

COUNTY OF RIVERSIDE, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2017

JACQUELINE COCHRAN AIR SHOW



PAUL ANGULO, CPA, MA
COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017



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

COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2017

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INTRODUCTORY SECTION



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ACC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE
Paul Angulo, CPA, MA
Auditor-Controller

December 21, 2017

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, 2017, 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 twelve independent fiscal entities that are considered blended component units and two discretely presented component units. These entities vary widely in function and provide essential services. For a more detailed overview of the County's component units see the MD&A and the notes to the basic financial statements.

Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the County of Riverside's financial statements for the year ended June 30, 2017. The independent auditors' 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 326,792, Moreno Valley 206,750, Corona 167,759, Temecula 111,024, and Murrieta 114,914. 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, 2017, was reported as 2,384,783, an increase of 1.6 percent as compared to the revised estimate for January 1, 2016. Approximately 15.7 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.

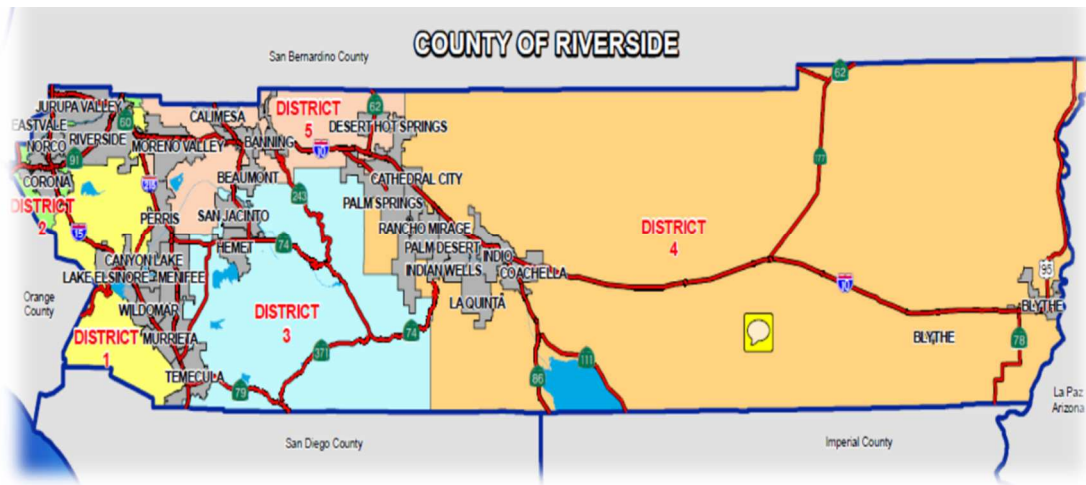
The First District includes areas within the cities of Riverside, Canyon Lake, Lake Elsinore, Wildomar and the unincorporated communities of DeLuz, Gavilan Hills, Good Hope, Lake Hills, Lake Mathews, LaCresta, Mead Valley, Meadowbrook, Spring Hills, Temescal Valley, Tenaja, Warm Springs, and Woodcrest.

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.	

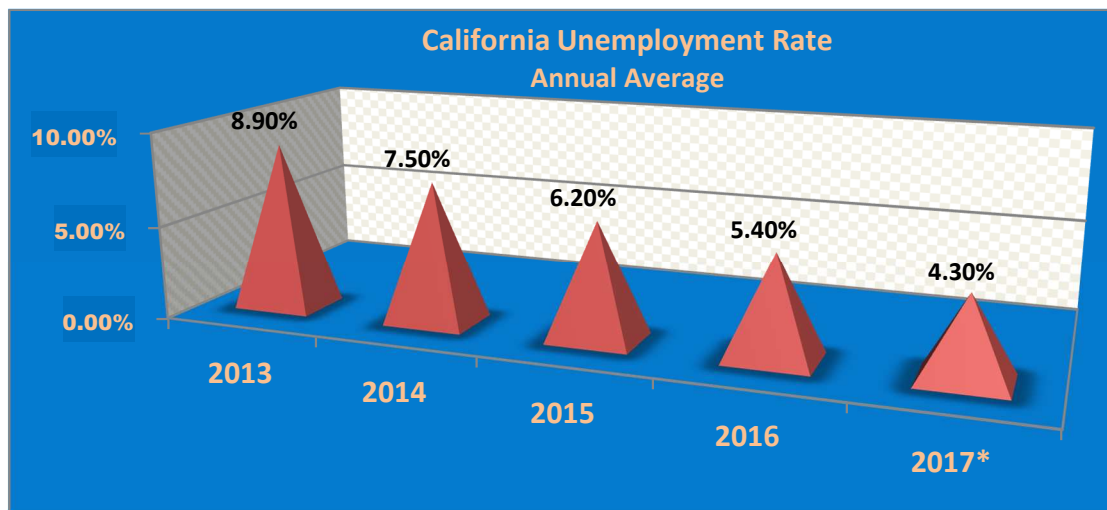
FACTORS AFFECTING ECONOMIC CONDITION

State Economy

The Governor's Budget Revision was issued in May 2017. The May Revision projects Fiscal Year 2017-18 general fund revenues and transfers of approximately \$125.9 billion, total expenditures of approximately \$124.0 billion and a year-end fund balance of approximately \$2.6 billion, of which \$980 million would be reserved for liquidation of encumbrances and approximately \$1.6 billion would be deposited in a reserve fund for economic uncertainties.

The May Revision includes a projected balance of \$8.4 billion in the Budget Stabilization Account/Rainy Day Fund by the end of Fiscal Year 2017-18. The May Revision estimates that revenues will be \$3.3 billion lower than that forecasted in the 2016-17 Budget Act. The fiscal outlook set forth in the May Revision allows the advancing of several key priorities. The May Revision proposes to: (1) increase total funding for K-12 education by \$1.4 billion in Fiscal Year 2017-18, (2) substantially mitigate increased costs associated with the In-Home Supportive Services (IHSS) costs borne by county realignment funds in the next year, preserving counties' abilities to provide key safety net programs, (3) restore the \$500 million child care package from the 2016-17 Budget Act, and (4) a \$6 billion supplemental payment to California Public Employees Retirement System (CalPERS) with a loan from the Surplus Money Investment Fund that will reduce unfunded liabilities, stabilize State contribution rates and result in savings of \$11 billion over the next 20 years.

The state's unemployment rate fell to its lowest in 10 years at 5.1% in January 2017, marginally higher than the U.S. rate. The state has continued to experience steady but somewhat slower job growth in 2017. Wage and salary jobs rose by 2.0% year over year in January 2017, considerably slower than the 3.2% growth rate a year earlier.



Source: Employment Development Department, Labor Market Division
 *Monthly Labor Force Data, October 2017

Local Economy

Beacon Economics' current forecast for Riverside County represents an optimistic outlook that economic activity is trending in the right direction. At the end of January 2017, the U.S. Bureau of Economic Analysis released its revised estimate for real third-quarter GDP growth. The 3.5% annualized growth rate came after a 1.4% rise in the second quarter and it was the highest rate in two years. Fourth-quarter growth came in at 2.1%, in line with the post-recession average, indicating that U.S. GDP is on a steady, if slow, track. As the national economy continues to grow, there is little doubt that the economy of Riverside County will continue to grow as well.

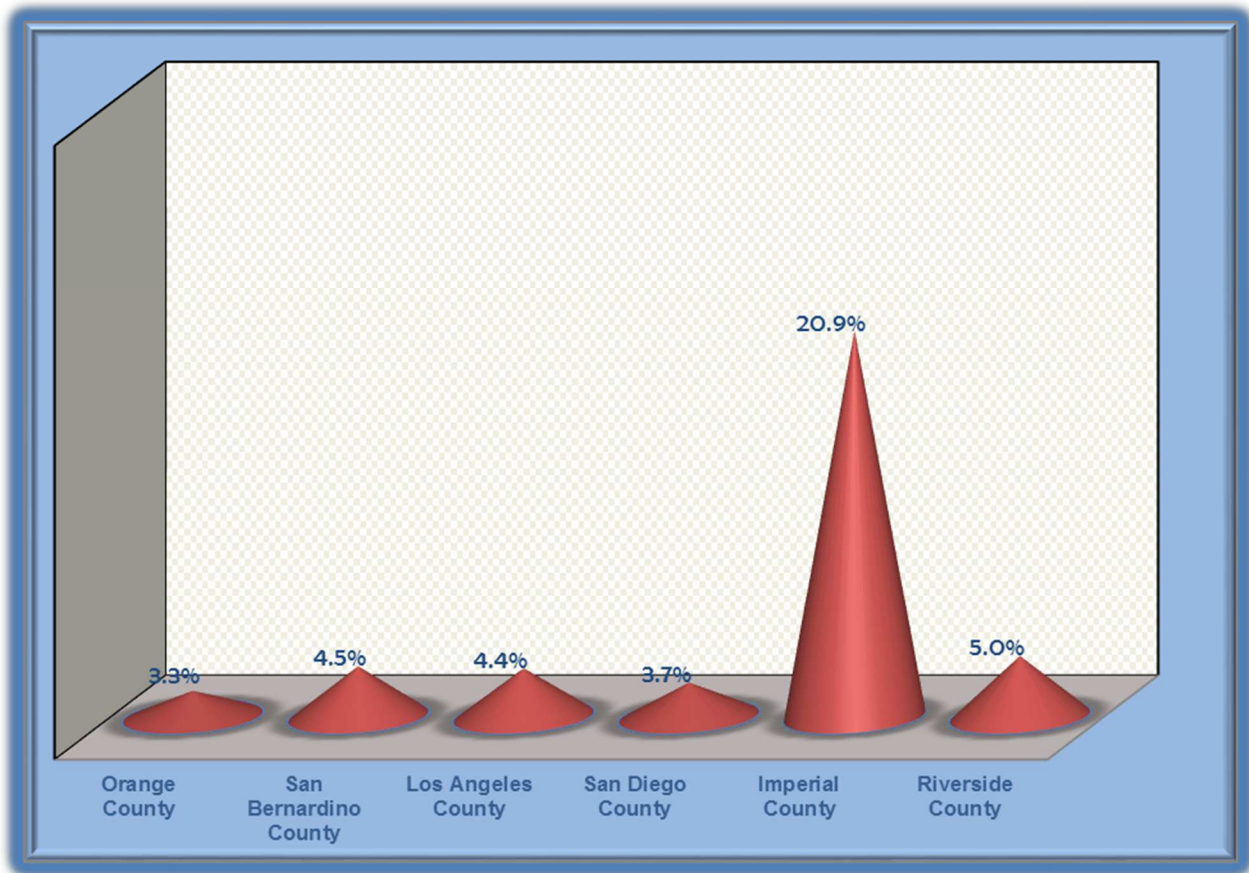
The County's revenues most closely associated with the local real estate market continue to exhibit positive growth. The current forecast is still calling for positive growth for real estate-driven revenues as home price growth and construction activity will support growth in the near term despite the lower than expected home sales volumes. County wide home sales for the first half of 2016-17 were 5.5% higher than for the 2015-16 fiscal year, a decent rate of growth but slightly below the 6.0% increase from 2013-14 to 2014-15. Home price growth has held steady above historical norms in the last year, which will help keep assessed valuation and transfer tax revenue growth in positive territory.

Construction activity is also trending essentially in line with expectations. During the first half of 2016-17 fiscal year, 3,494 new residential units were permitted, an 18.6% increase over the same period in the prior fiscal year. The strong growth was the result in part of a rebound from a decline in permitting activity during the 2015-16 fiscal year.

As measured by the region's labor market, local economic health is quite good and, although job creation has slowed somewhat from the higher growth rates associated with economic recoveries, the Inland Empire labor market continues to reach record high employment levels virtually each month, highlighting the strength of the regional economy.

Current sales tax receipts for the 2016-17 fiscal year are down from prior year, but we could see a return to positive growth as oil prices have rebounded and stabilized recently.

Unemployment Comparison of Neighboring Counties



Source: Employment Development Department, Labor Market Division, October 2017

Relevant Financial Policies

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

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

Pension Advisory 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, 2016. This was the twenty-ninth 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, 2016. This was the eleventh consecutive year the County has achieved this award. In order to receive an award for *Outstanding Achievement in Popular Annual Financial Reporting*, a government entity must publish a PAFR, with contents conforming to program standards of creativity, presentation, understandability and reader appeal. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR and PAFR continue to meet the Certificate of Achievement Program's requirements and we are submitting both reports to the GFOA to determine the eligibility for new certificates.

Acknowledgments

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

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

Respectfully,

A handwritten signature in black ink that reads "Paul Angulo". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

PAUL ANGULO, CPA, MA
RIVERSIDE COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE

List of Principal Officials As of June 30, 2017

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



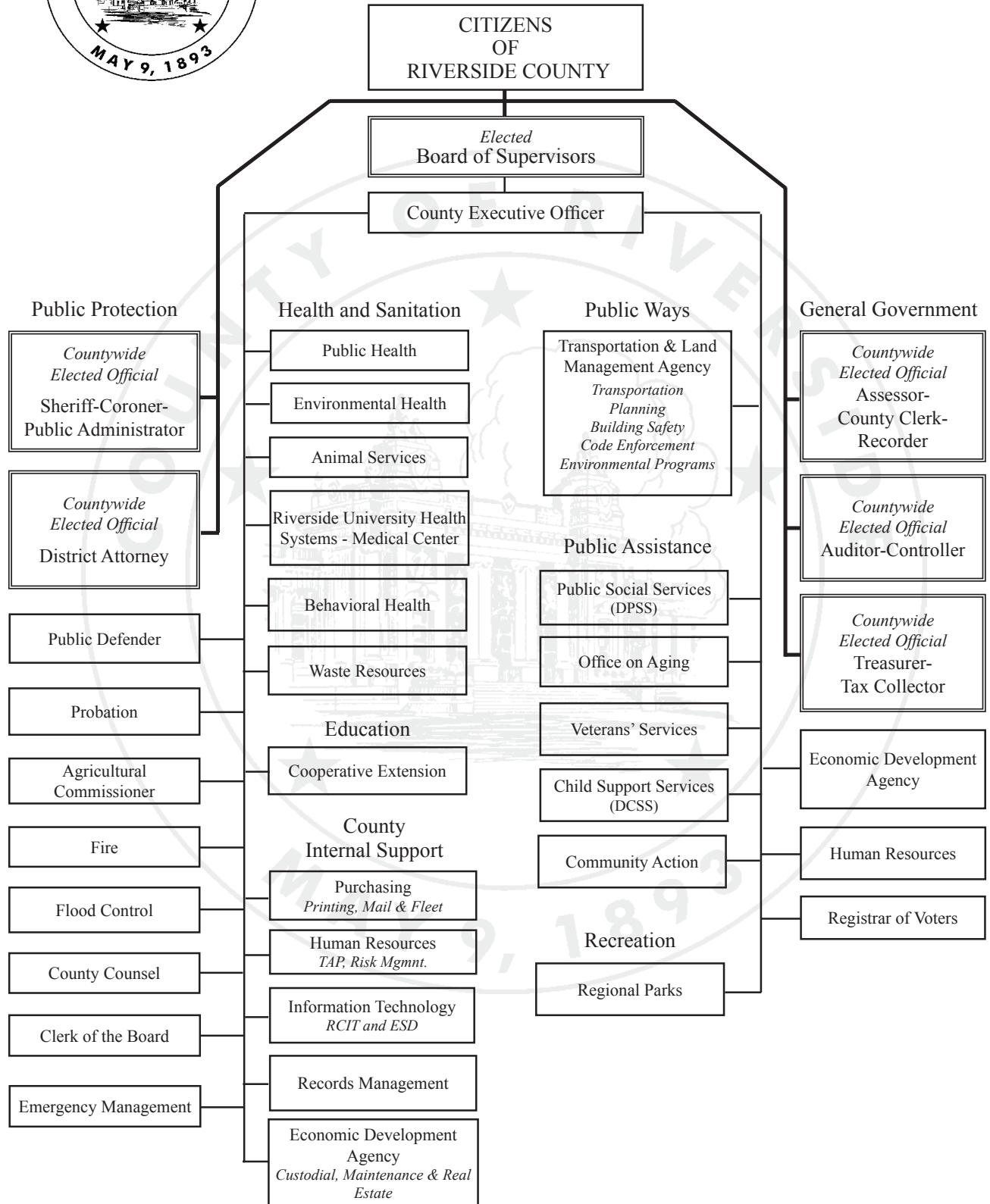
JON
CHRISTENSEN
Treasurer
Tax Collector

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**

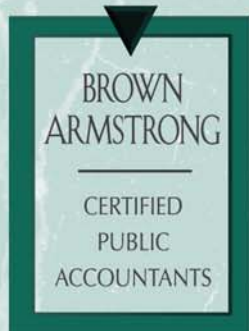
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

FINANCIAL SECTION



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Riverside, California, (the County) as of and for the year ended June 30, 2017, 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 Units	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.

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TEL 559.476.3592

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TEL 949.652.5422

STOCKTON OFFICE

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AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2017, 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.

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 127-135; and the schedule of funding progress for the County's Other Post-Employment Benefit (OPEB) plans on page 136 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.

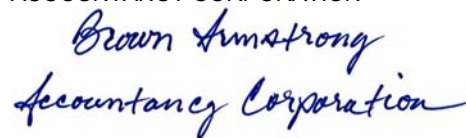
The combining and individual nonmajor fund financial statements and respective budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 21, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 21, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion & Analysis (*Unaudited*)

This section of the County of Riverside's (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2017. 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 27.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2016-17, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2.60 billion (*net position*). The net position included \$3.56 billion of net investment in capital assets, \$958.7 million of restricted resources for the County's ongoing obligations related to programs with external restrictions, and \$1.92 billion deficit of unrestricted resources.
- As of June 30, 2017, the County's governmental funds reported combined fund balances of \$1.10 billion, a decrease of \$132.3 million in comparison with the prior year. Approximately 19.8% of this amount (\$217.9 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 \$250.8 million, or approximately 8.5% of total general fund expenditures.
- The significant change in capital assets net of accumulated depreciation resulted from the acquisition of a building and land, building improvements, equipment and leased vehicle purchases and completion of various projects related to bridges, roads, storm water drains and channels, traffic signals, and other infrastructures.
- During fiscal year 2016-17, \$40.0 million lease revenue bonds were issued for refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenues Bond (County Facilities Projects) 2008 Series A, and \$83.2 million capital leases were issued for financing the costs associated with equipment, vehicles, and the energy conservation programs.

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 27.

The *statement of activities*, presented on page 9 in summary and on pages 28-29 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.

Management's Discussion & Analysis (Unaudited)

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. Governmental activities include six major funds, nineteen nonmajor funds, and a representative allocation of the County's internal service funds. The six major governmental funds are the general fund, flood control special revenue fund, transportation special revenue fund, teeter debt service fund, public facilities improvements capital projects fund, and public financing authority capital projects fund. The business-type activities of the County include three major enterprise funds, and two nonmajor funds. The major enterprise funds are the 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 Palm Desert Financing Authority (PDFA) and the Children and Families Commission (the Commission), both legally separate component units whose governing bodies are appointed by and serve at the will of the County, are presented separately from the financial information of the primary government.

The blended component units are:

- County of Riverside Asset Leasing Corporation (CORAL)
- County of Riverside District Court Financing Corporation
- County of Riverside Bankruptcy Court Corporation
- Housing Authority of the County of Riverside (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
- Riverside County Service Areas
- Inland Empire Tobacco Securitization Authority
- Perris Valley Cemetery District

Fund Financial Statements, illustrated on pages 32-49, 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 Standard 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.

Management's Discussion & Analysis (*Unaudited*)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. The governmental funds' balance sheet and statement of revenues, expenditures, and changes in fund balances provided are accompanied by 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 44-47, 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, and Flood Control. 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. Financial information for the remaining enterprise funds (nonmajor funds) is combined into a single, aggregated presentation. Individual fund statements for County Service Areas and Flood Control are presented in the supplementary information section.
- *Internal service funds* are used to report activities that provide supplies and services for certain County programs and activities. The County uses internal service funds to account for its records and archive management, fleet services, information services, printing and mail services, supply services, enterprise solution division (accounting and human resources information technology system), risk management, temporary assistance pool, economic development agency (facilities management), and flood control equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund financial information for each internal service fund is provided in the supplementary information section.

Fiduciary Funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the County's programs nor be reflected in the government-wide financial statements. Fiduciary funds maintained by the County include a pension trust fund, investment trust funds, private-purpose trust funds, and agency funds. The fiduciary fund financial statements, on pages 48-49, are presented on the economic resources measurement focus and the accrual basis of accounting.

Management's Discussion & Analysis (Unaudited)

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for fair presentation of the financial information in the government-wide and fund financial statements. The notes can be found on pages 51-126 of this report.

Required Supplementary Information provides changes in net pension liability and related ratios, employer contributions to the pension plan, and funding progress in post employment benefits other than pensions. Required supplementary information can be found on pages 127-136 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 137-186 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, 2017, in comparison to the prior fiscal year 2015-16. 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 \$2.60 billion, representing a decrease of \$114.5 million (\$102.2 million changes in net position and a restatement of \$12.3 million, see Note 3), or 4.2%. A more detailed statement can be found on page 27 in the government-wide financial statements.

STATEMENT OF NET POSITION

June 30, 2017 and 2016

(In thousands)

	Governmental		Business-type		Total		Total	
	Activities		Activities				Dollar	Percentage
	2017	2016	2017	2016	2017	2016	Change	Change
Assets:								
Current and other assets	\$ 2,249,916	\$ 2,307,959	\$ 494,439	\$ 541,301	\$ 2,744,355	\$ 2,849,260	\$ (104,905)	-3.7%
Capital assets	4,719,183	4,568,518	309,970	302,735	5,029,153	4,871,253	157,900	3.2%
Total assets	6,969,099	6,876,477	804,409	844,036	7,773,508	7,720,513	52,995	0.7%
Deferred outflows of resources:	971,638	545,416	136,399	68,035	1,108,037	613,451	494,586	80.6%
Total deferred outflows of resources	971,638	545,416	136,399	68,035	1,108,037	613,451	494,586	80.6%
Liabilities:								
Current liabilities	734,034	713,844	211,601	234,400	945,635	948,244	(2,609)	-0.3%
Long-term liabilities	4,315,097	3,594,751	656,977	559,148	4,972,074	4,153,899	818,175	19.7%
Total liabilities	5,049,131	4,308,595	868,578	793,548	5,917,709	5,102,143	815,566	16.0%
Deferred inflows of resources:	315,055	447,619	48,576	69,500	363,631	517,119	(153,488)	-29.7%
Total deferred inflows of resources	315,055	447,619	48,576	69,500	363,631	517,119	(153,488)	-29.7%
Net position:								
Net investment in capital assets	3,355,072	3,240,888	202,150	112,906	3,557,222	3,353,794	203,428	6.1%
Restricted	911,249	667,696	47,468	49,241	958,717	716,937	241,780	33.7%
Unrestricted	(1,689,770)	(1,242,905)	(225,964)	(113,124)	(1,915,734)	(1,356,029)	(559,705)	41.3%
Total net position	\$ 2,576,551	\$ 2,665,679	\$ 23,654	\$ 49,023	\$ 2,600,205	\$ 2,714,702	\$ (114,497)	-4.2%

Management's Discussion & Analysis (Unaudited)

Analysis of Net Position

Below are the three components of net position and their respective balances as of June 30, 2017:

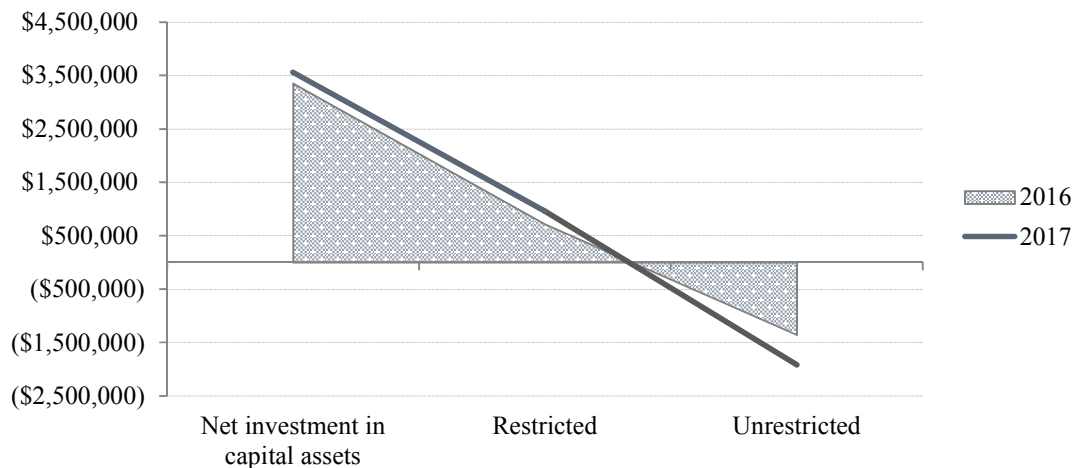
The largest portion of the County's net position reflects its net investment in capital assets of \$3.56 billion, an increase of \$203.4 million, or 6.1% from prior fiscal year. This component consists of capital assets such as land and easements, structures and improvements, infrastructure, and equipment, 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 \$958.7 million, an increase of \$241.8 million, or 33.7% from prior fiscal year, 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 \$1.92 billion, a decrease of \$559.7 million, or 41.3% from prior year. The negative unrestricted net position resulted from the implementation of GASB Statement No. 68 and its requirement to record a net pension liability on the government-wide financial statements.

