notes.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Debt Service Funds
June 30, 2018
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Infrastructure Financing Authority	Pension Obligation	Inland Empire Tobacco Securitization Authority	Public Financing Authority	Flood Control	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:								
Assets:								
Accounts receivable	$ -	$ -	$ -	$ 2,273	$ -	$ -	$ -	$ 2,273
Interest receivable	26	2	-	32	26	2	-	88
Restricted cash and investments	13,020	1,195	171	11,710	19,341	1,404	-	46,841
Total assets	13,046	1,197	171	14,015	19,367	1,406	-	49,202
Deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 13,046	$ 1,197	171	$ 14,015	$ 19,367	$ 1,406	$ -	$ 49,202
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:								
Liabilities:								
Accounts payable	$ 272	$ 107	$ -	$ -	$ -	$ -	$ -	$ 379
Total liabilities	272	107	-	-	-	-	-	379
Deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balances (Note 16):								
Restricted	12,774	1,090	171	9,960	19,367	1,406	-	44,768
Assigned	-	-	-	4,055	-	-	-	4,055
Total fund balances	12,774	1,090	171	14,015	19,367	1,406	-	48,823
Total liabilities, deferred inflows of resources, and fund balances	$ 13,046	$ 1,197	$ 171	$ 14,015	$ 19,367	$ 1,406	$ -	$ 49,202

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Infrastructure Financing Authority	Pension Obligation	Inland Empire Tobacco Securitization Authority	Public Financing Authority	Flood Control	Total
REVENUES:								
Use of money and property:								
Investment earnings	$ 189	$ 22	$ 4	$ 989	$ 225	$ 19	$ -	$ 1,448
Rents and concessions	121	2,398	-	-	-	1,240	-	3,759
Charges for services	-	-	-	2,972	-	-	-	2,972
Other revenue	8	-	3,075	-	13,174	-	-	16,257
Total revenues	318	2,420	3,079	3,961	13,399	1,259	-	24,436
EXPENDITURES:								
Current:								
General government	2,547	2,428	-	11,748	109	-	-	16,832
Debt service:								
Principal	20,780	497	5,370	20,170	7,105	6,155	1,980	62,057
Interest	9,073	327	5,495	14,105	6,301	16,085	867	52,253
Cost of issuance	-	-	850	-	-	-	-	850
Total expenditures	32,400	3,252	11,715	46,023	13,515	22,240	2,847	131,992
Excess (deficiency) of revenues over (under) expenditures	(32,082)	(832)	(8,636)	(42,062)	(116)	(20,981)	(2,847)	(107,556)
OTHER FINANCING SOURCES (USES):								
Transfers in	25,710	-	10,981	34,569	-	20,991	2,847	95,098
Transfers out	(178)	-	(11,161)	-	-	-	-	(11,339)
Issuance of debt	-	-	10,610	-	-	-	-	10,610
Issuance of refunding bonds	-	-	58,565	-	-	-	-	58,565
Premium on long-term debt	-	-	4,096	-	-	-	-	4,096
Payment to escrow agent	-	-	(64,285)	-	-	-	-	(64,285)
Total other financing sources (uses)	25,532	-	8,806	34,569	-	20,991	2,847	92,745
NET CHANGE IN FUND BALANCES	(6,550)	(832)	170	(7,493)	(116)	10	-	(14,811)
Fund balances, beginning of year	19,324	1,922	1	21,508	19,483	1,396	-	63,634
FUND BALANCES, END OF YEAR	$ 12,774	$ 1,090	$ 171	$ 14,015	$ 19,367	$ 1,406	$ -	$ 48,823

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Pension Obligation Debt Service Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ -	$ -	$ 989	$ 989
Aid from other governmental agencies:				
Charges for services	37,776	3,207	2,972	(235)
Total revenues	37,776	3,207	3,961	754
EXPENDITURES:				
Current:				
General government	3,501	12,001	11,748	(253)
Debt service:				
Principal	20,170	20,170	20,170	-
Interest	14,105	14,105	14,105	-
Total expenditures	37,776	46,276	46,023	(253)
Excess (deficiency) of revenues over (under) expenditures	-	(43,069)	(42,062)	1,007
OTHER FINANCING SOURCES (USES):				
Transfers in	-	34,569	34,569	-
Total other financing sources (uses)	-	34,569	34,569	-
NET CHANGE IN FUND BALANCE	-	(8,500)	(7,493)	1,007
Fund balance, beginning of year	21,508	21,508	21,508	-
FUND BALANCE, END OF YEAR	$ 21,508	$ 13,008	$ 14,015	$ 1,007

CAPITAL PROJECTS FUNDS

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COUNTY OF RIVERSIDE

CAPITAL PROJECTS FUNDS

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

PUBLIC SAFETY ENTERPRISE COMMUNICATION (PSEC)

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

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

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

FLOOD CONTROL

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

REGIONAL PARK AND OPEN-SPACE

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

COUNTY OF RIVERSIDE ENTERPRISE SOLUTIONS FOR PROPERTY TAXATION (CREST)

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

INFRASTRUCTURE FINANCING AUTHORITY

The Infrastructure Financing Authority is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement by and between the County of Riverside and the Riverside County Flood Control and Water Conservation District. The authority is authorized and empowered to issue bonds for the purpose of financing and refinancing public capital improvements of the County.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Capital Projects Funds
June 30, 2018
(Dollars in Thousands)

	PSEC	CORAL	Flood Control	Regional Park and Open-Space	CREST	Infrastructure Financing Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:							
Assets:							
Cash and investments	$ 253	$ -	$ 18	$ 4,693	$ 6,313	$ -	$ 11,277
Interest receivable	-	1	-	12	25	12	50
Due from other governments	-	-	-	2,769	-	-	2,769
Prepaid items and deposits	580	-	-	1,377	-	-	1,957
Restricted cash and investments	-	134	-	-	-	11,842	11,976
Total assets	833	135	18	8,851	6,338	11,854	28,029
Deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	$ 833	$ 135	$ 18	$ 8,851	$ 6,338	$ 11,854	$ 28,029
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:							
Liabilities:							
Accounts payable	$ -	$ 21	$ -	$ 1,172	$ 64	$ 156	$ 1,413
Salaries and benefits payable	-	-	-	-	128	-	128
Due to other funds	-	-	-	-	452	-	452
Total liabilities	-	21	-	1,172	644	156	1,993
Deferred inflows of resources	-	-	-	-	-	-	-
Fund balances (Note 16):							
Nonspendable	580	-	-	-	-	-	580
Restricted	-	114	18	7,679	-	11,698	19,509
Assigned	253	-	-	-	5,694	-	5,947
Total fund balances	833	114	18	7,679	5,694	11,698	26,036
Total liabilities, deferred inflows of resources, and fund balances	$ 833	$ 135	$ 18	$ 8,851	$ 6,338	$ 11,854	$ 28,029

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Projects Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	PSEC	CORAL	Flood Control	Regional Park and Open-Space	CREST	Infrastructure Financing Authority	Total
REVENUES:							
Fines, forfeitures, penalties	$ -	$ -	$ -	$ 180	$ -	$ -	$ 180
Use of money and property:							
Investment earnings	-	20	-	35	70	81	206
Aid from other governmental agencies:							
State	-	-	-	694	-	-	694
Charges for services	-	-	-	-	2,587	-	2,587
Other revenue	-	-	-	2,653	-	-	2,653
Total revenues	-	20	-	3,562	2,657	81	6,320
EXPENDITURES:							
Current:							
General government	-	504	-	-	-	-	504
Recreation and cultural services	-	-	-	2,822	-	-	2,822
Capital outlay	-	1,111	-	-	3,121	5,886	10,118
Total expenditures	-	1,615	-	2,822	3,121	5,886	13,444
Excess (deficiency) of revenues over (under) expenditures	-	(1,595)	-	740	(464)	(5,805)	(7,124)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	170	-	3,023	-	11,161	14,354
Transfers out	-	-	-	(1,557)	(1,041)	(119)	(2,717)
Total other financing sources (uses)	-	170	-	1,466	(1,041)	11,042	11,637
NET CHANGE IN FUND BALANCES	-	(1,425)	-	2,206	(1,505)	5,237	4,513
Fund balances, beginning of year	833	1,539	18	5,473	7,199	6,461	21,523
FUND BALANCES, END OF YEAR	$ 833	$ 114	$ 18	$ 7,679	$ 5,694	$ 11,698	$ 26,036

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COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Capital Projects Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Other revenue	$ 1,250	$ 1,250	$ -	$ (1,250)
Total revenues	1,250	1,250	-	(1,250)
EXPENDITURES:				
Capital outlay	1,250	1,250	-	(1,250)
Total expenditures	1,250	1,250	-	(1,250)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	18	18	18	-
FUND BALANCE, END OF YEAR	$ 18	$ 18	$ 18	$ -

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space Capital Projects Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Fines, forfeitures and penalties	$ -	$ -	$ 180	$ 180
Use of money and property:				
Investment earnings	15	15	35	20
Aid from other governmental agencies:				
State	3,098	3,203	694	(2,509)
Other revenue	3,811	2,042	2,653	611
Total revenues	6,924	5,260	3,562	(1,698)
EXPENDITURES:				
Current:				
Recreation and cultural services	7,379	6,284	2,822	(3,462)
Total expenditures	7,379	6,284	2,822	(3,462)
Excess (deficiency) of revenues over (under) expenditures	(455)	(1,024)	740	1,764
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,023	3,023	-
Transfers out	-	(1,557)	(1,557)	-
Total other financing sources (uses)	-	1,466	1,466	-
NET CHANGE IN FUND BALANCE	(455)	442	2,206	1,764
Fund balance, beginning of year	5,473	5,473	5,473	-
FUND BALANCE, END OF YEAR	$ 5,018	$ 5,915	$ 7,679	$ 1,764

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
CREST Capital Projects Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	$ 25	$ 25	$ 70	$ 45
Charges for services	4,605	4,605	2,587	(2,018)
Total revenues	4,630	4,630	2,657	(1,973)
EXPENDITURES:				
Current:				
Capital outlay	14,213	13,172	3,121	(10,051)
Total expenditures	14,213	13,172	3,121	(10,051)
Excess (deficiency) of revenues over (under) expenditures	(9,583)	(8,542)	(464)	8,078
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(1,041)	(1,041)	-
Total other financing sources (uses)	-	(1,041)	(1,041)	-
NET CHANGE IN FUND BALANCE	(9,583)	(9,583)	(1,505)	8,078
Fund balance, beginning of year	7,199	7,199	7,199	-
FUND BALANCE, END OF YEAR	$ (2,384)	$ (2,384)	$ 5,694	$ 8,078

PERMANENT FUND

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COUNTY OF RIVERSIDE

PERMANENT FUND

PERRIS VALLEY CEMETERY ENDOWMENT FUND

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

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COUNTY OF RIVERSIDE
Balance Sheet
Permanent Fund
June 30, 2018
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Assets:	
Cash and investments	$ 751
Interest receivable	2
Total assets	753
Deferred outflows of resources	-
Total assets and deferred outflows of resources	$ 753
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:	
Liabilities:	
Total liabilities	$ -
Deferred inflows of resources	-
Fund balance (Note 16):	
Nonspendable	701
Restricted	52
Total fund balance	753
Total liabilities, deferred inflows of resources, and fund balance	$ 753

COUNTY OF RIVERSIDE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Permanent Fund
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
REVENUES:	
Use of money and property:	
Investment earnings	$ 7
Charges for services	78
Total revenues	85
EXPENDITURES:	
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	85
NET CHANGE IN FUND BALANCE	85
Fund balance, beginning of year	668
FUND BALANCE, END OF YEAR	$ 753

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NONMAJOR ENTERPRISE FUNDS

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COUNTY OF RIVERSIDE

NONMAJOR ENTERPRISE FUNDS

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

COUNTY SERVICE AREAS

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

FLOOD CONTROL

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

RIVERSIDE UNIVERSITY HEALTH SYSTEM - COMMUNITY HEALTH CENTERS

This fund was established to account for transactions resulting from several clinics spread across the County providing primary care and preventive services.

COUNTY OF RIVERSIDE
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018
(Dollars in Thousands)

	County Service Areas	Flood Control	Riverside University Health Systems - Community Health Centers	Total
ASSETS:				
Current assets:				
Cash and investments	$ 429	$ 1,103	$ -	$ 1,532
Accounts receivable-net	-	298	1,377	1,675
Interest receivable	1	15	-	16
Taxes receivable	10	-	-	10
Due from other governments	-	5	3,624	3,629
Due from other funds	-	8	14,930	14,938
Inventories	-	-	377	377
Restricted cash and investments	-	3,222	-	3,222
Prepaid items and deposits	-	-	253	253
Total current assets	440	4,651	20,561	25,652
Noncurrent assets:				
Capital assets:				
Depreciable assets	5	71	11,156	11,232
Total noncurrent assets	5	71	11,156	11,232
Total assets	445	4,722	31,717	36,884
DEFERRED OUTFLOWS OF RESOURCES	-	732	11,110	11,842
LIABILITIES:				
Current liabilities:				
Cash overdrawn	-	-	15,595	15,595
Accounts payable	36	3,274	738	4,048
Salaries and benefits payable	-	74	2,182	2,256
Due to other governments	-	-	9,244	9,244
Due to other funds	-	13	5,899	5,912
Interest payable	-	-	43	43
Deposits payable	125	-	22	147
Other liabilities	-	227	-	227
Compensated absences	-	8	1,120	1,128
Capital lease obligation	-	-	492	492
Total current liabilities	161	3,596	35,335	39,092
Noncurrent liabilities:				
Compensated absences	-	86	1,898	1,984
Capital lease obligations	-	-	10,291	10,291
Net OPEB liability	-	-	229	229
Net pension liability	-	2,302	11,842	14,144
Total noncurrent liabilities	-	2,388	24,260	26,648
Total liabilities	161	5,984	59,595	65,740
DEFERRED INFLOWS OF RESOURCES	-	213	1,215	1,428
NET POSITION:				
Net investment in capital assets	5	71	373	449
Unrestricted	279	(814)	(18,356)	(18,891)
Total net position	$ 284	$ (743)	$ (17,983)	$ (18,442)

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	County Service Areas	Flood Control	Riverside University Health Systems - Community Health Centers	Total
OPERATING REVENUES:				
Net patient revenue (Notes 1 and 18)	$ -	$ -	$ 19,375	$ 19,375
Charges for services	353	1,737	10,808	12,898
Other	25	12	8,028	8,065
Total operating revenues	378	1,749	38,211	40,338
OPERATING EXPENSES:				
Personnel services	-	1,522	38,238	39,760
Communications	7	-	218	225
Insurance	3	-	313	316
Maintenance of building and equipment	120	-	2,569	2,689
Supplies	7	18	2,137	2,162
Purchased services	8	1,256	8,612	9,876
Depreciation and amortization	3	5	390	398
Rents and leases of equipment	-	-	2,941	2,941
Utilities	80	-	367	447
Other	15	14	262	291
Total operating expenses	243	2,815	56,047	59,105
Operating income (loss)	135	(1,066)	(17,836)	(18,767)
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	3	74	(204)	(127)
Interest expense	-	-	(200)	(200)
Total nonoperating revenues (expenses)	3	74	(404)	(327)
Income (loss) before capital contributions and transfers	138	(992)	(18,240)	(19,094)
Capital contributions	-	-	1	1
Transfers in	-	-	11,493	11,493
Transfers out	-	-	(278)	(278)
CHANGE IN NET POSITION	138	(992)	(7,024)	(7,878)
Net position, beginning of year, as previously reported	146	249	-	395
Adjustments to beginning net position (Note 3)	-	-	(10,959)	(10,959)
Net position, beginning of year, as restated	146	249	(10,959)	(10,564)
NET POSITION, END OF YEAR	$ 284	$ (743)	$ (17,983)	$ (18,442)

COUNTY OF RIVERSIDE
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	County Service Areas	Flood Control	Riverside University Health Systems - Community Health Centers	Total
Cash flows from operating activities				
Cash receipts (payments due) from customers	$ 378	$ 1,720	$ 40,039	$ 42,137
Cash receipts (payments due) from other funds	(1)	(7)	(14,784)	(14,792)
Cash paid to suppliers for goods and services	(216)	(1,265)	(14,046)	(15,527)
Cash paid to employees for services	-	(1,159)	(35,844)	(37,003)
Net cash provided by (used in) operating activities	161	(711)	(24,635)	(25,185)
Cash flows from noncapital financing activities				
Transfers received	-	-	11,493	11,493
Transfers paid	-	-	(278)	(278)
Net cash provided by (used in) noncapital financing activities	-	-	11,215	11,215
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(1)	(75)	(11,471)	(11,547)
Principal paid on capital leases	-	-	10,783	10,783
Capital contributions	-	-	1	1
Interest paid on long-term debt	-	-	(157)	(157)
Net cash provided by (used in) capital and related financing activities	(1)	(75)	(844)	(920)
Cash flows from investing activities				
Investment income (loss)	2	70	(204)	(132)
Net cash provided by (used in) investing activities	2	70	(204)	(132)
Net increase (decrease) in cash and cash equivalents	162	(716)	(14,468)	(15,022)
Cash and cash equivalents, beginning of year	267	5,041	(1,127)	4,181
Cash and cash equivalents, end of year	$ 429	$ 4,325	$ (15,595)	$ (10,841)
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	$ 429	$ 1,103	$ (15,595)	$ (14,063)
Restricted cash and investments per Statement of Net Position	-	3,222	-	3,222
Total cash and cash equivalents per Statement of Net Position	$ 429	$ 4,325	$ (15,595)	$ (10,841)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 135	$ (1,066)	$ (17,836)	$ (18,767)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	3	5	390	398
Decrease (Increase) accounts receivable	-	(31)	368	337
Decrease (Increase) taxes receivable	(1)	-	-	(1)
Decrease (Increase) due from other funds	-	(7)	(14,784)	(14,791)
Decrease (Increase) due from other governments	-	2	1,460	1,462
Decrease (Increase) inventories	-	-	(355)	(355)
Decrease (Increase) prepaid items and deposits	-	-	(253)	(253)
Increase (Decrease) accounts payable	14	(19)	405	400
Increase (Decrease) due to other funds	-	6	4,844	4,850
Increase (Decrease) due to other governments	-	-	(1,290)	(1,290)
Increase (Decrease) deposits payable	10	-	22	32
Increase (Decrease) other liabilities	-	36	-	36
Increase (Decrease) net pension liability	-	496	4,578	5,074
Increase (Decrease) net OPEB liability	-	-	109	109
Increase (Decrease) deferred OPEB	-	-	(160)	(160)
Increase (Decrease) deferred pensions	-	(134)	(2,538)	(2,672)
Increase (Decrease) salaries and benefits payable	-	-	40	40
Increase (Decrease) compensated absences	-	1	365	366
Net cash provided by (used in) operating activities	$ 161	$ (711)	$ (24,635)	$ (25,185)
Noncash investing, capital, and financing activities			$ 10,941	$ 10,941

INTERNAL SERVICE FUNDS

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COUNTY OF RIVERSIDE

INTERNAL SERVICE FUNDS

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

RECORDS MANAGEMENT AND ARCHIVES

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

FLEET SERVICES

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

INFORMATION SERVICES

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

PRINTING SERVICES

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

SUPPLY SERVICES

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

HUMAN RESOURCES

This fund finances the operation and maintenance of the Human Capital Management System which, provide all human resources requirements including talent management, recruitment, onboarding, time and labor, payroll and employee benefits administration to County departments on a cost-reimbursement basis.

RISK MANAGEMENT

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

TEMPORARY ASSISTANCE POOL (TAP)

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

ECONOMIC DEVELOPMENT AGENCY, (EDA) FACILITIES MANAGEMENT

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

FLOOD CONTROL EQUIPMENT

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

COUNTY OF RIVERSIDE
Combining Statement of Net Position
Internal Service Funds
June 30, 2018
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	$ 82	$ 10,435	$ 22,103	$ 635	$ 1,844
Accounts receivable-net	-	62	242	17	2
Interest receivable	-	23	60	6	7
Due from other governments	-	106	172	54	6
Due from other funds	-	-	-	-	-
Inventories	-	672	1,447	120	153
Prepaid items and deposits	-	-	162	-	-
Total current assets	82	11,298	24,186	832	2,012
Noncurrent assets:					
Capital assets:					
Nondepreciable assets	-	766	235	-	-
Depreciable assets	-	33,183	37,182	294	173
Total noncurrent assets	-	33,949	37,417	294	173
Total assets	82	45,247	61,603	1,126	2,185
DEFERRED OUTFLOWS OF RESOURCES	-	2,759	37,579	430	394
LIABILITIES:					
Current liabilities:					
Accounts payable	-	946	2,034	16	42
Salaries and benefits payable	17	370	3,439	46	25
Due to other governments	-	1	14	-	11
Due to other funds	-	-	-	-	-
Other liabilities	-	118	-	-	-
Accrued remediation costs	-	95	-	-	-
Compensated absences	10	290	4,600	92	36
Capital lease obligations	-	7,407	9,963	-	-
Estimated claims liabilities	-	-	-	-	-
Total current liabilities	27	9,227	20,050	154	114
Noncurrent liabilities:					
Compensated absences	-	107	2,649	-	47
Advances from other funds	-	-	-	-	-
Capital lease obligations	-	6,373	14,307	-	-
Accrued remediation costs	-	104	-	-	-
Estimated claims liabilities	-	-	-	-	-
Net OPEB liability	-	35	280	6	3
Net pension liability	-	5,899	86,021	871	984
Total noncurrent liabilities	-	12,518	103,257	877	1,034
Total liabilities	27	21,745	123,307	1,031	1,148
DEFERRED INFLOWS OF RESOURCES	-	773	12,322	109	130
NET POSITION:					
Net investment in capital assets	-	20,169	13,147	294	173
Unrestricted	55	5,319	(49,594)	122	1,128
Total net position	$ 55	$ 25,488	$ (36,447)	$ 416	$ 1,301

	Human Resources	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total
ASSETS:						
Current assets:						
Cash and investments	$ 600	$ 219,871	$ 863	$ 11,109	$ 7,506	$ 275,048
Accounts receivable-net	-	7,325	-	2	9	7,659
Interest receivable	-	745	-	27	25	893
Due from other governments	-	-	-	803	-	1,141
Due from other funds	-	-	-	-	353	353
Inventories	-	-	-	140	277	2,809
Prepaid items and deposits	-	381	-	-	-	543
Total current assets	600	228,322	863	12,081	8,170	288,446
Noncurrent assets:						
Capital assets:						
Nondepreciable assets	-	-	-	-	-	1,001
Depreciable assets	-	9	-	14	2,280	73,135
Total noncurrent assets	-	9	-	14	2,280	74,136
Total assets	600	228,331	863	12,095	10,450	362,582
DEFERRED OUTFLOWS OF RESOURCES	-	12,299	1,431	16,432	-	71,324
LIABILITIES:						
Current liabilities:						
Accounts payable	-	22,654	54	1,910	70	27,726
Salaries and benefits payable	-	1,761	152	1,789	86	7,685
Due to other governments	-	2	-	3	46	77
Due to other funds	-	-	-	2,114	17	2,131
Other liabilities	-	119	-	1,303	-	1,540
Accrued remediation costs	-	-	-	-	-	95
Compensated absences	-	1,949	149	2,141	12	9,279
Capital lease obligations	-	-	-	-	-	17,370
Estimated claims liabilities	-	61,295	-	-	-	61,295
Total current liabilities	-	87,780	355	9,260	231	127,198
Noncurrent liabilities:						
Compensated absences	-	1,349	25	641	126	4,944
Advances from other funds	-	-	-	3,342	-	3,342
Capital lease obligations	-	-	-	-	-	20,680
Accrued remediation costs	-	-	-	-	-	104
Estimated claims liabilities	-	184,967	-	-	-	184,967
Net OPEB liability	-	119	22	224	-	689
Net pension liability	-	25,818	2,941	35,144	-	157,678
Total noncurrent liabilities	-	212,253	2,988	39,351	126	372,404
Total liabilities	-	300,033	3,343	48,611	357	499,602
DEFERRED INFLOWS OF RESOURCES	-	3,358	359	4,640	-	21,691
NET POSITION:						
Net investment in capital assets	-	9	-	14	2,280	36,086
Unrestricted	600	(62,770)	(1,408)	(24,738)	7,813	(123,473)
Total net position	$ 600	$ (62,761)	$ (1,408)	$ (24,724)	$ 10,093	$ (87,387)

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services	Human Resources	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total
OPERATING REVENUES:											
Charges for services	$ 1,004	$ 29,508	$ 117,547	$ 1,199	$ 3,043	$ -	$ 52,451	$ 3,829	$ 101,021	$ 1,072	$ 310,674
Other revenue	-	17	2,196	240	661	-	11,869	-	13,240	6,083	34,306
Total operating revenues	1,004	29,525	119,743	1,439	3,704	-	64,320	3,829	114,261	7,155	344,980
OPERATING EXPENSES:											
Cost of materials used	-	1,497	-	-	-	-	-	-	-	74	1,571
Personnel services	636	4,823	63,327	919	484	-	23,034	3,176	31,620	1,662	129,681
Communications	7	114	10,560	1	55	-	60	-	103	-	10,900
Insurance	66	157	517	8	29	-	23,395	54	592	-	24,818
Maintenance of building and equipment	68	3,311	20,317	42	693	-	33	3	16,167	709	41,343
Insurance claims	-	-	-	-	-	-	186,254	-	-	-	186,254
Supplies	13	6,977	3,046	1,412	2,985	-	4,589	158	3,891	1,116	24,187
Purchased services	357	1,641	6,710	709	470	-	6,030	840	11,946	2,134	30,837
Depreciation and amortization	27	12,966	9,345	100	13	-	14	-	26	896	23,387
Rents and leases of equipment	108	1,097	3,824	-	-	-	1,200	239	51,162	6	57,636
Utilities	64	129	1,503	11	60	-	29	-	1,273	1	3,070
Remediation	-	5	-	-	-	-	-	-	-	-	5
Other	16	213	747	70	30	-	2,655	68	1,256	377	5,432
Total operating expenses	1,362	32,930	119,896	3,272	4,819	-	247,293	4,538	118,036	6,975	539,121
Operating income (loss)	(358)	(3,405)	(153)	(1,833)	(1,115)	-	(182,973)	(709)	(3,775)	180	(194,141)
NONOPERATING REVENUES (EXPENSES):											
Investment income (loss)	4	55	116	23	27	-	1,850	-	30	63	2,168
Interest expense	-	(198)	(599)	-	-	-	-	-	-	-	(797)
Gain (loss) on disposal of capital assets	-	999	(2,187)	(47)	55	-	-	-	-	97	(1,083)
Other nonoperating revenues (expenses)	(189)	-	(6)	(29)	-	-	-	-	-	-	(224)
Total nonoperating revenues (expenses)	(185)	856	(2,676)	(53)	82	-	1,850	-	30	160	64
Income (loss) before capital contributions and transfers	(543)	(2,549)	(2,829)	(1,886)	(1,033)	-	(181,123)	(709)	(3,745)	340	(194,077)
Capital contributions	-	-	-	-	-	-	151,567	-	-	-	151,567
Transfers in	1	-	3,684	-	-	600	3,964	-	1,304	-	9,553
Transfers out	(14)	(79)	(1,035)	(14)	(7)	-	(4,935)	(277)	(473)	-	(6,834)
CHANGE IN NET POSITION	(556)	(2,628)	(180)	(1,900)	(1,040)	600	(30,527)	(986)	(2,914)	340	(39,791)
Net position, beginning of year, as previously reported	(213)	28,130	(36,155)	1,127	2,342	-	(32,187)	(414)	(21,721)	9,753	(49,338)
Adjustments to beginning net position (Note 3)	824	(14)	(112)	1,189	(1)	-	(47)	(8)	(89)	-	1,742
Net position, beginning of year, as restated	611	28,116	(36,267)	2,316	2,341	-	(32,234)	(422)	(21,810)	9,753	(47,596)
NET POSITION, END OF YEAR	$ 55	$ 25,488	$ (36,447)	$ 416	$ 1,301	$ 600	$ (62,761)	$ (1,408)	$ (24,724)	$ 10,093	$ (87,387)

COUNTY OF RIVERSIDE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
Cash flows from operating activities					
Cash receipts (payments due) from customers	$ -	$ (7)	$ (165)	$ 26	$ (2)
Cash receipts (payments due) from other funds	1,018	29,684	119,826	1,439	3,704
Cash paid to suppliers for goods and services	(844)	(14,759)	(46,705)	(2,280)	(4,417)
Cash paid to employees for services	(744)	(4,382)	(54,074)	(781)	(434)
Net cash provided by (used in) operating activities	(570)	10,536	18,882	(1,596)	(1,149)
Cash flows from noncapital financing activities					
Advances (to) from other funds	-	-	(2,500)	-	-
Contributions (to) from others	(189)	-	(6)	(29)	-
Transfers received	1	-	3,684	-	-
Transfers paid	(14)	(79)	(1,035)	(14)	(7)
Net cash provided by (used in) noncapital financing activities	(202)	(79)	143	(43)	(7)
Cash flows from capital and related financing activities					
Proceeds (loss) from sale of capital assets	189	999	(2,187)	44	55
Acquisition and construction of capital assets	-	(2,003)	(1,396)	-	(55)
Principal paid on capital leases	-	(9,401)	(14,687)	-	-
Capital contributions	-	-	-	-	-
Interest paid on long-term debt	-	(198)	(599)	-	-
Net cash provided by (used in) capital and related financing activities	189	(10,603)	(18,869)	44	-
Cash flows from investing activities					
Investment income (loss)	5	41	74	19	23
Net cash provided by (used in) investing activities	5	41	74	19	23
Net increase (decrease) in cash and cash equivalents	(578)	(105)	230	(1,576)	(1,133)
Cash and cash equivalents, beginning of year	660	10,540	21,873	2,211	2,977
Cash and cash equivalents, end of year	$ 82	$ 10,435	$ 22,103	$ 635	$ 1,844
Reconciliation of cash and cash equivalents to the Statement of Net Position					
Cash and investments per Statement of Net Position	$ 82	$ 10,435	$ 22,103	$ 635	$ 1,844
Restricted cash and investments per Statement of Net Position	-	-	-	-	-
Total cash and cash equivalents per Statement of Net Position	$ 82	$ 10,435	$ 22,103	$ 635	$ 1,844
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ (358)	$ (3,405)	$ (153)	$ (1,833)	$ (1,115)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	27	12,966	9,345	100	13
Decrease (Increase) accounts receivable	-	159	83	-	-
Decrease (Increase) due from other funds	14	-	-	-	-
Decrease (Increase) due from other governments	-	(7)	(165)	26	(2)
Decrease (Increase) inventories	-	(84)	(335)	78	190
Decrease (Increase) prepaid items and deposits	-	428	1,303	-	-
Increase (Decrease) accounts payable	(4)	30	(463)	(105)	(289)
Increase (Decrease) due to other funds	(141)	-	-	-	-
Increase (Decrease) due to other governments	-	1	14	-	4
Increase (Decrease) accrued remediation costs	-	(9)	-	-	-
Increase (Decrease) other liabilities	-	16	-	-	-
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) net pension liability	(283)	1,395	18,391	254	123
Increase (Decrease) net OPEB liability	-	21	168	6	2
Increase (Decrease) deferred pensions	283	(699)	(8,814)	(149)	(10)
Increase (Decrease) salaries and benefits payable	(47)	(46)	(202)	(3)	(37)
Increase (Decrease) compensated absences	(61)	(230)	(290)	30	(28)
Net cash provided by (used in) operating activities	$ (570)	$ 10,536	$ 18,882	$ (1,596)	$ (1,149)
Noncash investing, capital, and financing					
Capital lease obligations		$ 7,870	$ (2,255)		

	Human Resources	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total
Cash flows from operating activities						
Cash receipts (payments due) from customers	$ -	$ -	$ -	$ 391	$ -	$ 243
Cash receipts (payments due) from other funds	-	69,782	3,829	114,847	6,962	351,091
Cash paid to suppliers for goods and services	-	(184,011)	(1,338)	(86,324)	(4,459)	(345,137)
Cash paid to employees for services	-	(19,617)	(2,796)	(27,387)	(1,679)	(111,894)
Net cash provided by (used in) operating activities	-	(133,846)	(305)	1,527	824	(105,697)
Cash flows from noncapital financing activities						
Advances (to) from other funds	-	-	-	-	-	(2,500)
Contributions (to) from others	-	-	-	-	-	(224)
Transfers received	600	3,964	-	1,304	-	9,553
Transfers paid	-	(4,935)	(277)	(473)	-	(6,834)
Net cash provided by (used in) noncapital financing activities	600	(971)	(277)	831	-	(5)
Cash flows from capital and related financing activities						
Proceeds (loss) from sale of capital assets	-	-	-	-	97	(803)
Acquisition and construction of capital assets	-	-	-	(7)	(423)	(3,884)
Principal paid on capital leases	-	-	-	-	-	(24,088)
Capital contributions	-	151,567	-	-	-	151,567
Interest paid on long-term debt	-	-	-	-	-	(797)
Net cash provided by (used in) capital and related financing activities	-	151,567	-	(7)	(326)	121,995
Cash flows from investing activities						
Investment income (loss)	-	1,349	-	8	46	1,565
Net cash provided by (used in) investing activities	-	1,349	-	8	46	1,565
Net increase (decrease) in cash and cash equivalents	600	18,099	(582)	2,359	544	17,858
Cash and cash equivalents, beginning of year	-	201,772	1,445	8,750	6,962	257,190
Cash and cash equivalents, end of year	$ 600	$ 219,871	$ 863	$ 11,109	$ 7,506	$ 275,048
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Cash and investments per Statement of Net Position	$ 600	$ 219,871	$ 863	$ 11,109	$ 7,506	$ 275,048
Restricted cash and investments per Statement of Net Position	-	-	-	-	-	-
Total cash and cash equivalents per Statement of Net Position	$ 600	$ 219,871	$ 863	$ 11,109	$ 7,506	$ 275,048
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ -	$ (182,973)	$ (709)	$ (3,775)	$ 180	$ (194,141)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	-	14	-	26	896	23,387
Decrease (Increase) accounts receivable	-	5,284	-	5	1	5,532
Decrease (Increase) due from other funds	-	178	-	581	(194)	579
Decrease (Increase) due from other governments	-	-	-	391	-	243
Decrease (Increase) inventories	-	-	-	82	(1)	(70)
Decrease (Increase) prepaid items and deposits	-	17	-	-	-	1,748
Increase (Decrease) accounts payable	-	(2,016)	24	(1,430)	(59)	(4,312)
Increase (Decrease) due to other funds	-	(190)	-	1,199	8	876
Increase (Decrease) due to other governments	-	2	-	2	10	33
Increase (Decrease) accrued remediation costs	-	-	-	-	-	(9)
Increase (Decrease) other liabilities	-	57	-	213	-	286
Increase (Decrease) estimated claims liability	-	42,364	-	-	-	42,364
Increase (Decrease) net pension liability	-	6,578	750	8,366	-	35,574
Increase (Decrease) net OPEB liability	-	72	14	135	-	418
Increase (Decrease) deferred pensions	-	(3,456)	(385)	(4,244)	-	(17,474)
Increase (Decrease) salaries and benefits payable	-	83	(4)	(7)	(8)	(271)
Increase (Decrease) compensated absences	-	140	5	(17)	(9)	(460)
Net cash provided by (used in) operating activities	$ -	$ (133,846)	$ (305)	$ 1,527	$ 824	$ (105,697)
Noncash investing, capital, and financing activities:						
Capital lease obligations						$ 5,615

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FIDUCIARY FUNDS

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COUNTY OF RIVERSIDE

FIDUCIARY FUNDS

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

OTHER

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

PAYROLL DEDUCTIONS

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

PROPERTY TAX ASSESSMENTS

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

WARRANTS

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

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COUNTY OF RIVERSIDE
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2018
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	$ 142,710	$ 11,260	$ 82,102	$ 56,906	$ 292,978
Accounts receivable	372	-	-	1	373
Interest receivable	190	-	117	1	308
Taxes receivable	61	-	31,242	-	31,303
Total assets	$ 143,333	$ 11,260	$ 113,461	$ 56,908	$ 324,962
LIABILITIES:					
Accounts payable	$ 132,258	$ 11,260	$ 600	$ 56,908	$ 201,026
Due to other governments	11,075	-	112,861	-	123,936
Total liabilities	$ 143,333	$ 11,260	$ 113,461	$ 56,908	$ 324,962

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Other				
Assets				
Cash and investments	$ 127,232	$ 6,306,515	$ 6,291,037	$ 142,710
Accounts receivable	366	665	659	372
Interest receivable	65	188	63	190
Taxes receivable	64	61	64	61
Total assets	$ 127,727	$ 6,307,429	$ 6,291,823	$ 143,333
Liabilities				
Accounts payable	$ 95,225	$ 751,904	$ 714,871	$ 132,258
Due to other governments	32,502	5,601,192	5,622,619	11,075
Total liabilities	$ 127,727	$ 6,353,096	$ 6,337,490	$ 143,333
Payroll Deductions				
Assets				
Cash and investments	$ 10,840	$ 2,170,852	$ 2,170,432	$ 11,260
Total assets	$ 10,840	$ 2,170,852	$ 2,170,432	$ 11,260
Liabilities				
Accounts payable	$ 10,840	$ 1,467,657	$ 1,467,237	$ 11,260
Total liabilities	$ 10,840	$ 1,467,657	$ 1,467,237	$ 11,260
Property Tax Assessments				
Assets				
Cash and investments	$ 85,945	$ 5,159,380	$ 5,163,223	$ 82,102
Interest receivable	10	117	10	117
Taxes receivable	31,508	31,242	31,508	31,242
Total assets	$ 117,463	$ 5,190,739	$ 5,194,741	$ 113,461
Liabilities				
Accounts payable	$ 654	$ 186,003	$ 186,057	$ 600
Due to other governments	116,809	5,416,429	5,420,377	112,861
Total liabilities	$ 117,463	$ 5,602,432	$ 5,606,434	$ 113,461

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Warrants				
Assets				
Cash and investments	$ 53,117	$ 11,126,246	$ 11,122,457	$ 56,906
Accounts receivable	-	1	-	1
Interest receivable	-	1	-	1
Total assets	$ 53,117	$ 11,126,248	$ 11,122,457	$ 56,908
Liabilities				
Accounts payable	$ 53,117	$ 6,254,833	$ 6,251,042	$ 56,908
Total liabilities	$ 53,117	$ 6,254,833	$ 6,251,042	$ 56,908
Total Agency Funds				
Assets				
Cash and investments	$ 277,134	$ 24,762,993	$ 24,747,149	$ 292,978
Accounts receivable	366	666	659	373
Interest receivable	75	306	73	308
Taxes receivable	31,572	31,303	31,572	31,303
Total assets	$ 309,147	$ 24,795,268	$ 24,779,453	$ 324,962
Liabilities				
Accounts payable	$ 159,836	$ 8,660,397	$ 8,619,207	$ 201,026
Due to other governments	149,311	11,017,621	11,042,996	123,936
Total liabilities	$ 309,147	$ 19,678,018	$ 19,662,203	$ 324,962

STATISTICAL SECTION

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Statistical Section

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

Source: Unless otherwise noted, the information in these tables is derived from Riverside County's Comprehensive Annual Financial Reports for the relevant years.

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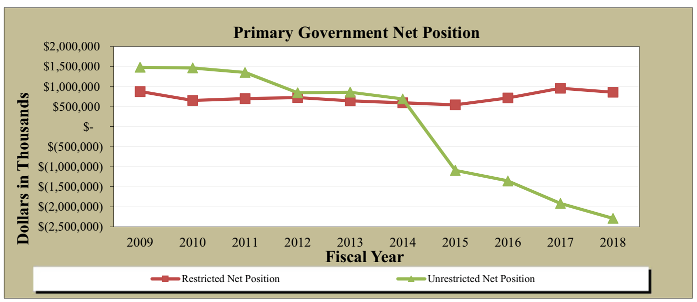
Table 1 | **Table 1**

COUNTY OF RIVERSIDE
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2018

	Fiscal Year Ending June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	$ 3,505,380	$ 3,355,072	$ 3,240,888	$ 3,009,048	$ 3,165,319	$ 2,998,987	$ 2,740,429	$ 1,687,128	$ 1,594,275	$ 1,204,971
Restricted	799,830	911,249	667,696	489,359	499,463	550,326	683,835	656,347	604,942	824,139
Unrestricted	(1,947,282)	(1,689,770)	(1,242,905)	(971,969)	718,105	771,883	851,269	1,295,657	1,395,141	1,402,813
Governmental activities, total net position	$ 2,357,928	$ 2,576,551	$ 2,665,679	$ 2,526,438	$ 4,382,887	$ 4,321,196	$ 4,275,533	$ 3,639,132	$ 3,594,358	$ 3,431,923
Business-type activities										
Net investment in capital assets	$ 218,159	$ 202,150	$ 112,906	$ 95,160	$ 147,806	$ 118,594	$ 130,510	$ 113,489	$ 96,901	$ 81,512
Restricted	58,136	47,468	49,241	56,569	96,904	94,346	41,103	43,086	50,386	52,502
Unrestricted	(344,312)	(225,964)	(113,124)	(122,341)	(27,903)	88,852	(5,456)	59,550	72,397	80,238
Business-type activities, total net position	$ (68,017)	$ 23,654	$ 49,023	$ 29,388	$ 216,807	$ 301,792	$ 166,157	$ 216,125	$ 219,684	$ 214,252
Primary government										
Net investment in capital assets	$ 3,723,539	$ 3,557,222	$ 3,353,794	$ 3,104,208	$ 3,313,125	$ 3,117,581	$ 2,870,939	$ 1,800,617	$ 1,691,176	$ 1,286,483
Restricted	857,966	958,717	716,937	545,928	596,367	644,672	724,938	699,433	655,328	876,641
Unrestricted	(2,291,594)	(1,915,734)	(1,356,029)	(1,094,310)	690,202	860,735	845,813	1,355,207	1,467,538	1,483,051
Primary government, total net position	$ 2,289,911	$ 2,600,205	$ 2,714,702	$ 2,555,826	$ 4,599,694	$ 4,622,988	$ 4,441,690	$ 3,855,257	$ 3,814,042	$ 3,646,175



Source: Auditor-Controller, County of Riverside

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Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2018

	Fiscal Year Ending June 30									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 192,894	$ 230,767	$ 201,495	$ 164,830	$ 162,926	$ 138,851	$ 147,510	$ 159,570	$ 140,723	$ 143,644
Public protection	434,301	417,682	398,070	371,237	352,178	339,379	316,778	326,237	331,162	311,565
Other activities	89,778	118,140	135,204	109,773	100,791	110,231	116,509	105,931	95,438	100,819
Operating grants and contributions	1,951,911	1,912,480	1,907,919	1,800,158	1,593,627	1,503,390	1,447,694	1,393,016	1,384,791	1,344,611
Capital grants and contributions	77,352	49,088	54,134	31,579	29,890	27,695	27,909	32,114	31,112	29,771
Governmental activities program revenues	2,746,236	2,728,157	2,696,822	2,477,577	2,239,412	2,119,546	2,056,400	2,016,868	1,983,226	1,930,410
Business-type activities:										
Charges for services:										
Riverside University Health Systems - Medical Center	560,187	544,060	511,666	504,811	400,630	450,340	371,827	386,533	367,273	360,584
Other activities	227,588	172,851	164,860	161,008	155,336	150,407	133,838	140,327	134,257	139,206
Capital grants and contributions	87	552	2,234	536	450	698	335	-	1,165	310
Business-type activities program revenues	787,862	717,463	678,760	666,355	556,416	601,445	506,000	526,860	502,695	500,100
Primary government program revenues	3,534,098	3,445,620	3,375,582	3,143,932	2,795,828	2,720,991	2,562,400	2,543,728	2,485,921	2,430,510
Expenses										
Governmental activities:										
General government	275,973	277,276	283,081	179,575	228,146	194,641	270,474	298,032	323,949	285,393
Public protection	1,606,348	1,465,762	1,328,608	1,217,731	1,191,438	1,065,373	1,047,202	1,021,288	1,062,213	1,095,587
Public ways and facilities	215,360	199,023	149,768	177,870	108,380	89,469	84,797	87,424	31,024	31,283
Health and sanitation	611,960	559,906	468,382	499,669	460,963	422,982	374,950	369,984	347,634	392,945
Public assistance	1,067,151	1,024,047	980,550	970,415	851,246	807,611	827,092	907,202	820,637	770,484
Education	23,560	24,603	23,283	23,409	24,420	18,998	10,376	15,816	19,866	15,954
Recreation and cultural services	17,345	17,980	20,758	18,335	20,077	12,274	15,806	9,364	12,206	6,039
Interest on long-term debt	63,685	69,874	46,306	45,904	47,236	29,453	39,098	88,998	80,754	89,741
Governmental activities expenses	3,881,382	3,638,471	3,300,736	3,132,908	2,931,906	2,640,801	2,669,795	2,798,108	2,698,283	2,687,426
Business-type activities:										
Riverside University Health Systems - Medical Center	636,169	582,419	506,338	468,562	482,240	473,916	417,074	401,120	389,991	379,278
Waste Resources Department	88,964	87,115	75,358	56,299	62,721	53,069	57,272	56,688	49,956	61,116
Housing Authority	98,591	91,783	88,166	90,903	94,716	90,678	91,469	86,027	81,426	81,139
Flood Control	5,183	3,903	3,591	3,056	2,561	2,472	2,306	3,711	3,233	3,816
Riverside University Health Systems - Community Health Centers	56,247	-	-	-	-	-	-	-	-	-
County Service Areas	243	370	413	390	429	459	456	383	454	457
Business-type activities expenses	885,397	765,590	673,866	619,210	642,667	620,594	568,577	547,929	525,060	525,806
Primary government expenses	4,766,779	4,404,061	3,974,602	3,752,118	3,574,573	3,261,395	3,238,372	3,346,037	3,223,343	3,213,232
Net (expense)/revenue										
Governmental activities	(1,135,146)	(910,314)	(603,914)	(655,331)	(692,494)	(521,255)	(613,395)	(781,240)	(715,057)	(757,016)
Business-type activities	(97,535)	(48,127)	4,894	47,145	(86,251)	(19,149)	(62,577)	(21,069)	(22,365)	(25,706)
Primary government, net (expense) / revenue	$ (1,232,681)	$ (958,441)	$ (599,020)	$ (608,186)	$ (778,745)	$ (540,404)	$ (675,972)	$ (802,309)	$ (737,422)	$ (782,722)