The decrease in the overall net position of governmental and business-type activities was largely attributable to additional pension cost as a result of pension investment losses from an unfavorable investment return and higher than expected salary experience. The annual contribution to retirement plans for fiscal year 2016-17 was \$276.8 million, an increase of \$28.1 million, or 11.3%, from fiscal year 2015-16. The operating expenses in business-type activities were significantly higher than prior fiscal year. The increase, in large part, was attributable to costs associated with health care services provided to correctional inmates and mental health patients, an increased billing from contracted physicians, additional help from a collection agency which was hired in the current fiscal year, higher rates were charged for the use of temporary nurse registry, remediation costs increased for various active and inactive landfills, additional project costs rendered by the Housing Successor Agency as part of the wind-down activities, and more housing assistance payments due to higher payment standards for California Section 8 Housing Program participants.

Statement of Net Position
June 30, 2017 and 2016
(In thousands)



Management's Discussion & Analysis (Unaudited)

The following table provides information from the Statement of Activities of the County as of June 30, 2017 as compared to the prior year:

CHANGES IN NET POSITION

For the fiscal years ended June 30, 2017 and 2016

(In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2017	2016	2017	2016	2017	2016	Dollar Change	Percentage Change
Revenues:								
Program revenues:								
Charges for services	\$ 766,589	\$ 734,769	\$ 716,911	\$ 676,526	\$ 1,483,500	\$ 1,411,295	\$ 72,205	5.1%
Operating grants and contributions	1,912,480	1,907,919	-	-	1,912,480	1,907,919	4,561	0.2%
Capital grants and contributions	49,088	54,134	552	2,234	49,640	56,368	(6,728)	-11.9%
General revenues:								
Property taxes	367,937	346,851	-	-	367,937	346,851	21,086	6.1%
Sales and use taxes	27,881	29,573	-	-	27,881	29,573	(1,692)	-5.7%
Unrestricted intergovernmental revenue	258,999	232,453	-	-	258,999	232,453	26,546	11.4%
Investment earnings	12,918	12,948	2,182	2,720	15,100	15,668	(568)	-3.6%
Other	185,141	182,526	-	-	185,141	182,526	2,615	1.4%
Total revenues	3,581,033	3,501,173	719,645	681,480	4,300,678	4,182,653	118,025	2.8%
Expenses:								
General government	277,276	283,081	-	-	277,276	283,081	(5,805)	-2.1%
Public protection	1,465,762	1,328,608	-	-	1,465,762	1,328,608	137,154	10.3%
Public ways and facilities	199,023	149,768	-	-	199,023	149,768	49,255	32.9%
Health and sanitation	559,906	468,382	-	-	559,906	468,382	91,524	19.5%
Public assistance	1,024,047	980,550	-	-	1,024,047	980,550	43,497	4.4%
Education	24,603	23,283	-	-	24,603	23,283	1,320	5.7%
Recreation and cultural services	17,980	20,758	-	-	17,980	20,758	(2,778)	-13.4%
Interest on long-term debt	69,874	46,306	-	-	69,874	46,306	23,568	50.9%
Riverside University Health Systems - Medical Center	-	-	582,419	506,338	582,419	506,338	76,081	15.0%
Waste Resources	-	-	87,115	75,358	87,115	75,358	11,757	15.6%
Housing Authority	-	-	91,783	88,166	91,783	88,166	3,617	4.1%
Flood Control	-	-	3,903	3,591	3,903	3,591	312	8.7%
County Service Areas	-	-	370	413	370	413	(43)	-10.4%
Total expenses	3,638,471	3,300,736	765,590	673,866	4,404,061	3,974,602	429,459	10.8%
Excess (deficiency) before transfers	(57,438)	200,437	(45,945)	7,614	(103,383)	208,051	(311,434)	-149.7%
Transfer in (out)	(19,916)	(22,478)	19,916	22,478	-	-	-	0.0%
Change in net position, before extraordinary items	(77,354)	177,959	(26,029)	30,092	(103,383)	208,051	(311,434)	-149.7%
Extraordinary items	-	-	1,152	(2,803)	1,152	(2,803)	3,955	-141.1%
Change in net position	(77,354)	177,959	(24,877)	27,289	(102,231)	205,248	(307,479)	-149.8%
Net position, beginning of year, as restated	2,653,905	2,487,720	48,531	21,734	2,702,436	2,509,454	192,982	7.7%
Net position, end of year	\$ 2,576,551	\$ 2,665,679	\$ 23,654	\$ 49,023	\$ 2,600,205	\$ 2,714,702	\$ (114,497)	-4.2%

Management's Discussion & Analysis (*Unaudited*)

Analysis of Changes in Net Position

The following are specific major factors that resulted in the net position changes in governmental activities between fiscal year 2016-17 and 2015-16 as shown in the table on page 9.

Revenues for governmental activities

Total revenues for governmental activities were \$3.58 billion, an increase of \$79.8 million, or 2.3% from the previous year. This increase consisted of an increase in program revenues of \$31.3 million and general revenues of \$48.5 million. The largest share of program revenues were operating grants and contributions which accounted for 70.1%. 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 increased by \$31.8 million, or 4.3%. The contract law enforcement revenue increased due to additional patrolling services and rates increased in contract city law enforcement services. The fire protection services increased along with forestry services. In addition to the presidential election and mail ballot election for the City of Riverside conducted in fiscal year 2016-17, the local ballot measures and special vacancy elections were added to the November 2016 election cycle.
- Operating grants and contributions increased by \$4.6 million, or 0.2%. There was an increase of \$38.2 million recognized as revenue from Local Revenue Funds Sales and Use Tax Growth Fund for supporting mental health treatment, detention health, juvenile justice programs, and children services. \$37.8 million increased in federal and state funds for major public assistance programs. The caseload in CalFresh and Medi-Cal continued to grow due to the expansion of Affordable Care Act (ACA). The significant growth in the County's elderly population continued to affect the Adult Protective Services (APS) and In-Home Support Services (IHSS) programs. The adoptions assistance program required additional funding due to statewide changes which impacted the rates paid for the overall cost of the program. \$12.9 million in Mental Health Service Act Fund due to the continued implementation of ACA, Behavioral Health Integration and the Whole-Person Care Initiatives, and service levels and access to the service throughout the County continued to increase with available funding. \$10.4 million received from community corrections performance incentive fund for implementing an enhanced aftercare program for juveniles with intensive supervision following release from treatment. The overall increase was offset by \$65.2 million decrease in federal and state grant reimbursement for road improvement due to several large highway inter-change improvement and grade separation projects that were completed. \$23.5 million decrease in Proposition 172 statewide half-percent sales tax for support of local public safety functions in cities and counties. The allocation adjustment was made in true-up payments for the over allocation in previous years. As a result, the monthly apportionments were adjusted and anticipated to be lower than prior year. \$6.7 million decrease in federal and state funds for California Work Opportunity and Responsibility to Kids (CalWorks), due to the decrease in caseload as the economy continued to improve.
- Capital grants and contributions decreased by \$5.0 million, or 9.3%. The Alan M. Crogan Youth Treatment and Education Center construction was completed in fiscal year 2016-17 to provide enhanced aftercare programs for juveniles following release from treatment and assists them with community re-entry.

The increase in general revenues were largely attributable to:

- Property tax revenues increased by \$21.0 million or 6.1%, due to the growth of assessed valuation based on the contributing factors including a decrease in Proposition 8 reductions and continued appreciation in sales prices in all sectors of the real estate market.
- Sales and use tax revenues decreased by \$1.7 million, or 5.7%, due to the completion of the solar plant construction and continued low fuel prices.

Management's Discussion & Analysis (Unaudited)

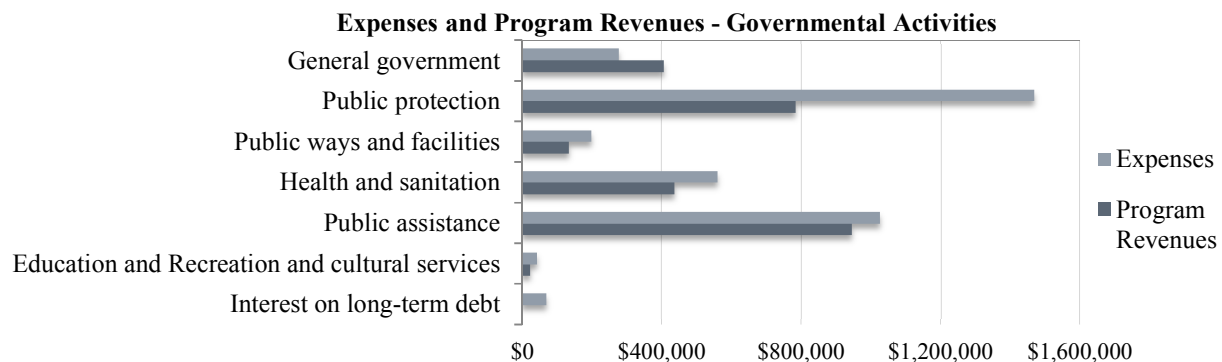
- Unrestricted intergovernmental revenue increased by \$26.5 million, or 11.4%. In fiscal year 2015-16, a portion of the vehicle license fee realignment fund was redirected to family support service programs.
- Other revenue increased by \$2.6 million, or 1.4%, due to contributions received from developers and community facilities districts for road improvement.

Expenses for governmental activities

Total expenses for governmental activities were \$3.64 billion for the current fiscal year, an increase of \$337.7 million, or 10.2% (\$314.1 million increase in functional expenses and \$23.6 million increase in interest expense), as compared to prior fiscal year. The following are the key components accounting for the variances:

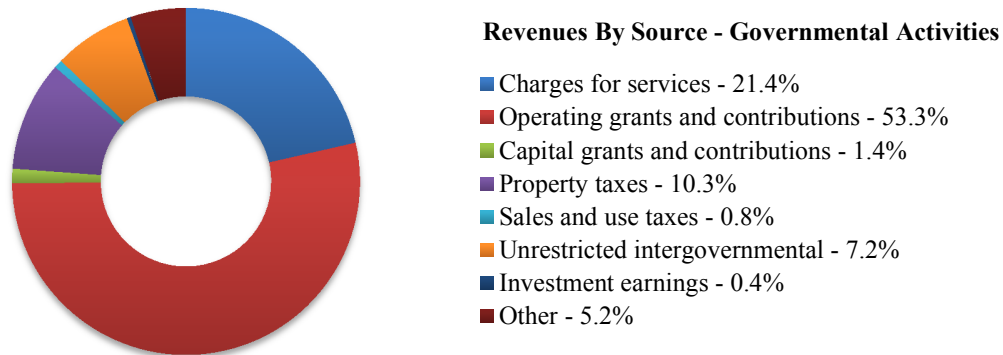
- The decrease in general government was primarily due to contributions that were made in fiscal year 2015-16 for supporting several building construction projects based on the anticipated project activity and cash flow expectations of projects in various stages of completion.
- The expenses in public protection increased by \$137.2 million, or 10.3%, as of result of increased recruitment to meet state mandates and maintain service levels, merit increases, and employment leave paid for retirement. The service rate from the State Department of Forestry and Fire Protection was increased in an average of five percent per year over the last five years based on employee bargaining agreements and benefit rates. In addition, the State Department of Forestry and Fire Protection issued a \$23.7 million credit memorandum for the second quarter payment in fiscal year 2015-16. The credit was to compensate for amounts owed by the newly incorporated cities which were ineligible to participate in the Vehicle License Fee (VLF) swap for replacing the vehicle license fee revenue loss when the VLF rate dropped from 2 to 0.65%.
- The increase in public ways and facilities was mainly caused by the construction costs associated with road improvement including extension and resurfacing due to recent development in the communities.
- The expenses in health and sanitation increased by \$91.5 million, or 19.5 %. The health service levels throughout the County increased due to the continuation of implementing the Affordable Care Act, the behavioral Health Integration Initiative, the Whole-Person Care Initiative, and Drug Medi-Cal Organized Delivery System Waiver.
- The increase in public assistance was due to recruitment of additional social workers in response to continued caseload growth in CalFresh, Medi-Cal, and APS and IHSS programs, and increased demand in services related to health related function. The caseloads in CalFRESH, Medi-Cal programs continued to grow due to expansion under the Affordable Care Act. The Adult Protective Services and In-Home Support Services programs were affected by the significant growth in the County's elderly population. The average monthly caseload was projected to be 25 cases per social worker in fiscal year 2016-17 which was above the recommended standard of 16 cases per worker.
- The \$23.6 million increase in Interest on Long-Term Debt which consisted of \$5.2 million in Tax Revenue Anticipation Notes (TRANS) due to the notes being issued in a higher amount, and \$18.4 million in bond issuance and capital lease according to the debt service payment schedule.

The following chart displays expenses and the associated program revenues by function for the governmental activities for the fiscal year ended June 30, 2017 (In thousands):



Management's Discussion & Analysis (Unaudited)

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



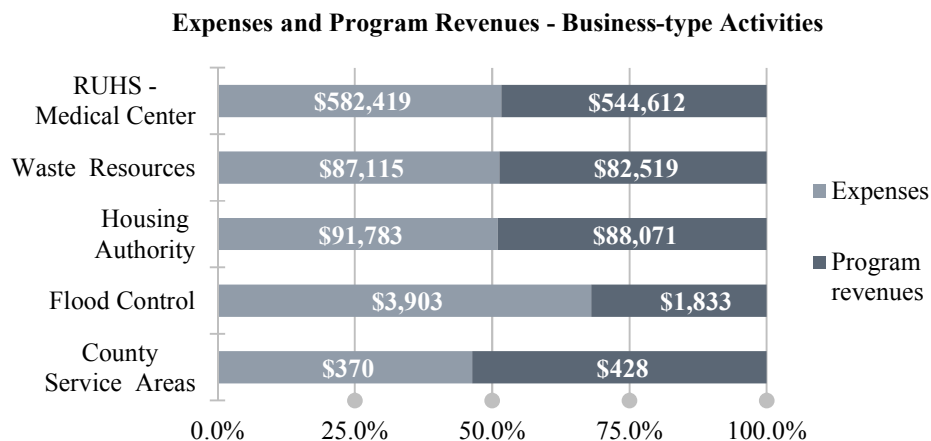
Business-type Activities

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

Revenues: For the current year, \$716.9 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, \$544.1 million, was received by RUHS-MC as compared to \$511.7 million for the prior fiscal year. The increase was mainly attributed to higher patient revenue from potential insurance contracts and other sources, as well as increased state compensation for care of patients with Medi-Cal insurance.

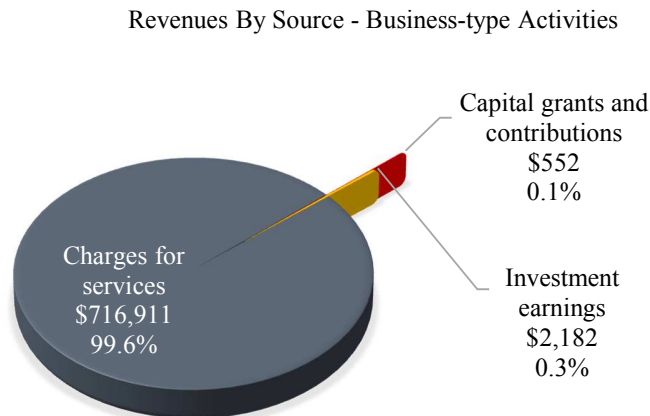
Expenses: Total expenses for business-type activities were \$765.6 million for the fiscal year compared to \$673.8 million for the prior fiscal year. This represents an increase of \$91.7 million, or 13.6%. The majority of the expenses were incurred by RUHS-MC, Waste Resource, and Housing Authority. The increase was mainly attributed to operational costs incurred in the current fiscal year as noted earlier in the discussion of overall decrease in net position for business-type activities on page 8.

The following chart displays expenses and the associated program revenues by function for the business-type activities for the fiscal year ended June 30, 2017 (In thousands):



Management's Discussion & Analysis (Unaudited)

The chart below presents the percentage of total revenues by source for 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, 2017, the County's governmental funds reported combined fund balances of \$1.10 billion, a decrease of \$132.3 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 – \$4.8 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 – \$793.5 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 – \$35.0 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 – \$48.6 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 – \$217.9 million, funds that are not reported in any other category and are available for any purpose within the general fund.

Total governmental fund revenue increased by \$114.3 million, or 3.4%, from the prior fiscal year with \$3.50 billion being recognized for the fiscal year ended June 30, 2017. Expenditures increased by \$198.3 million, or 5.7%, from the prior fiscal year with \$3.49 billion being expended for governmental functions during fiscal year 2015-16. Overall, governmental fund balance decreased by \$132.3 million, or 10.7%. In comparison, fiscal year 2015-16 had a decrease in governmental fund balance of \$124.8 million, or 9.2%, over fiscal year 2014-15.

Management's Discussion & Analysis (*Unaudited*)

The general fund is the primary operating fund of the County. At the end of fiscal year 2016-17, the general fund's total fund balance was \$348.2 million, as compared to \$371.5 million in fiscal year 2015-16. As a measure of the general fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The nonspendable portion of fund balance was \$2.3 million, and the spendable portion was \$345.9 million. The current year unassigned fund balance is 7.4% of the total general fund expenditures of \$2.94 billion, as compared to 7.8% of the prior year expenditures total of \$2.79 billion. The total fund balance of the general fund for the current year is 11.8% of the total general fund expenditures as compared to 13.3% for the prior year.

The fund balance of the County's general fund decreased by \$23.3 million during the current fiscal year. As noted earlier in the discussion of overall decrease in net position on page 8, the decrease was due to an increase in contributions to the retirement plans. The total contribution made from the general fund was \$206.5 million, an increase of \$17.5 million, or 9.2% from prior fiscal year. Other factors to the decrease in fund balance were the result of operations as discussed in the general fund financial analysis on page 15 and 16.

Transportation fund balance decreased by \$6.5 million, or 7.4%, due to a decrease in both federal and state aids as several large highway inter-change improvement and grade separation projects were completed. In addition, a downturn in Highway and Street Code Section Revenue 2103 from falling gasoline prices and the variable rate per gallon was dropped by \$0.022 per gallon from \$0.120 in fiscal year 2015-16 to \$0.098 in fiscal year 2016-17.

Flood control fund balance increased by \$19.1 million, or 9.2%. The net increase in fund balance was a result of increased property tax revenue which fluctuated from year to year based on property tax values and foreclosures within the zone boundary as well as economic activity within the County, and decreased construction activities during the current fiscal year.

Public facilities improvements capital projects fund balance increased from \$133.6 million to \$160.7 million, 20.2% or \$27.0 million. The increase was caused by additional State aid received in current year for financing the new detention and youth treatment center construction.

Public financing authority fund balance decreased by \$138.2 million, or 59.8%. The decrease was primarily due to the construction of the new detention center, courtrooms, and parking structures that continued in fiscal year 2016-17 which was financed with proceeds from the Series 2015 Bond issuance. The proceeds from Series 2015 Bond issuance have been spent as the capital projects progressed.

Other Governmental Funds

The \$10.5 million, or 5.2%, 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. 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 \$107.1 million, compared to \$107.8 million for prior fiscal year; this represents a decrease of \$677.0 thousand, or 0.6%. The funds accounting for the majority of the variance were Waste Resources, Housing Authority, and Internal Service Funds. The total decrease in net position for Waste Resources and Housing Authority were \$1.9 million and \$1.9 million, respectively. Factors concerning the finances of these two funds have been previously discussed in the business-type activities on page 8. The increase of \$3.0 million in the Internal Service Funds was mainly due to new rate methodologies used and personnel reduction in the Information Services Fund.

Management's Discussion & Analysis (Unaudited)

GENERAL FUND FINANCIAL ANALYSIS

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

General Fund - Revenues by Source
For the fiscal years ended June 30, 2017 and 2016
(In thousands)

Revenues by Sources	2017		2016		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
Taxes	\$ 292,674	9.6%	\$ 279,945	9.6%	\$ 12,729	4.5%
Intergovernmental revenues	1,974,075	64.5%	1,908,447	65.6%	65,628	3.4%
Charges for services	460,539	15.1%	465,333	16.0%	(4,794)	-1.0%
Other revenue	153,728	5.0%	129,586	4.5%	24,142	18.6%
Other financing sources	177,803	5.8%	126,014	4.3%	51,789	41.1%
Total	<u>\$ 3,058,819</u>	<u>100.0%</u>	<u>\$ 2,909,325</u>	<u>100%</u>	<u>\$ 149,494</u>	<u>5.1%</u>

General fund revenues had an overall increase of \$149.5 million, or 5.1%, from the prior year. The increase was due primarily to the changes in the following:

- The changes in *Taxes* during the current fiscal year were due to the assessment roll value for fiscal year 2016-17 being \$255.10 billion, increased by \$12.40 billion or 5.1%, from \$242.70 billion in fiscal year 2015-16. Contributing factors to the increased assessment roll are a decrease in Proposition 8 reductions, continued appreciation in sales prices in all sectors of the real estate market and a minor increase in new construction.
- The increase in *Intergovernmental revenues* was primarily attributed to allocation and realignment revenue from the state and federal aid. See explanation previously discussed on page 10.
- *Charges for services* decreased by \$4.8 million, or 1.0%, primarily due to the current year proceeds for Capitated Medi-Cal, and Medi-Cal patients revenues were re-categorized to special revenue fund due to the funding sources are legally restricted. The overall decrease is partially offset by increased contractual law enforcement, fire protection and election service revenues. The increase in contractual law enforcement, fire protection and election service revenues were previously discussed on page 10.
- The increase in *Other revenue* was due to higher retirement discount being earned due to more pre-payment being made for the annual required contribution to the County Misc. and Safety pension plans, and contribution received from developers for road improvement. In fiscal year 2015-16, the court fines and penalties revenue were reduced as a result of the establishment of 18-month amnesty program in accordance to Senate Bill 85. The program allowed a reduction in the amount owed if individuals meet certain eligibility criteria.
- The significant changes in *Other financing sources* during the year was due to the issuance of capital leases for financing equipment and vehicle purchases, and construction of solar panels. In addition, a one-time contribution was received from the capital projects fund for debt service payments for various County facilities.