Source: Auditor-Controller, County of Riverside

Continued

COUNTY OF RIVERSIDE
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2018

Table 2

	Fiscal Year Ending June 30									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Continued:										
Primary government, net (expense) / revenue	$ (1,232,681)	$ (958,441)	$ (599,020)	$ (608,186)	$ (778,745)	$ (540,404)	$ (675,972)	$ (802,309)	$ (737,422)	$ (782,722)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	387,305	367,937	346,851	327,504	297,107	277,417	322,337	367,867	440,282	506,222
Sales and use tax	27,557	27,881	29,573	32,851	35,443	29,751	26,744	45,489	36,289	47,683
Other taxes	18,634	20,844	22,005	18,632	27,764	37,883	6,715	9,004	8,610	13,771
Intergovernmental revenue - not restricted to programs:										
Unrestricted intergovernmental revenue	262,745	258,999	232,453	244,003	227,303	220,811	226,384	235,153	246,493	273,825
Investment earnings	26,613	12,918	12,948	8,700	11,317	2,035	11,801	19,494	29,026	87,041
Other	238,724	164,297	160,521	164,177	167,992	168,454	169,399	142,966	91,044	121,880
Transfers	(15,036)	(19,916)	(22,478)	(11,250)	(9,644)	(1,049)	(11,702)	(10,355)	(17,436)	(25,713)
Extraordinary item	-	-	-	-	-	(158,337)	502,638	-	-	-
Governmental activities	946,542	832,960	781,873	784,617	757,282	576,965	1,254,316	809,618	834,308	1,024,709
Business-type activities:										
Investment earnings	3,228	2,182	2,720	895	1,319	(33)	907	538	1,442	6,142
Other	-	-	-	-	-	-	-	6,617	-	-
Transfers	15,036	19,916	22,478	11,250	9,645	1,049	11,702	10,355	17,436	25,713
Extraordinary item	78	1,152	(2,803)	(905)	(9,698)	154,589	-	-	-	-
Business-type activities	18,342	23,250	22,395	11,240	1,266	155,605	12,609	17,510	18,878	31,855
Total primary government	964,884	856,210	804,268	795,857	758,548	732,570	1,266,925	827,128	853,186	1,056,564
Change in net position										
Governmental activities	(188,604)	(77,354)	177,959	129,286	64,788	55,710	640,921	28,378	119,251	267,693
Business-type activities	(79,193)	(24,877)	27,289	58,385	(84,985)	136,456	(49,968)	(3,559)	(3,487)	6,149
Primary government change in net position	$ (267,797)	$ (102,231)	$ 205,248	$ 187,671	$ (20,197)	$ 192,166	$ 590,953	$ 24,819	$ 115,764	$ 273,842

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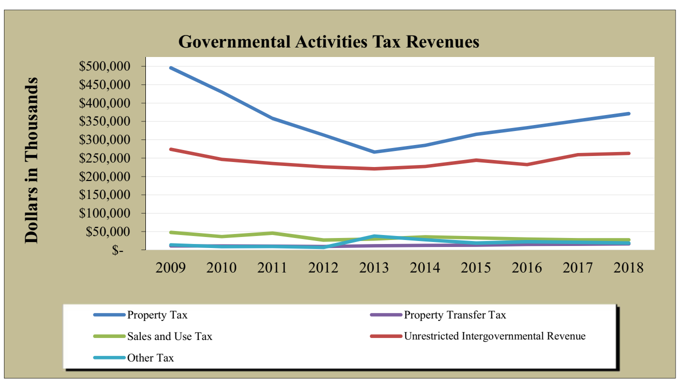
Table 3

COUNTY OF RIVERSIDE
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2018

Fiscal Year Ending June 30	Property Tax	Property Transfer Tax	Sales and Use Tax	Unrestricted Intergovernmental Revenue	Other Tax	Total
2018	$ 370,860	$ 16,445	$ 27,557	$ 262,745	$ 18,634	$ 696,241
2017	352,132	15,805	27,881	258,999	20,844	675,661
2016	332,338	14,513	29,573	232,453	22,005	630,882
2015	314,599	12,905	32,851	244,003	18,632	622,990
2014	284,819	12,288	35,443	227,303	27,764	587,617
2013	266,294	11,123	29,751	220,811	37,883	565,862
2012	312,972	9,365	26,744	226,384	6,715	582,180
2011	357,908	9,959	45,489	235,153	9,004	657,513
2010	429,604	10,678	36,289	246,493	8,610	731,674
2009	495,598	10,624	47,683	273,825	13,771	841,501



Source: Auditor-Controller, County of Riverside

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Table 4

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2018

				Fiscal Year Ending June 30	
	2018	**2017**	**2016**	**2015**	**2014**
General Fund					
Nonspendable	$ 3,470	$ 2,314	$ 2,369	$ 2,001	$ 2,045
Restricted	95,881	95,130	99,639	122,967	117,595
Committed	23,290	21,907	40,310	39,422	32,820
Assigned	12,464	10,989	11,870	5,144	7,772
Unassigned	234,477	217,891	217,322	225,855	203,444
Total general fund	369,582	348,231	371,510	395,389	363,676
Transportation					
Nonspendable	1,223	1,113	3,654	3,776	1,101
Restricted	65,359	61,357	68,191	49,875	62,767
Committed	3,828	3,092	2,847	2,719	2,244
Assigned	15,119	15,256	12,578	14,782	14,063
Total transportation	85,529	80,818	87,270	71,152	80,175
Flood Control					
Nonspendable	1	68	366	731	1
Restricted	236,080	225,328	205,957	236,749	-
Committed	-	-	-	-	258,580
Assigned	-	-	-	3,174	-
Total Flood Control	236,081	225,396	225,396	206,323	240,654
Public Facilities Improvements					
Restricted	183,777	150,711	119,441	120,141	123,860
Committed	3,375	5,124	4,877	3,000	3,000
Assigned	1,225	4,857	9,331	15,480	7,803
Total public facilities improvements	188,377	160,692	133,649	138,621	134,663
Public Financing Authority					
Restricted	15,671	93,045	231,229	302,498	-
Total public financing authority	15,671	93,045	231,229	302,498	-
Redevelopment Capital Projects					
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total redevelopment capital projects	-	-	-	-	-
Nonmajor Governmental Funds					
Nonspendable	1,337	1,263	1,225	1,181	1,208
Restricted	165,986	167,975	168,868	168,472	182,139
Committed reported in:					
Special revenue funds	6,360	4,906	2,830	4,402	9,750
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Assigned	14,776	17,453	29,186	34,552	32,370
Total nonmajor governmental funds	188,459	191,597	191,597	202,109	208,607
Total all governmental funds	$ 1,083,699	$ 1,099,779	$ 1,240,651	$ 1,316,092	$ 1,027,775

Note: In fiscal year 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. Fiscal year 2009-10 fund balances have been recharacterized to comply with GASB Statement No. 54 in order to facilitate year-to-year comparisons. In fiscal year 2011-12 Redevelopment Capital Projects are reported under the Successor Agency. In fiscal year 2012-13 Transportation became a major fund, therefore only fiscal years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are presented for comparison purposes.

Source: Auditor-Controller, County of Riverside

Table 4

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2018

			Fiscal Year Ending June 30	
	2013	**2012**	**2011**	**2010**
General Fund				
Nonspendable	$ 3,247	$ 1,834	$ 2,214	$ 3,201
Restricted	101,440	101,651	98,552	93,653
Committed	42,183	52,439	50,097	250,444
Assigned	10,460	8,764	3,463	2,998
Unassigned	199,919	171,910	189,236	36,190
Total general fund	357,249	336,598	343,562	386,486
Transportation				
Nonspendable	1,044	1,014	-	-
Restricted	79,127	95,805	-	-
Committed	1,310	1,811	-	-
Assigned	12,821	4,935	-	-
Total transportation	94,302	103,565	-	-
Flood Control				
Nonspendable	1	1	1	1
Restricted	-	-	-	-
Committed	253,117	252,368	237,211	222,944
Assigned	1,807	3,890	13,741	18,979
Total Flood Control	254,925	256,259	250,953	241,924
Public Facilities Improvements				
Restricted	153,404	131,184	158,628	200,501
Committed	1,912	-	6,451	10,850
Assigned	44,244	111,324	128,023	127,302
Total public facilities improvements	199,560	242,508	293,102	338,653
Public Financing Authority				
Restricted	-	-	-	-
Total public financing authority	-	-	-	-
Redevelopment Capital Projects				
Nonspendable	-	-	72,055	79,257
Committed	-	-	115,617	93,028
Assigned	-	-	83,881	96,062
Total redevelopment capital projects	-	-	271,553	268,347
Nonmajor Governmental Funds				
Nonspendable	1,168	1,241	84,769	84,744
Restricted	174,552	354,214	410,787	434,900
Committed reported in:				
Special revenue funds	15,763	12,973	21,381	6,196
Debt service funds	-	-	1,206	1,206
Capital projects funds	151	323	1,690	355
Assigned	17,088	25,763	86,572	30,314
Total nonmajor governmental funds	208,722	394,514	606,405	557,715
Total all governmental funds	$ 1,114,758	$ 1,333,444	$ 1,765,575	$ 1,793,125

Note: In fiscal year 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. Fiscal year 2009-10 fund balances have been recharacterized to comply with GASB Statement No. 54 in order to facilitate year-to-year comparisons. In fiscal year 2011-12 Redevelopment Capital Projects are reported under the Successor Agency. In fiscal year 2012-13 Transportation became a major fund, therefore only fiscal years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are presented for comparison purposes.

Source: Auditor-Controller, County of Riverside

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Table 4

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)

June 30, 2018

	Fiscal Year Ending June 30
	2009
General Fund	
Reserved	$ 91,196
Unreserved, designated	203,821
Unreserved, undesignated	77,104
Total general fund	372,121
Transportation	
Reserved	-
Unreserved, designated	-
Unreserved, undesignated	-
Total transportation	-
Flood Control	
Reserved	1,794
Unreserved, designated	30,149
Unreserved, undesignated	196,973
Total Flood Control	228,916
Public Facilities Improvements	
Reserved	538,431
Unreserved, undesignated	-
Total public facilities improvements	538,431
Redevelopment Capital Projects	
Reserved	189,627
Unreserved, undesignated	116,076
Total redevelopment capital projects	305,703
Nonmajor Governmental Funds	
Reserved	371,076
Unreserved, designated reported in:	
Special revenue funds	27,666
Capital projects funds	6,933
Unreserved, undesignated reported in:	
Special revenue funds	151,939
Total nonmajor governmental funds	557,614
Total all governmental funds	$ 2,002,785

Note: In fiscal year 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. Fiscal year 2009-10 fund balances have been recharacterized to comply with GASB Statement No. 54 in order to facilitate year-to-year comparisons. In fiscal year 2011-12 Redevelopment Capital Projects are reported under the Successor Agency. In fiscal year 2012-13 Transportation became a major fund, therefore only fiscal years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are presented for comparison purposes.

Source: Auditor-Controller, County of Riverside

COUNTY OF RIVERSIDE
MAY 9, 1893

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COUNTY OF RIVERSIDE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2018

Table 5

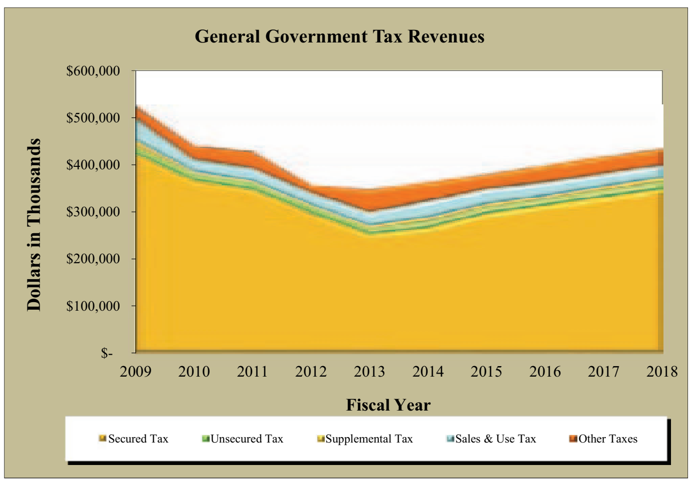
	Fiscal Year Ending June 30									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Revenues										
Taxes	$ 433,684	$ 416,940	$ 398,139	$ 379,358	$ 361,900	$ 347,166	$ 355,796	$ 427,892	$ 439,435	$ 525,238
Licenses, permits, and franchise fees	23,219	22,251	22,782	21,893	20,377	18,798	19,513	20,294	19,197	22,546
Fines, forfeitures, and penalties	65,833	71,196	74,349	79,059	82,290	86,381	90,163	95,290	114,320	108,572
Use of money and property:										
Investments earnings	24,449	12,234	11,736	7,989	10,187	2,370	10,827	18,305	26,929	81,040
Rents and concessions	25,318	24,990	51,695	25,548	29,925	19,246	19,588	17,659	17,393	17,151
Aid from other governmental agencies:										
Federal	675,110	691,080	686,964	634,269	544,478	569,330	577,654	609,531	636,167	546,030
State	1,441,178	1,356,683	1,345,344	1,304,580	1,172,107	1,047,485	986,658	921,329	857,191	955,389
Other	176,556	171,474	163,165	153,687	136,461	132,120	156,678	130,362	172,598	140,757
Charges for services	602,835	635,236	585,977	519,382	483,346	464,274	449,888	458,744	469,340	460,439
Other revenue	104,119	102,294	49,934	119,337	88,055	91,329	95,119	95,279	65,711	84,348
Total revenues	3,572,301	3,504,378	3,390,085	3,245,102	2,929,126	2,778,499	2,761,884	2,794,685	2,818,281	2,941,510
Expenditures										
General government	241,946	231,308	219,333	190,209	214,212	208,242	291,227	311,025	554,315	430,712
Public protection	1,342,978	1,331,768	1,271,121	1,202,873	1,186,900	1,117,397	1,072,442	1,081,489	1,068,051	1,126,662
Public ways and facilities	217,851	226,388	299,431	292,096	177,965	177,467	168,015	176,184	130,310	148,544
Health and sanitation	545,785	538,734	470,022	482,545	421,494	393,557	375,668	353,904	341,244	390,668
Public assistance	977,633	988,773	983,963	928,098	851,061	798,850	802,104	824,471	812,848	766,407
Education	21,456	21,449	20,003	20,755	19,470	18,819	18,942	19,282	18,910	15,731
Recreation and cultural services	16,544	21,042	24,232	23,716	15,911	16,590	15,220	18,755	12,620	12,801
Debt service:										
Principal	70,419	48,711	68,951	83,928	70,840	55,363	65,002	80,928	73,378	54,587
Interest	63,295	63,899	44,091	44,005	45,953	27,988	49,041	83,902	78,689	86,768
Cost of issuance	1,431	1,074	895	950	623	378	15	5,212	1,819	2,436
Capital outlay	94,975	220,006	92,800	103,211	58,046	25,427	22,583	30,439	39,844	48,899
Total expenditures	3,594,313	3,693,152	3,494,842	3,372,386	3,062,475	2,840,078	2,880,259	2,985,591	3,132,028	3,084,215
Revenues over (under) expenditures	(22,012)	(188,774)	(104,757)	(127,284)	(133,349)	(61,579)	(118,375)	(190,906)	(313,747)	(142,705)
Other financing sources (uses)										
Transfers in	269,388	280,223	350,235	550,783	248,448	231,574	323,052	267,985	463,296	538,029
Transfers out	(287,143)	(299,908)	(373,384)	(559,368)	(253,012)	(233,809)	(332,724)	(277,943)	(479,143)	(562,345)
Issuance of debt	10,610	-	-	346,000	64,000	-	-	170,481	81,745	-
Issuance of refunding bonds	58,565	39,985	72,825	-	20,510	19,140	33,360	-	70,365	78,895
Discount on long-term debt	-	-	-	-	-	-	-	-	(626)	-
Premium on long-term debt	4,096	5,216	7,612	28,699	1,338	759	2,840	-	937	-
Redemption of refunded debt	-	-	(89,345)	-	-	(18,155)	(32,797)	-	-	-
Contribution to governmental agency		(33,353)	-	-	-	-	-	-	-	-
Payment to escrow agent	(64,285)	-	-	-	-	-	-	-	(65,713)	(76,300)
Proceeds from the sale of capital assets	-	11	-	-	-	-	-	6	-	-
Capital leases	6,486	64,289	11,829	54,529	2,965	1,721	2,671	8,321	31,018	22,746
Total other financing sources (uses)	(2,283)	56,463	(20,228)	420,643	84,249	1,230	(3,598)	168,850	101,879	1,025
Net change in fund balances	$ (24,295)	$ (132,311)	$ (124,985)	$ 293,359	$ (49,100)	$ (60,349)	$ (121,973)	$ (22,056)	$ (211,868)	$ (141,680)
Debt service as a % of non-capital expenditures	4.08%	3.36%	3.63%	4.27%	4.21%	3.35%	4.50%	6.17%	5.85%	5.54%

Source: Auditor-Controller, County of Riverside

Table 6

COUNTY OF RIVERSIDE
General Government Tax Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)
June 30, 2018

Fiscal Year Ending June 30	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
2018	$ 346,927	$ 15,208	$ 8,913	$ 27,557	$ 35,079	$ 433,684
2017	329,728	15,220	7,461	27,881	36,650	416,940
2016	312,004	13,798	6,247	29,573	36,517	398,139
2015	294,888	13,909	6,168	32,851	31,542	379,358
2014	264,643	13,597	8,165	35,443	40,052	361,900
2013	251,236	12,459	4,714	29,751	49,006	347,166
2012	295,974	13,499	3,498	26,626	16,199	355,796
2011	346,356	13,404	3,681	28,393	36,058	427,892
2010	364,810	15,270	3,778	25,762	29,815	439,435
2009	422,329	15,071	12,981	47,683	27,174	525,238



Source: Auditor-Controller, County of Riverside

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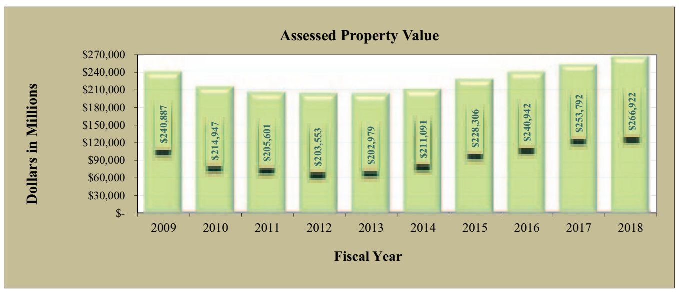
Table 7

COUNTY OF RIVERSIDE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2018

Fiscal Year Ending June 30	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Real property										
Secured property	$ 267,148,195	$ 253,728,054	$ 240,984,595	$ 228,131,826	$ 210,523,063	$ 201,971,552	$ 202,313,851	$ 204,153,163	$ 213,144,336	$ 238,312,506
Unsecured property	8,320,830	8,200,349	7,717,964	7,676,875	7,868,150	8,123,443	8,057,242	8,121,065	8,227,172	8,685,393
Total gross assessed value	275,469,025	261,928,403	248,702,559	235,808,701	218,391,213	210,094,995	210,371,093	212,274,228	221,371,508	246,997,899
Less:										
Tax-exempt real property	8,546,894	8,136,300	7,760,338	7,502,942	7,300,462	7,116,048	6,818,361	6,673,229	6,424,030	6,111,231
Total taxable assessed value	$ 266,922,131	$ 253,792,103	$ 240,942,221	$ 228,305,759	$ 211,090,751	$ 202,978,947	$ 203,552,732	$ 205,600,999	$ 214,947,478	$ 240,886,668
Total direct tax rate	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Estimated actual taxable value	$ 355,896,174	$ 338,389,470	$ 321,256,295	$ 304,407,678	$ 281,454,335	$ 270,638,596	$ 271,403,643	$ 274,134,665	$ 286,596,637	$ 321,182,224
Assessed value as a % of actual value	77.40%	77.40%	77.42%	77.46%	77.59%	77.63%	77.51%	77.43%	77.24%	76.90%



Source: Auditor-Controller, County of Riverside

Table 8

COUNTY OF RIVERSIDE
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
June 30, 2018

Fiscal Year Ending June 30	County Direct Rates		Range of Overlapping Rates			
	Secured Property Tax Levy	Debt Service	Total City Rate	Total School Districts Rate	Total Special Districts Rate	Total Direct & Overlapping Rates
2018	1.00000%	0.11550%	0% to .00608%	0 to .17609%	0% to .50000%	1.11550% to 1.50000%
2017	1.00000%	0.11550%	0% to .00617%	0 to .16601%	0% to .50000%	1.11550% to 1.50000%
2016	1.00000%	0.11440%	0% to .00576%	0 to .15335%	0% to .50000%	1.11440% to 1.50000%
2015	1.00000%	0.14640%	0% to .00626%	0 to .17234%	0% to .53052%	1.14640% to 1.53052%
2014	1.00000%	0.13830%	0% to .00673%	.01768% to .17571%	0% to .55075%	1.13830% to 1.55075%
2013	1.00000%	0.14340%	0% to .00572%	.01702% to .17570%	0% to .58076%	1.14340% to 1.58076%
2012	1.00000%	0.12540%	0% to .00571%	.01700% to .14030%	0% to .53864%	1.12540% to 1.53864%
2011	1.00000%	0.12540%	0% to .00575%	.01499% to .13224%	0% to .50000%	1.12540% to 1.50000%
2010	1.00000%	0.12220%	.00064% to .00577%	.01242% to .12628%	0% to .50000%	1.12220% to 1.50000%
2009	1.00000%	0.10950%	.00119% to .00747%	.01254% to .10963%	0% to .50000%	1.10950% to 1.50000%

Note: Total direct tax rate encompasses general levy, special assessments, and fixed charges.

Overlapping governments in the context of the statistical section, all local governments located wholly or in part within the geographic boundaries of the reporting government.

Overlapping rate in the context of the statistical section, an amount or percentage applied to a unit of a specific revenue base by governments that overlap geographically, at least in part, with the government preparing the statistical section information.

Source: Auditor-Controller, County of Riverside

Table 9

COUNTY OF RIVERSIDE
Principal Property Tax Payers
(Dollars in Thousands)
Current Year and Nine Years Ago
June 30, 2018

	Fiscal Year			
	2018		2009	
Tax payer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Southern California Edison Company	$ 50,542	1.46%	$ 15,492	0.51%
Centex Homes	-	0.00%	8,466	0.28%
Deutsche Bank National Trust Co.	-	0.00%	8,061	0.26%
Southern California Gas Company	11,816	0.31%	5,527	0.18%
Verizon California, Inc.	11,023	0.26%	10,975	0.36%
KB Home Coastal Inc.	-	0.00%	5,214	0.17%
CPV Sentienel, LLC	7,449	0.22%	-	0.00%
Lennar Homes of California Inc.	3,986	0.10%	-	0.00%
Inland Empire Energy Center LLC	-	0.00%	4,706	0.15%
US Bank National Association	-	0.00%	4,154	0.14%
KSL Desert Resorts, Inc.	-	0.00%	4,105	0.13%
Standard Pacific Corp.	-	0.00%	4,061	0.13%
Chelsea GCA Realty Partnership	3,389	0.00%	-	0.00%
Costco Wholesale Group	3,378	0.09%	-	0.00%
Tyler Mall Ltd Partnership	3,195	0.09%	-	0.00%
Riverside Healthcare System	3,071	0.09%	-	0.00%
Roripaugh Valley Restoration	2,994	0.09%	-	0.00%
Total	$ 100,843	2.71%	$ 70,761	2.31%

Source: Treasurer-Tax Collector, County of Riverside

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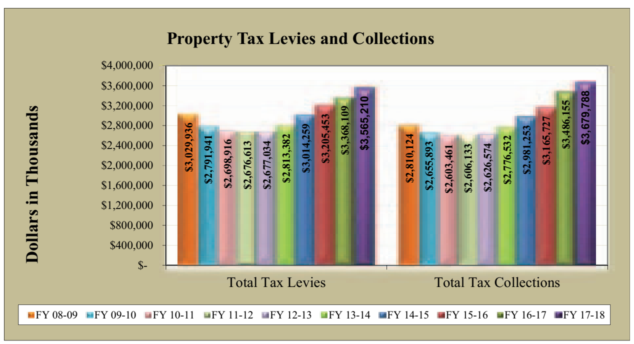
Table 10

COUNTY OF RIVERSIDE
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2018

Fiscal Year Ending June 30	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Delinquent Collections in Fiscal Year From Prior Levys	Total Collections as of June 30*: Amount	Total Collections as of June 30*: Percentage of Levy
2018	$ 3,565,210	$ 3,522,630	98.81%	$ 157,158	$ 3,679,788	103.21%
2017	3,368,109	3,322,587	98.65%	163,568	3,486,155	103.50%
2016	3,205,453	3,159,497	98.57%	6,230	3,165,727	98.76%
2015	3,014,259	2,968,113	98.47%	13,140	2,981,253	98.91%
2014	2,813,382	2,763,665	98.23%	12,867	2,776,532	98.69%
2013	2,677,034	2,618,818	97.83%	7,756	2,626,574	98.12%
2012	2,676,613	2,605,691	97.35%	442	2,606,133	97.37%
2011	2,698,916	2,603,461	96.46%	-	2,603,461	96.46%
2010	2,791,941	2,652,513	95.01%	3,380	2,655,893	95.13%
2009	3,029,936	2,807,718	92.67%	2,406	2,810,124	92.75%



*Total collections as of June 30 include delinquent collections in the fiscal year from prior levys (not including interest and penalties) which may result in total collections to be more than 100% of current secured levy. Delinquent collections by year of levy is unavailable.