Management's Discussion & Analysis (Unaudited)

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

General Fund - Expenditures by Function For the fiscal years ended June 30, 2017 and 2016 (In thousands)

Expenditures by Function	2017		2016		Increase / (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percentage of Change
General government	\$ 133,217	4.3%	\$ 113,779	3.9%	\$ 19,438	17.1%
Public protection	1,317,038	42.7%	1,256,765	42.8%	60,273	4.8%
Public ways and facilities	-	0.0%	-	0.0%	-	0.0%
Health and sanitation	494,771	16.1%	468,272	16.0%	26,499	5.66%
Public assistance	920,185	29.9%	918,963	31.3%	1,222	0.1%
Other expenditures	77,844	2.5%	33,578	1.1%	44,266	131.8%
Other financing uses	139,043	4.5%	141,847	4.8%	(2,804)	-2.0%
Total	<u>\$ 3,082,098</u>	<u>100.0%</u>	<u>\$ 2,933,204</u>	<u>100.0%</u>	<u>\$ 148,894</u>	<u>5.1%</u>

Total expenditures for the general fund were \$3.08 billion, an increase of \$148.9 million, or 5.1%, from the prior year. Significant changes are as follows:

- In *General government*, the main factors to the increase in fiscal year 2016-17 were a comprehensive review of potential cost saving opportunities within the criminal justice and other departments continued from prior year, electricity and water usage increased due to office expansion, and contributions to non-County agencies.
- The increase in *Public protection* was mainly caused by an increase in salary and benefit costs for increased recruitment to meet state mandates and maintain service levels, staffing increases for meeting the goal of 1.2 officers per 1,000 residents in the unincorporated area and the terms of the inmate settlement which requires additional health and mental health professionals and costs for office and treatment space, and employment leave paid for retirement. A new youth treatment and education center was opened in fiscal year 2016-17. In addition, insurance rates increased due to higher claim levels in general liability and workers' compensation.
- The increase in *Health and sanitation* was mainly due to the County continuing to implement the Affordable Care Act, the Behavioral Health Integration Initiative, the Whole-Person Care Initiative, and the Drug Medi-Cal Organized Delivery System Waiver. As a result, the service level throughout the County and general inflation on the cost of services increased.
- The increase in *Public assistance* was due to increased recruitment in response to the continued caseload growth in several programs. See explanation previously discussed on page 11.
- The increase in *Other expenditures* was mainly due to equipment and vehicle purchases, and the construction of solar panels financed by capital lease obligations.
- The main factors to the decrease in *Other financing uses* were contributions being made to other County funds in fiscal year 2015-16 for financing debt service payments according to the debt service schedule, construction costs of capital projects, and County program activities.

Management's Discussion & Analysis (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Variance between General Fund Original Adopted and Final Amended Budget

Estimated Revenue Variances

The original adopted General Fund estimated revenue budget decreased by \$53.3 million, or 1.7%, from \$3.12 billion to the final amended revenue budget of \$3.08 billion. The major changes in appropriations are as follows:

Fines, forfeitures & penalties: Increased by \$2.3 million or 3.6% from \$63.5 million to \$65.8 million due to a \$3.0 million increase in Teeter Tax Losses Reserve Fund (TLRF). Under the California Teeter plan, the County advances participating agencies property tax allocations based on enrolled assessed valuation. In return, the County retains the actual taxes received, plus penalties and interest on delinquent taxes. The Tax Losses Reserve Fund, that is part of the Fines, forfeitures & penalties category, captures revenues and expenditures associated with the program. Revenue exceeding financing costs and the necessary tax loss reserve is discretionary revenue released to the general fund annually. The Executive Office estimated the reserve requirement balance was in excess of \$3.0 million, allowing an increase in estimated revenue from the Tax Losses Reserve Fund. This increase was offset by a reduction of \$1.3 million in fines and fees for contributions to trial court funding and Assembly Bill (AB) 233 realignment.

Rents and concessions: Increased by \$2.4 million, or 8.0% from \$30.1 million to \$32.5 million. The Board approved an agreement with Burrtec Waste Industries, authorizing the disposal of up to 225,000 tons of out-of-county waste per year. The agreement is anticipated to generate a maximum of \$2.4 million annually to be allocated to the general fund. The Executive Office made a budget adjustment to account for revenue received in fiscal year 2016-17 which was not included in the original budget.

Federal: There was an increase in Federal Aid of \$21.1 million or 3.3% from \$634.1 million to \$655.2 million. A majority of the increase was \$16.2 million related to Riverside University Health Systems Medical Center and Behavior Health's collaboration with a new Drug Medi-Cal Organized Delivery System which will enhance and expand substance abuse and prevention treatment services in the County. An additional \$1.4 million growth rate was budgeted for Department of Public and Social Services (DPSS) Foster Parent Recruitment Retention Support Program and \$1.0 million was attributed to a program that supports the recouping and collecting of child support revenue.

Charges for current services: Decreased by \$55.3 million, or 10.4%, from \$533.9 million to \$478.6 million. There was an \$8.5 million increase in the Sheriff's department budget due to increases in contractual revenue as the level of law enforcement services were modified for several cities and school districts. These increases were offset by \$13.6 million of appropriation structural shortfalls in salaries and benefits. The Fire Department requested a budget adjustment in the amount of \$4.4 million for its contract partners cost center budget which is fully reimbursable. A portion of this amount is due to the City of Eastvale increasing its cooperative agreement staffing with the opening of a new fire station. The Registrar of Voters expected to have higher than anticipated revenue for fiscal year 2016-17 due to elections that were added to the November 2016 and the 2017 election cycle. A budget adjustment of \$1.2 million was made to cover the costs of the local ballot measures and special vacancy elections not previously included in the department's budget. All of these increases were then offset by intergovernmental activities, relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

Other revenue: Decreased by \$20.0 million or 23.5% from \$85.2 million to \$65.2 million. There were increases in other revenue as the result of the Executive Office reassessing various project financing sources and assessing current needs. It was determined that a reserve for the East County Detention Center financing can be restructured to release \$10.0 million in project funds. In addition, there was \$3.3 million from the County Tobacco Securitization and \$1.5 million reserved in the accumulative capital outlay fund that was not allocated to a project. The Executive Office

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recommended transferring these respective amounts to the capital improvement program for appropriate use. This allows for a return of \$13.3 million from the capital improvement program to the general fund. A budget adjustment of \$4.0 million was also made to account for higher premium and interest related to the TRANS. TRANS provides the needed cash to cover projected cash flow deficits within the general fund until property tax revenues are received. Finally there was a \$1.6 million increase from the proceeds on the disposition of real property. These increases were also completely offset by intergovernmental activities, relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

Expenditure Appropriation Variances

The original adopted General Fund appropriation budget decreased by \$61.6 million, or 1.9%, from \$3.20 billion to the final amended appropriation budget of \$3.14 billion. The major appropriation variances are described below.

General Government: The original adopted appropriation budget for General Government decreased by \$34.5 million, or 15.1%, from \$229.1 million to the final amended appropriation budget of \$194.6 million. The major appropriation variances are described below.

- Other Charges decreased by \$35.1 million or 44.6% from \$78.7 million to \$43.6 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.

Public Protection: The original adopted budget for Public Protection increased by \$16.1 million, or 1.2%, from \$1.35 billion to the final amended appropriation budget of \$1.36 billion. The major appropriation variances are described below.

- Services and supplies increased by \$11.5 million or 2.8% from \$411.8 million to \$423.3 million. Fire Protection Contract Services increased by \$4.4 million and mostly due to the opening of a new fire station and the remaining is due to the expected increase in Cal Fire cooperative agreement and this budget is 100% reimbursed by the contract partner. The Emergency Management department increased by \$2.0 million in professional services which was offset by decreases in inter-fund expenditures and contributions to other non-county agencies. District Attorney cost increased by \$1.0 million due to a new Case Management System Cost which including licenses and training
- Other charges increased by \$3.3 million, or 6.5% from \$51.0 million to \$54.3 million. The main increase was \$1.9 million for the Probation departments' expansion of their Palm Springs office to meet the growth related needs. There was also a \$1.2 million increase to the Sheriff Department's encumbrances which carried over from the previous fiscal year.

Health and Sanitation: The original adopted budget for Health and Sanitation increased by \$10.3 million, or 1.9%, from \$535.0 million to the final amended appropriation budget of \$545.2 million. The major appropriation variances are described below.

- Services & supplies increased \$16.0 million or 13.3% from \$120.2 million to \$136.2 million. The variance was due to intergovernmental activities of \$7.1 million. Detention Health increased by \$2.2 million in order to align the budget with increases in service levels within the jails. There was a \$1.9 million increase for Health Care Services for the drug Medi-Cal Organized Delivery system to ensure continuous quality improvement in treatment. Finally, a \$1.2 million increase was due to the increase of California Children Services caseloads. These increases were offset by a cumulative decrease of \$5.7 million in salaries and employee benefits, other charges and capital assets.

Debt Services: The appropriation budget decreased by \$50.6 million or 58.7% from \$86.3 million to \$35.7 million.

- Principal on long-term debt was \$56.2 million or 69.1% less than budget primarily due to a decrease in principal related to the hospitals SB 1732 - Medi-Cal Construction and Renovation Reimbursement Program.

Management's Discussion & Analysis (*Unaudited*)

- Interest on long-term debt increased by \$5.6 million or 109.7%. The variance is a result of the Tax and Revenue Anticipation Notes to provide needed cash to cover the projected cash flow deficits of the County's general fund during the fiscal year. At the time of financing, the notes were issued in a higher amount than was budgeted, therefore, a budget adjustment of \$5.5 million was needed to increase the estimated revenue and appropriation for a higher premium and interest on the notes.

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

During the year, the General Fund had a positive budget variance of approximately \$1.0 million resulting from unexpended appropriations of \$196.3 million, or 6.3%, and overestimated revenue of \$195.3 million, or 6.3%. The following contributed to the variance:

Revenue Variances

General Fund actual revenues of \$2.90 billion were 6.3%, or \$195.3 million, less than the final amended revenue budget of \$3.07 billion.

Taxes: Actual revenues of \$292.7 million were less than the final amended budget of \$301.0 million by \$8.3 million or 2.8%. This was the result of decreases of in property tax revenue of \$4.0 million; \$2.7 million from redevelopment and \$1.3 million from property tax prior supplemental revenue. There was also a decrease of \$2.4 million related to sales and use taxes.

Interest: Actual revenues of \$7.9 million were \$3.8 million or 92.0% more than final amended budget of \$4.1 million. The primary variance was due to the Treasurer-Tax Collector department optimizing the investment selections and strategies which resulted in additional interest earnings.

Rents and concessions: Actual revenues of \$13.4 million were \$19.2 million or 58.9% less than final amended budget of \$32.5 million. The primary variance is due to the Hospital receiving \$6.0 million from SB1732 funds then applying it to its debt services. The balance of the variance is due to intergovernmental activities.

Federal aid: Actual revenues were \$65.2 million or 10.0% less than final amended budget from \$655.2 million to \$589.9 million. Due to decreases in program related expenditures, DPSS public assistance programs received \$45.0 million less in revenue than budget, Behavioral Health revenues were short by \$14.5 million and Public Health's Women, Infant, children (WIC) – federal reimbursement program revenues also experienced a \$3.2 million decline. Emergency Management Department revenues from the State Homeland Security Program (SHSP) was \$2.0 million lower due to local jurisdictions not completing projects as anticipated therefore unable to receive SHSP pass-thru funding.

State: Actual revenues were \$73.5 million or 5.4% less than the final amended budget from \$1.35 to \$1.28 billion. This was partially the result of a \$21.9 million decrease in Proposition 172 revenue which is allocated on pro-rate basis to the District Attorney, Sheriff and Probation. The balance of the decrease was due to intergovernmental activities, relating to operating transfers in and out and the elimination of transfers in and out within the same fund group.

Charges for current Services: Actual revenues were \$18.0 million or 3.8% less than the final amended budget of \$478.6 million to \$460.5 million, respectively. A majority of the variance is due to the Fire Department actual revenues coming in lower than budget. There was a \$7.5 million decrease for fire protection revenue which is reimbursable based on the actual costs related to contract cities and a \$1.1 million decrease for abatement. The Economic Development Agency (EDA) Energy Division utility reimbursements from proprietary fund departments were \$2.7 million less than anticipated due to lower electric, water, fuel, trash and sewer costs. Code Enforcement actual revenues were less than budgeted by \$1.3 million due to retirements and staff attrition. Sheriff Department actual revenues were also \$1.3 million less than budgeted due to the realignment of Trial Court Funding and the costs of providing security for the Superior Court. Finally, inter-fund salary reimbursements for project manager staff time spent on Capital projects was lower than budgeted by \$1.0 million due to the fluctuation of requested services.

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Other revenue: Actual revenues were \$18.8 million or 28.9% more than the final amended budget from \$65.2 million to \$46.4 million, respectively. The Emergency Management Department miscellaneous revenue was \$2.5 million more than budgeted due to reimbursements related to the County's response to the San Bernardino County Environment Health Shooting and the Blue Cut Fire. A \$1.7 million increase was due to revenue from the EL Sobrante Land Fill. The remaining variance is the result of intergovernmental activities, related to operating transfers in and out and elimination of transfers in and out within the same fund group.

Expenditure Variances

General Fund actual expenditures of \$2.94 billion were \$196.3 million or 6.3% less than the final appropriation budget of \$3.14 billion. The major appropriation variances are described below.

General Government: Actual expenditures were \$61.4 million or 31.5% less than the final amended budget.

- Salaries and employee benefits were \$8.6 million or 8.4% less than budgeted. Decreases were noted in EDA for \$2.6 million, Human Resources for \$1.1 million, Assessor for \$1.0 million, Treasurer-Tax Collector for \$1.0 million, and \$1.9 million related to intergovernmental activities.
- Services and supplies were \$12.4 million or 12.3% less than budgeted due to decreases in Executive Office by \$2.2 million, Assessor Office \$3.4 million, EDA \$5.5 million and the remaining are due to intergovernmental activities.
- Other Charges decreased by \$31.9 million or 73.1% mainly due to decreases in contributions to other funds as directed by the Executive Office and intergovernmental activities.
- Intra-fund transfers were \$6.7 million, or 9.8% less than budgeted. \$3.6 million was attributed to the EDA Energy Division for project reimbursements and solar savings which were less than projected.
- Appropriation for contingencies were \$14.2 million, or 100.0% less than budgeted. These budgets are established to cover urgent, unforeseeable events such as revenue shortfall, unanticipated expenditures, uncorrectable budget overrun and mission-critical issues at the Board of Supervisor's discretion. The decrease is due to departments realizing savings and in some cases receiving one-time revenues instead of using these budgeted funds.

Public Protection: Actual expenditures were \$44.8 million or 3.3% less than the final amended budget.

- Salaries and employee benefits were \$14.4 million or 1.6% less than budget, primarily due to intergovernmental activities of \$12.9 million. There was also a \$3.2 million decrease in Probation, a \$1.8 million decrease in Fire Department and \$1.1 million decrease in the Department of Child Support Services.
- Services and supplies were \$24.4 million or 5.8% less than budgeted mainly due to the Fire Department's professional services and weed abatement charges.
- Other Charges were \$2.4 million, or 4.5% less than budgeted mainly due to decreases in inter-fund expenditure maintenance for the Probation Department and decreases of intergovernmental activities.
- Capital assets were \$3.6 million or 49.6% less than budgeted mainly due to County Clerk-Recorder, District Attorney, and Sheriff which have postponed budgeted capital projects.

Health and Sanitation: Actual expenditures were \$50.4 million or 9.2% less than the final amended budget.

- Salaries and employee benefits were \$20.0 million or 7.0% less than budget. The Behavioral Health Department had a salary savings of \$8.0 million, Public Health had \$2.8 million in savings, and Correction

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Health had \$1.3 million in salary savings. There was also a decrease of \$5.3 million in intergovernmental activities.

- Services and supplies were \$11.4 million or 8.4% less than budgeted mainly due to decreases of approximately \$4.2 million related to postponement of non-fixed asset office equipment, \$3.0 million from rent and lease buildings and \$2.7 million in savings related to car pool expenses.
- Other charges were \$8.0 million or 4.4% less than budgeted due to state realignment.
- Capital assets were \$8.7 million or 93.9% less than budgeted mainly due to the postponement of the Behavioral Health budgeted building improvements.

Public Assistance: Actual expenditure were \$80.8 million or 8.1% less than budgeted.

- Salaries and employee benefits were \$30.6 million or 8.5% less than budgeted primarily related to DPSS salary savings and intergovernmental activities.
- Services and supplies were \$30.4 million or 20.2% less than budgeted primarily due to DPSS postponement of computer equipment purchases, professional services, and building improvement maintenance.
- Other Charges were \$19.0 million or 3.9% less than budgeted mainly due to the decreases in client services of \$10.0 million and categorical assistance by \$9.67 million.

Debt Service: Actual expenditures were less than budgeted by \$23.1 million, or 64.8%.

- Principal on long-term debt was \$23.1 million or 92.1% less than budget primarily due to decreases in the funding related to the hospitals SB 1732 - Medi-Cal Construction and Renovation Reimbursement Program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the County's capital assets for both its governmental and business-type activities amounted to \$5.03 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 3.2% or \$157.9 million, from \$4.87 billion in fiscal year 2015-16 to \$5.03 billion in fiscal year 2016-17.

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

- Infrastructure increased approximately \$117.3 million which consisted of donated roads valued at \$11.4 million, \$35.5 million in flood storm drains and channels, and \$70.4 million in roads, traffic signals, bridges and other infrastructures transferred out of construction in progress.
- Land easements increased approximately \$24.0 million as a result of the following acquisitions: Approximately 47.4 acres of land for the Southwest Detention Center was acquired for \$22.8 million. The Flood Control District had land additions of \$1.2 million acquired through donated land of approximately 4.0 acres of the Murrieta Valley Shadow Canyon Trail Storm Drain.
- Land improvements did not incur any additions for the current fiscal year. The overall decrease of approximately \$1.2 million was attributed in depreciation for the current fiscal year.

Management's Discussion & Analysis (Unaudited)

- Structures and improvements increased approximately \$19.6 million as a result of the transfer in from construction in progress. The major increases were noted as follows: approximately \$11.0 million in costs for East County Parking Structure, \$2.1 million for Public Guardian Mental Health and \$1.5 million for Myers Mental Health Building 1 & 2; and the RUHS-MC also experienced a transfer in from construction in progress in the amount of \$1.8 million for the GI Laboratory to remodel the lower level of the Spine Clinic. However, during the current year approximately \$48.1 million were incurred in depreciation & retirements which resulted in an overall decrease in structures and improvements of approximately \$28.6 million.
- Equipment increased approximately \$19.2 million. The primary increase of \$4.6 million was due to the Fleet and Waste Resources Departments' acquisition of vehicles. The remaining balance of \$14.6 million was due to increases in communication and office equipment, software, equipment leased vehicles and other miscellaneous equipment throughout the County.
- During the current fiscal year, construction in progress experienced additions in the amount of \$305.5 million related to existing and new projects. The major increases were noted as follows: the Economic Development Agency incurred \$146.5 million in costs for projects such as the East County Detention Center, the new secured Youth Rehabilitative Facility, and the remodeling of Public Defender Building; the Transportation and Land Management Agency incurred an additional \$112.4 million for projects related to streets, bridges, sidewalks and signal lights; the RUHS-MC incurred \$20.5 million in cost for projects such as the new EPIC Software and the Emergency Room Expansion; the Flood Control District incurred \$12.2 million for storm drains and channels; the Crest project incurred an additional \$6.7 million towards the new integrated property management system. Park District incurred an additional \$3.7 million for projects related to the expansion of Santa Ana River Trail and the expansion of existing splash pad play area, water & filtration system. During the current year approximately \$278.3 million of completed projects were transferred out of construction in progress to other capital asset classifications which resulted in an overall increase in construction in progress of approximately \$27.2 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	
							Dollar	Percentage
	2017	2016	2017	2016	2017	2016	Change	Change
Infrastructure	\$ 1,982,715	\$ 1,869,290	\$ 49,778	\$ 45,887	\$ 2,032,493	\$ 1,915,177	\$ 117,316	6.1%
Land and easements	561,581	537,586	21,359	21,359	582,940	558,945	23,995	4.3%
Land improvements	82	84	7,693	8,905	7,775	8,989	(1,214)	-13.5%
Structures and improvements	1,193,632	1,218,915	125,329	128,610	1,318,961	1,347,525	(28,564)	-2.1%
Equipment	224,369	233,044	60,636	32,764	285,005	265,808	19,197	7.2%
Construction in progress	756,804	709,599	36,345	56,380	793,149	765,979	27,170	3.5%
Concession arrangements	-	-	8,830	8,830	8,830	8,830	-	0.0%
Total outstanding	\$ 4,719,183	\$ 4,568,518	\$ 309,970	\$ 302,735	\$ 5,029,153	\$ 4,871,253	\$ 157,900	3.2%

Additional information on the County's capital assets can be found in Note 8 on pages 76-78 of this report.

Management's Discussion & Analysis (Unaudited)

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 \$519.0 million as of June 30, 2017. The calculated legal debt limit for the County is \$3.17 billion.

The following are credit ratings maintained by the County:

	<u>Moody's Investors Services, Inc.</u>	<u>Standard & Poor's Corp.</u>	<u>Fitch</u>
Tax and Revenue Anticipation Notes (TRANS)	Not Rated	SP-1+	F1+
Teeter Notes	MIG1	Not Rated	F1+
Long-Term General Obligations	Aa3	AA	AA-
Certificates of Participation	A2	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, 2017.

COUNTY'S OUTSTANDING DEBT OBLIGATIONS (In thousands)

	Governmental Activities		Business-type Activities		Total		Total	
							Dollar	Percentage
	2017	2016	2017	2016	2017	2016	Change	Change
Loan payable	\$ 2,205	\$ 2,790	\$ -	\$ -	\$ 2,205	\$ 2,790	\$ (585)	-21.0%
Bonds payable	1,206,942	1,195,027	92,371	106,428	1,299,313	1,301,455	(2,142)	-0.2%
Certificates of participation	94,467	108,937	-	-	94,467	108,937	(14,470)	-13.3%
Capital leases	180,290	160,110	8,423	7,438	188,713	167,548	21,165	12.6%
Total outstanding	\$ 1,483,904	\$ 1,466,864	\$ 100,794	\$ 113,866	\$ 1,584,698	\$ 1,580,730	\$ 3,968	0.3%

The County of Riverside's total debt increased by 0.3% or \$4.0 million during the current fiscal year. The increase was primarily due to new capital leases for equipment, vehicle and construction of solar panels, and the issuance of the 2016 Series A and A-T bonds for refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenues Bond (County Facilities Projects) 2008 Series A. The increase was partially offset by 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 2017-18 BUDGET OUTLOOK

Beacon Economics' forecasts for long-term growth in Riverside County remain in an upward direction. The residential and nonresidential property markets continue to improve while unemployment rates continue to decline. The County's revenues most closely associated with the local real estate market continue to exhibit positive growth, albeit slightly slower than expectations as home sales have been disappointing. The current forecast is still calling for positive growth for real estate-driven revenues as home price growth and construction activity will support growth in the near term despite the lower than expected home sales volume. The sales tax receipts for fiscal year 2016-17 are down from the prior year, but we could see a return to positive growth as oil prices have rebounded and stabilized recently. The discretionary revenue for fiscal year 2017-18 is expected to increase by approximately 3% (\$22.6 million) when compared to the fiscal year 2016-17 revised budget. The increase is due to growth in assessed valuation for property values, which increase the amount of fiscal year 2017-18 estimated property tax revenue estimates by more than \$16.5 million over fiscal year 2016-17.

Management's Discussion & Analysis (*Unaudited*)

The following table reflects anticipated discretionary revenue totals and sources for fiscal year 2017-18.

Source	Final Budget Estimate (In millions)
Taxes	\$ 351,100
Other taxes	63,121
Licenses, permits, franchise taxes	7,208
Fines, forfeitures, penalties	18,316
Use of money and property	11,419
State	247,785
Federal	3,400
Miscellaneous	50,175
Total	<u>\$ 752,524</u>

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 return 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, contributions, and funding progress 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.



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

COUNTY OF RIVERSIDE

Statement of Net Position

June 30, 2017

(Dollars in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority
ASSETS:					
Cash and investments (Note 4)	\$ 1,021,599	\$ 163,408	\$ 1,185,007	\$ 41,628	\$ -
Receivables, net (Notes 1 and 6)	475,652	185,805	661,457	2,776	-
Internal balances (Note 7)	127,670	(127,670)	-	-	-
Inventories	5,822	8,390	14,212	3	-
Prepaid items and deposits	5,846	6,203	12,049	-	-
Restricted cash and investments (Notes 4 and 5)	556,182	126,338	682,520	-	-
Other noncurrent receivables (Note 6)	23,805	-	23,805	-	-
Loans receivable (Note 6)	-	93,407	93,407	-	-
OPEB asset, net (Note 22)	33,340	-	33,340	-	-
Land held for resale	-	38,558	38,558	-	-
Capital assets (Note 8)					
Nondepreciable assets	1,318,385	66,534	1,384,919	373	-
Depreciable assets, net	3,400,798	243,436	3,644,234	1,766	-
Total assets	<u>6,969,099</u>	<u>804,409</u>	<u>7,773,508</u>	<u>46,546</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	971,638	136,399	1,108,037	1,324	-
LIABILITIES:					
Current liabilities:					
Accounts payable	120,354	24,722	145,076	3,672	-
Salaries and benefits payable	122,345	21,187	143,532	250	-
Due to other governments	77,137	162,428	239,565	341	-
Interest payable	10,603	187	10,790	-	-
Deposits payable	1,005	166	1,171	-	-
Advances from grantors and third parties (Note 12)	296,184	-	296,184	-	-
Notes payable (Note 13)	83,462	-	83,462	-	-
Other liabilities	1,254	2,911	4,165	-	-
Interest rate swap (Note 14)	21,690	-	21,690	-	-
Long-term liabilities (Note 14)					
Due within one year	354,801	38,827	393,628	117	-
Due beyond one year	3,960,296	618,150	4,578,446	3,071	-
Total liabilities	<u>5,049,131</u>	<u>868,578</u>	<u>5,917,709</u>	<u>7,451</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES (Note 15)	315,055	48,576	363,631	107	-
NET POSITION:					
Net investment in capital assets	3,355,072	202,150	3,557,222	2,139	-
Restricted for:					
Children's programs	-	-	-	38,173	-
Community development	143,770	-	143,770	-	-
Debt service	307,192	34,318	341,510	-	-
Health and sanitation	25,404	10,971	36,375	-	-
Public protection	72,230	-	72,230	-	-
Public ways and facilities	358,952	-	358,952	-	-
Other programs	3,701	2,179	5,880	-	-
Unrestricted	(1,689,770)	(225,964)	(1,915,734)	-	-
Total net position	<u>\$ 2,576,551</u>	<u>\$ 23,654</u>	<u>\$ 2,600,205</u>	<u>\$ 40,312</u>	<u>\$ -</u>

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, 2017
(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 277,276	\$ 230,767	\$ 156,147	\$ 18,528
Public protection	1,465,762	417,682	365,710	-
Public ways and facilities	199,023	54,544	48,797	30,560
Health and sanitation	559,906	50,618	386,813	-
Public assistance	1,024,047	1,715	943,354	-
Education	24,603	401	9,116	-
Recreation and cultural services	17,980	10,862	2,543	-
Interest on long-term debt	69,874	-	-	-
Total governmental activities	3,638,471	766,589	1,912,480	49,088
Business-type activities:				
Riverside University Health Systems -				
Medical Center	582,419	544,060	-	552
Waste Resources Department	87,115	82,519	-	-
Housing Authority	91,783	88,071	-	-
Flood Control	3,903	1,833	-	-
County Service Areas	370	428	-	-
Total business-type activities	765,590	716,911	-	552
Total primary government	\$ 4,404,061	\$ 1,483,500	\$ 1,912,480	\$ 49,640
Component units:				
Children and Families Commission	\$ 24,061	\$ -	\$ 20,448	\$ -
Palm Desert Financing Authority	1,681	-	-	-
Total component units	\$ 25,742	\$ -	\$ 20,448	\$ -

General revenues:

Taxes:

Property taxes

Sales and use taxes

Other taxes

Unrestricted intergovernmental revenue

Investment earnings (loss)

Other

Transfers

Total general revenues and transfers

Changes in net position before extraordinary items

Extraordinary items

Extraordinary item

Changes in net position

NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)

NET POSITION, END OF YEAR

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

Net (Expenses) Revenues and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority	
\$ 128,166	\$ -	\$ 128,166			FUNCTION/PROGRAM ACTIVITIES:
(682,370)	-	(682,370)			Primary government:
(65,122)	-	(65,122)			Governmental activities:
(122,475)	-	(122,475)			General government
(78,978)	-	(78,978)			Public protection
(15,086)	-	(15,086)			Public ways and facilities
(4,575)	-	(4,575)			Health and sanitation
(69,874)	-	(69,874)			Public assistance
					Education
					Recreation and cultural services
					Interest on long-term debt
(910,314)	-	(910,314)			Total governmental activities
					Business-type activities:
-	(37,807)	(37,807)			Riverside University Health Systems -
-	(4,596)	(4,596)			Medical Center
-	(3,712)	(3,712)			Waste Resources Department
-	(2,070)	(2,070)			Housing Authority
-	58	58			Flood Control
					County Service Areas
-	(48,127)	(48,127)			Total business-type activities
(910,314)	(48,127)	(958,441)			Total primary government
			\$ (3,613)	\$ -	Component units:
			-	(1,681)	Children and Families Commission
			(3,613)	(1,681)	Palm Desert Financing Authority
					Total component units
					General revenues:
367,937	-	367,937	-	-	Taxes:
27,881	-	27,881	-	-	Property taxes
20,844	-	20,844	-	-	Sales and use taxes
258,999	-	258,999	-	-	Other taxes
12,918	2,182	15,100	183	14	Unrestricted intergovernmental revenue
164,297	-	164,297	8	-	Investment earnings (loss)
(19,916)	19,916	-	-	-	Other
					Transfers
832,960	22,098	855,058	191	14	Total general revenues and transfers
(77,354)	(26,029)	(103,383)	(3,422)	(1,667)	Changes in net position before extraordinary items
					Extraordinary items
-	1,152	1,152	-	-	Extraordinary item
(77,354)	(24,877)	(102,231)	(3,422)	(1,667)	Changes in net position
2,653,905	48,531	2,702,436	43,734	1,667	NET POSITION, BEGINNING OF YEAR, AS RESTATED (Note 3)
\$ 2,576,551	\$ 23,654	\$ 2,600,205	\$ 40,312	\$ -	NET POSITION, END OF YEAR

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, 2017

(Dollars in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	General	Transportation	Flood Control	Teeter Debt Service
Assets:				
Cash and investments (Note 4)	\$ 94,866	\$ 123,984	\$ 230,260	\$ -
Accounts receivable (Notes 1 and 6)	13,865	223	265	-
Interest receivable (Note 6)	2,295	101	285	29
Taxes receivable (Note 6)	9,182	11	988	49,875
Due from other governments (Note 6)	363,548	10,387	356	-
Due from other funds (Note 7)	9,489	280	-	35
Inventories	1,981	1,102	-	-
Prepaid items and deposits	-	2,600	66	-
Restricted cash and investments (Notes 4 and 5)	365,394	-	1,660	40,819
Advances to other funds (Note 7)	7,369	-	-	-
Total assets	867,989	138,688	233,880	90,758
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 867,989	\$ 138,688	\$ 233,880	\$ 90,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 29,801	\$ 30,877	\$ 4,013	\$ -
Salaries and benefits payable	104,327	3,020	1,468	-
Due to other governments	65,120	7	1,371	-
Due to other funds (Note 7)	865	210	144	7,296
Deposits payable	76	501	-	-
Advances from grantors and third parties (Note 12)	268,007	23,255	500	-
Teeter notes payable (Note 13)	-	-	-	83,462
Advances from other funds (Note 7)	-	-	-	-
Total liabilities	468,196	57,870	7,496	90,758
Deferred inflows of resources (Note 15)	51,562	-	988	-
Fund balances (Note 16):				
Nonspendable	2,314	1,113	68	-
Restricted	95,130	61,357	225,328	-
Committed	21,907	3,092	-	-
Assigned	10,989	15,256	-	-
Unassigned	217,891	-	-	-
Total fund balances	348,231	80,818	225,396	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 867,989	\$ 138,688	\$ 233,880	\$ 90,758

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds	ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
\$ 167,816	\$ -	\$ 147,483	\$ 764,409	Cash and investments (Note 4)
-	-	4,527	18,880	Accounts receivable (Notes 1 and 6)
170	-	133	3,013	Interest receivable (Note 6)
-	-	1,298	61,354	Taxes receivable (Note 6)
12,166	-	14,888	401,345	Due from other governments (Note 6)
-	-	7,335	17,139	Due from other funds (Note 7)
-	-	-	3,083	Inventories
-	-	889	3,555	Prepaid items and deposits
-	93,045	55,264	556,182	Restricted cash and investments (Notes 4 and 5)
-	-	-	7,369	Advances to other funds (Note 7)
180,152	93,045	231,817	1,836,329	Total assets
-	-	-	-	Deferred outflows of resources
\$ 180,152	\$ 93,045	\$ 231,817	\$ 1,836,329	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
\$ 13,718	\$ -	\$ 9,907	\$ 88,316	Accounts payable
-	-	5,574	114,389	Salaries and benefits payable
-	-	10,595	77,093	Due to other governments
101	-	10,881	19,497	Due to other funds (Note 7)
-	-	428	1,005	Deposits payable
1,641	-	2,781	296,184	Advances from grantors and third parties (Note 12)
-	-	-	83,462	Teeter notes payable (Note 13)
4,000	-	-	4,000	Advances from other funds (Note 7)
19,460	-	40,166	683,946	Total liabilities
-	-	54	52,604	Deferred inflows of resources (Note 15)
				Fund balances (Note 16):
-	-	1,263	4,758	Nonspendable
150,711	93,045	167,975	793,546	Restricted
5,124	-	4,906	35,029	Committed
4,857	-	17,453	48,555	Assigned
-	-	-	217,891	Unassigned
160,692	93,045	191,597	1,099,779	Total fund balances
\$ 180,152	\$ 93,045	\$ 231,817	\$ 1,836,329	Total liabilities, deferred inflows of resources, and fund balances

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, 2017
(Dollars in Thousands)

Fund balances - total governmental funds (page 33) \$ 1,099,779

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. 4,630,879

Net other post employment benefits (OPEB) assets, net pension liabilities, and deferred outflows and deferred inflows of resources related to pensions are not current financial resources and, therefore, are not reported in the governmental funds. (1,438,283)

Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Any liability of earned but unavailable revenue must be eliminated in the government-wide financial statements. 30,545

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	\$ 1,206,942	
Capital lease obligations	123,762	
Certificates of participation	94,467	
Loans payable	2,205	
Accrued interest payable	10,603	
Accreted interest payable	167,146	
Accrued remediation cost	1,294	
Compensated absences	223,436	(1,829,855)

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.

83,486

Net position of governmental activities (page 27) \$ 2,576,551

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, 2017
(Dollars in Thousands)

	General	Transportation	Flood Control	Teeter Debt Service
REVENUES:				
Taxes	\$ 292,674	\$ 7,695	\$ 53,079	\$ -
Licenses, permits, and franchise fees	18,400	3,140	-	-
Fines, forfeitures, and penalties	67,689	2,397	-	-
Use of money and property:				
Investment earnings	7,893	219	785	3
Rents and concessions	13,391	-	163	-
Aid from other governmental agencies:				
Federal	589,905	35,144	-	-
State	1,280,127	33,476	602	-
Other	104,043	9,561	-	-
Charges for services	460,539	42,055	5,489	-
Other revenue	46,355	10,751	19,134	-
Total revenues	<u>2,881,016</u>	<u>144,438</u>	<u>79,252</u>	<u>3</u>
EXPENDITURES:				
Current:				
General government	133,217	-	-	-
Public protection	1,317,038	5,436	-	-
Public ways and facilities	-	152,468	57,324	-
Health and sanitation	494,771	-	-	-
Public assistance	920,185	-	-	-
Education	643	-	-	-
Recreation and cultural services	354	-	-	-
Debt service:				
Principal	1,990	-	-	-
Interest	10,568	-	-	-
Cost of issuance	-	-	-	528
Capital outlay	64,289	-	-	-
Total expenditures	<u>2,943,055</u>	<u>157,904</u>	<u>57,324</u>	<u>528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,039)</u>	<u>(13,466)</u>	<u>21,928</u>	<u>(525)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	113,509	10,453	-	630
Transfers out	(139,043)	(3,439)	(2,855)	(105)
Issuance of refunding bonds	-	-	-	-
Premium on long-term debt	-	-	-	-
Contribution to governmental agency	-	-	-	-
Proceeds from sale of capital assets	5	-	-	-
Capital leases	64,289	-	-	-
Total other financing sources (uses)	<u>38,760</u>	<u>7,014</u>	<u>(2,855)</u>	<u>525</u>
NET CHANGE IN FUND BALANCES	<u>(23,279)</u>	<u>(6,452)</u>	<u>19,073</u>	<u>-</u>
Fund balances, beginning of year	371,510	87,270	206,323	-
FUND BALANCES, END OF YEAR	<u>\$ 348,231</u>	<u>\$ 80,818</u>	<u>\$ 225,396</u>	<u>\$ -</u>

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

Public Facilities Improvements Capital Projects	Public Financing Authority	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 63,492	\$ 416,940
-	-	711	22,251
-	-	1,110	71,196
478	1,511	1,345	12,234
352	-	11,084	24,990
-	-	66,031	691,080
18,528	-	23,950	1,356,683
30,924	-	26,946	171,474
72,164	-	54,989	635,236
10,481	-	15,573	102,294
132,927	1,511	265,231	3,504,378
59,693	-	38,398	231,308
-	-	9,294	1,331,768
709	-	15,887	226,388
-	-	43,963	538,734
-	-	68,588	988,773
-	-	20,806	21,449
-	-	20,688	21,042
-	-	46,721	48,711
-	-	53,331	63,899
-	-	546	1,074
-	139,781	15,936	220,006
60,402	139,781	334,158	3,693,152
72,525	(138,270)	(68,927)	(188,774)
14,023	86	141,522	280,223
(59,505)	-	(94,961)	(299,908)
-	-	39,985	39,985
-	-	5,216	5,216
-	-	(33,353)	(33,353)
-	-	6	11
-	-	-	64,289
(45,482)	86	58,415	56,463
27,043	(138,184)	(10,512)	(132,311)
133,649	231,229	202,109	1,232,090
\$ 160,692	\$ 93,045	\$ 191,597	\$ 1,099,779

REVENUES:

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

EXPENDITURES:

Current:

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

Debt service:

Principal
Interest
Cost of issuance

Capital outlay

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

OTHER FINANCING SOURCES (USES):

Transfers in
Transfers out
Issuance of refunding bonds
Premium on long-term debt
Contribution to governmental agency
Proceeds from sale of capital assets
Capital leases
Total other financing sources (uses)

NET CHANGE IN FUND BALANCES

Fund balances, beginning of year
FUND BALANCES, END OF YEAR

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, 2017
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 37) \$ (132,311)

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	\$ 343,301	
Less loss on disposal of capital assets	(11,275)	
Less current year depreciation	<u>(171,612)</u>	160,414

Pension expense is not recorded on the governmental funds but is recognized on the statement of net position and Other Post Employment Benefit (OPEB) costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net position. (89,238)

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

Proceeds in excess of principal payments (22,247)

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. 1,053

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	(2,841)	
Change in accreted interest	(19,342)	
Change in long-term compensated absences	<u>2,466</u>	(19,717)

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.

	<u>24,692</u>	
Change in net position of governmental activities (page 29)	<u>\$ (77,354)</u>	

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, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 300,955	\$ 300,955	\$ 292,674	\$ (8,281)
Licenses, permits, and fees	18,276	18,276	18,400	124
Fines, forfeitures, and penalties	63,505	65,817	67,689	1,872
Use of money and property:				
Investment earnings	4,103	4,110	7,893	3,783
Rents and concessions	30,148	32,548	13,391	(19,157)
Aid from other governmental agencies:				
Federal	634,069	655,151	589,905	(65,246)
State	1,357,435	1,353,670	1,280,127	(73,543)
Other	102,071	102,071	104,043	1,972
Charges for services	533,881	478,569	460,539	(18,030)
Other revenue	85,179	65,188	46,355	(18,833)
Total revenues	<u>3,129,622</u>	<u>3,076,355</u>	<u>2,881,016</u>	<u>(195,339)</u>
EXPENDITURES:				
Current:				
General government:				
Salaries and employee benefits	103,528	103,074	94,425	(8,649)
Services and supplies	93,744	100,464	88,063	(12,401)
Other charges	78,738	43,632	11,741	(31,891)
Capital assets	1,083	1,209	276	(933)
Intrafund transfers	(67,976)	(67,983)	(61,288)	6,695
Appropriation for contingencies	20,000	14,197	-	(14,197)
Total general government	<u>229,117</u>	<u>194,593</u>	<u>133,217</u>	<u>(61,376)</u>
Public protection:				
Salaries and employee benefits	889,043	889,729	875,346	(14,383)
Services and supplies	411,771	423,312	398,885	(24,427)
Other charges	50,983	54,310	51,888	(2,422)
Capital assets	6,583	7,353	3,705	(3,648)
Intrafund transfers	(12,653)	(12,838)	(12,786)	52
Total public protection	<u>1,345,727</u>	<u>1,361,866</u>	<u>1,317,038</u>	<u>(44,828)</u>
Health and sanitation:				
Salaries and employee benefits	286,491	284,953	264,940	(20,013)
Services and supplies	120,200	136,168	124,759	(11,409)
Other charges	183,002	181,172	173,142	(8,030)
Capital assets	11,140	9,296	563	(8,733)
Intrafund transfers	(65,913)	(66,388)	(68,633)	(2,245)
Total health and sanitation	<u>534,920</u>	<u>545,201</u>	<u>494,771</u>	<u>(50,430)</u>

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

COUNTY OF RIVERSIDE
 Budgetary Comparison Statement
 General Fund (Continued)
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Public assistance:				
Salaries and employee benefits	\$ 368,490	\$ 360,608	\$ 330,000	\$ (30,608)
Services and supplies	145,088	150,329	119,933	(30,396)
Other charges	489,369	489,113	470,101	(19,012)
Capital assets	1,185	1,290	535	(755)
Intrafund transfers	(382)	(382)	(384)	(2)
Total public assistance	1,003,750	1,000,958	920,185	(80,773)
Education:				
Salaries and employee benefits	338	332	310	(22)
Services and supplies	336	336	333	(3)
Total education	674	668	643	(25)
Recreation and cultural services:				
Salaries and employee benefits	142	140	127	(13)
Services and supplies	330	270	225	(45)
Other charges	14	4	2	(2)
Capital assets	1	1	-	(1)
Intrafund transfers	(1)	(1)	-	1
Total recreation and culture	486	414	354	(60)
Debt service:				
Principal	81,229	25,064	1,990	(23,074)
Interest	5,061	10,614	10,568	(46)
Total debt service	86,290	35,678	12,558	(23,120)
Capital outlay	-	-	64,289	64,289
Total expenditures	3,200,964	3,139,378	2,943,055	(196,323)
Excess (deficiency) of revenues over (under) expenditures	(71,342)	(63,023)	(62,039)	984
OTHER FINANCING SOURCES (USES):				
Transfers in	-	113,509	113,509	-
Transfers out	-	(139,043)	(139,043)	-
Proceeds from sale of capital assets	-	-	5	5
Capital leases	-	-	64,289	64,289
Total other financing sources (uses)	-	(25,534)	38,760	64,294
NET CHANGE IN FUND BALANCE	(71,342)	(88,557)	(23,279)	65,278
Fund balance, beginning of year	371,510	371,510	371,510	-
FUND BALANCE, END OF YEAR	\$ 300,168	\$ 282,953	\$ 348,231	\$ 65,278

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

COUNTY OF RIVERSIDE
Budgetary Comparison Statement
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 8,060	\$ 8,060	\$ 7,695	\$ (365)
Licenses, permits, and franchise fees	3,360	3,360	3,140	(220)
Fines, forfeitures, and penalties	23	23	2,397	2,374
Use of money and property:				
Investment earnings	151	151	219	68
Aid from other governmental agencies:				
Federal	38,978	38,978	35,144	(3,834)
State	46,421	46,421	33,476	(12,945)
Other	11,342	11,342	9,561	(1,781)
Charges for services	78,123	68,371	42,055	(26,316)
Other revenue	9,231	9,036	10,751	1,715
Total revenues	<u>195,689</u>	<u>185,742</u>	<u>144,438</u>	<u>(41,304)</u>
EXPENDITURES:				
Current:				
Public protection	8,296	8,343	5,436	(2,907)
Public ways and facilities	191,706	190,028	152,468	(37,560)
Total expenditures	<u>200,002</u>	<u>198,371</u>	<u>157,904</u>	<u>(40,467)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,313)</u>	<u>(12,629)</u>	<u>(13,466)</u>	<u>(837)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	10,453	10,453	-
Transfers out	-	(3,439)	(3,439)	-
Total other financing sources (uses)	<u>-</u>	<u>7,014</u>	<u>7,014</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(4,313)	(5,615)	(6,452)	(837)
Fund balance, beginning of year	87,270	87,270	87,270	-
FUND BALANCE, END OF YEAR	<u>\$ 82,957</u>	<u>\$ 81,655</u>	<u>\$ 80,818</u>	<u>\$ (837)</u>

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, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 53,009	\$ 53,009	\$ 53,079	\$ 70
Use of money and property:				
Investment earnings	772	772	785	13
Rents and concessions	95	95	163	68
Aid from other governmental agencies:				
State	603	603	602	(1)
Charges for services	3,912	3,912	5,489	1,577
Other revenue	27,527	27,527	19,134	(8,393)
Total revenues	85,918	85,918	79,252	(6,666)
EXPENDITURES:				
Current:				
Public ways and facilities	162,170	159,315	57,324	(101,991)
Total expenditures	162,170	159,315	57,324	(101,991)
Excess (deficiency) of revenues over (under) expenditures	(76,252)	(73,397)	21,928	95,325
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(2,855)	(2,855)	-
Total other financing sources (uses)	-	(2,855)	(2,855)	-
NET CHANGE IN FUND BALANCE	(76,252)	(76,252)	19,073	95,325
Fund balance, beginning of year	206,323	206,323	206,323	-
FUND BALANCE, END OF YEAR	\$ 130,071	\$ 130,071	\$ 225,396	\$ 95,325

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, 2017

(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)	\$ 70,442	\$ 85,811	\$ 5,036	\$ 2,119	\$ 163,408	\$ 257,190
Accounts receivable - net (Notes 1 and 6)	50,966	6,916	389	267	58,538	13,191
Interest receivable (Note 6)	46	207	-	10	263	290
Taxes receivable (Note 6)	-	-	-	9	9	-
Due from other governments (Note 6)	125,503	194	1,291	7	126,995	1,384
Due from other funds (Note 7)	3,569	-	-	1	3,570	932
Advances to other funds (Note 7)	-	22,469	-	-	22,469	-
Inventories	8,059	331	-	-	8,390	2,739
Land held for sale	-	-	38,558	-	38,558	-
Prepaid items and deposits	6,203	-	-	-	6,203	2,291
Restricted cash and investments (Notes 4 and 5)	34,511	70,664	17,974	3,189	126,338	-
Total current assets	299,299	186,592	63,248	5,602	554,741	278,017
Noncurrent assets:						
Loans receivable (Note 6)	-	5,000	88,407	-	93,407	-
Capital assets (Note 8):						
Nondepreciable assets	39,667	22,616	4,251	-	66,534	988
Depreciable assets	173,248	63,619	6,561	8	243,436	87,316
Total noncurrent assets	212,915	91,235	99,219	8	403,377	88,304
Total assets	512,214	277,827	162,467	5,610	958,118	366,321
DEFERRED OUTFLOWS OF RESOURCES (Note 15)	119,939	11,127	4,768	565	136,399	50,625
LIABILITIES:						
Current liabilities:						
Accounts payable	17,668	3,693	46	3,315	24,722	32,038
Salaries and benefits payable	19,862	1,252	-	73	21,187	7,956
Due to other governments	161,714	18	696	-	162,428	44
Due to other funds (Note 7)	869	13	-	7	889	1,255
Interest payable	185	-	2	-	187	-
Deposits payable	13	38	-	115	166	-
Other liabilities	139	604	1,977	191	2,911	1,254
Accreted interest payable (Note 14)	231	-	-	-	231	-
Accrued closure and post-closure costs (Notes 10 and 23)	-	826	-	-	826	-
Accrued remediation costs (Note 23)	-	905	-	-	905	104
Compensated absences (Notes 1 and 14)	17,240	1,227	194	14	18,675	9,915
Capital lease obligations (Note 14)	3,883	-	-	-	3,883	21,204
Bonds payable (Note 14)	14,117	-	190	-	14,307	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	50,497
Total current liabilities	235,921	8,576	3,105	3,715	251,317	124,267
Noncurrent liabilities:						
Compensated absences (Note 2)	8,492	1,841	1,747	79	12,159	4,768
Advances from other funds (Note 7)	18,469	-	1,527	-	19,996	5,842
Accreted interest payable (Note 14)	72,669	-	-	-	72,669	-
Accrued closure and post-closure care costs (Note 10)	-	81,761	-	-	81,761	-
Accrued remediation costs (Notes 10 and 23)	-	44,349	-	-	44,349	104
Capital lease obligations (Notes 1 and 2)	4,540	-	-	-	4,540	35,319
Bonds payable (Note 14)	77,864	-	200	-	78,064	-
Estimated claims liabilities (Notes 14 and 17)	-	-	-	-	-	153,401
OPEB obligation, net (Notes 14 and 22)	-	135	-	-	135	-
Net pension liability (Note 20)	274,312	30,583	10,977	1,806	317,678	124,117
Other long-term liabilities (Note 14)	-	-	6,795	-	6,795	-
Total noncurrent liabilities	456,346	158,669	21,246	1,885	638,146	323,551
Total liabilities	692,267	167,245	24,351	5,600	889,463	447,818
DEFERRED INFLOWS OF RESOURCES (Note 15)	36,138	10,710	1,548	180	48,576	18,466
NET POSITION:						
Net investment in capital assets	112,511	86,235	3,396	8	202,150	31,677
Restricted for debt service	34,318	-	-	-	34,318	-
Restricted for health and sanitation	-	10,971	-	-	10,971	-
Restricted other	193	-	1,986	-	2,179	-
Unrestricted	(243,274)	13,793	135,954	387	(93,140)	(81,015)
Total net position	\$ (96,252)	\$ 110,999	\$ 141,336	\$ 395	156,478	\$ (49,338)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(132,824)	
Net position of business-type activities					\$ 23,654	