Source: Auditor-Controller, County of Riverside

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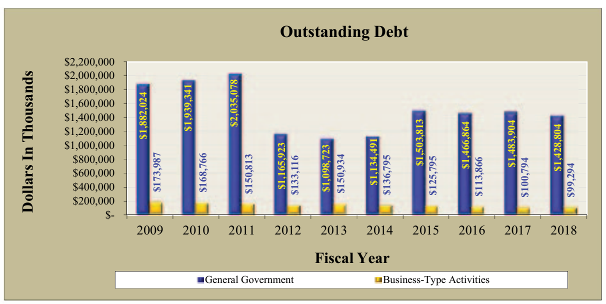
Table 11

COUNTY OF RIVERSIDE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2018

Table 11

	Fiscal Year Ending June 30					Fiscal Year Ending June 30				
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
General government										
Bonds	$ 1,232,234	$ 1,206,942	$ 1,195,027	$ 1,141,497	$ 810,186	$ 744,460	$ 750,492	$ 1,551,323	$ 1,408,017	$ 1,359,277
Certificates of participation	78,128	94,467	108,937	211,688	240,593	282,095	309,511	367,272	385,447	391,914
Notes and loans	1,600	2,205	2,790	3,350	3,890	4,420	4,925	5,355	21,987	13,222
Capital leases	116,842	180,290	160,110	147,278	79,822	67,748	100,995	111,128	123,890	117,611
Business-type activities										
Bonds	77,773	92,371	106,428	119,917	132,941	143,710	121,061	134,983	147,924	159,959
Capital leases	21,521	8,423	7,438	5,878	3,854	7,224	12,055	15,830	20,842	14,028
Total primary government	$ 1,528,098	$ 1,584,698	$ 1,580,730	$ 1,629,608	$ 1,271,286	$ 1,249,657	$ 1,299,039	$ 2,185,891	$ 2,108,107	$ 2,056,011
Percentage of personal income	1.75%	1.88%	1.95%	2.23%	1.65%	1.66%	1.78%	3.07%	3.37%	3.28%
Per capita	$ 633	$ 665	$ 673	$ 765	$ 558	$ 554	$ 583	$ 986	$ 985	$ 975



Note: Per Capita is an estimate for fiscal years 2016-17 and 2017-18

Source: California State Department of Finance
Auditor-Controller, County of Riverside
Bureau of Economic Analysis

Table 12

COUNTY OF RIVERSIDE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2018

Table 12

	Fiscal Year Ending June 30									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Bonds	$ 1,310,007	1,299,313	$ 1,301,455	$ 1,261,414	$ 943,127	$ 888,170	$ 871,553	$ 1,686,306	$ 1,555,941	$ 1,519,236
Less:										
Amounts available in debt service fund	48,823	63,634	67,680	71,947	80,405	79,951	78,236	151,405	127,206	147,568
Total net obligation bonds outstanding	$ 1,261,184	$ 1,235,679	$ 1,233,775	$ 1,189,467	$ 862,722	$ 808,219	$ 793,317	$ 1,534,901	$ 1,428,735	$ 1,371,668
Percentage of estimated										
Actual taxable value of property	0.35%	0.37%	0.38%	0.39%	0.31%	0.30%	0.30%	0.56%	0.51%	0.43%
Per capita	$ 522	$ 518	$ 525	$ 515	$ 378	$ 358	$ 356	$ 692	$ 668	$ 651

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Source: California State Department of Finance

Table 13

COUNTY OF RIVERSIDE
Direct and Overlapping Govermental Activities Debt
as of June 30, 2018
(Dollars in Thousands)

Governmental Unit	Debt Outstanding	Estimated Applicable Percentage	Estimated Share of Overlapping Debt
Debt repaid with property taxes: County	$ 11,441,926	87.51256%	$ 10,013,122
Subtotal, overlapping debt			10,013,122
County of Riverside direct debt			1,428,804
Total direct and overlapping debt			$ 11,441,926

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

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Table 14

COUNTY OF RIVERSIDE
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2018

	Fiscal Year Ending June 30									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Debt limit	$ 3,336,527	$ 3,172,401	$ 3,011,778	$ 2,853,822	$ 2,638,634	$ 2,537,237	$ 2,544,409	$ 2,570,012	$ 2,686,843	$ 3,011,083
Total net debt applicable to limit	(1,261,184)	(1,235,679)	(1,233,775)	(1,189,467)	(862,722)	(808,219)	(793,317)	(1,534,901)	(1,428,735)	(1,211,709)
Legal debt margin	$ 2,075,343	$ 1,936,722	$ 1,778,003	$ 1,664,355	$ 1,775,912	$ 1,729,018	$ 1,751,092	$ 1,035,111	$ 1,258,108	$ 1,799,374
Total net debt applicable to the limit as a percentage of debt limit	37.8%	39.0%	41.0%	41.7%	32.7%	31.8%	31.2%	59.7%	53.2%	40.2%

Legal Debt Margin Calculated for Fiscal Year 2018

Assessed value	$ 268,996,541
Less: Homeowners exemptions	2,074,410
Total assessed value	266,922,131
Debt limit (1.25% of total assessed value)	3,336,527
Debt applicable to limit:	
General obligation bonds (Governmental & Business-type)	1,310,007
Less: Amount set aside for repayment of general obligation debt	48,823
Total net debt applicable to limit	1,261,184
Legal debt margin	$ 2,075,343

Definitions: Debt limit - the maximum amount of outstanding gross or net debt legally permitted.
Debt margin - the difference between debt limit and existing debt.
Legal debt margin - the excess of the amount of debt legally authorized over the amount of debt outstanding.

Source: Auditor-Controller, County of Riverside

Table 15

COUNTY OF RIVERSIDE
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2018

Fiscal Year Ending June 30	Lease Revenue Bonds: Revenue from Lease Payments	Less: Operating Expenses	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage
2018	$ 25,436	$ 3,681	$ 21,755	$ 21,352	$ 17,258	56.35%
2017	25,491	1,901	23,590	20,525	17,974	61.27%
2016	27,319	1,182	26,137	19,844	18,648	67.90%
2015	24,867	3,464	21,403	19,221	19,268	55.61%
2014	25,770	1,666	24,104	16,370	16,147	74.13%
2013	25,182	1,517	23,665	14,159	12,707	88.09%
2012	22,779	2,805	19,974	16,325	15,583	62.60%
2011	16,067	2,072	13,995	15,355	16,039	44.58%
2010	30,318	3,336	26,982	14,455	16,642	86.77%
2009	39,334	10,682	28,652	13,160	16,865	95.43%

Table 15

Inland Empire Tobacco Securitization Bonds: Revenue from Tobacco Settlement	Less: Operating Expenses	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage	Fiscal Year Ending June 30
$ 13,384	$ 104	$ 13,280	$ 7,110	$ 6,301	99.03%	**2018**
9,492	107	9,385	3,000	6,445	99.36%	**2017**
8,913	103	8,810	2,270	6,559	99.79%	**2016**
9,092	113	8,979	2,325	6,665	99.88%	**2015**
9,283	105	9,178	2,435	6,781	99.59%	**2014**
15,687	123	15,564	8,650	7,193	98.24%	**2013**
9,462	107	9,355	1,655	5,301	134.49%	**2012**
9,290	123	9,167	6,135	3,615	94.02%	**2011**
6,496	155	6,341	3,610	3,794	85.64%	**2010**
9,500	134	9,366	4,235	3,995	113.80%	**2009**

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

Source: Auditor-Controller, County of Riverside

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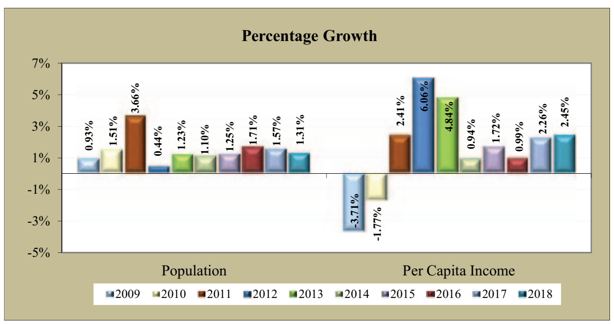
Table 16

COUNTY OF RIVERSIDE
Demographic and Economic Statistics
Last Ten Fiscal Years
June 30, 2018

Fiscal Year Ending June 30	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2018	2,415,955	$ 92,810,000 [1]	$ 36,149 [1]	428,992	4.80%
2017	2,384,783	90,160,000 [1]	35286 [1]	428,489	5.60%
2016	2,347,828	86,888,000 [1]	34,506 [1]	427,537	5.90%
2015	2,308,441	81,296,000 [1]	34,169 [1]	425,883	6.60%
2014	2,279,967	78,239,388	33,590	426,227	8.40%
2013	2,255,059	76,289,477	33,278	425,968	10.20%
2012	2,227,577	71,555,000	31,742	425,707	12.60%
2011	2,217,778	69,438,900	29,927	424,086	14.40%
2010	2,139,535	64,376,498	29,222	423,986	14.50%
2009	2,107,653	63,228,086	29,748	419,643	14.00%



Note 1: Projection based on 10 years' running average (2008 - 2017)

Source: Bureau of Economic Analysis
Riverside County Superintendent of Schools
State of California, Employment Development Department
California State Department of Finance

Table 17

COUNTY OF RIVERSIDE
Principal Employers
Current Year and Nine Years Ago
June 30, 2018

	Fiscal Year			
	2018		2009	
Employer	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	22,038	2.15%	19,818	2.17%
March Air Reserve Base	9,000	0.88%	8,400	0.92%
University of California, Riverside	8,829	0.86%	7,147	0.78%
Wal-Mart	-	0.00%	6,550	0.72%
Kaiser Permanente Riverside Medical Center	5,500	0.54%	3,200	0.35%
Stater Brothers Markets	-	0.00%	6,500	0.71%
Corona-Norco Unified School District	5,478	0.53%	-	0.00%
Pechanga Resort & Casino	4,750	0.46%	5,000	0.55%
Riverside Unified School District	4,200	0.41%	5,099	0.56%
Hemet Unified School District	4,058	0.40%	-	0.00%
Riverside University Health Systems - Medical Center	3,965	0.39%	-	0.00%
Morongo Casino, Resort & Spa	3,800	0.37%	-	0.00%
Abbott Vascular	-	0.00%	4,500	0.49%
Riverside Community College District	-	0.00%	3,765	0.41%
Total	71,618	6.99%	69,979	7.66%

Source: Economic Development Agency

COUNTY OF RIVERSIDE
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
June 30, 2018

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	Full-time Equivalent Employees									
General government										
Legislative and administrative	85	85	88	84	86	89	81	87	98	92
Finance	395	407	422	408	415	399	405	411	438	456
Counsel	73	73	72	70	66	65	65	64	70	69
Personnel	184	185	185	180	157	154	159	172	167	182
Elections	30	30	31	23	24	25	34	39	42	41
Communication	-	-	-	-	-	-	11	11	12	11
Property management	414	424	398	404	394	397	507	531	500	494
Promotion	51	43	51	54	43	45	117	139	180	186
Other general	29	30	28	27	85	32	31	32	36	36
Public protection										
Judicial	1,175	1,161	1,214	1,202	1,239	1,221	1,294	1,345	1,444	1,485
Police protection	2,193	2,293	2,470	2,466	2,410	2,351	2,304	2,408	2,449	2,586
Detention and correction	2,205	2,321	2,419	2,389	2,216	2,169	2,085	2,067	2,076	2,220
Fire protection	239	226	227	227	212	212	200	198	188	190
Protection/inspection	79	77	82	76	83	86	86	87	100	98
Other protection	924	942	639	554	830	544	600	615	669	737
Administration	73	81	68	68	81	82	75	62	65	58
Public ways and facilities										
Public ways	353	345	384	387	375	370	411	413	465	506
Parking facilities	18	15	19	17	17	20	18	18	20	-
Health and sanitation										
Health	2,640	2,559	2,640	2,236	2,075	1,959	2,118	2,063	2,024	2,075
Hospital care	33	32	33	32	35	37	34	31	31	30
Public health ambulatory care	-	-	-	267	-	266	-	-	-	-
California children's services	143	145	141	142	139	134	140	138	143	148
Public assistance										
Aid programs	3,859	4,006	4,199	3,980	3,610	3,484	3,334	3,089	3,132	3,159
Veterans' services	16	16	14	14	13	13	12	12	12	12
Other assistance	174	185	207	270	271	291	289	355	348	285
Education, recreation and culture										
Library services	17	17	4	5	7	7	10	1	-	1
Agricultural extension	3	3	5	5	5	5	5	5	5	5
Cultural services	2	2	2	2	2	2	3	3	3	3
County business-type functions										
Hospital care	2,650	2,587	2,482	2,399	2,517	2,581	2,351	2,295	2,246	2,186
Sanitation	180	174	163	164	153	153	160	174	198	211
Internal service	655	2,037	3,213	2,876	2,763	2,641	2,775	2,315	2,418	1,723
Special districts/Component units	587	611	993	739	719	693	660	591	547	533
Total	19,479	21,112	22,893	21,767	21,042	20,527	20,374	19,771	20,126	19,818

Note: Temporary employees, 1,791, filled as of June 1, 2018 are included in the total number employees.
Source: County of Riverside, fiscal year 2018-19 Recommended Budget

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2018

Function/Program		Fiscal Year Ending June 30 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Agricultural Commissioner											
Export phytosanitary certificates	c	14,450	13,478	13,546	14,825	16,067	18,346	19,875	-	25,745	36,772
Pesticide use inspections	d	1,291	800	1,211	1,025	834	783	793	764	682	831
Weights and measures regulated		142,684	141,939	141,092	139,701	138,321	138,547	137,727	134,290	131,175	129,528
Agriculture quality inspections		678	605	350	497	524	456	553	693	643	668
Plant pest inspections		5,479	7,468	9,846	10,792	11,635	10,361	11,931	9,584	9,667	48,944
Nursery acreage inspected		6,082	6,727	7,708	7,020	7,064	6,156	6,920	6,338	6,923	7,627
Weights and measures inspected		61,513	60,197	75,508	63,695	80,461	63,653	51,074	56,751	77,278	80,862
Assessor-Clerk-Recorder											
Assessments		931,922	925,405	919,810	914,886	909,432	906,467	904,706	904,040	941,928	942,174
Official records recorded		543,816	587,906	555,870	540,589	530,777	648,812	592,531	612,804	673,674	682,708
Vital records copies issued		88,278	89,691	86,597	75,708	85,309	78,405	78,768	80,391	87,194	97,422
Official records copies issued		21,251	23,093	23,014	18,307	22,329	32,792	26,153	28,990	26,348	33,135
Auditor-Controller											
Invoices paid		367,557	280,498	359,917	368,001	425,003	426,660	389,798	412,374	488,192	522,097
Vendor warrants (checks) issued		220,965	234,781	227,037	228,750	232,034	259,458	255,463	265,979	300,428	320,613
Active vendors		24,487	35,198	28,697	30,604	84,680	80,011	78,887	65,090	64,761	59,685
Payroll warrants (checks) issued		549,902	568,689	564,546	541,390	524,990	509,376	509,468	506,870	532,904	532,202
Average payroll warrants (checks) per pay period		21,150	21,873	21,713	20,823	20,192	19,591	19,595	19,495	19,737	20,469
Audits per fiscal year		54	55	35	26	34	25	26	26	30	30
Tax bills levied		1,029,621	1,019,903	1,008,147	1,003,952	998,203	984,268	972,577	999,241	977,115	974,041
Tax refunds/roll changes processed		34,098	53,234	19,561	47,556	22,435	63,500	79,606	123,476	115,904	152,672
Community Action Partnership											
Utility assistance (households)		16,724	18,017	15,743	15,115	16,087	13,911	21,912	22,207	27,956	12,869
Weatherization (households)		1,100	1,260	997	967	479	179	842	1,375	2,083	1,033
Energy education attendees	a	17,834	7,428	10,398	6,395	4,991	6,368	14,950	13,807	11,725	10,775
Disaster relief (residents)	b	22,305	13,400	13,734	13,387	24,274	11,316	13,968	12,058	17,989	15,336
Income tax returns prepared	b	4,412	5,239	4,545	4,325	3,453	3,111	2,711	3,006	2,257	2,011
After school programs (students)		3,400	2,703	2,198	2,114	20,700	19,200	20,700	18,400	13,800	11,000
Leadership program enrollment	b	-	-	-	-	-	-	166	593	182	-
Mediation (cases)		2,101	2,009	2,579	2,527	2,723	1,905	2,181	2,178	2,237	1,821
Environmental Health											
Facilities inspections		34,571	28,205	30,919	31,897	35,325	32,045	36,201	31,801	31,213	34,273
Public Health											
Patient visits		161,578	124,031	143,956	134,481	124,099	135,795	109,870	106,532	142,617	125,767
Patient services		322,763	242,554	299,048	290,900	363,442	353,269	392,621	390,607	313,409	466,800
Animal Control Services											
Animal impounds (live animals)		36,442	38,858	41,773	37,644	37,037	35,201	36,518	49,408	62,770	71,834
Spays and neuters completed		14,601	15,337	14,508	13,216	13,690	11,908	9,771	8,305	7,225	8,480
Animal licenses sold		21,843	58,995	76,157	65,020	122,105	-	-	-	-	-
Service calls fielded		37,193	40,039	41,614	40,251	-	-	-	-	-	-

Note: a - Number of pamphlets mailed
b - Program not yet started / not tracked
c - Phytosanitary = Plant pest cleanliness
d - Pesticide Use Inspections = Environmental monitoring

Source: Various County Departments

Table 19

Table 19

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function (Continued)
Last Ten Fiscal Years
June 30, 2018

Function/Program		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
		Fiscal Year Ending June 30					Fiscal Year Ending June 30					
County Library												
Total circulation - books		2,389,611	2,513,032	2,704,884	2,792,388	3,023,637	3,059,094	3,387,218	3,724,657	3,718,343	3,464,547	
Reference questions answered		499,590	479,917	478,827	487,093	371,953	434,057	441,269	404,913	370,619	382,795	
Patron door count		3,188,442	3,606,142	4,069,001	4,216,087	3,919,125	4,148,012	4,080,738	731,699	3,599,064	3,170,424	
Programs offered		9,626	9,680	10,423	9,547	6,819	6,521	8,382	7,624	7,214	5,618	
Program attendance		154,031	163,198	176,502	154,391	139,223	143,053	163,692	163,416	148,612	127,717	
Riverside University Health Systems - Medical Center												
Emergency room treatments		76,654	77,963	88,780	84,697	88,853	119,606	101,952	99,706	96,993	88,459	
Emergency room services - MH		11,749	12,854	12,896	12,989	13,531	14,275	16,750	15,376	14,288	9,702	
Clinic visits		119,033	99,309	116,277	104,693	124,255	125,471	127,546	129,041	131,624	129,171	
Admissions		19,143	17,826	19,863	19,404	22,738	24,260	23,949	23,638	23,536	23,253	
Patient days		108,468	104,854	104,276	106,466	118,467	124,599	121,949	123,250	121,915	118,452	
Discharges		19,156	18,397	19,147	19,387	22,773	24,279	23,694	23,668	23,559	23,238	
Fire												
Medical assistance		127,810	119,868	112,799	103,407	99,058	97,054	96,843	97,066	94,193	91,707	
Fires extinguished		17,849	15,975	14,988	13,823	13,632	13,517	12,990	4,271	4,449	4,406	
Other services		23,744	24,053	22,163	22,680	20,846	20,049	11,856	16,522	17,076	18,486	
Communities served		94	94	94	94	94	94	78	78	78	78	
Mental Health												
Mental health clients (crisis/long-term care)		44,448	43,013	42,764	41,942	39,765	37,591	35,696	33,260	30,657	30,065	
Substance abuse clients		11,292	8,950	11,205	15,457	15,457	15,755	17,849	16,987	16,736	18,712	
Detention clients		13,325	13,690	12,627	12,137	12,137	11,899	10,544	8,874	10,831	12,781	
Probate conservatorship clients		410	453	410	358	358	278	351	424	474	256	
Mental health conservatorship clients		682	647	410	613	613	563	879	832	675	240	
Probation												
Adults on probation	a	12,942	12,185	14,422	16,496	16,922	17,406	14,992	16,271	17,790	17,469	a
Juveniles in secure detention	b	112	137	153	134	156	194	193	225	248	241	b
Juveniles in treatment facilities	b	44	60	57	57	79	86	107	128	125	112	b
Juveniles in detention facilities	a	3,389	5,978	6,375	5,810	7,154	8,505	9,148	10,741	11,385	10,783	a
Public Social Services												
CalWORKs clients		24,741	26,306	29,090	32,030	33,159	33,341	33,682	33,412	31,022	26,905	
Food stamp clients		121,542	127,778	132,274	128,656	121,949	116,333	107,076	91,606	74,484	52,877	
Medi-Cal clients		346,407	351,817	341,519	298,461	186,911	135,570	130,562	124,061	116,758	107,904	
In-home support services		30,008	27,564	24,888	25,703	23,061	20,641	19,070	18,201	16,852	16,307	
Foster care placements		2,792	3,670	4,063	4,041	3,725	3,237	3,113	3,130	3,085	3,486	
Child welfare services		9,779	9,761	10,471	10,757	9,958	9,178	9,664	9,916	9,591	10,217	
Homeless program (bed nights)		4,190	7,384	7,384	7,384	8,296	8,296	8,331	10,746	12,900	10,854	
Homeless program (meals)		8,380	14,767	14,767	14,767	16,592	16,592	16,660	21,494	25,800	21,707	

Note: a - Average monthly population
b - Average daily population

Source: Various County Departments

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function (Continued)
Last Ten Fiscal Years
June 30, 2018