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, 2017
(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)	\$ 456,403	\$ -	\$ -	\$ -	\$ 456,403	\$ -
Charges for services	48,046	80,886	1,619	2,093	132,644	325,705
Other revenue	39,611	1,633	86,452	168	127,864	41,648
Total operating revenues	<u>544,060</u>	<u>82,519</u>	<u>88,071</u>	<u>2,261</u>	<u>716,911</u>	<u>367,353</u>
OPERATING EXPENSES:						
Cost of materials used	-	252	-	-	252	1,365
Personnel services	318,605	19,619	12,616	1,085	351,925	117,395
Communications	1,024	126	-	9	1,159	8,522
Insurance	8,460	1,150	-	3	9,613	24,877
Maintenance of building and equipment	14,325	3,834	2,982	98	21,239	30,425
Insurance claims	-	-	-	-	-	161,955
Supplies	64,203	1,473	-	14	65,690	42,713
Purchased services	101,293	4,514	1,719	1,279	108,805	32,424
Depreciation and amortization	24,740	6,370	1,296	4	32,410	21,379
Rents and leases of equipment	5,202	2,114	-	1	7,317	55,607
Public assistance	-	5	72,477	-	72,482	-
Utilities	3,060	258	588	87	3,993	3,056
Closure and post-closure care costs	-	2,656	-	-	2,656	-
Remediation costs	-	5,010	-	-	5,010	221
Other	14,728	37,253	4	33	52,018	5,552
Total operating expenses	<u>555,640</u>	<u>84,634</u>	<u>91,682</u>	<u>2,613</u>	<u>734,569</u>	<u>505,491</u>
Operating loss	<u>(11,580)</u>	<u>(2,115)</u>	<u>(3,611)</u>	<u>(352)</u>	<u>(17,658)</u>	<u>(138,138)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income	355	892	887	47	2,181	684
Interest expense	(9,343)	-	(101)	-	(9,444)	(3,135)
Gain on disposal of capital assets	-	128	-	-	128	1,278
Total nonoperating revenues (expenses)	<u>(8,988)</u>	<u>1,020</u>	<u>786</u>	<u>47</u>	<u>(7,135)</u>	<u>(1,173)</u>
Loss before capital contributions and transfers	(20,568)	(1,095)	(2,825)	(305)	(24,793)	(139,311)
Capital contributions	552	-	-	-	552	142,530
Transfers in (Note 7)	26,000	-	-	66	26,066	3,809
Transfers out (Note 7)	(5,626)	(315)	(209)	-	(6,150)	(4,040)
Change in net position before extraordinary item	<u>358</u>	<u>(1,410)</u>	<u>(3,034)</u>	<u>(239)</u>	<u>(4,325)</u>	<u>2,988</u>
Extraordinary item	-	-	(1,152)	-	(1,152)	-
CHANGE IN NET POSITION	<u>358</u>	<u>(1,410)</u>	<u>(1,882)</u>	<u>(239)</u>	<u>(3,173)</u>	<u>2,988</u>
Net position, beginning of the year, as previously reported	(96,610)	112,901	143,218	634		(52,326)
Adjustments to beginning net position (Note 3)	-	(492)	-	-		-
Net position, beginning of the year, as restated	<u>(96,610)</u>	<u>112,409</u>	<u>143,218</u>	<u>634</u>		<u>(52,326)</u>
NET POSITION, END OF YEAR	<u>\$ (96,252)</u>	<u>\$ 110,999</u>	<u>\$ 141,336</u>	<u>\$ 395</u>		<u>\$ (49,338)</u>

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

(21,704)

Change in net position of business-type activities

\$ (24,877)

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, 2017
(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 from customers / other funds	\$ 553,965	\$ 81,124	\$ 88,144	\$ 2,233	\$ 725,466	\$ 358,849
Cash paid to suppliers for goods and services	(239,473)	(50,591)	(77,824)	(1,316)	(369,204)	(337,230)
Cash paid to employees for services	(307,553)	(18,875)	(12,403)	(998)	(339,829)	(112,359)
Net cash provided by (used in) operating activities	6,939	11,658	(2,083)	(81)	16,433	(90,740)
Cash flows from noncapital financing activities						
Advances to (from) other funds	(3,694)	3,694	-	-	-	-
Transfers received	26,000	-	-	66	26,066	3,809
Transfers paid	(5,626)	(315)	(209)	-	(6,150)	(4,040)
Net cash provided by (used in) noncapital financing activities	16,680	3,379	(209)	66	19,916	(231)
Cash flows from capital and related financing activities						
Proceeds (loss) from sale of capital assets	-	128	2	1	131	1,499
Acquisition and construction of capital assets	(30,060)	(6,830)	(95)	-	(36,985)	(7,428)
Principal paid on capital leases	(1,763)	-	-	-	(1,763)	(21,974)
Capital contributions	552	-	-	-	552	142,530
Principal paid on bonds payable	(10,470)	-	(175)	-	(10,645)	-
Interest paid on long-term debt	(9,402)	-	(32)	-	(9,434)	(3,135)
Net cash provided by (used in) capital and related financing activities	(51,143)	(6,702)	(300)	1	(58,144)	111,492
Cash flows from investing activities						
Loans made to others	-	-	(800)	-	(800)	-
Investment income (loss)	309	867	2,599	48	3,823	630
Net cash provided by (used in) investing activities	309	867	1,799	48	3,023	630
Net increase (decrease) in cash and cash equivalents	(27,215)	9,202	(793)	34	(18,772)	21,151
Cash and cash equivalents, beginning of year	132,168	147,273	23,803	5,274	308,518	236,039
Cash and cash equivalents, end of year	<u>\$ 104,953</u>	<u>\$ 156,475</u>	<u>\$ 23,010</u>	<u>\$ 5,308</u>	<u>\$ 289,746</u>	<u>\$ 257,190</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position						
Cash and investments per Statement of Net Position	\$ 70,442	\$ 85,811	\$ 5,036	\$ 2,119	\$ 163,408	\$ 257,190
Restricted cash and investments per Statement of Net Position	34,511	70,664	17,974	3,189	126,338	-
Total cash and cash equivalents per Statement of Net Position	<u>\$ 104,953</u>	<u>\$ 156,475</u>	<u>\$ 23,010</u>	<u>\$ 5,308</u>	<u>\$ 289,746</u>	<u>\$ 257,190</u>

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, 2017
(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)	\$ (11,580)	\$ (2,115)	\$ (3,611)	\$ (352)	\$ (17,658)	\$ (138,138)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	24,740	6,370	1,296	4	32,410	21,379
Decrease (Increase) accounts receivable	(3,152)	(1,379)	(86)	(35)	(4,652)	(7,278)
Decrease (Increase) taxes receivable	-	-	-	3	3	-
Decrease (Increase) due from other funds	(3,322)	-	-	1	(3,321)	(656)
Decrease (Increase) due from other governments	16,379	(16)	159	3	16,525	(570)
Decrease (Increase) inventories	32	(71)	-	-	(39)	260
Decrease (Increase) prepaid items and deposits	(1,803)	-	-	-	(1,803)	(1,950)
Increase (Decrease) accounts payable	(477)	909	(653)	80	(141)	3,848
Increase (Decrease) due to other funds	(441)	13	-	4	(424)	1,025
Increase (Decrease) due to other governments	3,764	3	696	(2)	4,461	(13)
Increase (Decrease) deposits payable	13	-	-	56	69	-
Increase (Decrease) accrued closure costs	-	2,656	-	-	2,656	-
Increase (Decrease) accrued remediation costs	-	5,010	-	-	5,010	208
Increase (Decrease) other liabilities	(28,266)	(32)	(97)	70	(28,325)	192
Increase (Decrease) estimated claims liability	-	-	-	-	-	25,917
Increase (Decrease) net pension liability	87,565	7,605	3,302	415	98,887	35,541
Increase (Decrease) deferred pensions	(78,635)	(7,119)	(2,834)	(336)	(88,924)	(30,459)
Increase (Decrease) service concession arrangement	-	(434)	-	-	(434)	-
Increase (Decrease) salaries and benefits payable	1,041	136	-	20	1,197	490
Increase (Decrease) compensated absences	1,081	103	(255)	(12)	917	(536)
Increase (Decrease) OPEB obligation, net	-	19	-	-	19	-
Net cash provided by (used in) operating activities	<u>\$ 6,939</u>	<u>\$ 11,658</u>	<u>\$ (2,083)</u>	<u>\$ (81)</u>	<u>\$ 16,433</u>	<u>\$ (90,740)</u>
Noncash investing, capital, and financing activities:						
Capital lease obligations	<u>\$ 2,748</u>				<u>\$ 2,748</u>	<u>\$ 16,194</u>

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

COUNTY OF RIVERSIDE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 4)	\$ -	\$ -	\$ 108,422	\$ 277,134
Federal agency	-	2,206,827	-	-
Cash and cash equivalents	1,038	790,208	-	-
Mutual funds	41,741	-	-	-
Commercial paper	-	1,086,642	-	-
Negotiable CDs	-	152,366	-	-
Municipal bonds	-	386,553	-	-
Bonds - U.S. Treasury	-	264,477	-	-
Local agency obligation	-	167	-	-
Accounts receivable	186	5,995	1,589	366
Interest receivable	-	6,346	55	75
Taxes receivable	-	-	-	31,572
Due from other governments	-	-	2,569	-
Land held for sale	-	-	25,321	-
Total assets	<u>42,965</u>	<u>4,899,581</u>	<u>137,956</u>	<u>309,147</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	<u>-</u>	<u>-</u>	<u>20,352</u>	<u>-</u>
LIABILITIES:				
Accounts payable	-	-	9,603	159,836
Due to other governments	-	-	3	149,311
Note payable	-	-	738,313	-
Interest payable	-	-	8,263	-
Accreted interest payable	-	-	12,795	-
Other long-term liabilities	<u>-</u>	<u>-</u>	<u>643</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>769,620</u>	<u>\$ 309,147</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,969</u>	
NET POSITION:				
Net position (deficit) held in trust	<u>\$ 42,965</u>	<u>\$ 4,899,581</u>	<u>\$ (613,281)</u>	

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

COUNTY OF RIVERSIDE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
ADDITIONS:			
Employer contributions	\$ 1,365	\$ -	\$ -
Employee contributions	1,660	-	-
Contributions to pooled investments	-	28,800,919	-
Contributions to private-purpose trust	-	-	57,645
Investment income	9,937	-	276
Total additions	<u>12,962</u>	<u>28,800,919</u>	<u>57,921</u>
DEDUCTIONS:			
Distributions from pooled investments	-	28,539,966	-
Distributions from private-purpose trust	-	-	38,077
Administrative and other expenses	2,120	-	-
Total deductions	<u>2,120</u>	<u>28,539,966</u>	<u>38,077</u>
Change in net position	10,842	260,953	19,844
Net position held in trust, beginning of the year	<u>32,123</u>	<u>4,638,628</u>	<u>(633,125)</u>
Net position held in trust, end of the year	<u>\$ 42,965</u>	<u>\$ 4,899,581</u>	<u>\$ (613,281)</u>

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**

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements
June 30, 2017

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

Blended Component Units

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

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

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

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

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

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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.

County of Riverside Bankruptcy Court Corporation (Bankruptcy Court). The Board is the governing body of the Bankruptcy Court. The Bankruptcy Court assists the County by providing for the acquisition, construction and renovation of public facilities and improvements. The County is responsible for all financial debt, and management has operational responsibility. The Bankruptcy Court 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely Presented Component Units (Continued)

Palm Desert Financing Authority (PDFA). The PDFA is a joint powers authority between the County and Palm Desert Successor Agency (the Agency) established on January 1, 2002, under Section 6502 of the Joint Powers Act, California Government Code Section 6500. The County and the Agency agreed to create the PDFA for the purpose of establishing a vehicle to reduce local borrowing costs, promote greater use of existing and new financial instruments and mechanisms, and assist local agencies in the financing of public capital improvements. Although the PDFA is a legally separate entity, in substance under GASB Statement No. 61, the County is financially accountable for the PDFA's issuance of the lease revenue bond that is under the PDFA's management (2008 Series A).

The PDFA's commission is the governing body of the PDFA, which consists of the County Executive Officer, one member of the County Board, the Executive Director of the Agency and a member of the Agency's governing board. It is discretely presented because its governing board is not substantially the same as the County's governing board.

Additional detailed financial information for each of the discretely presented component units can be obtained from the Auditor-Controller's Office at the Robert T. Anderson Administrative Center, 4080 Lemon Street - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326.

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-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, 39.51%, or \$23.3 million, of the County's \$59.1 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 culture 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.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 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*, are 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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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, 2017, 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.

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 77.8% of the funds on deposit in the County treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 22.1% 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 contractals are \$88.7 million and \$141.9 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 XIII A of the California State Constitution and statutory provisions. The total for fiscal year 2016-17 gross assessed valuation (for tax purposes) of the County was \$255.9 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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued) Basis of Presentation (Continued)

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 are delinquent with penalties after December 10; the second is due February 1 and are 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 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 2016-17, there were no amounts greater than 1% of the tax levy for participating entities.

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 the lower of cost (on a first-in, first-out basis) or market value in the proprietary funds. 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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

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, 2017, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net position was \$269.2 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 by the government that is applicable to the future reporting period. A deferred inflow of resources is defined as an acquisition of net position 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 pensions 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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

Restricted Net Position – This category presents external restrictions imposed 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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. In the general fund unassigned fund balance, commitments for budget stabilization of \$190.3 million, which is 25.0% 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB Statement No. 74 is effective for reporting periods beginning after June 15, 2016.

Governmental Accounting Standards Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this statement is to assure financial statements prepared by state and local governments in conformity with generally accepted accounting principles accepted in the United States of America provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. GASB Statement No. 77 is effective for reporting periods beginning after December 15, 2015.

Governmental Accounting Standards Board Statement No. 78

In December of 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and the applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue is associated with pensions provided through certain multiple-employers defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. GASB Statement No. 78 is effective for reporting periods beginning after December 15, 2015.

Governmental Accounting Standards Board Statement No. 80

In January of 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. GASB Statement No. 80 is effective for reporting periods beginning after June 15, 2016.

Governmental Accounting Standards Board Statement No. 82

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 is effective for reporting periods beginning after June 15, 2016.

Future 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. The County has elected not to early implement this statement.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Governmental Accounting Standards Board Statements (Continued)

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. The County has elected not to early implement this statement.

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. 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. The County has elected not to early implement this statement.

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. 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 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 budget; (2) the final amended 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, 2017, 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	\$	96,252
ISF - Records Management and Archives	\$	213
ISF - Information Services	\$	36,155
ISF - Risk Management	\$	32,187
ISF - Temporary Assistance Pool	\$	414
ISF - EDA Facilities Management	\$	21,721

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in capital outlay by \$64.3 million in the general fund. This excess of expenditures resulted from the acquisition of \$64.3 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, 2017

NOTE 3 – RESTATEMENTS OF BEGINNING FUND BALANCES / NET POSITION

The County's beginning net position has been restated to reflect the cumulative effect of prior year adjustments. A summary of the restatements as of June 30, 2017 is as follows (In thousands):

Government-wide:

Description	Primary Government	
	Governmental Activities	Business-type Activities
Government-wide net position as of June 30, 2016, as previously reported	\$ 2,665,679	\$ 49,023
Fund financial statements:		
Prior period adjustments:		
Depreciation expense adjustment (1)	-	(492)
Government-wide financial statements:		
Prior period adjustments:		
Accumulated depreciation adjustment (2)	(11,774)	-
Net position as of June 30, 2016, as restated	<u>\$ 2,653,905</u>	<u>\$ 48,531</u>

Fund Financials:

Description	Proprietary Funds
	Enterprise Funds
Fund balances as of June 30, 2016, as previously reported	\$ 112,901
Prior Period Adjustments:	
Depreciation expense adjustment (1)	(492)
Fund balances as of June 30, 2016, as restated	<u>\$ 112,409</u>

- (1) The adjustment was made due to the depreciation expense being understated in the prior year for a completed construction in progress project.
- (2) The adjustment was made to reflect the accumulated depreciation not being recorded in prior years for certain infrastructures and building assets.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 4 – CASH AND INVESTMENTS

As of June 30, 2017, 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	\$ 1,021,599	\$ 163,408	\$ 41,628	\$ 5,315,575	\$ 6,542,210
Restricted cash and investments	556,182	126,338	-	-	682,520
Total cash and investments	\$ 1,577,781	\$ 289,746	\$ 41,628	\$ 5,315,575	\$ 7,224,730

As of June 30, 2017, cash and investments consist of the following (In thousands):

Deposits	\$ 312,529
Investments	6,912,201
Total cash and investments	<u>\$ 7,224,730</u>

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, 2017 reported under investments CORAL had \$2.5 million and RUHS-Medical Center had \$0.7 million for a total amount of \$3.2 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 their 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 \$324.4 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 4 – CASH AND INVESTMENTS (Continued)

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

As of June 30, 2017, the County and Component Units had the following investments (In thousands):

	June 30, 2017	Interest Rate Range	Maturity	Weighted Average Maturity (Years)	Minimum Legal Rating
County treasurer investments					
Investments by fair value level					
U.S. treasuries	\$ 364,517	0.625 - 1.500%	09/17 - 10/19	0.79	N/A
Federal home loan mortgage corp.	1,326,735	0.700 - 2.050%	07/17 - 06/22	2.88	N/A
Federal national mortgage association	271,705	0.800 - 1.550%	05/18 - 07/21	2.73	N/A
Federal home loan bank	660,977	0.625 - 1.700%	07/17 - 12/21	1.29	N/A
Federal farm credit bank	528,235	0.610 - 1.770%	07/17 - 05/21	1.93	N/A
Farmer mac	253,920	0.945 - 1.337%	09/17 - 07/19	0.84	N/A
Municipal notes	511,968	0.723 - 3.000%	07/17 - 10/20	0.66	AA-/Aa3
Commercial paper	1,433,984	0.770 - 1.340%	08/17 - 02/18	0.14	A1/P1
Corporate notes	63,687	1.000 - 1.125%	04/18 - 05/18	0.82	AA/Aa2
Total county treasurer investments by fair value level	5,415,728				
Investments measured at amortized cost					
Municipal notes	20,801	3.000%	07/18 - 07/20	6.01	AA-/Aa3
Negotiable certificate of deposits	210,000	1.040 - 1.350%	08/17 - 12/17	0.24	A-1/P-1
Managed rate accounts	250,000	0.900 - 1.060%	07/17	0.00	N/A
Local agency obligations	230	1.531%	06/20	2.96	N/R
CalTRUST short term fund	54,108	1.090%	07/17	0.00	N/R
Money market mutual funds (2)	785,000	0.854 - 1.193%	07/01 - 07/11	0.01	AAA/Aaa
Total investments measured at amortized cost	1,320,139				
Total county treasurer investments	6,735,867				
Blended component unit investments					
Investments by fair value level					
U.S. treasuries	494	0.000%	less than a year	-	-
Total blended component unit investments by fair value level	494				
Investments measured at amortized cost					
Money market funds	93,847	0.100 - 0.863%	07/01/17	N/A	AAA/Aaa
Certificates of deposit	2,800	0.100%	07/17 - 10/17		
U.S. treasuries	2,958	0.510%	07/01/17		
Local agency investment funds	3,199	1.030%	07/17		N/A
Mutual funds	41,741	0.100 - 4.560%	06/30/17		
Government obligation funds	28,068	0.010 - 0.880%	07/01/17		
Investment agreements	3,227	0.000%			
Total blended component unit investments measured at amortized cost	175,840				
Total blended component unit investments	176,334				
Total investments	\$ 6,912,201				

(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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 4 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The County has the following recurring fair value measurements as of June 30, 2017 (In thousands):

Rating (1) June 30, 2017	% of Portfolio	Fair Value Measurements Using			June 30, 2017	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
						County treasurer investments
						Investments by fair value level
AA+/Aaa	5.41%	\$ 364,517			\$ 364,517	U.S. treasuries
AA+/Aaa	19.70%		1,326,735		1,326,735	Federal home loan mortgage corp.
AA+/Aaa	4.03%		271,705		271,705	Federal national mortgage association
AA+/Aaa	9.81%		660,977		660,977	Federal home loan bank
AA+/Aaa	7.84%		528,235		528,235	Federal farm credit bank
N/R	3.77%		253,920		253,920	Farmer mac
AAA/Aaa	7.60%		511,968		511,968	Municipal notes
AAA/Aaa	21.29%		1,433,984		1,433,984	Commercial paper
AA+/Aa1	0.95%		63,687		63,687	Corporate notes
	80.40%	364,517	5,051,211	-	5,415,728	Total county treasurer investments by fair value level
						Investments measured at amortized cost
AAA/Aaa	0.32%				20,801	Municipal notes
AA-/Aa1	3.12%				210,000	Negotiable certificate of deposits
N/R	3.71%				250,000	Managed rate accounts
N/R	0.00%				230	Local agency obligations
AAA/Aaa	0.80%				54,108	CalTRUST short term fund
AAA/Aaa	11.65%				785,000	Money market mutual funds (3)
	19.60%				1,320,139	Total investments measured at amortized cost
	100.00%	364,517	5,051,211	-	6,735,867	Total county treasurer investments
						Blended component unit investments
						Investments by fair value level
	0.28%	494			494	U.S. treasuries
	0.28%	494	-	-	494	Total blended component unit investments by fair value level
						Investments measured at amortized cost
AAA/Aaa	53.22%				93,847	Money market funds
	1.59%				2,800	Certificates of deposit
AAAm/Aaa-mf	1.68%				2,958	U.S. treasuries
N/R	1.81%				3,199	Local agency investment funds
	23.67%				41,741	Mutual funds
AAA/Aaa	15.92%				28,068	Government obligation funds
	1.83%				3,227	Investment agreements
	99.72%				175,840	Total blended component unit investments measured at amortized cost
	100.00%	494	-	-	176,334	Total blended component unit investments
		\$ 365,011	\$ 5,051,211	\$ -	\$ 6,912,201	Total investments

The County and its component units categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets for identical assets;
- Level 2: Investments reflect prices quoted for similar observable assets; and,
- Level 3: Investments reflect prices based upon unobservable resources.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2017 is as follows (In thousands):

<u>Governmental Activities</u>			
General Fund Restricted Subfund Money			\$ 365,394
Flood Control Customer Deposits			1,660
Teeter Debt Service - Teeter Plan			40,819
Public Financing Authority - Capital Projects			93,045
Other Governmental Funds			
CORAL			
Local Agency Investment Fund	2,538		
Restricted Cash and Other Investments	18,619	21,157	
District Court Financing Corporation		1,921	
Infrastructure Financing Authority		11,320	
Inland Empire Tobacco Securitization Authority		19,471	
Public Financing Authority - Debt Service		1,395	
Total Other Governmental Funds			55,264
Total Governmental Activities			556,182
<u>Business-type Activities</u>			
Riverside University Health Systems - Medical Center			
Local Agency Investment Fund		661	
Restricted Cash and Other Investments		33,850	
Total Riverside University Health Systems - Medical Center			34,511
Waste Resources			
Remediation costs		32,038	
Closure and post-closure care costs		30,785	
Customer deposits		557	
Advances from grantors & 3rd parties		587	
Deposit payable		38	
Deferred inflow of resources		6,659	
Total Waste Resources			70,664
Housing Authority			
Local Agency Investment Fund		920	
Restricted Cash and Other Investments		17,054	
Total Housing Authority			17,974
Other Enterprise Funds - Flood Control Customer Deposits			3,189
Total Business-type Activities			126,338
Total Restricted Cash and Investments			\$ 682,520

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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					Total
Governmental activities:					Governmental
	Accounts	Interest	Taxes	Due From Other Govts	Activities
General fund	\$ 13,865	\$ 2,295	\$ 9,182	\$ 363,548	\$ 388,890
Transportation	223	101	11	10,387	10,722
Flood Control	265	285	988	356	1,894
Teeter debt service	-	29	49,875	-	49,904
Public facilities improvements	-	170	-	12,166	12,336
Nonmajor governmental funds	4,527	133	1,298	14,888	20,846
Internal service funds	13,191	290	-	1,384	14,865
Total receivables	<u>\$ 32,071</u>	<u>\$ 3,303</u>	<u>\$ 61,354</u>	<u>\$ 402,729</u>	<u>\$ 499,457</u>

Receivables					Due From	Allowance for	Total
Business-type activities:					Other Govts	Uncollectibles	Business-type
	Accounts	Interest	Taxes	Loans			Activities
Riverside University Health Systems - Medical Center	\$ 281,567	\$ 46	\$ -	\$ -	\$ 125,503	\$ (230,601)	\$ 176,515
Waste Resources	6,916	207	-	5,000	194	-	12,317
Housing Authority	272,742	-	-	88,407	1,291	(272,353)	90,087
Nonmajor funds	267	10	9	-	7	-	293
Total receivables	<u>\$ 561,492</u>	<u>\$ 263</u>	<u>\$ 9</u>	<u>\$ 93,407</u>	<u>\$ 126,995</u>	<u>\$ (502,954)</u>	<u>\$ 279,212</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 7 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2017 is as follows (In thousands):

<i>Due to/from other funds :</i>		Receivable Fund			
Payable Fund	General Fund	Transportation	Teeter Debt Service	Other Governmental Funds	
General Fund					
Delinquent property tax	\$ -	\$ -	\$ 35	\$ -	
Interfund activity	-	-	-	217	
Total General Fund					
Transportation					
Interfund activity	210	-	-	-	
Total Transportation					
Flood Control					
Interfund activity	-	-	-	-	
Total Flood Control					
Teeter Debt Service					
Interfund activity	7,296	-	-	-	
Total Teeter Debt Service					
Public Facilities Improvements Capital Projects					
Capital projects	8	-	-	-	
Interfund activity	-	-	-	-	
Total Public Facilities Imprv Cap Proj					
Other Governmental Funds					
Capital projects	121	280	-	-	
Interfund activity	114	-	-	6,979	
Medical services	-	-	-	-	
Total Other Governmental Funds					
Riverside University Health Systems					
Interfund activity	275	-	-	139	
Law Enforcement	455	-	-	-	
Total Riverside University Health Systems					
Waste Resources					
Interfund activity	13	-	-	-	
Total Waste Resources					
Other Enterprise Funds					
Interfund activity	-	-	-	-	
Total Other Enterprise Funds					
Internal Service Funds					
Interfund activity	997	-	-	-	
Total Internal Service Funds					
Total Receivable	<u>\$ 9,489</u>	<u>\$ 280</u>	<u>\$ 35</u>	<u>\$ 7,335</u>	

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 \$3.4 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 initiative costs.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 7 – INTERFUND TRANSACTIONS (Continued)

(a) Interfund Receivables/ Payables (Continued)

Receivable Fund				
Riverside University Health Systems-Medical Center	Other Enterprise Funds	Internal Service Funds	Total Payable	
\$ -	\$ -	\$ -	\$ 35	General Fund
274	-	339	830	Delinquent property tax
			865	Interfund activity
				Total General Fund
				Transportation
-	-	-	210	Interfund activity
			210	Total Transportation
				Flood Control
-	-	144	144	Interfund activity
			144	Total Flood Control
				Teeter Debt Service
-	-	-	7,296	Interfund activity
			7,296	Total Teeter Debt Service
				Public Facilities Improvements Capital Projects
-	-	-	8	Capital projects
-	-	93	93	Interfund activity
			101	Total Public Facilities Imprv Cap Proj
				Other Governmental Funds
-	-	-	401	Capital projects
3,088	-	280	10,461	Interfund activity
19	-	-	19	Medical services
			10,881	Total Other Governmental Funds
				Riverside University Health Systems
-	-	-	414	Interfund activity
-	-	-	455	Law Enforcement
			869	Total Riverside University Health Systems
				Waste Resources
-	-	-	13	Interfund activity
			13	Total Waste Resources
				Other Enterprise Funds
-	1	6	7	Interfund activity
			7	Total Other Enterprise Funds
				Internal Service Funds
188	-	70	1,255	Interfund activity
			1,255	Total Internal Service Funds
<u>\$ 3,569</u>	<u>\$ 1</u>	<u>\$ 932</u>	<u>\$ 21,641</u>	Total Receivable

Advances to/from other funds (Continued):

Waste Resources advanced \$4.0 million to Public Facilities Capital Project Improvement Fund for East County Detention Center.
Waste Resources advanced \$18.5 million to RUHS-MC for consulting services.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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	Public Financing Authority
General Fund					
*To finance capital projects	\$ -	\$ -	\$ -	\$ 13,698	\$ -
*For debt service payments	-	-	630	-	-
*Operating contribution	-	201	-	-	-
*For professional services	-	4,508	-	-	-
*To fund pension obligation	-	-	-	-	-
Total general fund					
Transportation					
*To finance capital projects	-	-	-	101	-
*For professional services	2,324	-	-	-	-
*To fund pension obligation	-	-	-	-	-
Total transportation					
Flood Control					
*For debt service payments	-	-	-	-	-
Total Flood Control					
Teeter Debt Service					
*For debt service payments	105	-	-	-	-
Total teeter debt service					
Public Facilities Improvements Capital Projects					
*To finance capital projects	46,856	3,907	-	-	-
*For professional services	-	-	-	-	-
Total public facilities imprv cap proj					
Other Governmental Funds					
*To finance capital projects	-	77	-	217	-
*For debt service payments	-	-	-	-	86
*For Fire protection services	47,029	-	-	-	-
*For professional services	16,894	1,760	-	-	-
*Operating contribution	119	-	-	7	-
*To fund pension obligation	182	-	-	-	-
Total other governmental funds					
RUHS-MC					
*To fund pension obligation	-	-	-	-	-
Total RUHS-MC					
Waste Resources					
*To fund pension obligation	-	-	-	-	-
Total Waste Resources					
Housing Authority					
*To fund pension obligation	-	-	-	-	-
Total Housing Authority					
Internal Service Funds					
*For business services	-	-	-	-	-
*To fund pension obligation	-	-	-	-	-
Total Internal Service Funds					
Total transfers in	\$ 113,509	\$ 10,453	\$ 630	\$ 14,023	\$ 86

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, 2017

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 (RUHS-MC)	Other Enterprise Funds	Internal Service Funds	Total Transfers Out		*Principal purpose for transfer	
General Fund							
\$ -	\$ -	\$ -	\$ 20	\$ 13,718		*To finance capital projects	
58,261	-	-	-	58,891		*For debt service payments	
8,941	21,000	-	574	30,716		*Operating contribution	
4,358	-	-	-	8,866		*For professional services	
26,852	-	-	-	26,852		*To fund pension obligation	
				139,043		Total general fund	
Transportation							
-	-	-	-	101		*To finance capital projects	
32	-	-	-	2,356		*For professional services	
982	-	-	-	982		*To fund pension obligation	
				3,439		Total transportation	
Flood Control							
2,855	-	-	-	2,855		*For debt service payments	
				2,855		Total Flood Control	
Teeter Debt Service							
-	-	-	-	105		*For debt service payments	
				105		Total teeter debt service	
Public Facilities Improvements Capital Projects							
2,066	5,000	-	1,417	59,246		*To finance capital projects	
259	-	-	-	259		*For professional services	
				59,505		Total public facilities imprv cap proj	
Other Governmental Funds							
-	-	-	-	294		*To finance capital projects	
14,834	-	-	-	14,920		*For debt service payments	
-	-	-	-	47,029		*For Fire protection services	
8,265	-	-	-	26,919		*For professional services	
4,098	-	66	-	4,290		*Operating contribution	
1,327	-	-	-	1,509		*To fund pension obligation	
				94,961		Total other governmental funds	
RUHS-MC							
5,626	-	-	-	5,626		*To fund pension obligation	
				5,626		Total RUHS-MC	
Waste Resources							
315	-	-	-	315		*To fund pension obligation	
				315		Total Waste Resources	
Housing Authority							
209	-	-	-	209		*To fund pension obligation	
				209		Total Housing Authority	
Internal Service Funds							
-	-	-	1,798	1,798		*For business services	
2,242	-	-	-	2,242		*To fund pension obligation	
				4,040		Total Internal Service Funds	
\$ 141,522	\$ 26,000	\$ 66	\$ 3,809	\$ 310,098			

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows (In thousands):

	Balance July 1, 2016	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2017
Governmental activities:						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 537,586	\$ -	\$ 29,976	\$ (5,981)	\$ -	\$ 561,581
Construction in progress	709,599	-	282,651	(395)	(235,051)	756,804
Total capital assets, not being depreciated	1,247,185	-	312,627	(6,376)	(235,051)	1,318,385
<i>Capital assets, being depreciated:</i>						
Infrastructure						
Flood channels	268,496	-	228	-	-	268,724
Flood storm drains	451,899	-	7,102	-	38,913	497,914
Flood dams and basins	44,527	-	-	-	-	44,527
Roads	2,134,330	-	11,850	-	143,274	2,289,454
Traffic signals	42,806	-	-	-	1,906	44,712
Bridges	210,290	-	-	-	32,125	242,415
Runways	24,179	-	-	-	-	24,179
Sewer systems	2,924	-	-	-	-	2,924
Communication towers	16,146	-	-	-	-	16,146
Parks trails and improvements	17,140	-	-	-	1,724	18,864
Land improvements	110	-	-	-	-	110
Structures and improvements	1,681,786	-	66	(6,359)	17,077	1,692,570
Equipment	556,368	-	35,899	(31,096)	32	561,203
Total capital assets, being depreciated	5,451,001	-	55,145	(37,455)	235,051	5,703,742
Less accumulated depreciation for:						
Infrastructure	(1,343,447)	(10,934)	(112,763)	-	-	(1,467,144)
Land improvements	(26)	-	(2)	-	-	(28)
Structures and improvements	(462,871)	(840)	(37,222)	1,995	-	(498,938)
Equipment	(323,324)	-	(43,004)	29,494	-	(336,834)
Total accumulated depreciation	(2,129,668)	(11,774)	(192,991)	31,489	-	(2,302,944)
Total capital assets, being depreciated, net	3,321,333	(11,774)	(137,846)	(5,966)	235,051	3,400,798
Governmental activities capital assets, net	\$ 4,568,518	\$ (11,774)	\$ 174,781	\$ (12,342)	\$ -	\$ 4,719,183

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 8 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2017 was as follows (In thousands):

	Restated Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Business-type activities:					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 21,359	\$ 1,491	\$ (1,491)	\$ -	\$ 21,359
Construction in progress	56,380	25,404	(2,459)	(42,980)	36,345
Concession arrangements	8,830	-	-	-	8,830
Total capital assets, not being depreciated	86,569	26,895	(3,950)	(42,980)	66,534
<i>Capital assets, being depreciated:</i>					
Land improvements	21,123	-	-	-	21,123
Infrastructure-landfill liners	67,056	-	-	8,864	75,920
Infrastructure-other	25,959	151	(162)	64	26,012
Structures and improvements	245,805	979	-	2,506	249,290
Equipment	129,111	17,474	(3,295)	31,546	174,836
Total capital assets, being depreciated	489,054	18,604	(3,457)	42,980	547,181
Less accumulated depreciation for:					
Land improvements	(12,218)	(1,212)	-	-	(13,430)
Infrastructure-landfill liners	(36,105)	(3,316)	-	-	(39,421)
Infrastructure-other	(11,515)	(1,218)	-	-	(12,733)
Structures and improvements	(117,195)	(6,766)	-	-	(123,961)
Equipment	(96,347)	(19,898)	2,045	-	(114,200)
Total accumulated depreciation	(273,380)	(32,410)	2,045	-	(303,745)
Total capital assets, being depreciated, net	215,674	(13,806)	(1,412)	42,980	243,436
Business-type activities capital assets, net	\$ 302,243	\$ 13,089	\$ (5,362)	\$ -	\$ 309,970

Depreciation

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

General government	\$ 38,797
Public protection	11,569
Health and sanitation	1,412
Public assistance	1,352
Public ways and facilities	114,242
Recreation and cultural services	1,014
Education	3,226
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	21,379
Total depreciation expense – governmental functions	<u>\$ 192,991</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 8 – CAPITAL ASSETS (Continued)

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

Riverside University Health Systems-Medical Center	\$ 24,740
Waste Resources	6,370
Housing Authority	1,296
County Service Areas	3
Flood Control	1
Total depreciation expense – business-type functions	<u>\$ 32,410</u>

Capital Leases

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

	Governmental Activities	Business-type Activities
Land	\$ 488	\$ -
Structures and improvements	122,019	-
Equipment	157,963	9,377
Less: Accumulated amortization	<u>(80,622)</u>	<u>(4,399)</u>
Total leased property, net	<u>\$ 199,848</u>	<u>\$ 4,978</u>

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2017 was as follows (In thousands):

	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 373	\$ -	\$ -	\$ -	\$ 373
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373</u>
Capital assets, being depreciated					
Building and improvements	1,898	-	-	-	1,898
Machinery and equipment	100	-	-	-	100
Total capital assets, being depreciated	<u>1,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,998</u>
Less accumulated depreciation for:					
Building and improvements	(113)	(54)	-	-	(167)
Machinery and equipment	(51)	(14)	-	-	(65)
Total accumulated depreciation	<u>(164)</u>	<u>(68)</u>	<u>-</u>	<u>-</u>	<u>(232)</u>
Total capital assets, being depreciated, net	<u>1,834</u>	<u>(68)</u>	<u>-</u>	<u>-</u>	<u>1,766</u>
Total capital assets, net	<u>\$ 2,207</u>	<u>\$ (68)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,139</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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., now Destiny RV, LLC who assigned its lease rights to Riviera-Reynolds (the “Company”). 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 \$3.0 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 also provide the following services to park guest: bike rentals, miniature and disc golf, supply rentals, beer and wine sales, and special event coordination/cooperation. 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 \$3 hundred or 7.0% of gross receipts earned from operation of the RV park.	-
Lake Skinner Recreation Area	11/1/2007	10 years	10/31/2017	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.	-
					<u>\$ -</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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

Capital assets balance for the SCAs for the fiscal year ended June 30, 2017, and over the terms of the agreements are as follows (In thousands):

	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	50,806
	<u>\$ 59,819</u>

The deferred inflows of resources activity for the SCA for the year ended June 30, 2017 are as follows (In thousands):

SCA Capital Assets	Balance July 1, 2016	Additions/ Restatements	Amortization¹	Balance June 30, 2017
McIntyre Park Campground ²	\$ -	\$ -	\$ -	\$ -
Riviera RV Resort ²	-	-	-	-
Lake Skinner Recreation Area ²	-	-	-	-
Gopher Hole Camp Store ²	-	-	-	-
Edom Hill Transfer Station	7,093	-	(434)	6,659
Cove and Dropzone Waterparks ²	-	-	-	-
Total Deferred inflows	<u>\$ 7,093</u>	<u>\$ -</u>	<u>\$ (434)</u>	<u>\$ 6,659</u>

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 \$11.1 million as the remaining estimated capacity of 19.2 million tons is filled. Waste Resources expects all currently permitted landfill capacities to be filled by 2098. The total estimated closure liability of \$19.5 million and post-closure care cost of \$31.1 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, 2017, the post-closure liability is estimated at \$32.0 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, 2017	Outstanding Recognized Liability	Estimated Years Remaining
Badlands (Moreno Valley)	\$ 10,208	64.3%	\$ 6,558	5
Blythe (Blythe)	4,927	32.2%	1,586	30
Edom Hill (Cathedral City)	5,484	100.0%	5,484	-
Lamb Canyon (Beaumont)	7,997	50.8%	4,063	12
Desert Center (Desert Center)	397	69.7%	277	70
Mecca II (Mecca)	869	98.8%	858	81
Oasis (Oasis)	719	93.7%	674	46
Total Closure Estimate	<u>\$ 30,601</u>		<u>\$ 19,500</u>	

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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

Post-Closure Escrow Fund Landfill Sites

Facility Name (City)	Estimated Liability
Badlands (Moreno Valley)	\$ 8,116
Blythe (Blythe)	2,519
Coachella (Coachella)	1,395
Double Butte (Winchester)	2,128
Edom Hill (Cathedral City)	2,614
Highgrove (Riverside)	1,742
Lamb Canyon (Beaumont)	5,801
Mead Valley (Perris)	1,355
Anza (Anza)	1,584
Desert Center (Desert Center)	1,221
Mecca II (Mecca)	1,332
Oasis (Oasis)	1,281
Total Post-Closure Estimate	<u>\$ 31,088</u>

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, 2017 (In thousands):

<u>Year Ending June 30</u>	
2018	\$ 41,047
2019	32,213
2020	27,559
2021	24,213
2022	19,780
2023 - 2027	44,849
2028 - 2032	1,492
2033 - 2037	1,512
2038 - 2042	903
2043 - 2047	683
Total Minimum Payments	<u>\$ 194,251</u>

Total rental expenditure/expense for the year ended June 30, 2017 was \$115.0 million, of which \$7.3 million was recorded in the enterprise funds.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017 of advances from grantors and third parties is as follows (In thousands):

	Balance June 30, 2017
General Fund:	
Advances on state and federal grants for mental health services	\$ 148,729
Advances on state funding for social services	65,628
Advances on state grants for probation services	25,280
Advances on state grants and other 3rd party advances for public health services	12,453
Advances on state and federal grants for sheriff services	7,317
Advances on state grants and other federal grants for environmental health services	2,492
Advances on state grants and other 3rd party advances for emergency management services	2,187
Advances on state grants for Citizen's Option for Public Safety Program	2,097
Advances on state grants for district attorney services	1,279
Advances on state grants for veteran services	284
Other advances	261
Total general fund	<u>268,007</u>
Transportation Special Revenue Fund:	
Developer fees	17,142
Federal exchange and state match	2,780
Survey fees	843
Advances from developers for median projects	791
Utility relocation	670
Transportation Uniform Mitigation Fee (TUMF) credit	330
Deposit based fees	296
Advances for community facilities districts improvement projects	243
Road deposits	160
Total transportation special revenue fund	<u>23,255</u>
Flood Special Revenue Fund:	
Advances for flood control projects	500
Total flood special revenue fund	<u>500</u>
Public Facilities Improvements Capital Projects Fund:	
Advances for facility renewal projects	1,534
Advance for Mecca mandatory tenant improvements	84
Advance for construction of law building	23
Total public facilities improvements capital projects fund	<u>1,641</u>
Other Governmental Funds:	
Advance from state for community service block grant	1,765
Camping and recreation fees	598
Advance from state for the community recidivism reduction grant program	373
Advances for aviation projects	31
Advance from 3rd parties for recreational events	14
Total other governmental funds	<u>2,781</u>
Grand total of advances from grantors and third parties	<u><u>\$ 296,184</u></u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 13 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes (TRANS)

On July 1, 2016, the County issued \$340.0 million of tax exempt Tax and Revenue Anticipation Notes (TRANS), which will be paid by June 30, 2017. The notes were issued with a yield rate of 0.68% and a stated interest rate of 3.0%. 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 2016-17, the County retired \$88.5 million and issued \$83.5 million 2016 Series A teeter obligation notes (tax-exempt), leaving an outstanding balance of \$83.5 million at June 30, 2017.