Function/Program	Note	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Note
		Fiscal Year Ending June 30					Fiscal Year Ending June 30					
Registrar of Voters												
Voting precincts		826	1,126	869	1,193	846	1,218	853	1,649	2,370	2,387	
Polling places		546	587	564	546	545	642	522	746	1,158	1,205	
Voters	a	983,917	1,022,375	911,269	891,630	887,000	943,402	852,217	1,009,933	1,815,892	1,747,556	a
Poll workers		2,264	3,087	2,234	2,200	2,200	2,960	2,300	3,281	4,186	6,287	
Sheriff												
Number of bookings		50,371	49,896	49,864	54,025	60,826	57,330	53,691	53,974	55,306	62,007	
Coroner case load		15,397	14,476	13,885	12,958	12,164	11,639	10,947	10,555	10,027	9,582	
Calls for services	b	180,488	187,087	193,763	190,816	176,339	172,664	176,062	232,821	255,601	302,400	b
Transportation and Land Management Agency - Building & Safety												
Building permits issued	c	-	-	-	1,028	905	1,116	836	863	1,568	1,337	
Building plans checked	c	-	-	-	-	799	908	740	817	1,537	1,220	c
Building structures inspected	c	-	-	-	-	957	901	676	1,168	1,774	2,650	c
Veterans' Services												
Phone inquiries answered	d	35,846	36,971	38,812	32,778	31,445	36,107	36,707	43,617	41,569	39,393	d
Client interviews	d	24,563	21,183	25,072	17,281	17,448	14,714	14,990	15,630	25,209	13,955	d
Claims filed	d	7,191	6,789	6,792	6,345	5,998	5,735	6,030	5,485	5,581	5,812	d
Emails	d	14,280	14,280	9,884	6,584	3,138	-	-	-	-	-	d
Veterans reached at outreach events		2,589	3,014	3,591	3,725	-	-	-	-	-	-	
Waste Resources												
Landfill tonnage		1,498,681	1,408,688	1,320,497	1,475,122	1,383,266	1,102,626	1,071,309	1,071,394	1,032,942	1,024,267	
Recycling tonnage		3,042	2,463	2,052	1,386	2,503	2,679	2,206	2,499	1,803	2,356	

Notes:
a - Number of voters that were mailed voting materials for all elections in the fiscal year
b - Unincorporated areas
c - Information not available for fiscal year 2017-18
d - Program not yet started / not tracked

Source: Various County Departments

Table 19

Table 20

COUNTY OF RIVERSIDE
Capital Asset Statistics by Function
Last Ten Fiscal Years
June 30, 2018

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	Fiscal Year Ending June 30									
County Libraries										
Branch libraries	36	35	35	35	35	35	33	33	33	33
Book mobiles	2	2	2	2	2	2	2	2	2	2
Books in collection	1,337,332	1,341,967	1,168,364	1,382,932	1,393,689	1,657,925	1,570,834	1,668,434	1,612,925	1,564,186
Museum	-	1	1	-	-	-	-	-	-	-
Riverside University Health Systems - Medical Center										
Major clinics	4	4	4	4	4	4	4	4	4	4
Routine and specialty clinics	44	44	44	44	44	37	-	30	30	30
Beds licensed	439	439	439	439	439	439	439	439	439	439
Fire										
Stations	37	37	37	37	37	38	42	46	49	49
Trucks	158	158	158	158	145	142	145	156	154	149
Parks and Recreation										
Regional parks	11	11	11	14	11	11	11	12	12	13
Historic sites	5	5	5	5	5	5	5	4	4	6
Nature centers	4	4	4	4	4	4	4	4	4	5
Archaeological sites	6	6	6	5	6	6	6	6	6	7
Wildlife reserves	9	9	9	7	9	9	9	9	9	16
RV and mobile home parks	2	2	2	2	3	3	3	3	3	-
Managed areas	5	5	5	5	5	5	5	5	5	-
Recreational facilities	1	1	3	1	3	2	2	2	-	-
Community centers	-	-	1	1	-	-	-	-	-	-
Sheriff										
Patrol stations	10	10	10	10	10	10	10	10	10	10
Patrol vehicles	966	966	930	932	928	916	915	896	883	923
Waste Resources										
Landfills	6	6	6	6	6	6	6	6	6	6
Capacity in tons	62,668,370	62,668,370	62,191,202	54,232,021	54,230,474	54,230,474	54,189,339	54,177,558	51,794,663	51,794,663

Source: Various County Departments

Table 20

Riverside County Comprehensive Annual Financial Report

Paul Angulo, CPA, MA
County Auditor-Controller

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APPENDIX C

FORM OF BOND COUNSEL OPINION

[Closing Date]

County of Riverside Asset Leasing Corporation
Riverside, California

UBS Financial Services Inc.
Los Angeles, California

Re: $12,875,000 County of Riverside Asset Leasing Corporation Taxable Lease Revenue Refunding Bonds, Series 2019A (Riverside County Technology Refunding Projects)

Ladies and Gentlemen:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the County of Riverside Asset Leasing Corporation (the "Corporation") in connection with the issuance by the Corporation of its $12,875,000 Taxable Lease Revenue Refunding Bonds, Series 2019A (Riverside County Technology Refunding Projects) (the "2019 Bonds"). The 2019 Bonds are being issued pursuant to that certain First Supplemental Indenture of Trust dated as of September 1, 2019, by and between the Corporation and Trustee (the "First Supplemental Indenture") and are secured by certain lease payments to be made by the County of Riverside (the "County") in accordance with the terms of the Lease Agreement dated as of July 1, 2013 (the "Original Lease Agreement"), by and between the Corporation and the County, as amended by that Amendment No. 1 to Ground Lease and Lease Agreement (the "First Amendment to Lease"), dated as of July 1, 2018, by and between the Corporation and the County, and as further amended by the Amendment No. 2 to Lease Agreement (the "Second Amendment to Lease," and together with the Original Lease Agreement and the First Amendment to Lease, the "Lease Agreement"), dated as of September 1, 2019, by and between the Corporation and the County.

In rendering our opinion, we have relied upon certain representations of fact and certifications made by the Corporation, the County, the original purchasers of the 2019 Bonds and others, and such other information and documents as we consider necessary to render this opinion. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The 2019 Bonds have been issued pursuant to an authorizing resolution adopted by the Corporation on August 27, 2019 (the "Resolution") approving the First Supplemental Indenture. The 2019 Bonds are dated as of their date of delivery and mature on the dates and in the amounts set forth in the First Supplemental Indenture. Interest on the 2019 Bonds is payable on the dates and at the rates per annum set forth in the Indenture. The 2019 Bonds are registered 2019 Bonds in the form set forth in the Indenture and are redeemable in the amounts, at the times and in the manner set forth in the Indenture.

All terms not defined herein have the meaning ascribed to those terms in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The 2019 Bonds have been duly and validly authorized by the Corporation and are legal, valid and binding limited obligations of the Corporation. The 2019 Bonds are secured and payable solely from Revenues (as defined in Indenture), as and to the extent provided for in the First Supplemental Indenture. The Bond are enforceable in accordance with their terms and the terms of the First Supplemental Indenture, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, fraudulent conveyance or transfer, insolvency or other laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

2. The First Supplemental Indenture and the Lease Agreement have been duly authorized by the Corporation, are valid and binding obligations of the Corporation and are enforceable on the Corporation in accordance with their respective terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, fraudulent conveyance or transfer, insolvency or other laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases; provided, however, that we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein.

3. The First Supplemental Indenture creates a valid pledge of that which the First Supplemental Indenture purports to pledge, subject to the provisions of the First Supplemental Indenture, except to the extent that the enforceability of the First Supplemental Indenture may be limited by moratorium, bankruptcy, reorganization, fraudulent conveyance or transfer, insolvency or other laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

4. The Lease Agreement has been duly authorized by the County, is a valid and binding obligation of the County and enforceable on the County in accordance with its terms, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, fraudulent conveyance or transfer, insolvency or other laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases; provided, however, that we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein.

5. Interest on the 2019 Bonds is exempt from State of California personal income tax.

6. Interest on the 2019 Bonds is included in gross income for federal tax purposes.

We are admitted to the practice of law only in the State of California and our opinions are limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Our engagement as Bond Counsel with respect to the 2019 Bonds terminates upon the issuance of the 2019 Bonds and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur).

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover matters not directly addressed by such authorities.

Respectfully submitted,

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the First Supplemental Indenture of Trust, the Lease Agreement and the Amendment No. 2 to Lease Agreement which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreements for a full and complete statement of the provisions thereof.

FIRST SUPPLEMENTAL INDENTURE OF TRUST

DEFINITIONS; RULES OF INTERPRETATION

Definitions

Unless the context otherwise requires, the terms defined in the First Supplemental Indenture shall, for all purposes of the First Supplemental Indenture and of any indenture supplemental thereto and of any certificate, opinion or other document therein mentioned, have the meanings therein specified, to be equally applicable to both the singular and plural forms of any of the terms defined therein. In addition, all capitalized terms used in the First Supplemental Indenture and not otherwise defined in the First Supplemental Indenture shall have the respective meanings given such terms in the Lease Agreement.

"Amendment No. 1 to Lease Agreement" means the Amendment No. 1 to Ground Lease and Lease Agreement, dated as of July 1, 2018, between the County and the Corporation.

"Amendment No. 2 to Lease Agreement" means the Amendment No. 2 to Lease Agreement, dated the date of the First Supplemental Indenture, by and between the County and the Corporation.

"Authorized Representative" means: (a) with respect to the Corporation, its President, Vice President, Secretary and Assistant Secretary, or any other person designated as an Authorized Representative of the Corporation by a Written Certificate of the Corporation signed by its President, Vice President, Secretary and Assistant Secretary and filed with the County and the Trustee; and (b) with respect to the County, its Chairman of the Board of Supervisors, Vice Chairman, County Executive Officer, Deputy County Executive Officer or any other person designated as an Authorized Representative of the County by a Written Certificate of the County signed by its Chairman of the Board of Supervisors, Vice Chairman, County Executive Officer, Deputy County Executive Officer and filed with the Corporation and the Trustee.

"Bond Counsel" means (a) Best Best & Krieger LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Corporation of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Year" means each twelve-month period extending from November 2 in one calendar year to November 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year shall commence on the Closing Date and extend to and include November 1, 2019.

"Book-Entry Depository" means DTC or any successor as Book-Entry Depository for the 2019 Bonds, appointed pursuant to the First Supplemental Indenture.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the city in which the Office of the Trustee is located.

"Closing Date" means the date of delivery of the 2019 Bonds to the Underwriter.

"Continuing Disclosure Certificate" means, as applicable, that certain Certificate of the Corporation or the County, as applicable, by that name and dated as of the Closing Date.

"Costs of Issuance" means all expenses incurred in connection with the authorization, issuance, sale and delivery of the 2019 Bonds and the application of the proceeds of the 2019 Bonds, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Corporation, initial fees and expenses of the Trustee and its counsel, title insurance premiums, appraisal fees, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

"Costs of Issuance Fund" means the 2019 Costs of Issuance Fund established and held by the Trustee pursuant to the First Supplemental Indenture.

"County" means the County of Riverside.

"Debt Service" means, during any period of computation, the amount obtained for such period by totaling the following amounts: (a) the principal amount of all Outstanding Serial Bonds coming due and payable by their terms in such period; (b) the minimum principal amount of all Outstanding Term Bonds scheduled to be redeemed by operation of mandatory sinking fund deposits in such period; and (c) the interest which would be due during such period on the aggregate principal amount of 2019 Bonds which would be Outstanding in such period if the 2019 Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of 2019 Bonds no longer Outstanding.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Escrow Account" means the account by that name established under the Escrow Agreement.

"Escrow Agreement" means the Escrow Deposit and Trust Agreement between the Corporation and the Trustee, as Escrow Bank.

"Escrow Bank" means Wells Fargo Bank, N.A.

"Events of Default" means any of the events specified in the First Supplemental Indenture.

"Fair Market Value" means, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code; (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code; or (iii) the investment is a United

States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Federal Securities" means:

(a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America;

(b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; and

(c) pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and (i) which are rated, based on the escrow, in the highest rating category of S&P or Moody's or any successors thereto; or (ii)(A) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in the First Supplemental Indenture, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in the First Supplemental Indenture on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"First Supplemental Indenture" means the First Supplemental Indenture dated as of September 1, 2019, between the Corporation and the Trustee.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Corporation as its official fiscal year period.

"Indenture" means the Original Indenture, as supplemented by the First Supplemental Indenture, and as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions of the First Supplemental Indenture.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Corporation or the County, and who, or each of whom (a) is in fact independent and not under domination of the Corporation or the County; (b) does not have any substantial interest, direct or indirect, in the Corporation or the County; and (c) is not connected with the Corporation or the County as an officer or employee of the Corporation or the County but who may be regularly retained to make annual or other audits of the books of or reports to the Corporation or the County.

"Information Services" means in accordance with then-current guidelines of the Securities and Exchange Commission, the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at http://emma.msrb.org), or such service or services as the Corporation may designate in a certificate delivered to the Trustee.

"Insurance and Condemnation Fund" means the 2019 Insurance and Condemnation Fund established and held by the Trustee pursuant to the First Supplemental Indenture.

"Interest Account" means the 2019 Interest Account established in the Bond Fund pursuant to the First Supplemental Indenture.

"Interest Payment Date" means each May 1 and November 1 commencing November 1, 2019.

"Lease Agreement" means that certain Lease Agreement, dated as of July 1, 2013, by and between the Corporation, as lessor, and the County, as lessee, as amended by Amendment No. 1 to Lease Agreement and Amendment No. 2 to Lease Agreement.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Net Proceeds" means all amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Premises, or the proceeds of any taking of the Leased Premises or any portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

"Office" means with respect to the Trustee, the corporate trust office of the Trustee at Los Angeles, California, or at such other or additional offices as may be specified in writing to the Corporation and the County, except that with respect to presentation of the 2019 Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee in Minneapolis, Minnesota.

"Original Indenture" means the Indenture of Trust, dated as of July 1, 2013, by and between the Corporation and the Trustee.

"Outstanding" when used as of any particular time with reference to the 2019 Bonds, means (subject to the provisions of the First Supplemental Indenture) all 2019 Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the First Supplemental Indenture except: (a) the 2019 Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) the 2019 Bonds with respect to which all liability of the Corporation shall have been discharged in accordance with the First Supplemental Indenture, including the 2019 Bonds (or portions thereof) described in the First Supplemental Indenture; and (c) the 2019 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2019 Bonds shall have been authenticated and delivered by the Trustee pursuant to the First Supplemental Indenture.

"Owner" whenever used in the First Supplemental Indenture with respect to a 2019 Bond, means the person in whose name the ownership of such 2019 Bond is registered on the Registration Books.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of

the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

a. Farmers Home Administration (FmHA)
Certificates of beneficial ownership

b. Federal Housing Administration Debentures (FHA)

c. General Services Administration
Participation certificates

d. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GHMA - guaranteed pass-through obligations (participation certificates)
(not acceptable for certain cash-flow sensitive issues.)

e. U.S. Maritime Administration
Guaranteed Title XI financing

f. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds

3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

a. Federal Home Loan Bank System
Senior debt obligations (Consolidated debt obligations)

b. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mae")
Participation Certificates (Mortgage-backed securities)
Senior debt obligations

c. Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal).

d. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations

e. Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

f. Farm Credit System
Consolidated systemwide bonds and notes

4. Money market funds registered under the Federal Investment Company of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G;

AAAm, or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2 including funds for which the Trustee or an affiliate advises or services.

5. Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks (which may include the Trustee and its affiliates) whose term obligations are rated "A-1" or better by S&P and "Prime-1" by Moody's.

The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

6. Certificates of deposit, savings accounts, deposit accounts or money market deposits (which may include the Trustee and its affiliates) which are fully insured by FDIC, including BIF and SAIF.

7. Investment agreements with a domestic or foreign bank or corporation, the long-term debt or financial strength of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guarantee insurance company, financial strength, of the guarantor is rated in at least the "double A" category by Moody's and S&P; provided, that, by the terms of the investment agreement:

a. interest payments are to be made to the Trustee at all times and in the amounts as necessary to pay debt service, applied as directed in the First Supplemental Indenture on the 2019 Bonds;

b. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Corporation and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

c. the investment agreement shall state that it is the unconditional and general obligation of; and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

d. the Corporation or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Corporation and Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in a form and substance acceptable by the Corporation;

e. the investment agreement shall provide that if during its term

(i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (a) collateralize the investment agreement by delivering or transferring in accordance with the applicable state and federal laws (other than by means of entries on the provider's books) to the Corporation, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and

Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (b) repay the principal of and accrued but unpaid interest on the investment (including such other amounts as are required to permit the Trustee to receive the initially contemplated yield through the term of the Agreement), or (c) assign its obligations thereunder to a financial counter-party, acceptable to the Corporation, and rated in the double A category by both Moody's and S&P; and

(ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3," respectively, the provider must, at the direction of the Corporation or the Trustee (who shall give such direction if so directed by the Corporation), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Corporation or Trustee; and

f. the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

g. the investment agreement must provide that if during its term

(i) the provider shall default in its payment obligations, the provider's obligation under the investment agreement shall, at the direction of the Corporation or the Trustee (who shall give such direction if so directed by the Corporation), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate; and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and the amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate; or

8. Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P.

9. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in the highest long-term rating categories assigned by such agencies unless such obligations are issued by the State, in which case such obligations are rated in one of the two highest long-term rating categories of S&P and Moody's.

10. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" or better by S&P.

11. Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

a. Repos must be between the municipal entity and a dealer bank or securities firm.

(i) Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by Standard & Poor's Ratings Group and Moody', or

(ii) Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investor Services.

b. The written repo contract must include the following:

(i) Securities which are acceptable for transfer are:

(A) Direct U.S. governments.

(B) Federal agencies backed by the full faith and credit of the U.S. Government (and FNMA & FHLMC).

(ii) The term of the repo maybe up to 30 years.

(iii) The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(iv) The trustee has perfected first priority security interest in the collateral.

(v) Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a repo or reverse repo.

(vi) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the trustee to liquidate collateral.

(vii) Valuation of Collateral

(A) The securities must be valued weekly, marked-to-market at a current market price plus interest.

(B) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

c. Legal opinion which must be delivered to the municipal entity:

Repo meets guidelines under state law for legal investment of public funds.

12. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition.

13. County of Riverside Investment Pool.

14. State of California Local Agency Investment Fund (LAIF).

"Principal Account" means the Principal Account established in the Bond Fund pursuant to the First Supplemental Indenture.

"Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date whether or not such day is a Business Day.

"Redemption Fund" means the 2019 Redemption Fund established pursuant to the First Supplemental Indenture.

"Registration Books" means the records maintained by the Trustee pursuant to the First Supplemental Indenture for the registration and transfer of ownership of the 2019 Bonds.

"Representation Letter" means the letter of representations from the Corporation to, or other instrument or agreement of the Corporation with, a Book-Entry Depository in which the Corporation, among other things, makes certain representations to such Depository with respect to the 2019 Bonds, the payment thereof and delivery of notices with respect thereto.

"Revenues" means: (a) all amounts received by the Corporation or the Trustee pursuant to or with respect to the Amendment No. 2 to Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding any amounts payable under the Lease Agreement; (b) all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the First Supplemental Indenture; and (c) the proceeds of rental interruption insurance policies carried with respect to Leased Premises pursuant to the Lease Agreement and Amendment No. 2 to Lease Agreement in accordance with the First Supplemental Indenture.

"S&P" means Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc., its successors and assigns.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Atn. Call Notification Department, Fax (212) 855-7232 in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Corporation may designate in a Written Certificate of the Corporation delivered to the Trustee.

"Serial Bonds" means the 2019 Bonds described as such.

"Sinking Account" means the 2019 Sinking Account established and held by the Trustee pursuant to the First Supplemental Indenture.

"State" means the State of California.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Corporation and the Trustee, supplementing, modifying or amending the Indenture or the First Supplemental Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the First Supplemental Indenture.

"Tax Code" means the Internal Revenue Code of 1986, as amended.

"Tax Regulations" means temporary and permanent regulations promulgated under or with respect to Sections 103 and 141 through 150, inclusive, of the Tax Code.

"Term Bonds" means the 2019 Bonds described as such.

"Trustee" means Wells Fargo Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America, or its successor, as Trustee under the First Supplemental Indenture as provided therein.

"2013 Bonds" means the $66,015,000 original principal amount of County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2013A (Public Defender/Probation Building and Riverside County Technology Solutions Center Projects), authorized by and at any time Outstanding pursuant to the Original Indenture.

"2019 Bond Fund" means the 2019 Bond Fund established and held by the Trustee pursuant to the First Supplemental Indenture.

"2019 Bonds" means the County of Riverside Asset Leasing Corporation Taxable Lease Revenue Refunding Bonds, Series 2019A (Riverside County Technology Refunding Projects), authorized by and at any time Outstanding pursuant to the First Supplemental Indenture.

"Underwriter" means UBS Financial Services Inc. as the original purchasers of the 2019 Bonds upon their delivery by the Trustee on the Closing Date.

"Written Certificate," "Written Request" and "Written Requisition" of the Corporation or the County mean, respectively, a written certificate, request or requisition signed in the name of the Corporation or the County by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Establishment and Application of 2019 Costs of Issuance Fund

The Trustee shall establish, maintain and hold in trust a separate fund designated as the "2019 Costs of Issuance Fund." The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Written Requisitions of the County or the Corporation stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. Each such Written Requisition of the County or Corporation shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On January 1, 2020, or upon the earlier Written Request of the Corporation, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Interest Account of the 2019 Bond Fund.

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Pledge and Assignment; 2019 Bond Fund

(a) Subject only to the provisions of the First Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the First Supplemental Indenture, all of the Revenues and any other amounts (excluding the following: 1) proceeds of the sale of the 2019 Bonds; 2) any amounts in the Costs of Issuance Fund; and 3) any Additional Rent paid by the County to the Corporation pursuant to the Lease Agreement) held in any fund or account established pursuant to the First Supplemental Indenture are thereby pledged to secure the payment of the principal of and interest on the 2019 Bonds in accordance with their terms and the provisions of the First Supplemental Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act. The 2019 Bonds constitute a special limited obligation of the Corporation, secured solely by the Revenues and the funds and accounts established under the First Supplemental Indenture and specifically available to pay debt service on the 2019 Bonds.

(b) The Corporation transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Owners from time to time of the 2019 Bonds, all of the Revenues and all of the rights of the Corporation in the Lease Agreement (other than the rights of the Corporation under the Lease Agreement). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Corporation shall be deemed to be held, and to have been collected or received, by the Corporation as the agent of the Trustee and shall forthwith be paid by the Corporation to the Trustee which shall deposit such Revenues into the 2019 Bond Fund. The Trustee also shall be entitled to and shall, subject to the provisions of the First Supplemental Indenture, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Corporation or separately, all of the rights of the Corporation and all of the obligations of the County under the Lease Agreement.

Allocation of Revenues

On or before each date on which principal of or interest on the 2019 Bonds becomes due and payable, the Trustee shall transfer from the 2019 Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the 2019 Bond Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) The Trustee shall establish the “2019 Interest Account” and shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2019 Bonds then Outstanding.

(b) The Trustee shall establish the “2019 Principal Account” and shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2019 Bonds coming due and payable on such date.

(c) The Trustee shall establish the "2019 Sinking Account" and shall deposit in the Sinking Account an amount equal to the aggregate principal amount of the Term Bonds required to be redeemed on such date, if any, pursuant to the First Supplemental Indenture.

Application of Interest Account

All amounts in the 2019 Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2019 Bonds as it shall become due and payable (including accrued interest on any 2019 Bonds purchased or redeemed prior to maturity pursuant to the First Supplemental Indenture).

Application of Principal Account

All amounts in the 2019 Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2019 Bonds at their respective maturity dates.

Application of Sinking Account

All moneys on deposit in the 2019 Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Bonds pursuant to the First Supplemental Indenture.

Application of Redemption Fund

When required the Trustee shall establish and maintain the "2019 Redemption Fund," amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the 2019 Bonds to be redeemed pursuant to the First Supplemental Indenture; provided, however, that at any time prior to giving notice of redemption of any such 2019 Bonds, the Trustee may apply such amounts to the purchase of 2019 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of the Corporation received prior to the selection of 2019 Bonds for redemption, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the 2019 Bonds.

2019 Insurance and Condemnation Fund

(a) Establishment of Fund. Upon the receipt of any proceeds of insurance or eminent domain with respect to any portion of the Leased Premises, the Trustee shall establish and maintain a separate 2019 Insurance and Condemnation Fund, to be held and applied as set forth in the First Supplemental Indenture.