Short-term debt activity for the year ended June 30, 2017, was as follows (In thousands):

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
TRANS	\$ -	\$ 340,000	\$ (340,000)	\$ -
Teeter notes	88,507	83,462	(88,507)	83,462
Total	\$ 88,507	\$ 423,462	\$ (428,507)	\$ 83,462

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 \$3.17 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, 2017 (In thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>
2018	\$ 34,370	\$ 3,972
2019	30,121	1,850
2020	22,749	1,339
2021	14,003	925
2022	10,061	517
2023-2027	37,183	96
2028-2032	39,902	-
2033-2037	35,047	-
2038-2042	15,295	-
2043-2047	9,137	-
Total minimum payments	247,868	8,699
Less amount representing interest	(67,578)	(276)
Present value of net minimum lease payments	<u>\$ 180,290</u>	<u>\$ 8,423</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017 (In thousands):

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2017
Governmental activities:				
Certificates of Participation				
<u>CORAL</u>				
1990 Monterey Avenue: Serial Certificates	\$ 8,800	Variable	2020	\$ 2,800
2007 Series A - Public Safety Communication and Refunding Projects	73,775	4.00% - 5.00%	2017	10,875
2009 Series A - Public Safety Communication and Woodcrest Library Refunding Projects	45,685	Variable	2039	45,025
2009 Larson Justice Center Refunding: Serial Certificates	24,680	2.00% - 5.00%	2021	13,492
Total CORAL	152,940			72,192
<u>District Court Financing Corporation</u>				
U.S. District Court Project: Term/Series 1999	2,165	7.59%	2020	1,391
U.S. District Court Project: Term/Series 2002	925	3.00%	2020	215
Total District Court Financing Corporation	3,090			1,606
<u>Flood Control</u>				
Zone 4 - 2015 Negotiable Promissory Note	21,000	2.00% - 5.00%	2025	20,669
Total Flood Control	21,000			20,669
Total certificates of participations	\$ 177,030			\$ 94,467
Bonds payable				
<u>CORAL</u>				
2012 CAC Annex Refunding Project	\$ 33,360	2.00% - 5.00%	2031	\$ 29,078
2008 A Southwest Justice Center: Term Certificates	78,895	5.16%	2032	71,140
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	63,290
2014 Lease Refunding Court Facilities Project, Series A	10,890	2.00% - 5.00%	2033	9,507
2014 Lease Refunding Court Facilities Project, Series B	7,605	0.55% - 2.73%	2019	3,910
Total CORAL	198,498			178,658
<u>Taxable Pension Obligation Bonds</u>				
Pension Obligation Bonds (Series 2005-A)	400,000	4.91% - 5.04%	2035	286,535
Total Taxable Pension Obligation Bonds	400,000			286,535

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Type of Indebtedness	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding at June 30, 2017
Bonds payable (continued)				
<u>Inland Empire Tobacco Securitization Authority</u>				
Series 2007 A	\$ 87,650	5.10%	2021	\$ 49,550
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	23,457
Series 2007 E	18,948	7.63%	2057	18,949
Series 2007 F	<u>27,076</u>	8.00%	2057	<u>27,075</u>
Total Inland Empire Tobacco Securitization Authority	<u>294,084</u>			<u>255,984</u>
<u>Riverside County Public Financing Authority</u>				
Series 2012	17,640	3.00% - 5.00%	2021	14,005
Series 2015	<u>325,000</u>	2.00% - 5.00%	2046	<u>349,524</u>
Total Riverside County Public Financing Authority	<u>342,640</u>			<u>363,529</u>
<u>Riverside County Infrastructure Financing Authority</u>				
Series 2015 A	72,825	2.00% - 5.00%	2033	77,093
Series 2016 A	36,740	2.00% - 4.00%	2031	41,898
Series 2016 A-T	<u>3,245</u>	1.18% - 1.34%	2018	<u>3,245</u>
Total Riverside County Infrastructure Financing Authority	<u>112,810</u>			<u>122,236</u>
Total bonds payable	<u>\$ 1,348,032</u>			<u>\$ 1,206,942</u>
Loans payable				
<u>CORAL</u>				
2011 Monroe Park Building Refunding	\$ 5,535	3.54%	2021	\$ 2,205
Total 2011 Monroe Park Building Refunding	<u>5,535</u>			<u>2,205</u>
Total loans payable	<u>\$ 5,535</u>			<u>\$ 2,205</u>
Total governmental activities	<u>\$ 1,530,597</u>			<u>\$ 1,303,614</u>
Business-Type Activities				
Bonds payable				
<u>Riverside University Health Systems - Medical Center (RUHS-MC)</u>				
1997 A Serial Capital Appreciation Bonds (net of future capital appreciation of \$130.5 million)	\$ 41,170	5.70% - 6.01%	2026	\$ 31,351
1997 Term bond (Series C)	1,532	5.81%	2019	1,397
2012 Term bond (Series A)	87,510	2.00% - 5.00%	2029	56,250
2012 Term bond (Series B)	<u>3,020</u>	3.25%	2019	<u>2,983</u>
Total RUHS-MC	<u>133,232</u>			<u>91,981</u>
<u>Housing Authority</u>				
1998 Series A: Term Bonds	<u>2,405</u>	6.85%	2018	<u>\$ 390</u>
Total Housing Authority	<u>2,405</u>			<u>390</u>
Total bonds payable	<u>\$ 135,637</u>			<u>\$ 92,371</u>
Total business-type activities	<u>\$ 135,637</u>			<u>\$ 92,371</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2017, annual debt service requirements of governmental activities to maturity are as follows (In thousands):

Governmental Activities Fiscal Year Ending June 30	Loans Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2018	\$ 605	\$ 73	\$ 16,022	\$ 4,073
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 - 2027	-	-	8,780	1,464
2028 - 2032	-	-	1,185	678
2033 - 2037	-	-	1,580	404
2038 - 2042	-	-	1,189	73
Total requirements	2,205	159	92,340	14,400
Bond discount/premium, net	-	-	2,127	-
Total	\$ 2,205	\$ 159	\$ 94,467	\$ 14,400

Governmental Activities Fiscal Year Ending June 30	Bonds Payable	
	Principal	Interest
2018	\$ 115,555	\$ 49,327
2019	62,268	44,563
2020	51,548	39,700
2021	46,775	36,443
2022	50,615	34,283
2023 - 2027	219,250	135,018
2028 - 2032	168,085	94,239
2033 - 2037	176,402	60,659
2038 - 2042	94,280	33,378
2043 - 2047	113,068	10,553
2048 - 2052	-	-
2053 - 2057	69,481	4,671
Total requirements	1,167,327	542,834
Bond discount/premium, net	39,615	-
Total	\$ 1,206,942	\$ 542,834

As of June 30, 2017, annual debt service requirements of business-type activities and the discretely presented component unit to maturity are as follows (In thousands):

Business-type Activities Fiscal Year Ending June 30	Bonds Payable		Other Long-term Liabilities	
	Principal	Interest	Principal	Interest
2018	\$ 14,307	\$ 5,415	\$ -	\$ -
2019	13,182	8,180	-	-
2020	4,981	15,769	-	-
2021	4,664	16,086	-	-
2022	4,376	16,374	-	-
2023 - 2027	25,602	69,145	6,795	-
2028 - 2032	20,636	1,207	-	-
Total requirements	87,748	132,176	6,795	-
Bond discount/premium, net	4,623	-	-	-
Total	\$ 92,371	\$ 132,176	\$ 6,795	\$ -

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017 (In thousands):

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
<u>Governmental Activities:</u>				
<i>Certificates of Participation:</i>				
Court Financing (U.S. District Court Project)	\$ 4,026	\$ -	\$ (1,007)	\$ 3,019
<i>Bonds:</i>				
Inland Empire Tobacco Securitization Authority	143,778	20,349	-	164,127
Total governmental-type activities	<u>\$ 147,804</u>	<u>\$ 20,349</u>	<u>\$ (1,007)</u>	<u>\$ 167,146</u>
<u>Business-type Activities:</u>				
<i>Lease Revenue Bonds:</i>				
Riverside University Health Systems - Medical Center (1997A Hosp)	\$ 69,488	\$ 6,182	\$ (2,770)	\$ 72,900
Total business-type activities	<u>\$ 69,488</u>	<u>\$ 6,182</u>	<u>\$ (2,770)</u>	<u>\$ 72,900</u>

The accreted interest payable balances at June 30, 2017 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 of or redemption premiums, if any, or interest on the Series 2007 Bonds.

The increases of \$20.3 million and \$6.2 million represent current year's accretion for governmental activities and business-type activities, respectively. The accumulated accretion for business-type activities is \$72.9 million at June 30, 2017. The accumulated accretion for U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority in governmental activities is \$167.1 million. The un-accreted balances at June 30, 2017 are \$40.3 million for the 1997-A Hospital RUHS-MC project, \$4.2 million for the U.S. District Court, and \$3.3 billion for the Authority Capital Appreciation Bonds.

Bonds, Certificates of Participation / Refunding

In October 2016, the Infrastructure Financing Authority issued \$40.0 million in lease revenue refunding bonds, 2016 Series A and Series A-T. The 2016 Series bonds are being issued for the purpose of (i) refunding the outstanding Riverside County Palm Desert Financing Authority Lease Revenues Bonds (County Facilities Projects) 2008 Series A, (ii) finance the acquisition, construction and installation of certain capital improvements to be owned and operated by the County, and (iii) pay the costs incurred in connections with the issuance of the bonds. The new bonds have an interest rate of 1% to 4%.

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 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

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 \$90.0 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.

On 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.

On 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.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Single Family and Multi-Family Mortgage Revenue Bonds (Continued)

A total of \$24.0 million of Mortgage Revenue Bonds have been issued and \$18.7 million is outstanding as of June 30, 2017. 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 \$83.8 million at June 30, 2017, 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.

The Flood Control has issued special assessment bonds, totaling \$475.0 thousand as June 30, 2017, for the construction of flood control facilities. The bonds are to be repaid through special assessment revenue and are not considered obligations of Flood Control. In accordance with bond covenants, Flood Control has established a reserve for potential delinquencies. If a delinquency occurs in the payment of any assessment installment, Flood Control has the duty to transfer the amount of such delinquent installment from the reserve fund into the redemption fund assessment installment. Flood Control's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

State Appellate Court Financing

In November 1997, the Public 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.

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%.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap (Continued)

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, 2017.

Fair Value: As of June 30, 2017 and 2016, the swap had a negative fair value of \$21.7 million and \$29.1 million, respectively, a decrease in fair value of \$7.4 million occurred during the fiscal year 2016-17. 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, 2017.

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, 2017, 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, 2017 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.

Swap Payment and Associated Debt: Using rates as of June 30, 2017, 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, 2017	Variable Rate Bonds		Net Swap Payments	Total Interest
	Principal	Interest		
2018	\$ 2,895	\$ 1,000	\$ 2,580	\$ 3,580
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
2023-2027	17,270	3,206	8,271	11,477
2028-2032	22,540	1,460	3,767	5,227
2033-2034	6,410	38	94	132
	<u>\$ 62,350</u>	<u>\$ 9,254</u>	<u>\$ 23,867</u>	<u>\$ 33,121</u>

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities

The following is a summary of governmental activities long-term liabilities transactions for the year ended June 30, 2017 (In thousands):

	Balance	New	Payments	Balance	Amounts Due
	June 30, 2016	Additions	/ Reclass	June 30, 2017	Within One Year
<u>Governmental Activities:</u>					
Debt long-term liabilities:					
Bonds payable	\$ 1,195,027	\$ 45,201	\$ (33,286)	\$ 1,206,942	\$ 115,555
Capital lease obligations	160,110	80,483	(60,303)	180,290	28,971
Certificates of participation	108,937	-	(14,470)	94,467	16,022
Loans payable	2,790	-	(585)	2,205	605
Total debt long-term liabilities	1,466,864	125,684	(108,644)	1,483,904	161,153
Other long-term liabilities:					
Accreted interest payable	147,804	20,349	(1,007)	167,146	-
Compensated absences (a)	241,121	390	(3,392)	238,119	142,168
Estimated claims liabilities (b)	177,981	75,510	(49,593)	203,898	50,497
Net pension liabilities (d)	1,559,119	661,409	-	2,220,528	-
Accrued remediation costs (c)	1,862	508	(868)	1,502	983
Total other long-term liabilities	2,127,887	758,166	(54,860)	2,831,193	193,648
Total governmental activities – long-term liabilities	\$ 3,594,751	\$ 883,850	\$ (163,504)	\$ 4,315,097	\$ 354,801
(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 Project and Internal Service Funds are used to liquidate net pension liabilities.					

The following is a summary of business-type activities long-term liabilities transactions for the year ended June 30, 2017 (In thousands):

	Balance	New	Payments	Balance	Amounts Due
	June 30, 2016	Additions	/ Reclass	June 30, 2017	Within One Year
<u>Business-type Activities:</u>					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses	\$ 106,428	\$ 4,623	\$(18,680)	\$ 92,371	\$ 14,307
Capital lease obligations	7,438	2,748	(1,763)	8,423	3,883
Total debt long-term liabilities	113,866	7,371	(20,443)	100,794	18,190
Other long-term liabilities:					
Accreted interest payable	69,488	6,182	(2,770)	72,900	231
Accrued closure and post-closure costs	79,931	2,656	-	82,587	826
Compensated absences	29,917	1,184	(267)	30,834	18,675
Accrued remediation costs	40,244	5,010	-	45,254	905
OPEB obligation, net	116	19	-	135	-
Net pension liabilities	218,791	98,887	-	317,678	-
Other long-term liabilities (a)	6,795	-	-	6,795	-
Total other long-term liabilities	445,282	113,938	(3,037)	556,183	20,637
Total business-type activities – long-term liabilities	\$ 559,148	\$ 121,309	\$(23,480)	\$ 656,977	\$ 38,827
<u>Discretely Presented Component Unit</u>					
Debt long-term liabilities:					
Bonds payable	\$ 40,401	\$ -	\$(40,401)	\$ -	\$ -
Other long-term liabilities:					
Compensated absences	116	214	(130)	200	117
Net pension liability	1,777	1,211	-	2,988	-
Total discretely presented component unit – long-term liabilities	\$ 42,294	\$ 1,425	\$(40,531)	\$ 3,188	\$ 117

(a) The Housing Authority (Business-type Activity) has two notes payable, totaling \$6.8 million, under “Other long-term liabilities.”

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

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, 2017, \$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 \$9.4 million, or 48.5%, of the specific tobacco settlement revenues available to be pledged (see page 157). 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.

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, 2017, before applying the deferred charge, was \$565.0 thousand.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 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 two items that are reportable on the government-wide statement of net position: the first item relates to outflows from charges in the net pension liability (Notes 20 and 21) and the second 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, 2017 were as follows (In thousands):

	Balance June 30, 2017
Government-wide deferred outflows of resources:	
Governmental activities:	
Interest rate swap	\$ 21,690
Pension	949,948
Total governmental activities	<u>971,638</u>
Business-type activities:	
Defeasance of debt	69
Pension	136,330
Total business-type activities	<u>136,399</u>
Total government-wide deferred outflows of resources	<u><u>\$ 1,108,037</u></u>
Discretely presented component unit	
deferred outflows of resources:	
Pension	<u>\$ 1,324</u>
Total discretely presented component unit	
deferred outflows of resources	<u><u>\$ 1,324</u></u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 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, 2017 were as follows (In thousands):

	<u>Balance June 30, 2017</u>
Government-wide deferred inflows of resources:	
Governmental activities:	
Teeter tax loss reserve	\$ 22,059
Pension	<u>292,996</u>
Total governmental activities	<u>315,055</u>
Business-type activities:	
Service concession arrangement	6,659
Pension	<u>41,917</u>
Total business-type activities	<u>48,576</u>
Total government-wide deferred inflows of resources	<u><u>\$ 363,631</u></u>
 Governmental funds deferred inflows of resources:	
General Fund:	
SB 90	\$ 23,805
Teeter tax loss reserve	22,059
Property tax	4,739
Sales tax	<u>959</u>
Total general fund	<u>51,562</u>
Flood Control Special Revenue Fund:	
Property tax	937
Special assessments	<u>51</u>
Total flood control special revenue fund	<u>988</u>
Other Governmental Funds:	
Property tax	4
Soccer field reservations	<u>50</u>
Total other governmental funds	<u>54</u>
Total governmental funds deferred inflows of resources	<u><u>\$ 52,604</u></u>
 Discretely presented component unit deferred inflows of resources:	
Pension	<u>\$ 107</u>
Total discretely presented component unit deferred inflows of resources	<u><u>\$ 107</u></u>



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COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017 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	\$ 1,975	\$ 1,101	\$ -	\$ -	\$ -	\$ 3,076
Prepaid items	-	-	67	-	-	67
Imprest cash	339	12	1	-	-	352
Permanent fund	-	-	-	-	-	-
Total nonspendable	2,314	1,113	68	-	-	3,495
Restricted						
Aging	-	-	-	-	-	-
Air quality planning	202	-	-	-	-	202
Airport	-	-	-	-	-	-
Auto theft interdiction	515	-	-	-	-	515
CAP local initiative program	-	-	-	-	-	-
Construction & capital projects	8,904	-	-	114,832	93,045	216,781
Court services	8,611	-	-	-	-	8,611
Debt services	1,819	-	-	2,333	-	4,152
District attorney	19,753	-	-	-	-	19,753
Domestic violence	1,917	-	-	-	-	1,917
Emergency medical services	5,972	-	-	-	-	5,972
Emergency preparedness	-	-	-	-	-	-
Endowment care	-	-	-	-	-	-
Environmental health	328	-	-	-	-	328
Public ways and facilities	-	-	225,328	21,961	-	247,289
Fire protection	-	-	-	897	-	897
Geographical info system	-	-	-	-	-	-
Hazmat	2,662	-	-	-	-	2,662
Humane services	134	-	-	-	-	134
Landscape maintenance	-	4,514	-	-	-	4,514
Libraries	-	-	-	-	-	-
Mental health	7,515	-	-	-	-	7,515
Modernization	6,663	-	-	-	-	6,663
Other purposes	1,927	-	-	-	-	1,927
Parks and recreation	-	-	-	10,688	-	10,688
Public assistance	2,716	-	-	-	-	2,716
Public health	4,178	-	-	-	-	4,178
Public protection	3,093	-	-	-	-	3,093
Public safety revenue	1,794	-	-	-	-	1,794
Roads	-	56,843	-	-	-	56,843
Sheriff patrol	8,466	-	-	-	-	8,466
Solar	-	-	-	-	-	-
Teeter tax losses	7,961	-	-	-	-	7,961
Total restricted	95,130	61,357	225,328	150,711	93,045	625,571

Note: Encumbrances - see Note 23 – Contingencies and Commitments

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,076	Fund balances:
7	-	580	-	587	654	Nonspendable
54	-	-	-	54	406	Inventory
-	-	-	622	622	622	Prepaid items
61	-	580	622	1,263	4,758	Imprest cash
						Permanent fund
						Total nonspendable
(29)	-	-	-	(29)	(29)	Restricted
307	-	-	-	307	509	Aging
1,718	-	-	-	1,718	1,718	Air quality planning
-	-	-	-	-	515	Airport
(786)	-	-	-	(786)	(786)	Auto theft interdiction
-	-	6,811	-	6,811	223,592	CAP local initiative program
-	-	-	-	-	8,611	Construction & capital projects
-	59,249	-	-	59,249	63,401	Court services
-	-	-	-	-	19,753	Debt services
-	-	-	-	-	1,917	District attorney
-	-	-	-	-	5,972	Domestic violence
2,809	-	-	-	2,809	2,809	Emergency medical services
-	-	-	46	46	46	Emergency preparedness
-	-	-	-	-	328	Endowment care
-	-	-	-	-	247,289	Environmental health
19,874	-	1,207	-	21,081	21,978	Public ways and facilities
1,264	-	-	-	1,264	1,264	Fire protection
-	-	-	-	-	2,662	Geographical info system
-	-	-	-	-	134	Hazmat
22,650	-	-	-	22,650	27,164	Humane services
29,747	-	-	-	29,747	29,747	Landscape maintenance
-	-	-	-	-	7,515	Libraries
-	-	-	-	-	6,663	Mental health
484	-	-	-	484	2,411	Modernization
6,711	-	5,473	-	12,184	22,872	Other purposes
5,783	-	-	-	5,783	8,499	Parks and recreation
(3,031)	-	-	-	(3,031)	1,147	Public assistance
17	-	-	-	17	3,110	Public health
-	-	-	-	-	1,794	Public protection
1,317	-	-	-	1,317	58,160	Public safety revenue
5,523	-	-	-	5,523	13,989	Roads
831	-	-	-	831	831	Sheriff patrol
-	-	-	-	-	7,961	Solar
95,189	59,249	13,491	46	167,975	793,546	Teeter tax losses
						Total restricted

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 16 – FUND BALANCES (Continued)

	Major Funds					
				Public Facilities Improvements Capital Projects	Public Financing Authority	Total Major Governmental Funds
	General Fund	Transportation	Flood Control			
Fund balances:						
Committed						
Code enforcement	\$ -	\$ 2,738	\$ -	\$ -	\$ -	\$ 2,738
Community improvement	172	-	-	-	-	172
Construction & capital projects	500	3	-	5,124	-	5,627
EDA special projects	-	-	-	-	-	-
Environmental programs	1,696	351	-	-	-	2,047
Legal services	1,214	-	-	-	-	1,214
Other purposes	2,630	-	-	-	-	2,630
Parks	-	-	-	-	-	-
Planning	-	-	-	-	-	-
Sheriff correction	15,276	-	-	-	-	15,276
Solar program	-	-	-	-	-	-
Youth protection	419	-	-	-	-	419
Total committed	21,907	3,092	-	5,124	-	30,123
Assigned						
Airports	-	-	-	-	-	-
Capital improvement projects	357	-	-	3	-	360
Construction & capital projects	-	-	-	4,854	-	4,854
Debt service	-	-	-	-	-	-
Equipment	-	6,625	-	-	-	6,625
Other purposes	338	-	-	-	-	338
Probation	5,300	-	-	-	-	5,300
Professional services	1,689	-	-	-	-	1,689
Public protection	1,495	-	-	-	-	1,495
Roads	-	8,631	-	-	-	8,631
Sheriff correction	1,810	-	-	-	-	1,810
Total assigned	10,989	15,256	-	4,857	-	31,102
Unassigned	217,891	-	-	-	-	217,891
Total fund balances	\$ 348,231	\$ 80,818	\$ 225,396	\$ 160,692	\$ 93,045	\$ 908,182

Note: Encumbrances - see Note 23 – Contingencies and Commitments

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,738	Fund balances:
-	-	-	-	-	172	Committed
-	-	-	-	-	5,627	Code enforcement
478	-	-	-	478	478	Community improvement
-	-	-	-	-	2,047	Construction & capital projects
-	-	-	-	-	1,214	EDA special projects
-	-	-	-	-	2,630	Environmental programs
3,935	-	-	-	3,935	3,935	Legal services
(70)	-	-	-	(70)	(70)	Other purposes
-	-	-	-	-	15,276	Parks
563	-	-	-	563	563	Planning
-	-	-	-	-	419	Sheriff correction
4,906	-	-	-	4,906	35,029	Solar program
						Youth protection
						Total committed
						Assigned
2,640	-	-	-	2,640	2,640	Airports
-	-	-	-	-	360	Capital improvement projects
-	-	7,452	-	7,452	12,306	Construction & capital projects
-	4,385	-	-	4,385	4,385	Debt service
-	-	-	-	-	6,625	Equipment
2,976	-	-	-	2,976	3,314	Other purposes
-	-	-	-	-	5,300	Probation
-	-	-	-	-	1,689	Professional services
-	-	-	-	-	1,495	Public protection
-	-	-	-	-	8,631	Roads
-	-	-	-	-	1,810	Sheriff correction
5,616	4,385	7,452	-	17,453	48,555	Total assigned
-	-	-	-	-	217,891	Unassigned
\$ 105,772	\$ 63,634	\$ 21,523	\$ 668	\$ 191,597	\$ 1,099,779	Total fund balances

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 17 – RISK MANAGEMENT

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

The County supplements its self-insurance for general liability, medical malpractice, and workers' compensation with catastrophic excess insurance coverage. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are \$10 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, 2017, 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 2016-17, 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, 2017, plus revenues to be collected during fiscal year 2017-18, are expected to be sufficient to cover all fiscal year 2017-2018 payments. The carrying amount of unpaid claim liabilities is \$203.9 million. The liabilities are discounted at 2.0% for general liability and medical malpractice and 2.5% for workers' compensation.

	June 30, 2016	June 30, 2017
Unpaid claims, beginning of year	\$ 158,952	\$ 177,981
Increase in provision for insured events of prior years	3,893	5,176
Incurred claims for current year	78,262	70,334
Claim payments	(63,126)	(49,593)
Unpaid claims, end of year	<u>\$ 177,981</u>	<u>\$ 203,898</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2014 and Medi-Cal cost reports through June 30, 2015. 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, 2014. 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, 2017, RUHS-MC recognized \$58 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 \$27 million in PRIME for fiscal year ending June 30, 2017.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, AB85 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 \$4.7 million in revenue for the fiscal year ending June 30, 2017 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, 2017 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 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 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
<u>Tier I</u>						
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
<u>Tier II</u>						
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
<u>Tier III (PEPRA)</u>						
County Miscellaneous	2.0% at 62	No	52	\$ 118,775	36 months	1/1/2013
County Safety	2.7% at 57	No	50	\$ 142,530	36 months	1/1/2013
Flood Control Miscellaneous	2.0% at 62	No	52	\$ 118,775	36 months	1/1/2013
Park District Miscellaneous	2.0% at 62	No	52	\$ 118,775	36 months	1/1/2013
Waste Resources Miscellaneous	N/A	N/A	N/A	N/A	N/A	N/A

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 20 – RETIREMENT PLAN (Continued)

Employees covered by benefit terms. At June 30, 2017, 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	9,667	2,275	215	73	102
Inactive employees entitled to but yet receiving benefits	11,941	1,118	131	137	50
Active employees	16,891	3,680	231	156	25
	<u>38,499</u>	<u>7,073</u>	<u>577</u>	<u>366</u>	<u>177</u>

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 2016-17, 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	16.5%	26.5%	22.2%	13.5%	13.5%
County Tier II	16.5%	26.5%	22.2%	7.8%	N/A
County Tier III	16.5%	26.5%	22.2%	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% *	6.5%	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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 20 – RETIREMENT PLAN (Continued)

Actuarial assumptions. For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liability were 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	7.65%	7.65%	7.65%	7.65%	7.65%
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	7.65%	7.65%	7.65%	7.65%	7.65%
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) available online at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf>.

All other actuarial assumptions used in the June 30, 2015 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. There were no changes of assumptions.

Discount rate. The discount rate used to measure the total pension liability was 7.65 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 7.65 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 7.65 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 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,

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2015.