(b) Application of Insurance Proceeds. Any proceeds of insurance against accident to or destruction of the Facilities collected by the County in the event of any such accident or destruction shall be applied in accordance with the Amendment No. 2 to Lease Agreement. The County shall cause any such proceeds to be paid to the Trustee for deposit in the 2019 Insurance and Condemnation Fund. If the County fails to determine and notify the Trustee in writing of its determination, within forty-five (45) days following the date of such deposit, to replace, repair, restore, modify or improve the Facilities, then such proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied to the redemption of 2019 Bonds pursuant to the First Supplemental Indenture; provided, however, that such redemption will occur only if the fair rental value of the remaining portion of the Leased Premises is sufficient to allow the County to continue to make Lease Payments in amounts sufficient to pay debt service on the 2019 Bonds and other parity obligations under the Lease Agreement that remain Outstanding after such redemption. Notwithstanding the foregoing sentence, however, in the event of damage or destruction of the Facilities in full, the proceeds of such insurance shall be used by the County to rebuild or replace the Facilities if such proceeds are not sufficient, together with other available funds then held by the Trustee, to redeem all of the Outstanding 2019 Bonds and other parity obligations under the Lease Agreement. All proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Facilities by the County, upon receipt of Written Requisitions of the County as agent for the Corporation (i) stating with respect to each payment to be made (A) the requisition number, (B) the name and address of the person to whom payment is due, (C) the amount to be paid and (D) that each obligation mentioned therein has been properly incurred, is a proper charge against the 2019 Insurance and Condemnation Fund, has not been the basis of any previous withdrawal; (ii) specifying in reasonable detail the nature of the obligation; and (iii) accompanied by a bill or a statement of account for such obligation. Each such Written Requisition of the County or Corporation shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Any balance of the proceeds remaining after such work has been completed as certified by the County as agent for the Corporation shall be paid to the County.

(c) Application of Eminent Domain Proceeds. If all or any part of the Leased Premises shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the proceeds therefrom shall be applied in accordance with the Amendment No. 2 to Lease Agreement. The County shall cause any such proceeds to be paid to the Trustee for deposit in the 2019 Bonds Insurance and Condemnation Fund, to be applied and disbursed by the Trustee as follows:

(i) If the County has not given written notice to the Trustee, within forty-five (45) days following the date on which such proceeds are deposited with the Trustee, of its determination that such proceeds are needed for the replacement of the Leased Premises or such portion thereof, the Trustee shall transfer such proceeds to the 2019 Redemption Fund to be applied towards the redemption of the 2019 Bonds pursuant to the First Supplemental Indenture; provided, however, that such redemption will occur only if the fair rental value of the remaining portion of the Leased Premises is sufficient to allow the County to continue to make Lease Payments in amounts sufficient to pay debt service on the 2019 Bonds and other parity obligations under the Lease Agreement that remain Outstanding after such redemption.

(ii) If the County has given written notice to the Trustee, within forty-five (45) days following the date on which such proceeds are deposited with the Trustee, of its determination that such proceeds are needed for replacement of the Leased Premises or such portion thereof, the Trustee shall pay to the County, or to its order, from said proceeds such amounts as the County may expend for such replacement, upon the filing of Written Requisitions of the County as agent for the Corporation in the form and containing the provisions set forth in the First Supplemental Indenture and upon which the Trustee may conclusively rely.

Investments

All moneys in any of the funds or accounts established with the Trustee pursuant to the First Supplemental Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Corporation pursuant to a Written Request of the Corporation filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which Written Request shall certify that the investments constitute Permitted Investments). In the absence of any such directions from the Corporation, such money shall remain uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the First Supplemental Indenture shall be deposited in the 2019 Bond Fund. For purposes of acquiring any investments under the First Supplemental Indenture, the Trustee may commingle funds held by it under the First Supplemental Indenture. The Trustee, or an affiliate, may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to the First Supplemental Indenture. Permitted Investments that are registered securities shall be registered in the name of the Trustee.

The Corporation covenants that all investments of amounts deposited in any fund or account created-by or pursuant to the First Supplemental Indenture, or otherwise containing proceeds of the 2019 Bonds, shall be acquired and disposed of at the Fair Market Value thereof.

The Corporation and the County acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Corporation and the County, the right to receive brokerage confirmations of security transactions as they occur, the Corporation and the County specifically waive receipt of such confirmations to the extent permitted by law. The Corporation and the County may receive brokerage confirmations at no additional cost and upon their written request. The Trustee will furnish the Corporation and the County periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the First Supplemental Indenture.

Valuation and Disposition of Investments

For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued at the Fair Market Value thereof. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Corporation.

PARTICULAR COVENANTS

Punctual Payment

The Corporation shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the 2019 Bonds in strict conformity with the terms of the 2019 Bonds and of the First Supplemental Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in the First Supplemental Indenture.

Extension of Payment of 2019 Bonds

The Corporation shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2019 Bonds or the time of payment of any claims for interest by the purchase of such 2019 Bonds or by any other arrangement, and in case the maturity of any of the 2019 Bonds or the time of payment of any such claims for interest shall be extended, such 2019 Bonds or claims for interest shall not be entitled, in case of any default under the First Supplemental Indenture, to the benefits of the First Supplemental Indenture, except subject to the prior payment in full of the principal of all of the 2019 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the First Supplemental Indenture shall be deemed to limit the right of the Corporation to issue

2019 Bonds for the purpose of refunding any Outstanding 2019 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the 2019 Bonds.

Against Encumbrances

The Corporation shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the First Supplemental Indenture while any of the 2019 Bonds are Outstanding, except the pledge and assignment created by the First Supplemental Indenture. Subject to this limitation, the Corporation expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

Power to Issue 2019 Bonds and Make Pledge and Assignment

The Corporation is duly authorized pursuant to law to issue the 2019 Bonds and to enter into the First Supplemental Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under the First Supplemental Indenture in the manner and to the extent provided in the First Supplemental Indenture. The 2019 Bonds and the provisions of the First Supplemental Indenture are and will be the legal, valid and binding special obligations of the Corporation in accordance with their terms, and the Corporation and the Trustee shall at all times, subject to the provisions of the First Supplemental Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the 2019 Bond Owners under the First Supplemental Indenture against all claims and demands of all persons whosoever.

Accounting Records and Financial Statements

The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of 2019 Bonds, the Revenues, the Lease Agreement and all funds and accounts established pursuant to the First Supplemental Indenture. Such books of record and account shall be available for inspection by the Corporation, and the County, during business hours, upon reasonable notice, and under reasonable circumstances. The Trustee shall deliver a monthly account of the funds and accounts under the First Supplemental Indenture to the Corporation, provided that the Trustee shall not be obligated to deliver any accounting of any fund or account that (a) has a balance of zero and (b) has not had any activity since the last reporting date.

Additional Obligations

The Corporation may issue additional bonds, notes or other indebtedness which are payable out of the Revenues in whole or in part on a parity with the 2019 Bonds pursuant to the First Supplemental Indenture, to finance the construction of land, facilities or other capital improvements which are authorized by the laws of the State, so long as no Event of Default under the First Supplemental Indenture has occurred and is continuing and provided that the conditions of the Lease Agreement have been satisfied.

Lease Agreement

The Trustee shall promptly collect all amounts due from the County pursuant to the Lease Agreement. Subject to the provisions of the First Supplemental Indenture, the Trustee shall enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Corporation and for the enforcement of all of the obligations of the County under the Lease Agreement.

Payment

Notwithstanding any dispute between the Corporation and the Trustee, the Corporation will make all payments on the 2019 Bonds when due and will not withhold any payments on the 2019 Bonds pending the final resolution of such dispute or for any other reason whatsoever. The Corporation's obligation to make payments on the 2019 Bonds in the amount and on the terms and conditions specified under the First Supplemental Indenture will be absolute and unconditional without any right of set off or counterclaim, subject only to the provisions relating to abatement pursuant to the Lease Agreement.

Further Assurances

The Corporation will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the First Supplemental Indenture and for the better assuring and confirming the rights and benefits provided in the First Supplemental Indenture to the 2019 Bond Owners.

Leased Premises

If an event of abatement occurs pursuant to the Lease Agreement, the Corporation shall use its best efforts to the extent permissible under the laws of the State of California to cause the County to make all Lease Payments in excess of the amount of rental interruption insurance, if necessary, in order to ensure the reconstruction, repair, restoration, modification or improvement of the Leased Premises; provided, however, that the County shall not be required to repair or replace any such portion of the Leased Premises pursuant to the First Supplemental Indenture if Net Proceeds or other legally available funds sufficient to prepay the 2019 Bonds shall be applied to the redemption of either (i) all of the 2019 Bonds Outstanding, or (ii) any portion thereof relating to the Leased Premises so damaged or destroyed, and (iii) the remaining Lease Payments allocable to the portion of the Leased Premises not damaged or destroyed equals the pro-rata portion of Lease Payments allocable to the 2019 Bonds Outstanding after such redemption.

EVENTS OF DEFAULT AND REMEDIES

Events of Default

The following events shall be Events of Default under the First Supplemental Indenture:

(a) Default in the due and punctual payment of the principal of any 2019 Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any 2019 Bonds when and as the same shall become due and payable.

(c) Default by the Corporation in the observance of any of the other covenants, agreements or conditions on its part in the First Supplemental Indenture or in the 2019 Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Corporation by the Trustee; provided, however, that if in the reasonable opinion of the Corporation the default stated in the notice can be corrected, but not within such sixty (60) day period, such default shall not constitute an Event of Default under the First Supplemental Indenture if the Corporation shall commence to cure such default within such sixty (60) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The occurrence and continuation of an event of default under and as defined in the Lease Agreement.

No Acceleration Upon Event of Default

If any Event of Default shall occur there shall be no right on the part of the Trustee, or the 2019 Bond Owners to declare the principal of all of the 2019 Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately.

Application of Revenues and Other Funds After Default

Notwithstanding anything to the contrary contained in the First Supplemental Indenture, if an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the First Supplemental Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the 2019 Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the First Supplemental Indenture;

(b) To the payment of the principal of and interest then due on the 2019 Bonds (upon presentation of the 2019 Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the First Supplemental Indenture, as follows:

> First. To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and
>
> Second. To the payment to the persons entitled thereto of the unpaid principal of any 2019 Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective 2019 Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the 2019 Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Trustee to Represent 2019 Bond Owners

The Trustee is irrevocably appointed (and the successive respective Owners of the 2019 Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the 2019 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2019 Bonds, the First Supplemental Indenture and applicable provisions of any law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bond Owners, with the prior written consent of the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2019 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Trustee shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the First Supplemental Indenture, or in aid of the execution of any power granted therein, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2019 Bonds, the First Supplemental Indenture or any other law. All rights of action under the First Supplemental Indenture or the 2019 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2019 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2019 Bonds, subject to the provisions of the First Supplemental Indenture.

2019 Bond Owners' Direction of Proceedings

Anything in the First Supplemental Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2019 Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the First Supplemental Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the First Supplemental Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would expose it to liability.

Limitation on Bond Owners' Right to Sue

Notwithstanding any other provision of the First Supplemental Indenture, no Owner of any 2019 Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the First Supplemental Indenture, the Lease Agreement or any other applicable law with respect to such 2019 Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the 2019 Bonds then Outstanding shall have made written request upon the Trustee to exercise the granted in the First Supplemental Indenture or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2019 Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are declared by the First Supplemental Indenture, in every case, to be conditions precedent to the exercise by any Owner of 2019 Bonds of any remedy under the First Supplemental Indenture or under law; it being understood and intended that no one or more Owners of 2019 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the First Supplemental Indenture or the rights of any other Owners of 2019 Bonds, or to enforce any right under the 2019 Bonds, the First Supplemental

Indenture, the Lease Agreement or other applicable law with respect to the 2019 Bonds, except in the manner provided in the First Supplemental Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the First Supplemental Indenture and for the benefit and protection of all Owners of the Outstanding 2019 Bonds, subject to the provisions of the First Supplemental Indenture.

Absolute Obligation of Corporation

Nothing in the First Supplemental Indenture or in the 2019 Bonds contained shall affect or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the 2019 Bonds to the respective Owners of the 2019 Bonds at their respective dates of maturity, or upon call for redemption, as provided in the First Supplemental Indenture, but only out of the Revenues and other assets pledged in the First Supplemental Indenture, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2019 Bonds.

Termination of Proceedings

In case any proceedings taken by the Trustee or any one or more 2019 Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the 2019 Bond Owners, then in every such case the Corporation, the Trustee, and the 2019 Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights under the First Supplemental Indenture, severally and respectively, and all rights, remedies, powers and duties of the Corporation, the Trustee, and the 2019 Bond Owners shall continue as though no such proceedings had been taken.

Remedies Not Exclusive

No remedy conferred upon or reserved to the Trustee in the First Supplemental Indenture, or to the Owners of the 2019 Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the First Supplemental Indenture or now or hereafter existing at law or in equity or otherwise.

No Waiver of Default

No delay or omission of the Trustee or of any Owner of the 2019 Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by the First Supplemental Indenture to the Trustee, or to the Owners of the 2019 Bonds may be exercised from time to time and as often as may be deemed expedient.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee

(a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the First Supplemental Indenture and no implied duties or covenants shall be read into the First Supplemental Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by the

First Supplemental Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Corporation may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and the Corporation shall remove the Trustee if at any time requested to do so by the Owners of not less than a majority in aggregate principal amount of the 2019 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with the First Supplemental Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and the County and thereupon shall appoint a successor Trustee by an instrument in writing. In addition, the Trustee may be removed at any time for any breach of the trust set forth in the First Supplemental Indenture. Any such removal shall be made upon at least thirty (30) days' prior written notice to the Trustee. Upon giving such written notice of removal, the Corporation shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Corporation, and to the County and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Corporation shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that no removal resignation or termination of the Trustee shall take effect until a successor shall be appointed. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the Corporation shall, and the Trustee may, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the First Supplemental Indenture, shall signify its acceptance of such appointment by executing and delivering to the Corporation and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the First Supplemental Indenture; but, nevertheless at the Written Request of the Corporation or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the First Supplemental Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the First Supplemental Indenture. Upon request of the successor Trustee, the Corporation shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the First Supplemental Indenture, the Corporation shall mail or cause the successor Trustee to mail a notice of the succession of such Trustee to the trusts under the First Supplemental Indenture to the 2019 Bond Owners at the addresses shown on the Registration Books. If the Corporation fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Corporation.

(e) Any Trustee appointed under the First Supplemental Indenture shall be a corporation or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation or association included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least Seventy-Five Million Dollars ($75,000,000), and subject to supervision or examination by federal or State agency, so long as any 2019 Bonds are Outstanding. If such corporation or association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining agency above referred to then for the purpose of the First Supplemental Indenture, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the First Supplemental Indenture, the Trustee shall resign immediately in the manner and with the effect specified in the First Supplemental Indenture.

(f) The Corporation covenants that it will maintain a Trustee qualified under the provisions of the First Supplemental Indenture, so long as any 2019 Bonds are Outstanding.

Merger or Consolidation

Any bank, association or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, association or trust company shall be eligible under the First Supplemental Indenture shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything to the contrary in the First Supplemental Indenture notwithstanding.

Liability of Trustee

(a) The recitals of facts in the First Supplemental Indenture and in the 2019 Bonds contained shall not be taken as statements of the Corporation, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the First Supplemental Indenture, the 2019 Bonds or the Lease Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated in the First Supplemental Indenture in connection with the respective duties or obligations therein or in the 2019 Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2019 Bonds. The Trustee shall not be liable in connection with the performance of its duties under the First Supplemental Indenture, except for its own negligence. The Trustee may become the Owner of 2019 Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 2019 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2019 Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the 2019 Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the First Supplemental Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the First Supplemental Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default under the First Supplemental Indenture, or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default under the First Supplemental Indenture unless and until it shall have actual knowledge thereof, or shall have received written notice thereof, at its Office. Except as otherwise expressly provided in the First Supplemental Indenture, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Corporation or the County of any of the terms, conditions, covenants or agreements therein, under the Lease Agreement or of any of the documents executed in connection with the 2019 Bonds, or as to the existence of an Event of Default or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance or observance by the County and the Corporation of the terms, conditions, covenants or agreements set forth in the Lease Agreement, other than the covenants of the County to make Additional Lease Payments to the Trustee when due and to file with the Trustee, when due, such reports and certifications as the County is required to file with the Trustee thereunder.

(f) No provision of the First Supplemental Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the First Supplemental Indenture, or in the exercise of any of its rights or powers, if it is not assured to its satisfaction that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) The Trustee may execute any of the trusts or powers under the First Supplemental Indenture or perform any duties under the First Supplemental Indenture either directly or through agents or attorneys and the Trustee shall not be responsible for any willful misconduct or negligence on the part of any agent or attorney appointed with due care by it under the First Supplemental Indenture.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the First Supplemental Indenture at the request or direction of Owners pursuant to the First Supplemental Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee under the First Supplemental Indenture shall be construed to impose a duty to exercise such power, right or remedy.

(i) Whether or not therein expressly so provided, every provision of the First Supplemental Indenture and the Lease Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the First Supplemental Indenture.

(j) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions of the First Supplemental Indenture.

(k) The Trustee makes no representation or warranty, expressed or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Corporation or the County of the Leased Premises. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease Agreement or the First Supplemental Indenture for the existence, furnishing or use of the Leased Premises.

(l) The Trustee may establish such funds and accounts under the First Supplemental Indenture as it deems necessary or appropriate to perform its obligations under the First Supplemental Indenture.

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

(n) The Trustee shall not be considered in breach of or in default in its obligations under the First Supplemental Indenture or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(o) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these 2019 Bonds.

Right to Rely on Documents

The Trustee shall be protected in acting upon any notice, resolution, request, requisition, consent, order, certificate, report, opinion, bonds or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Corporation, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the First Supplemental Indenture in good faith and in accordance therewith.

The Trustee may treat the Owners of the 2019 Bonds appearing in the Registration Books as the absolute owners of the 2019 Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by the First Supplemental Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the First Supplemental Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the First Supplemental Indenture) may be deemed to be conclusively proved and established by a Written Certificate, Written Request or Written Requisition of the Corporation or the County, and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the First Supplemental Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Preservation and Inspection of Documents

All documents received by the Trustee under the provisions of the First Supplemental Indenture shall be retained in their respective possession and shall be subject at all reasonable times to the inspection of the Corporation, the County and any 2019 Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Compensation and Indemnification

The Corporation shall pay to the Trustee (solely from Additional Rent) from time to time the compensation for all services rendered under the First Supplemental Indenture and also all reasonable expenses and disbursements, incurred in and about the performance of its powers and duties under the First Supplemental Indenture.

To the extent permitted by law, the Corporation shall indemnify, defend and hold harmless the Trustee and its officers, directors, agents and employees, against any loss, liability or expense (including legal fees and expenses) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers under the First Supplemental Indenture. The rights of the Trustee and the obligations of the Corporation under the First Supplemental Indenture shall survive the discharge of the 2019 Bonds and the First Supplemental Indenture and the resignation or removal of the Trustee.

MODIFICATION OR AMENDMENT OF THE FIRST SUPPLEMENTAL INDENTURE

Amendments Permitted

(a) The First Supplemental Indenture and the rights and obligations of the Corporation and of the Owners of the 2019 Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Corporation and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all 2019 Bonds then Outstanding, shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any 2019 Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2019 Bond so affected, or (ii) reduce the aforesaid percentage of 2019 Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the First Supplemental Indenture prior to or on a parity with the lien created by the First Supplemental Indenture except as permitted therein, or deprive the Owners of the 2019 Bonds of the lien created by the First Supplemental Indenture on such Revenues and other assets (except as expressly provided in the First Supplemental Indenture), without the consent of the Owners of all of the 2019 Bonds then Outstanding. It shall not be necessary for the consent of the 2019 Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) The First Supplemental Indenture and the rights and obligations of the Corporation, of the Trustee and the Owners of the 2019 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Corporation and the Trustee may enter into without the consent of any 2019 Bond Owners, if the Trustee has been furnished an opinion of counsel to the effect that the Supplemental Indenture is authorized and permitted by the First Supplemental Indenture, is enforceable against the Corporation and that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the 2019 Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Corporation in the First Supplemental Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2019 Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Corporation in the First Supplemental Indenture;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the First Supplemental Indenture, or in regard to matters or questions arising under the First Supplemental Indenture, as the Corporation may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the 2019 Bond Owners, in the opinion of Bond Counsel filed with the Trustee;

(iii) to modify, amend or supplement the First Supplemental Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; or

(iv) to facilitate the issuance of additional bonds of the Corporation secured by Lease Payments of the County pursuant to Section 8.03(v) of the Lease Agreement and Section 9.01(b) of the Original Indenture.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by the First Supplemental Indenture which materially adversely affects the Trustee's own rights, duties or immunities under the First Supplemental Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture under the First Supplemental Indenture, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been executed and delivered in compliance with the requirements of the First Supplemental Indenture is enforceable against the Corporation, and that the execution and delivery of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion from gross income for purposes of federal income taxes of interest on the 2019 Bonds.

(e) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by the First Supplemental Indenture which materially adversely affects the Trustee's own rights, duties or immunities under the First Supplemental Indenture or otherwise.

Effect of Supplemental Indenture

Upon the execution of any Supplemental Indenture pursuant to the First Supplemental Indenture, the First Supplemental Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the First Supplemental Indenture of the Corporation, the Trustee, and all Owners of 2019 Bonds Outstanding shall thereafter be determined, exercised and enforced under the First Supplemental Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the First Supplemental Indenture for any and all purposes.

Endorsement of 2019 Bonds; Preparation of New 2019 Bonds

2019 Bonds delivered after the execution of any Supplemental Indenture pursuant to the First Supplemental Indenture may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2019 Bonds Outstanding at the time of such execution and presentation of his 2019 Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such 2019 Bonds. If the Supplemental Indenture shall so provide, new 2019 Bonds so modified as to conform, in the opinion of the Corporation and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Corporation and authenticated by the Trustee, and upon demand on the Owners of any 2019 Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any 2019 Bond Owner, for 2019 Bonds then Outstanding, upon surrender for cancellation of such 2019 Bonds, in equal aggregate principal amount of the same series and maturity.

Amendment of Particular 2019 Bonds

The provisions of the First Supplemental Indenture shall not prevent any 2019 Bond Owner from accepting any amendment as to the particular 2019 Bonds held by him.

DEFEASANCE

Discharge of First Supplemental Indenture

Any or all of the Outstanding 2019 Bonds may be paid by the Corporation in any of the following ways, provided that the Corporation also pays or causes to be paid any other sums payable under the First Supplemental Indenture by the Corporation:

(a) by paying or causing to be paid the principal of and interest and premium (if any) on such 2019 Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the First Supplemental Indenture) to pay or redeem such 2019 Bonds; or

(c) by delivering to the Trustee, for cancellation by it, all of such 2019 Bonds.

If the Corporation shall also pay or cause to be paid all other sums payable under the First Supplemental Indenture by the Corporation, then and in that case, at the election of the Corporation (evidenced by a Written Certificate of the Corporation, filed with the Trustee, signifying the intention of the Corporation to discharge all such indebtedness and the First Supplemental Indenture), and notwithstanding that any of such 2019 Bonds shall not have been surrendered for payment, the First Supplemental Indenture and the pledge of Revenues and other assets made under the First Supplemental Indenture with respect to such 2019 Bonds and all covenants, agreements and other obligations of the Corporation under the First Supplemental Indenture with respect to such 2019 Bonds shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the Corporation, the Trustee shall execute and deliver to the Corporation all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the County all moneys or securities or other property held by it pursuant to the First Supplemental Indenture which are not required for the payment or redemption of any of such 2019 Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on 2019 Bonds

Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the First Supplemental Indenture) to pay or redeem any Outstanding 2019 Bonds (whether upon or prior to the maturity or the redemption date of such 2019 Bonds), provided that, if such 2019 Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the First Supplemental Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Corporation in respect of such 2019 Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of the First Supplemental Indenture.

The Corporation may at any time surrender to the Trustee for cancellation by it any 2019 Bonds previously issued and delivered, which the Corporation may have acquired in any manner whatsoever, and such 2019 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Trustee

Whenever in the First Supplemental Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any 2019 Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the First Supplemental Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2019 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2019 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the First Supplemental Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such 2019 Bonds and all unpaid interest thereon to the redemption date; or

(b) non-callable Federal Securities, the principal of and interest on which when due will, in the written opinion of an Independent Accountant filed with the County, the Corporation and the Trustee, provide money sufficient to pay the principal of and interest and premium (if any) on the 2019 Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of 2019 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the First Supplemental Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of the First Supplemental Indenture or by Written Request of the Corporation) to apply such money to the payment of such principal, interest and premium (if any) with respect to such 2019 Bonds, and (ii) the Corporation shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such 2019 Bonds have been discharged in accordance with the First Supplemental Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above).

Unclaimed Funds

Notwithstanding any provisions of the First Supplemental Indenture, and subject to applicable provisions of State law, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2019 Bonds and remaining unclaimed for two (2) years after the principal of such 2019 Bonds has become due and payable (whether at maturity or upon call for redemption as provided in the First Supplemental Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when such 2019 Bonds became due and payable, shall be repaid to the Corporation free from the trusts created by the First Supplemental Indenture upon receipt of a Written Request of the Corporation, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided/ however, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee shall (at the cost of the County) first mail to the Owners of 2019 Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2019 Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof.

MISCELLANEOUS

Liability of Corporation Limited to Revenues

Notwithstanding anything in the First Supplemental Indenture or in the 2019 Bonds contained, the Corporation shall not be required to advance any moneys derived from any source other than the Revenues under the First Supplemental Indenture for any of the purposes in the First Supplemental Indenture mentioned, whether for the payment of the principal of or interest on the 2019 Bonds or for any other purpose of the First Supplemental Indenture. Nevertheless, the Corporation may, but shall not be required to, advance for any of the purposes of the First Supplemental Indenture any legally available funds of the Corporation which may be made available to it for such purposes.

Limitation of Rights to Parties and 2019 Bond Owners

Nothing in the First Supplemental Indenture or in the 2019 Bonds expressed or implied is intended or shall be construed to give to any person other than the Corporation, the Trustee, the County, and the Owners of the 2019 Bonds, any legal or equitable right, remedy or claim under or in respect of the First Supplemental Indenture or any covenant, condition or provision therein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Corporation, the Trustee, the County, and the Owners of the 2019 Bonds.

Funds and Accounts

Any fund or account required by the First Supplemental Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of the First Supplemental Indenture and for the protection of the security of the 2019 Bonds and the rights of every Owner thereof.

Waiver of Notice; Requirement of Mailed Notice

Whenever in the First Supplemental Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in the First Supplemental Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Destruction of 2019 Bonds

Whenever in the First Supplemental Indenture provision is made for the cancellation by the Trustee and the delivery to the Corporation of any 2019 Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such 2019 Bonds as may be allowed by law, and deliver a certificate of such destruction to the Corporation upon its request.

Severability of Invalid Provisions

If any one or more of the provisions contained in the First Supplemental Indenture or in the 2019 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in the First Supplemental Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of the First Supplemental Indenture, and the First Supplemental Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained therein. The Corporation declares that it would have entered into the First Supplemental Indenture and each and every other Section, paragraph, sentence, clause or phrase thereof and authorized the issuance of the 2019 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the First Supplemental Indenture may be held illegal, invalid or unenforceable.

Evidence of Rights of 2019 Bond Owners

Any request, consent or other instrument required or permitted by the First Supplemental Indenture to be signed and executed by 2019 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2019 Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2019 Bonds transferable by delivery, shall be sufficient for any purpose of the First Supplemental Indenture and shall be conclusive in favor of the Trustee and the Corporation if made in the manner provided in the First Supplemental Indenture.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of 2019 Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2019 Bond shall bind every future Owner of the same 2019 Bond and the Owner of every 2019 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Corporation in accordance therewith or reliance thereon.

Disqualified 2019 Bonds

In determining whether the Owners of the requisite aggregate principal amount of 2019 Bonds have concurred in any demand, request, direction, consent or waiver under the First Supplemental Indenture, 2019 Bonds which are known by the Trustee to be owned or held by or for the account of the Corporation or the County, or by any other obligor on the 2019 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Corporation or the County or any other obligor on the 2019 Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2019 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the First Supplemental Indenture if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such 2019 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Corporation or the County or any other obligor on the 2019 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Corporation and the County shall specify in a certificate to the Trustee those 2019 Bonds disqualified pursuant to the First Supplemental Indenture and the Trustee may conclusively rely on such certificate.

Conflicts with Original Indenture

In the event that any term or provision of the First Supplemental Indenture conflicts with the provisions of the Original Indenture as it relates to the 2019 Bonds, then the provisions of the First Supplemental Indenture shall control.

LEASE AGREEMENT

Definitions

Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in the Lease Agreement shall have the respective meanings specified in the Indenture. In addition, the following terms heretofore defined in the Lease Agreement and the following terms defined in the Indenture shall, for all purposes of the Lease Agreement, have the respective meanings herein specified.

"Additional Rent" means the amounts of additional rent which are payable by the County pursuant to the Lease Agreement.

"Corporation" means the County of Riverside Asset Leasing Corporation.

"County" means the County of Riverside.

"Event of Default" means any of the events of default defined as such in the Lease Agreement.

"Fiscal Year" means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period established by the County as its fiscal year pursuant to written notice filed with the Corporation and the Trustee.

"Ground Lease" means the Ground Lease Agreement, dated as of the date hereof, by and between the County, as lessor, and the Corporation, as lessee.

"Hazardous Substance" means any substance, pollutant or contamination included in such (or any similar) term under any federal, state or local statute, law, ordinance, code or regulation now in effect or hereafter enacted or amended.

"Indenture" means the Indenture of Trust dated as of July 1, 2013, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"Lease Payment Date" means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

"Lease Payments" means the amounts payable by the County pursuant to the Lease Agreement, including any prepayment thereof pursuant hereto and including any amounts payable upon a delinquency in the payment thereof.

"Leased Premises" means the Sites and Facilities described herein.

"Offices of the Public Defender" means the office building to be improved, located at 4075 Main Street, Riverside, California 92501 and as described in the Lease Agreement.

"Sites" means the real property described in the Lease Agreement.

"Sublease" means the existing tenant leases with respect to the Leased Premises.

"Term" means the time during which the Lease Agreement and the Ground Lease are in effect, as provided in the Lease Agreement.

"Trustee" means Wells Fargo Bank, N.A. or any successor thereto acting as Trustee pursuant to the Indenture.

LEASE; TERM OF THE LEASE AGREEMENT; RENTAL PAYMENTS

Lease by Corporation and Lease to County.

(a) For consideration described therein, the County has leased to the Corporation, pursuant to the Ground Lease, the Sites and any facilities therein for the Term stated therein, plus one week following the end of the Term of the Ground Lease.

(b) The Corporation hereby leases the Leased Premises to the County, and the County hereby leases the Leased Premises from the Corporation, upon the terms and conditions set forth in the Lease Agreement.

(c) The County hereby takes possession of the Leased Premises on the Closing Date.

(d) Following the Closing Date the Corporation and the County shall commence acquisition, construction and improvement of the 2013 Projects pursuant to the terms of the Agency Agreement.

Term of Lease Agreement

The Term of the Lease Agreement shall commence on July 17, 2013 and shall end on November 1, 2043, unless such term is extended as hereinafter provided or unless Lease Payments have been paid or prepaid in full or provision shall have been made for such payment pursuant to the Lease Agreement. If on November 1, 2043, the Indenture shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended until the earlier of November 1, 2053, or the date the Indenture shall be discharged by its terms. If prior to November 1, 2043, the Indenture shall be discharged by its terms and any amounts then owed to the Trustee have been paid in full, the Term of the Lease Agreement shall thereupon end.

Lease Payments; Security Deposit

(a) Obligation to Pay. In consideration of the lease by the Corporation of the Site and in consideration of the issuance of the Bonds by the Corporation for the purpose of constructing and acquiring the Facilities, and subject to the provisions of Sections 6.01 and 6.03, the County agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Leased Premises during each Fiscal Year, the Lease Payments (denominated into components of principal and interest) for the Leased Premises in the respective amounts specified in Exhibit B hereto, to be due and payable on the fifteenth day prior to each respective Interest Payment Date specified in Exhibit B hereto. Any amount held in the Bond Fund (but not including any amounts on deposit in the Reserve Fund), the Interest Account, the Sinking Account or the Principal Account (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to the Lease Agreement) on any Lease Payment Date shall be credited towards the Lease Payment then due and payable as permitted under the Indenture. The Lease Payments coming due and payable in any Fiscal Year shall be for the use of the Leased Premises for such Fiscal Year.

(b) Effect of Prepayment. In the event that the County prepays all Lease Payments in full pursuant to the Lease Agreement, the County's obligations under the Lease Agreement shall thereupon cease and terminate, including but not limited to the County's obligation to pay Lease Payments under the Lease Agreement. In the event that the County prepays the Lease Payments in part but not in whole pursuant to Section 4.05, the Corporation shall provide, or cause to be provided, to the Trustee and the County a revised schedule of Lease Payments due after such partial prepayment, which revised schedule of Lease Payments shall be sufficient to provide for the scheduled payment of remaining principal of and interest on the Bonds, and which schedule shall represent an adjustment to the schedule of Lease Payments set forth in Exhibit B hereto after taking into account said partial prepayment.

(c) Rate on Overdue Payments. In the event the County should fail to make any of the payments required in the Lease Agreement, the payment in default shall continue as an obligation of the County until the amount in default shall have been fully paid, and the County agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum equal to the average interest rate on the Bonds. Such interest, if received, shall be deposited in the Bond Fund.

(d) Fair Rental Value. The Lease Payments and Additional Rent coming due and payable hereunder in each Fiscal Year shall constitute the total rent for the Leased Premises for each Fiscal Year and shall be paid by the County in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Premises during each Fiscal Year. The parties hereto have agreed and determined that the total amount of such Lease Payments and Additional Rent for the Leased Premises do not exceed the fair rental value of the Leased Premises. In making such determination, consideration has been given to the obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the County and the general public.

(e) Source of Payments; Budget and Appropriation. The Lease Payments shall be payable from any source of available funds of the County, subject to the provisions of the Lease Agreement. The County covenants to take such action as may be necessary to include all Lease Payments and Additional Rent due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Additional Rent. The covenants on the part of the County herein contained shall be deemed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the County.

The County and the Corporation understand and intend that the obligation of the County to pay Lease Payments and other payments hereunder constitutes a current expense of the County and shall not in any way be construed to be a debt of the County in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the County, nor shall anything contained herein constitute a pledge of the general tax revenues, funds or moneys of the County. Lease Payments due hereunder shall be payable only from current funds which are budgeted and appropriated, or otherwise legally available, for the purpose of paying Lease Payments or other payments due hereunder as consideration for use of the Leased Premises during the Fiscal Year for which such funds were budgeted and appropriated or otherwise made legally available for such purpose. The Lease Agreement shall not create an immediate indebtedness for any aggregate payments which may become due hereunder. The County has not pledged the full faith and credit of the County, the State or any agency or department thereof to the payment of the Lease Payments or any other payments due hereunder, the Bonds or the interest thereon.

(f) Assignment. The County understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the Indenture, for the benefit of the Owners of the Bonds, and the County hereby assents to such assignment. The Corporation hereby directs the County, and the County hereby agrees, to pay all of the Lease Payments to the Trustee at its Office.

(g) Security Deposit. Notwithstanding any other provision of the Lease Agreement, the County may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts, is either (i) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the related Lease Payment schedule set forth in Exhibit B, or (ii) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due hereunder or on any optional prepayment date pursuant to the Lease Agreement, as the County shall instruct at the time of said deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of the Lease Agreement. In connection with the making of any such security deposit, the Corporation shall take, and shall cause the Trustee to take, any actions necessary to remove the appropriate portions of the Leased Premises from the lien of the Lease Agreement.

(h) Delinquent Lease Payments. Any delinquent Lease Payment shall be made to the Trustee for application as set forth in the Indenture.

Quiet Enjoyment

During the Term of the Lease Agreement, the Corporation shall provide the County with quiet use and enjoyment of the Leased Premises, and the County shall, during such Term, peaceably and quietly have and hold and enjoy the Leased Premises without suit, trouble or hindrance from the Corporation, except as expressly set forth in the Lease Agreement. The Corporation will, at the request of the County and at the County's cost, join in any legal action in which the County asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Leased Premises as provided in the Lease Agreement.

Title

During the Term of the Lease Agreement, the Corporation shall hold a leasehold in the Leased Premises, and in any and all additions which comprise fixtures, repairs, replacements or modifications to the Leased Premises, except for those fixtures, repairs, replacements or modifications which are added to the Leased Premises by the County at its own expense and which may be removed without damaging the Leased Premises and except for any items added to the Leased Premises by the County pursuant to the Lease Agreement.

Additional Rent

In addition to the Lease Payments, the County shall pay when due the following items of Additional Rent:

(a) all fees and expenses incurred by the Corporation in connection with or by reason of its leasehold estate in the Leased Premises as and when the same become due and payable;

(b) all reasonable compensation and indemnification to the Trustee pursuant to the Indenture for all services rendered under the Indenture and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Indenture;

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Corporation or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under the Lease Agreement or the Indenture; and

(d) the reasonable out-of-pocket expenses of the Corporation in connection with the execution and delivery of the Lease Agreement or the Indenture, or in connection with the issuance of the Bonds, including but not limited to amounts payable pursuant to the Lease Agreement, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, or incurred by the Corporation in connection with any litigation which may at any time be instituted involving the Lease Agreement, the Bonds, the Indenture or any of the other documents contemplated hereby or thereby, or otherwise incurred in connection with the administration of the Lease Agreement.

Substitution or Release of Leased Premises

The County shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement, to substitute other land, facilities or improvements (the "Substitute Leased Premises") for the Leased Premises or any portion thereof (the "Former Leased Premises") or to release a portion of the Leased Premises (the "Released Premises") from the lien of the Lease Agreement, provided that the County shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution or release:

(a) The County shall provide written notification of such substitution or release to the Trustee and Rating Agencies, which notice shall contain the certification that all conditions set forth in the Lease Agreement are met with respect to such substitution or release.

(b) The County shall take all actions and shall execute all documents required to subject the Substitute Leased Premises to the terms and provisions of the Lease Agreement, including the filing with the Corporation and the Trustee an amended Exhibit A which adds thereto a description of the Substitute Leased Premises and deletes therefrom the description of the Former Leased Premises or the Released Premises, as applicable.

(c) (i) In the case of a substitution, the County shall determine and certify in writing to the Corporation and the Trustee that the fair rental value of the Substitute Leased Premises is at least equal to the fair rental value of the Former Leased Premises and that the Substitute Leased Premises is essential to the governmental functions of the County.

(a) (ii) In the case of a release, the County shall determine and certify to the Corporation and the Trustee that the fair rental value of the remaining Leased Premises after removal of the Released Premises is at least equal to the then remaining Lease Payments.

(d) In the case of a substitution, the County shall certify in writing to the Corporation and the Trustee that the Substitute Leased Premises serve the public purposes of the County and constitute property which the County is permitted to lease under the laws of the State.

(e) In the case of a substitution, the County shall certify in writing to the Corporation and the Trustee that the estimated useful life of the Substitute Leased Premises at least extends to the date on which the final Lease Payment becomes due and payable hereunder.

(f) In the case of a substitution, the County shall obtain a ALTA policy of title insurance meeting the requirements of the Lease Agreement with respect to any real property portion of the Substitute Leased Premises.

(g) In the case of a substitution, the substitution of the Substitute Leased Premises shall not cause the County to violate any of its covenants, representations and warranties made herein.

(h) The County shall obtain and cause to be filed with the Trustee and the Corporation an opinion of Bond Counsel stating that such substitution or release is permitted hereunder and does not cause interest on the Bonds to become includable in the gross income of the Bond Owners for federal income tax purposes.

(i) Notwithstanding the foregoing, the County may substitute the Offices of the Public Defender for the Interim Site and Facilities without undertaking any actions above in the Lease Agreement, including obtaining consent of the Trustee, excepting only (a) the delivery of a policy of title insurance described in (f) subject only to Permitted Encumbrances in an amount which, together with the amount of title insurance applicable to the unreleased portion of the Leased Premises equals at least the aggregate principal amount of the 2013 Bonds then outstanding, and (b) an opinion of bond counsel described in (h) above.

From and after the date on which all of the foregoing conditions precedent to such substitution or release are satisfied, the lien of the Lease Agreement shall cease with respect to the Former Leased Premises or Released Premises, as applicable, and shall be continued with respect to the Substitute Leased Premises and the remaining Leased Premises and all references herein to the Former Leased Premises shall apply with full force and effect to the Substitute Leased Premises. The County shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution or release.

MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Maintenance, Utilities, Taxes and Assessments

Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Leased Premises, all improvement, repair and maintenance of the Leased Premises shall be the responsibility of the County and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Premises which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Leased Premises, as hereinbefore more specifically set forth. The County waives the benefits of subsections 1 and 2 of Section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the County under the terms of the Lease Agreement.

The County shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the County affecting the Leased Premises or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the County that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Corporation in the Leased Premises will be materially endangered or the Leased Premises or any part thereof will be subject to loss or forfeiture, in which event the County shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

Modification of Leased Premises

The County shall, at its own expense, have the right to make additions, modifications and improvements to the Facilities subject to the reasonable review and approval by the Corporation. All additions, modifications and improvements to the Facilities shall thereafter comprise part of the Facilities and be subject to the provisions of the Lease Agreement. Such additions, modifications and improvements shall be consistent with the use of the Facilities and shall not in any way damage the Facilities or cause the Facilities to be used for purposes other than those authorized under the provisions of State and federal law; and the County shall file with the Trustee and the Corporation a Certificate stating that, upon completion of any additions, modifications and improvements made thereto pursuant to the Lease Agreement, the Leased Premises shall be of a value which is not substantially less than the value of the Leased Premises immediately prior to the making of such additions, modifications and improvements. The County will not permit any mechanic's or other lien to be established or remain against the Leased Premises for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the County pursuant to the Lease Agreement; provided that if any such lien is established and the County shall first notify or cause to be notified the Corporation of the County's intention to do so, the County may in good faith contest any lien filed or established against the Leased Premises, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the County.

Public Liability and Property Damage Insurance

The County shall maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the County, a standard comprehensive general insurance policy or policies in protection of the Corporation, County, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $100,000 (subject to a deductible clause of not to exceed $25,000) of damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy or policies in the amount of $3,000,000 covering all such risks. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the County shall deem adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and may be maintained in whole or in part in the form of self-insurance by the County, subject to the provisions of the Lease Agreement, or in the form of the participation by the County in a joint powers agency or other program providing pooled insurance. In the case of the County's self-insurance of public liability and workers' compensation, the County may maintain a self-insured retention, and pay up to $500,000 of each liability claim and up to $300,000 of each worker's compensation claim, so long as the provisions of the Lease Agreement have been met. The proceeds of such liability insurance shall be applied by the County toward extinguishment or satisfaction of the liability with respect to which paid.

Casualty Insurance

The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to any Facilities by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance, shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the judgment of the County's risk manager. Such insurance shall be in an amount at least equal to the lesser of (a) one hundred percent (100%) of the replacement cost of the Facilities; or (b) the aggregate unpaid principal components of the Lease Payments allocable to the Facilities. Such insurance may be subject to such deductibles as the County shall deem prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance. The Net Proceeds of such insurance shall be applied as provided in the Lease Agreement.

Each policy of insurance to be maintained by the County pursuant to this Section 5.04 shall (a) provide for the full payment of insurance proceeds up to the applicable dollar limit in connection with damage to the Leased Premises and Facilities and shall, under no circumstances, be contingent upon the degree of damage sustained at other facilities owned or leased by the County; and (b) explicitly waive any co-insurance penalty.

Rental Interruption Insurance

The County shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any Facilities on the Leased Premises, as a result of any of the hazards covered by the insurance required by the Lease Agreement, in an amount at least equal to the maximum Lease Payments allocable to the Facilities coming due and payable during any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the County, and may be maintained in whole or in part in the form of the participation by the County in a joint powers agency or other program providing pooled insurance. The proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Bond Fund, and shall be applied for the uses and purposes set forth in the Indenture.

Recordation Hereof; Title Insurance

On or before the Closing Date the County shall, at its expense, (a) cause the Lease Agreement, or a memorandum hereof in form and substance approved by Bond Counsel, to be recorded in the office of the Riverside County Recorder; and (b) obtain a ALTA policy of title insurance insuring the County's leasehold estate hereunder, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under said policy shall be deposited with the Trustee in the Redemption Fund and shall be applied to the redemption of the Bonds pursuant to the Indenture.

Net Proceeds of Insurance; Form of Policies

(a) Each policy of insurance maintained pursuant to the Lease Agreement shall name the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee and shall name the Corporation, the County and the Trustee as insureds. The County shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency or amount of any insurance or self-insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The County shall cause to be delivered to the Trustee annually, no later than December 1 in each year, a certificate stating that all of the insurance policies required by the Lease Agreement are in full force and effect and identifying whether any such insurance is then maintained in the form of self-insurance.

(b) In the event that any insurance maintained pursuant to the Lease Agreement shall be provided in the form of self-insurance, the County shall file with the Trustee annually, no later than December 1 of each year, a statement of the risk manager of the County or an independent insurance adviser engaged by the County identifying the extent of such self-insurance and stating the determination that the County maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the County, the County shall not be obligated to make any payment with respect to any insured event except from such reserves. The Trustee shall not be responsible for the sufficiency or adequacy of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(c) If the County shall fail to perform any of its obligations under the Lease Agreement, the Corporation or the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the County shall be obligated to repay all such advances as soon as possible, with interest at the rate payable by the Corporation on the Bonds from the date of the advance to the date of repayment.

Installation of Personal Property

The County may, at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Leased Premises. All such items shall remain the sole property of the County, in which neither the Corporation nor the Trustee shall have any interest, and may be modified or removed by the County at any time provided that the County shall repair and restore any and all damage to the Leased Premises and Facilities resulting from the installation, modification or removal of any such items. Nothing in the Lease Agreement shall prevent the County from purchasing or leasing items to be installed pursuant to the Lease Agreement under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Premises and Facilities.

Liens

Neither the County nor the Corporation shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to any portion of the Leased Premises, other than the respective rights of the Corporation and the County as provided herein and other than Permitted Encumbrances. Except as expressly provided in the Lease Agreement, the County and the Corporation shall promptly, at their own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The County shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

(a) Eminent Domain. If all of the Leased Premises shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Leased Premises shall be taken permanently, or if all of the Leased Premises or any part thereof shall be taken temporarily under the power of eminent domain, (a) the Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary; and (b) there shall be a partial abatement of Lease Payments in an amount to be agreed upon by the County and the Corporation such that the resulting Lease Payments for the Leased Premises, represent fair consideration for the use and occupancy of the remaining usable portion of the Leased Premises.

(b) Damage or Destruction. The Net Proceeds of any insurance award resulting from any damage to or destruction of any structure on the Leased Premises by fire or other casualty shall be deposited in the Insurance and Condemnation Fund by the Trustee promptly upon receipt thereof and, if the County and Corporation determine that the replacement, repair, restoration, modification or improvement of such Leased Premises is not economically feasible or in the best interest of the County and Corporation, the County shall certify to the Trustee and then such Net Proceeds shall be promptly transferred by the Trustee to the Redemption Fund and applied as provided in the Lease Agreement, and the Lease Agreement shall be terminated; provided, however, that in the event of damage or destruction of the Leased Premises in full, such Net Proceeds may be transferred to the Redemption Fund only if sufficient, together with other money available therefor, to cause the redemption of all Outstanding Bonds. All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Redemption Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed Lease Premises by the County, and the Lease Agreement shall remain in effect, subject to the provisions of the Lease Agreement upon receipt of a requisition signed by the Authorized Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the Corporation.

Abatement of Lease Payments in the Event of Damage or Destruction

The Lease Payments allocable to the Leased Premises shall be abated during any period in which by reason of damage or destruction (other than by eminent domain which is hereinbefore provided for) there is substantial interference with the use and occupancy by the County of the Facilities or any portion thereof. The amounts of the Lease Payments under such circumstances may not be less than the amounts of the unpaid Lease Payments, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Facilities not damaged or destroyed, based upon the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the County waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there may be no abatement of Lease Payments to the extent that (a) the proceeds of rental interruption insurance, are available to pay Lease Payments; or (b) amounts in the Bond Fund are available to pay Debt Service payable from Lease Payments which would otherwise be abated.

DISCLAIMER OF WARRANTIES; ACCESS

Disclaimer of Warranties

Neither the Corporation nor the Trustee makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the County of the Leased Premises and Facilities, or any other representation or warranty with respect to the Leased Premises and Facilities. In no event shall the Corporation, the

Trustee, and their respective assigns be liable for incidental, indirect, special or consequential damages in connection with or arising out of the Lease Agreement or the Indenture for the existence, furnishing, functioning or the County's use of the Leased Premises and Facilities.

Rights of Access

The County agrees that the Corporation and any Authorized Representative of the Corporation, and the Corporation's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Leased Premises and Facilities. The County further agrees that the Corporation, any Authorized Representative of the Corporation, and the Corporation's successors or assigns shall have such rights of access to the Leased Premises and Facilities as may be reasonably necessary to cause the proper maintenance of the Leased Premises and Facilities in the event of failure by the County to perform its obligations hereunder.

Release and Indemnification Covenants

To the extent permitted by law, the County shall and hereby agrees to indemnify and save the Corporation and the Trustee and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Leased Premises and Facilities by the County; (b) any breach or default on the part of the County in the performance of any of its obligations under the Lease Agreement; (c) any act or negligence of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Premises and Facilities; (d) the use, presence, storage, disposal of any Hazardous Substances on or about the Leased Premises and Facilities; or (e) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party; (f) any act or negligence of any sublessee of the County with respect to the Leased Premises and Facilities. No indemnification is made the Lease Agreement for willful misconduct or negligence under the Lease Agreement by the Corporation, the Trustee or any of their respective officers, agents, employees, successors or assigns.

ASSIGNMENT, SUBLEASING AND AMENDMENT

Assignment by the Corporation

The Corporation's rights under the Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the County under the Lease Agreement, have been pledged and assigned to the Trustee for the benefit of the Owners of the Bonds pursuant to the Indenture, to which pledge and assignment the County hereby consents. The assignment of the Lease Agreement to the Trustee is solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article VIII thereof.

Assignment and Subleasing by the County

The Lease Agreement may not be assigned by the County. In addition to the existing Subleases, the County may sublease the Leased Premises or any portion thereof, subject to all of the following conditions:

(a) the Lease Agreement and the obligation of the County to make Lease Payments hereunder shall remain obligations of the County;

(b) the County shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the County shall cause the Leased Premises to be used for a purpose other than as may be authorized under the provisions of the laws of the State; and

(d) the County shall furnish the Corporation and the Trustee with a written opinion of Bond Counsel, stating that such sublease is permitted by the Lease Agreement and the Indenture, and will not cause the interest on the Bonds to become included in gross income for federal income tax purposes.

Amendment

The Corporation and the County may at any time amend or modify any of the provisions of the Lease Agreement, but only (a) with the prior written consent of a majority in aggregate principal amount of the Bonds Outstanding, or (b) without the consent of any of the Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the County;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Corporation and the County may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds;

(iii) to amend any provision thereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest on the Bonds under the Tax Code, in the opinion of Bond Counsel;

(iv) to amend the description of the Leased Premises set forth in the Lease Agreement to add property acquired by the County and the Corporation from proceeds on deposit in the Project Fund or to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release pursuant the Lease Agreement; or

(v) to obligate the County to pay additional amounts of rental hereunder for the use and occupancy of the Leased Premises and Facilities, provided that (A) no Event of Default has occurred and is continuing under the Lease, (B) such additional amounts of rental do not cause the total rental payments made by the County hereunder to exceed the fair rental value of the Leased Premises and Facilities, as set forth in a certificate of a County Representative filed with the Trustee and the Corporation, (C) the County shall have obtained and filed with the Trustee and the Corporation a Written Certificate of an Authorized Representative of the County showing that the fair rental value of the Leased Premises and Facilities is not less than the sum of the aggregate unpaid principal components of the Lease Payments and the aggregate principal components of such additional amounts of rental, and (D) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which shall be applied to finance the construction or acquisition of land, facilities or other capital improvements which are authorized pursuant to the laws of the State.

EVENTS OF DEFAULT; REMEDIES

Events of Default Defined

The following shall be "Events of Default" under the Lease Agreement:

(a) Failure by the County to pay any Lease Payment required to be paid hereunder at the time specified herein.

(b) Failure by the County to make any Additional Rent payment required hereunder and the continuation of such failure for a period of thirty (30) days.

(c) Failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the County by the Corporation or the Trustee; provided, however, that if in the reasonable opinion of the County the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if the County shall commence to cure such failure within such sixty (60) day period and thereafter diligently and in good faith shall cure such failure in a reasonable period of time.

(d) The filing by the County of a voluntary petition in bankruptcy, or failure by the County promptly to lift any execution, garnishment or attachment, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of creditors, or the entry by the County into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceedings instituted under the provisions of applicable federal bankruptcy law, or under any similar acts which may hereafter be enacted.

Remedies on Default

Whenever any Event of Default referred to in the Lease Agreement shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything to the contrary herein or in the Indenture, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable or to terminate the Lease Agreement or to cause the leasehold interest of the Corporation or the subleasehold interest of the County in the Leased Premises to be sold, assigned or otherwise alienated. Each and every covenant hereof to be kept and performed by the County is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights of entry and re-entry upon the Leased Premises. In the event of such default and notwithstanding any re-entry by the Corporation, the County shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions herein contained, and in any event such rent and damages shall be payable to the Corporation at the time and in the manner as herein provided, to wit:

(a) The County agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Premises, or, in the event the Corporation is unable to relet the Leased Premises, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Premises or the exercise of any other remedy by the Corporation.

(b) The County hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to enter upon and re-lease the Leased Premises in the event of default by the County in the performance of any covenants herein contained to be performed by the County and to remove all personal property whatsoever situated upon the Leased Premises to place such property in storage or other suitable place in the County of Riverside, for the account of and at the expense of the County, and the County hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Premises and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained.

(c) The County hereby waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Leased Premises as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Premises and all claims for damages to or loss of any property belonging to the County that may be in or upon the Leased Premises.

(d) The County agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Premises in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Corporation in effecting such releasing shall constitute a surrender or termination of the Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

(e) The County further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-leasing the Leased Premises.

No Remedy Exclusive

No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall, except as herein expressly provided to the contrary, be in addition to every other remedy given under the Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in the Lease Agreement it shall not be necessary to give any notice, other than such notice as may be required in the Lease Agreement or by law.

Agreement to Pay Attorneys' Fees and Expenses

In the event either party to the Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

No Additional Waiver Implied by One Waiver

In the event any agreement contained in the Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Trustee and Bondholder to Exercise Rights

Such rights and remedies as are given to the Corporation under the Lease Agreement have been assigned by the Corporation to the Trustee under the Indenture, to which assignment the County hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture to the extent that the Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of the Lease Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

MISCELLANEOUS

Binding Effect

The Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the County and their respective successors and assigns.

Severability

In the event any provision of the Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Applicable Law

The Lease Agreement shall be governed by and construed in accordance with the laws of the State.

AMENDMENT NO. 2 TO LEASE AGREEMENT

DEFINITIONS AND EXHIBITS

Definitions

Unless the context clearly otherwise requires or unless otherwise defined in the Amendment No. 2 to Lease Agreement, the capitalized terms in the Amendment No. 2 to Lease Agreement shall have the respective meanings specified in the Lease Agreement and the Indenture. In addition, the following terms defined in the Amendment No. 2 to Lease Agreement, for all purposes of the Amendment No. 2 to Lease Agreement, have the respective meanings specified in the Amendment No. 2 to Lease Agreement.

"Amendment No. 1 to Lease Agreement" means the Amendment No. 1 to Ground Lease and Lease Agreement, dated as of July 1, 2018, between the County and the Corporation.

"First Supplemental Indenture" means the First Supplemental Indenture of Trust, by and between the Trustee and the Corporation

"Hazardous Substance" means any substance, pollutant or contamination included in such (or any similar) term under any federal, state or local statute, law, ordinance, code or regulation now in effect or hereafter enacted or amended.

"Indenture" means the Original Indenture, as amended and supplemented by that First Supplemental Indenture, each by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"Lease Payments" means the amounts payable by the County pursuant to the Amendment No. 2 to Lease Agreement, including any optional purchase payments pursuant to the Amendment No. 2 to Lease Agreement and including any amounts payable upon a delinquency in the payment thereof.

"Original Indenture" means the Indenture of Trust, dated as of July 1, 2013, by and between the Corporation and the Trustee.

"Permitted Encumbrances" means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may permit to remain unpaid pursuant to the Amendment No. 2 to Lease Agreement; (b) the Ground Lease; (c) the Lease Agreement, Amendment No. 1 to Lease Agreement, Amendment No. 2 to Lease Agreement, the Indenture and any other agreement or other document contemplated under the Amendment No. 2 to Lease Agreement to be recorded against the Site; (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the County certifies in writing will not materially impair the use of the Site for their intended purposes.

Representations, Covenants and Warranties of the County

The County makes the following covenants, representations and warranties to the Corporation as of the date of the execution and delivery of the Amendment No. 2 to Lease Agreement:

(a) Due Organization and Existence. The County is a division of the State duly organized and validly existing under the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Amendment No. 2 to Lease Agreement and to carry out and consummate all transactions contemplated thereby, and by proper action the County has duly authorized the execution and delivery of the Amendment No. 2 to Lease Agreement.

(b) Due Execution. The representatives of the County executing the Amendment No. 2 to Lease Agreement have been fully authorized to execute the same pursuant to a resolution duly adopted by the Board of Supervisors of the County.

(c) Valid, Binding and Enforceable Obligations; Defense of Rights. The Amendment No. 2 to Lease Agreement has been duly authorized, executed and delivered by the County, and if properly executed by the parties to it, constitutes the legal, valid and binding agreement of the County enforceable against the County in accordance with the terms of the Amendment No. 2 to Lease Agreement subject to bankruptcy, insolvency, reorganization or other similar laws, affecting the enforcement of creditors' right in general and by general equity principles. The County covenants to defend all of its rights under the Amendment No. 2 to Lease Agreement, the Lease Agreement and the Ground Lease.

(d) No Conflicts. The execution and delivery of the Amendment No. 2 to Lease Agreement, the consummation of the transactions therein contemplated and the fulfillment of or compliance with the terms and conditions thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the County is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the County, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Amendment No. 2 to Lease Agreement or the financial condition, assets, properties or operations of the County.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the County or of the voters of the County, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Amendment No. 2 to Lease Agreement, or the consummation of any transaction therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the County after reasonable investigation, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Amendment No. 2 to Lease Agreement, or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Amendment No. 2 to Lease Agreement or the financial conditions, assets, properties or operations of the County.

(g) Use of Leased Premises; Essentiality. The Leased Premises shall be used solely for the purpose of providing offices and services for the County of Riverside. The Leased Premises constitute property that is essential to carrying out the governmental functions of the County.

Representations, Covenants and Warranties of Corporation

The Corporation makes the following covenants, representations and warranties to the County as of the date of the execution and delivery of the Amendment No. 2 to Lease Agreement:

(a) Due Organization and Existence. The Corporation is a non-profit public benefit corporation duly organized and existing under and by virtue of the laws of the State; has power to enter into the Amendment No. 2 to Lease Agreement; is possessed of full power to own and hold, improve and equip real and personal property, and to lease the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(b) Due Execution. The representatives of the Corporation executing the Amendment No. 2 to Lease Agreement and the Indenture are fully authorized to execute the same pursuant to official action taken by the governing body of the Corporation.

(c) Valid Binding and Enforceable Obligations; Defense of Rights. The Amendment No. 2 to Lease Agreement and the First Supplemental Indenture have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms subject to bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' right in general and by general equity principles. The Corporation covenants to defend all of its rights under the Amendment No. 2 to Lease Agreement, the Lease Agreement and the Ground Lease.

(d) No Conflicts. The execution and delivery of the Amendment No. 2 to Lease Agreement and the First Supplemental Indenture, the consummation of the transactions in the Amendment No. 2 to Lease Agreement and therein contemplated and the fulfillment of or compliance with the terms and conditions thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Amendment No. 2 to Lease Agreement and the First Supplemental Indenture or the financial condition, assets, properties or operations of the Corporation.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Amendment No. 2 to Lease Agreement or the First Supplemental Indenture, or the consummation of any transaction therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease Agreement, the Ground Lease, or the First Supplemental Indenture, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Amendment No. 2 to Lease Agreement or the Indenture or the financial conditions, assets, properties or operations of the Corporation.

Refinancing of a Portion of the 2013 Projects; Leasing of Leased Premises

The Corporation and the County have accomplished the acquisition, construction, improvement, equipping and furnishing of the 2013 Projects. The County has taken possession of the Leased Premises under the Amendment No. 2 to Lease Agreement and Lease Payments thereunder shall pay debt service on the 2013 Bonds and the 2019 Bonds.

Payment of Costs of Issuance

Payment of all Costs of Issuance shall be made from the moneys deposited with the Trustee in the 2019 Costs of Issuance Fund, which moneys shall be disbursed for such purpose in accordance with the First Supplemental Indenture. Any Costs of Issuance for the payment of which insufficient funds shall be available on deposit in the 2019 Costs of Issuance Fund, shall be paid by the County.

Lease by Corporation and Lease to County; Amendment of Lease Agreement

The Lease Agreement remains in full force and effect as to the Lease Payments due thereunder. For purposes of the Lease Agreement "Bonds" shall include the 2013 Bonds and the 2019 Bonds. The Lease Agreement is amended by replacing the remaining Lease Payments with respect to the 2013 Bonds with the Lease Payment Schedule in the Amendment No. 2 to Lease Agreement. Lease Payments relating to the 2019 Bonds shall be payable on the Lease Payment Dates and be in the amounts set forth in the Amendment No. 2 to Lease Agreement. Total Lease Payments due under the Amendment No. 2 to Lease Agreement shall be set forth therein.

Optional Right to Purchase

With respect to Lease Payments relating to the 2019 Bonds, the County will have the exclusive right and option, which will be irrevocable during the Term of the Amendment No. 2 to Lease Agreement, to purchase all or any designated portion of the Corporation's interest in the Facilities on any Business Day, upon payment of the 2019 Option Price (as defined in the Amendment No. 2 to Lease Agreement) and all other amounts of Additional Rent then due and payable by the County to the Corporation and Trustee under the Amendment No. 2 to Lease Agreement and under the First Supplemental Indenture, but only if the County is not in default under the Lease Agreement, the Amendment No. 2 to Lease Agreement or the Indenture.

The option price relating to the 2019 Bonds in any Lease Year shall be determined by reference to Exhibit C to the Amendment No. 2 to Lease Agreement (the "2019 Option Price"). The County will exercise its option to purchase by giving notice thereof to the Corporation and the Trustee not later than 35 days prior to the Business Day on which it desires to purchase the Facilities, unless the Business Day on which the County intends to exercise its option is, in accordance with the terms of the First Supplemental Indenture, a date on which 2019 Bonds are subject to optional redemption, in which case the County will give notice to the Corporation and the Trustee of its intention to exercise its option no later than 35 days prior to the Business Day on which it desires to purchase the Facilities.

If the Business Date on which the County intends to exercise its option is, in accordance with the terms of the First Supplemental Indenture, a date on which 2019 Bonds are subject to optional redemption, then the County will deposit with the Trustee on such purchase date an amount equal to the 2019 Option Price which amount will be in addition to the Lease Payments due on such date.

If the Business Day on which the County intends to exercise its option is not a date on which Bonds are subject to optional redemption pursuant to the terms of the First Supplemental Indenture, then the 2019 Option Price will be payable in installments. Each such installment, all as determined by reference to the Amendment No. 2 to Lease Agreement, (i) will be payable at each time at which a payment of Lease Payments would have been payable and such option not been exercised until the due date of the final installment and (ii) will equal the principal amount of each Lease Payments referred to in clause (i) above; provided however, that the final installment will be payable on the first date on which 2019 Bonds are subject to optional redemption pursuant to the terms of the First Supplemental Indenture and will be in an amount equal to the 2019 Option Price on such date.

In order to secure its obligations to pay the installments referred to in the immediately preceding paragraph, the County concurrently with the exercise of its option, will deposit or cause to be deposited with the Trustee, in trust, cash or investments of the type described in the Indenture in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to in the immediately preceding paragraph at the times at which such installments are required to be paid. Such deposit will be in addition to the Lease Payment, if any, due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the County will be remitted to the County.

Continuing Disclosure

The County covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate with respect to the 2019 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of the Amendment No. 2 to Lease Agreement, failure of the County to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default; however, any 2019 Bondholder may take such actions, as provided in such Continuing Disclosure Certificate, as may be necessary and appropriate to cause the County to comply with its obligations under such Continuing Disclosure Certificate.

Application of Net Proceeds

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Premises by fire or other casualty, shall be deposited by the Trustee in Insurance and Condemnation Fund or the Redemption Fund established in the Original Indenture and the First Supplemental, as directed to the Trustee in writing by the County and applied in accordance with the Original Indenture and the First Supplemental Indenture.

(b) From Eminent Domain Award. The Net Proceeds of any eminent domain award resulting from any event described in Section 6.01 shall be deposited by the Trustee in the Insurance and Condemnation Fund or the Redemption Fund, as directed to the Trustee in writing by the County, and applied in accordance with the Original Indenture and the First Supplemental Indenture.

Binding Effect

The Amendment No. 2 to Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the County and their respective successors and assigns.

Severability

In the event any provision of the Amendment No. 2 to Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of the Amendment No. 2 to Lease Agreement.

Absolute Obligation; Net-net-net Lease

The Obligation of the County to make Lease Payments and Additional Payments and payment of all other amounts provided for in the Lease Agreement, the Amendment No. 2 to Lease Agreement, and to perform its obligations under the Amendment No. 2 to Lease Agreement shall be absolute and unconditional. The Amendment No. 2 to Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the County agrees that the Lease Payments shall be an absolute net return to the

Corporation, free and clear of any expenses, charges, set-offs, counter-claims or recoupment whatsoever, subject only to abatements as set forth in the Amendment No. 2 to Lease Agreement, the First Supplemental Indenture and in the Indenture.

Applicable Law

The Amendment No. 2 to Lease Agreement shall be governed by and construed in accordance with the laws of the State.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is entered into by the County of Riverside (the "County") in connection with the issuance of the $13,020,000* County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2019A (Riverside County Technology Refunding Projects) (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2017 (the "Indenture"), by and between the County of Riverside Asset Leasing Corporation (the "Corporation") and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The County covenants and agrees as follows:

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

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

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

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

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

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

"*Financial Obligation*" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" will not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Listed Event*" means any of the events listed in Section 5 of this Certificate.

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

"*Participating Underwriter*" means any of the original purchaser of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

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

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* Preliminary, subject to change.

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

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than 60 days after the County normally receives its audited financial statements from its auditors in each year but in no event later than February 15, commencing with the audited financial statements for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that if the audited financial statements of the County are not available by the date required above for the filing of the Annual Report, the County shall submit unaudited financial statements and submit the audited financial statements as soon as available. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event.

(b) If the County is unable to provide to the Repository an Annual Report by the date required in subsection (a), the County shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent and the Trustee. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the Corporation stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

Section 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following financial information or operating data presented in the final Official Statement relating to the Bonds, updated to incorporate information for the most recent Fiscal Year:

(a) The audited financial statements of the County for the preceding Fiscal Year, prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities. If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in the format similar to the financial statement contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(b) A description of any occurrence which would adversely impact the County's beneficial use and possession of the Leased Premises and other occurrence which may provide the County with the opportunity to abate in whole or in part any Lease Payment; and

(c) To the extent not included in the financial statements, the following type of information will be provided in one or more reports:

(i) assessed valuations, tax levies and delinquencies for real property located in the County for the Fiscal Year of the County most recently ended;

(ii) summary financial information on revenues, expenditures and fund balances for the County's total budget funds for the Fiscal Year of the County most recently ended;

(iii) summary financial information on the proposed and adopted budget of the County for the current Fiscal Year and any changes in the adopted budget;

(iv) summary of the aggregate annual debt obligations of the County as of the beginning of the current Fiscal Year;

(v) summary of the annual outstanding principal obligations of the County as of the beginning of the current Fiscal Year; and

(vi) the ratio of the County's outstanding debt to total assessed valuations as of the end of the Fiscal Year of the County most recently ended.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the County to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the County or to reflect changes in the business, structure, operations, legal form of the County or any mergers, consolidations, acquisitions or dispositions made by or affecting the County; provided that any such modifications shall comply with the requirements of the Rule.

The County has not undertaken in this Certificate to update all information an investor may want to have in making decisions to hold, sell or buy the Bonds but only to provide the specific information listed above.

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the County or related public entities, which have been submitted to the Repository, MSRB or the Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

Pursuant to the provisions of this Section 5, the County will give, or cause to be given, notice to the Repository of the occurrence of any of the following events (the "Listed Events") with respect to the 2019A Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

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

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

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

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

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the 2019A Bonds, or other material events affecting the tax status of the 2019A Bonds;

(vii) modifications to the rights of Owners of the 2019A Bonds, if material;

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

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the 2019A Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County (for purposes of the event identified in this Subsection 5(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

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

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

(xv) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Section 6. Termination of Reporting Obligation. The County's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon delivery to the County and to the Dissemination Agent (if any) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 60 days' written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the County may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, Section 4 or Section 5, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, including the information then contained in the County's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Certificate in the event of any failure of the County to comply with this Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Certificate shall be governed by the laws of the State of California and the federal securities laws.

Dated: __________, 2019

COUNTY OF RIVERSIDE

By ____
County Executive Officer

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE REPORT

Name of Issuer:	County of Riverside, California
Name of Bond Issue:	$__________ County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2019A (Riverside County Technology Refunding Projects)
Issuance Date:	_______________, 2019

NOTICE IS HEREBY GIVEN that the COUNTY OF RIVERSIDE (the "County") has not provided the Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of _________ , 2019, executed and delivered by the County. The County anticipates that such report will be filed by _______________.

Dated: _______________

COUNTY OF RIVERSIDE

By ____
Authorized Officer

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APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation and the County believe to be reliable, but the Corporation and the County take no responsibility for the accuracy or completeness thereof. The Corporation and the County do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners (a) payments of interest, principal or premium, if any, with respect to the Bonds; (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds; or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Bonds Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION • TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2019A (RIVERSIDE COUNTY TECHNOLOGY REFUNDING PROJECTS)

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