<u>Asset Class</u>	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99	2.43
Inflation Sensitive	6.0%	0.45	3.36
Private Equity	10.0%	6.83	6.95
Real Estate	10.0%	4.50	5.13
Infrastructure and Forestland	2.0%	4.50	5.09
Liquidity	1.0%	(0.55)	(1.05)

(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, 2016	County Miscellaneous	County Safety	Flood Control Miscellaneous	Total
Total pension liability				
Service cost	\$ 175,662	\$ 86,039	\$ 2,736	\$ 264,437
Interest	457,630	212,548	12,356	682,534
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	141,472	47,893	3,136	192,501
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(234,668)	(105,002)	(7,290)	(346,960)
Net change in total pension liability	540,096	241,478	10,938	792,512
Total pension liability - beginning (a)	5,658,056	2,739,990	160,644	8,558,690
Total pension liability - ending (c)	<u>\$ 6,198,152</u>	<u>\$ 2,981,468</u>	<u>\$ 171,582</u>	<u>\$ 9,351,202</u>
Plan fiduciary net position				
Contributions - employer	\$ 157,639	\$ 76,363	\$ 3,445	\$ 237,447
Contributions - employee	82,884	32,073	1,356	116,313
Net investment income	24,832	10,790	666	36,288
Benefit payments, including refunds of employee contributions	(234,668)	(105,002)	(7,290)	(346,960)
Administrative expense	(2,894)	(1,306)	(73)	(4,273)
Net change in plan fiduciary net position	27,793	12,918	(1,896)	38,815
Plan fiduciary net position - beginning (b)	4,537,003	2,143,911	118,376	6,799,290
Plan fiduciary net position - ending (d)	<u>\$ 4,564,796</u>	<u>\$ 2,156,829</u>	<u>\$ 116,480</u>	<u>\$ 6,838,105</u>
Net pension liability - beginning (a) - (b)	1,121,053	596,079	42,268	1,759,400
Net pension liability - ending (c) - (d)	<u>\$ 1,633,356</u>	<u>\$ 824,639</u>	<u>\$ 55,102</u>	<u>\$ 2,513,097</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Net Pension Liability
	(a)	(b)	(c) = (a) - (b)	(a)	(b)	(c) = (a) - (b)	
Balance at 06/30/2015	\$ 35,493	\$ 28,464	\$ 7,029	\$ 42,771	\$ 33,096	\$ 9,675	\$ 16,704
Balance at 06/30/2016	\$ 37,974	\$ 28,823	\$ 9,151	\$ 45,402	\$ 33,112	\$ 12,290	\$ 21,441
Net changes during 2015-16	\$ 2,481	\$ 359	\$ 2,122	\$ 2,631	\$ 16	\$ 2,615	\$ 4,737

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
Agent Multiple-Employer Plan	\$ 2,204,721	\$ 305,388	\$ 2,988	\$ 2,513,097
Cost Sharing Multiple-Employer Plan	9,151	12,290	-	21,441
Total:	<u>\$ 2,213,872</u>	<u>\$ 317,678</u>	<u>\$ 2,988</u>	<u>\$ 2,534,538</u>

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate (In thousands):

Net Pension Liability By Plan	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
County Miscellaneous	\$ 2,556,310	\$ 1,633,356	\$ 876,790
County Safety	1,279,013	824,639	455,534
Flood Control Miscellaneous	77,849	55,102	36,264
Park District Miscellaneous	14,258	9,151	4,932
Waste Resources Miscellaneous	19,147	12,290	6,622
Total:	<u>\$ 3,946,577</u>	<u>\$ 2,534,538</u>	<u>\$ 1,380,142</u>

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 Post-Employment 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	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 of the measurement period

The expected average remaining service lifetime (EARS�) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARS� for the plan for the 2015-16 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, 2016, the Park District and Waste Resources reported a liability of \$9.1 million and \$12.3 million, respectively, for their proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2016, the Park District's and Waste Resources' proportions were 0.26345 percent and 0.35378 percent, respectively, which was an increase of 0.00725 percent and 0.00112 percent, respectively, from their proportion measured as of June 30, 2015.

For the year-ended June 30, 2017, the County recognized pension expense of \$381.7 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 20 – RETIREMENT PLAN (Continued)

At June 30, 2017, 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		
	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Deferred Outflows of Resources By Plan:						
Difference between projected and actual earnings on pension plan investments - investment earnings less than projected	\$ 420,072	\$ 190,205	\$ 10,366	\$ 3,008	\$ 2,327	\$ 625,978
Difference between expected and actual experience	117,752	55,509	3,066	38	29	176,394
Adjustment due to differences in proportions	-	-	-	335	483	818
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	178,196	91,330	3,896	1,094	832	275,348
Total	<u>\$ 716,020</u>	<u>\$ 337,044</u>	<u>\$ 17,328</u>	<u>\$ 4,475</u>	<u>\$ 3,671</u>	<u>\$ 1,078,538</u>

	Agent Multiple-Employer			Cost Sharing Multiple-Employer		
	County Miscellaneous	County Safety	Flood Control Miscellaneous	Park District Miscellaneous	Waste Resources Miscellaneous	Total
Deferred Inflows of Resources By Plan:						
Difference between projected and actual earnings on pension plan investments - investment earnings greater than projected	\$ (158,998)	\$ (71,694)	\$ (4,033)	\$ (1,140)	\$ (882)	\$ (236,747)
Difference between expected and actual experience	-	-	-	(9)	(7)	(16)
Changes of assumptions	(58,511)	(36,037)	(1,341)	(359)	(277)	(96,525)
Adjustment due to differences in proportions	-	-	-	-	(91)	(91)
Difference in employer contributions and proportionate share of contributions	-	-	-	(48)	-	(48)
Total	<u>\$ (217,509)</u>	<u>\$ (107,731)</u>	<u>\$ (5,374)</u>	<u>\$ (1,556)</u>	<u>\$ (1,257)</u>	<u>\$ (333,427)</u>

The follow table summarizes the total deferred outflows of resources and deferred inflows of resources by primary government and component unit.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	\$ 940,884	\$ (291,403)
Business-type Activities	136,330	(41,917)
Discretely Presented Component Unit	1,324	(107)
Total	<u>\$ 1,078,538</u>	<u>\$ (333,427)</u>

\$275.3 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, 2018.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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
2018	\$ 48,417	\$ 20,046	\$ 1,423	\$ 206	\$ 243	\$ 70,335
2019	48,417	20,046	1,485	258	225	70,431
2020	143,157	55,894	3,498	877	740	204,166
2021	80,324	33,231	1,652	484	374	116,065
2022	-	7,222	-	-	-	7,222
Thereafter	-	1,544	-	-	-	1,544
	<u>\$ 320,315</u>	<u>\$ 137,983</u>	<u>\$ 8,058</u>	<u>\$ 1,825</u>	<u>\$ 1,582</u>	<u>\$ 469,763</u>

Payable to the Pension Plan

At June 30, 2017, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2017.

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. 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	231
Inactive employees entitled to but yet receiving benefits	6,666
Active employees	<u>2,397</u>
	<u>9,294</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2016 valuation, the County's current required contribution rate is 3.08%. Overall, the Plan's unfunded actuarially accrued liability (UAAL) increased from the prior valuation due to the net result of the following: 1) demographic experience was different than expected, which resulted in a liability loss; 2) lump sum interest changed from 6.2 percent to 5.0 percent, which resulted in higher liabilities; and 3) assets were lower than expected due to unfavorable investment return on Plan assets (-0.36 percent compared to 6.0 percent assumed). 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, 2016, 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, 2016 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:	5.9%

Mortality rates are based on the most recent CalPERS mortality table developed in 1997-2011 CalPERS Experience Study, with generational future improvement using scale MP-2014.

The actuarial assumption is used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2016.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Nominal</u>	
		<u>Return</u>	<u>Expected Volatility</u>
U.S. Equity	40.39%	8.5%	17.0%
International Developed Equity	12.72%	9.0%	18.8%
Emerging Market Equity	5.77%	10.8%	26.0%
U.S. Core Fixed Income	35.58%	4.0%	4.5%
Real Estate	5.54%	8.0%	21.0%

Discount rate. The discount rate used to measure the total pension liability was 5.92 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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

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, 2015	\$ 35,462	\$ 31,879	\$ 3,583
Changes of the year:			
Service cost	1,718	-	1,718
Interest	2,186	-	2,186
Change of assumptions	(594)	-	(594)
Differences between expected and actual experience	1,524	-	1,524
Contributions - employer	-	668	(668)
Contributions - employee	-	1,399	(1,399)
Net investment income (loss)	-	(117)	117
Benefit payments, including refunds of employee contributions	(1,507)	(1,507)	-
Administrative expense	-	(189)	189
Net changes	3,327	254	3,073
Measurement Period June 30, 2016	\$ 38,789	\$ 32,133	\$ 6,656

Changes in Assumptions and Methods since the Prior Valuation

- 1) Update to GASB Statement No. 68 discount rate from 6.00% as of 6/30/2015 to 5.92% as of 7/1/2016 to reflect revised projection of assets and municipal bond index as of 6/30/2016.
- 2) Update to assumed mortality improvement scale from MP-2014 to MP-2016.
- 3) Allowance to outstanding benefit payment due to current retirees who retired beyond normal retirement date but have yet to receive an enhanced benefit.

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 5.92 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 (4.92 percent) or 1-percentage-point higher (6.92 percent) than the current rate (In thousands):

	1% Decrease (4.92%)	Current Discount Rate (5.92%)	1% Increase (6.92%)
Governmental Activities	\$ 12,937	\$ 6,656	\$ 1,368

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 21 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension plan fiduciary net position

Statement of Fiduciary Net Position June 30, 2017		Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended June 30, 2017	
<u>ASSETS</u>	Pension Trust	ADDITIONS:	
Cash and investments	\$ 37,425	Contribution to pension trust:	
Accounts receivable	186	Employer	\$ 1,365
Total assets	<u>37,611</u>	Employee	1,659
		Investment income	<u>4,184</u>
<u>LIABILITIES</u>		Total additions	<u>7,208</u>
Accounts payable		DEDUCTIONS:	
Total liabilities	<u>-</u>	Benefits paid to participants	<u>1,720</u>
NET POSITION		Total deductions	<u>1,720</u>
Held in trust for pension benefits	<u>\$ 37,611</u>	Net position held in trust, beginning of the year	<u>32,123</u>
		Net position held in trust, end of the year	<u>\$ 37,611</u>

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:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	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 of the measurement period

Recognition of Gains and Losses (Continued)

The EARS� is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARS� for the Plan for the 2015-16 measurement period is 7.97 years, which was obtained by dividing the total service years of 74,073 (the sum of remaining service lifetimes of the active employees) by 9,294 (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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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, 2017, the County recognized pension expense of \$1.7 million. At June 30, 2017, 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	\$ 2,660	\$ -
Changes of assumptions	2,250	(520)
Net difference between projected and actual earnings on pension plan investments	2,789	(1,073)
Contributions subsequent to measurement date recognized as deferred outflows of resources (GASB Statement No. 71)	1,365	-
Total	<u>\$ 9,064</u>	<u>\$ (1,593)</u>

\$1.4 million 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
2018	\$ 954
2019	954
2020	1,492
2021	1,105
2022	697
Thereafter	904
	<u>\$ 6,106</u>

Payable to the Pension Plan

At June 30, 2017, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2017.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 22 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

The County and its Special Districts, Flood Control, Park District, and Waste Resources, offer post employment benefits to eligible County retirees. The postemployment benefit plan is an agent multiple-employer defined benefit post employment healthcare plan (OPEB Plan). Benefit provisions are established and amended through negotiations between the County and the various bargaining units.

The post employment benefits provided:

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

A qualified Internal Revenue Code Section 115 Trust has been established for the County and Special Districts, with the exception of Waste 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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

Funding Policy and Annual OPEB Cost

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

Contribution requirements of the plan members and the County are established and may be amended through negotiations between the County and the respective bargaining units. The liabilities and annual cost due to the County's contractual agreements to assist with retiree health care cost are calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45. GASB requires an Annual Required Contribution (ARC) to be developed each year based on the plan's assets and liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over 30 years (7 years for Waste Resources).

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

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Resources</u>
Contribution rates:				
County	Bargaining Unit Determined \$25-\$256	Bargaining Unit Determined \$25-\$256	Bargaining Unit Determined \$25-\$256	Bargaining Unit Determined \$25-\$256
Plan members	\$551-\$1,653	\$551-\$1,653	\$551-\$1,653	\$551-\$1,653
Annual required contribution	\$ 1,190	\$ 2	\$ -	\$ 135
Interest on net OPEB obligation	(2,268)	(40)	(21)	9
Adjustment to annual required contribution	1,822	56	17	(123)
Annual OPEB cost	744	18	(4)	21
Contributions made	(1,318)	-	-	(2)
Increase in net OPEB obligation (asset)	(574)	18	(4)	19
Net OPEB obligation (asset) beginning of year	(31,781)	(683)	(316)	116
Net OPEB obligation (asset) end of year	<u>\$ (32,355)</u>	<u>\$ (665)</u>	<u>\$ (320)</u>	<u>\$ 135</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years for each of the plans were as follows (In thousands):

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
County	06/30/15	\$ 942	466.7 %	\$ (29,398)
	06/30/16	649	467.2	(31,781)
	06/30/17	744	177.2	(32,355)
Flood Control	06/30/15	(30)	83.3	(577)
	06/30/16	(7)	628.6	(683)
	06/30/17	18	0.0	(665)
Park District	06/30/15	(4)	225.0	(312)
	06/30/16	(4)	0.0	(316)
	06/30/17	(4)	0.0	(320)
Waste Resources	06/30/15	17	17.7	140
	06/30/16	5	580.0	116
	06/30/17	21	9.5	135

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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

Funded Status and Funding Progress

The following is funded status information for each plan as of July 1, 2016, which is the most recent actuarial valuation date (In thousands):

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Resources</u>
Actuarial accrued liability (a)	\$ 42,057	\$ 498	\$ 113	\$ 755
Actuarial value of plan assets (b)	34,122	555	306	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ 7,935</u>	<u>\$ (57)</u>	<u>\$ (193)</u>	<u>\$ 755</u>
Funded ratio (b) / (a)	81.1%	111.4%	270.8%	0.0%
Covered payroll (c)	\$ 1,376,908	\$ 17,706	\$ 7,090	\$ 2,384
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a) - (b)] / (c))	0.6%	-0.3%	-2.7%	31.7%

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

Actuarial Methods and Assumptions

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

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Resources</u>
Actuarial valuation date	7/1/2016	7/1/2016	7/1/2015	7/1/2015
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, close
Remaining amortization period	30 years	30 years	30 years	7 years
Actuarial assumptions:				
Investment rate of return	7.3%	6.1%	7.3%	4.5%
Projected salary increases	3.0%	3.0%	3.0%	3.0%
Healthcare inflation rate (initial)	5.0%	10.0%	10.0%	10.0%
Healthcare inflation rate (ultimate)	4.0%	5.0%	5.0%	5.0%
Inflation rate	2.8%	2.8%	2.8%	2.8%

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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.

County of Riverside Redevelopment Successor Agency

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

Federal Grant Revenue

Compliance examinations for the fiscal year ended June 30, 2016, indicated no items found of noncompliance with Federal grants and regulations. The fiscal year 2016-17 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 31, 2018.

Commitments

At June 30, 2017 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. \$165.9 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, 2017, the governmental activities reflect a \$1.5 million accrued remediation liability (Note 14). The liability has been calculated using the expected cash flow technique. The liability is subject to change over time. Cost may vary due to price fluctuations, changes in technology, results of environmental studies, changes to statute or regulations and other factors that could result in revisions to these estimates.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 23 – COMMITMENTS AND CONTINGENCIES (Continued)

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 \$32.0 million are held for these purposes at June 30, 2017 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 \$41.5 million as of June 30, 2017.

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 Nineteen (19) 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, 2017, the post-closure liability is estimated at \$3.7 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, 2017, the encumbrance balances for the governmental funds are reported as follows (In thousands):

	<u>Restricted</u>	<u>Assigned</u>	<u>Total</u>
Major Governmental Funds			
General Fund:			
Capital improvement projects	\$ -	\$ 357	\$ 357
Community improvement	-	5	5
Court facilities	-	16	16
Criminal justice system review	-	526	526
District attorney programs	-	83	83
Energy projects	-	160	160
Environmental health	-	470	470
Facility maintenance	-	96	96
Fire protection	-	1,402	1,402
Health care programs	-	899	899
Human resources programs	-	168	168
Legal services	-	413	413
Other purposes	-	11	11
Probation programs	-	5,300	5,300
Public health	-	16	16
Sheriff correction	-	780	780
Sheriff court services	-	20	20
Sheriff patrol	-	579	579
Sheriff support	-	431	431
Veteran services	-	178	178
Transportation:			
Equipment	-	545	545
Roads	114	-	114
Nonmajor Governmental Funds			
Special Revenue Funds:			
CAP local initiative program	383	-	383
Emergency medical services	8	-	8
Library services	75	-	75
Public ways and facilities	50	-	50
Total Encumbrances	<u>\$ 630</u>	<u>\$ 12,455</u>	<u>\$ 13,085</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 24 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANs)

On July 3, 2017, the County issued \$340.0 million in Tax and Revenue Anticipation Notes in the form of a 2018 Maturity bond due June 29, 2018. The stated interest rate for the bond is set at 2.0% per annum with a yield of 0.9%. 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 2018 and legally available for payment thereof. Proceeds for the bonds will be used for fiscal year 2018 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 2017, 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+'.
- Southwest Communities Financing Authority lease revenue bonds (LRBs) (Series 2008A) 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 cyclicity 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 64.6% of the fiscal 2018 budget. Discretionary revenues (i.e., excluding state and federal funds) comprise about 24% of the County's fiscal 2018 total general fund revenues and are primarily generated by property taxes, which account for 47% of fiscal 2018 budgeted discretionary revenues.

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 2018 general fund discretionary revenues will increase approximately 3% over the prior year.

The County has limited capacity to independently raise revenues under state law, particularly Proposition 13 which generally allows for a maximum increase of 2% annual in property tax assessments other than resales and Proposition 218 which requires voter approval for new or increased general taxes.

Discretionary spending is focused on public safety, which accounts for 76% of the discretionary fiscal 2018 budget, public assistance at 6%, and health and sanitation at 4%.

The County's fixed-costs burden is relatively low with carrying costs for debt, pensions, and retiree healthcare accounting for 10% of fiscal 2016 governmental spending. The County has a contentious relationship with its employee groups. The County's employees are represented by six labor organizations.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

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 impasse with one of those units and two of them implemented a two-day strike in September 2017. In addition, members of another bargaining unit recently rejected a tentative agreement with the County. 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 million per year. This compares to a fiscal 2018 total discretionary budget of \$756 million and overall budget of \$5.45 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 is in the process of implementing 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 has demonstrated a high degree of financial resilience through spending restraint and financial management policies and retains strong gap closing capacity despite budget pressures. The unrestricted general fund balance at year-end fiscal 2016 was \$270 million, or 9.2% of total general fund spending. Fitch expects that the County would maintain reserves at solid levels throughout a moderate economic down turn.

The County's most recent five-year plan projects modest deficits through fiscal 2019 and includes remediation strategies. The unassigned general fund balance reserve was budgeted at \$173.4 million (or nearly 23% of discretionary revenues) for fiscal 2017, down from \$221 million in fiscal 2016. The County expects to return to its Board policy reserve target of 25% of discretionary revenue by fiscal 2022. Spending restraint will likely be required in order to meet that target, given expected increased costs for salaries and benefits, uncertainty about future In-Home Support Services 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 for additional health and mental health professional staffing and managing exposure to its hospital operation, particularly in the evolving healthcare environment.

Teeter Obligation Notes, Series A

On October 10, 2017, the County issued \$78.7 million in 2017 Teeter Obligation Notes, Series A (Tax-Exempt) to refund a portion of the outstanding 2016 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 2017 Notes bear an interest rate of 3.0% for 2017 Teeter Obligation Note, Series A and a maturity date of October 25, 2018, 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 2017-18 will be 10.2% and 17.9%, respectively. Fiscal year 2018-19 contribution rates for miscellaneous and safety are estimated at 10.5% and 18.5%, respectively. They will be accounted for in fiscal year 2017-18 and future budget years.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2017

NOTE 24 – SUBSEQUENT EVENTS (Continued)

Successor Agency to the Redevelopment Agency for the County of Riverside, California

On July 6, 2017, the Agency issued \$63,005,000 2017 Tax Allocation Refunding Bonds, Series B, as a result of current low interest rates to save money on debt service, to refund the Jurupa Valley Project Area 2017 Tax Allocation Refunding Bonds of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the project area.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017

**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	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Total pension liability			
Service cost	\$ 175,662	\$ 162,257	\$ 158,164
Interest	457,630	418,860	377,221
Changes of benefit terms	-	-	-
Differences between expected and actual experience	141,472	15,756	-
Changes of assumptions	-	(109,320)	-
Benefit payments, including refunds of employee contributions	(234,668)	(217,701)	(195,420)
Net change in total pension liability	540,096	269,852	339,965
Total pension liability - beginning	5,658,056	5,388,204	5,048,239
Total pension liability - ending (a)	\$ 6,198,152	\$ 5,658,056	\$ 5,388,204
Plan fiduciary net position			
Contributions - employer	\$ 157,639	\$ 98,867	\$ 134,673
Contributions - employee	82,884	76,078	69,872
Net investment income	24,832	104,069	666,911
Benefit payments, including refunds of employee contributions	(234,668)	(217,701)	(195,420)
Administrative expense	(2,894)	(5,345)	-
Net change in plan fiduciary net position	27,793	55,968	676,036
Plan fiduciary net position - beginning	4,537,003	4,481,035	3,804,999
Plan fiduciary net position - ending (b)	\$ 4,564,796	\$ 4,537,003	\$ 4,481,035
Plan's net pension liability - ending (a) - (b)	\$ 1,633,356	\$ 1,121,053	\$ 907,169
Plan fiduciary net position as a percentage of the total pension liability	73.6%	80.2%	83.2%
Covered payroll ⁽²⁾	\$ 1,010,690	\$ 909,644	\$ 842,865
Plan's net pension liability as a percentage of covered payroll	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, 2017

**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	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Total pension liability			
Service cost	\$ 86,039	\$ 80,457	\$ 77,706
Interest	212,548	195,332	181,393
Changes of benefit terms	-	-	-
Differences between expected and actual experience	47,893	22,825	-
Changes of assumptions	-	(53,617)	-
Benefit payments, including refunds of employee contributions	(105,002)	(97,869)	(91,921)
Net change in total pension liability	241,478	147,128	167,178
Total pension liability - beginning	2,739,990	2,592,862	2,425,684
Total pension liability - ending (a)	\$ 2,981,468	\$ 2,739,990	\$ 2,592,862
Plan fiduciary net position			
Contributions - employer	\$ 76,363	\$ 65,364	\$ 72,947
Contributions - employee	32,073	30,313	28,396
Net investment income	10,790	46,730	312,502
Benefit payments, including refunds of employee contributions	(105,002)	(97,869)	(91,921)
Administrative expense	(1,306)	(2,398)	-
Net change in plan fiduciary net position	12,918	42,140	321,924
Plan fiduciary net position - beginning	2,143,911	2,101,771	1,779,847
Plan fiduciary net position - ending (b)	\$ 2,156,829	\$ 2,143,911	\$ 2,101,771
Plan's net pension liability - ending (a) - (b)	\$ 824,639	\$ 596,079	\$ 491,091
Plan fiduciary net position as a percentage of the total pension liability	72.3%	78.2%	81.1%
Covered payroll ⁽²⁾	\$ 341,419	\$ 320,550	\$ 279,508
Plan's net pension liability as a percentage of covered payroll	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, 2017

**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	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Total pension liability			
Service cost	\$ 2,736	\$ 2,606	\$ 2,659
Interest	12,356	11,562	10,889
Changes of benefit terms	-	-	-
Differences between expected and actual experience	3,136	1,641	-
Changes of assumptions	-	(2,831)	-
Benefit payments, including refunds of employee contributions	(7,290)	(6,729)	(6,007)
Net change in total pension liability	10,938	6,249	7,541
Total pension liability - beginning	160,644	154,395	146,854
Total pension liability - ending (a)	\$ 171,582	\$ 160,644	\$ 154,395
Plan fiduciary net position			
Contributions - employer	\$ 3,445	\$ 2,918	\$ 2,793
Contributions - employee	1,356	1,276	1,394
Net investment income	666	2,660	17,670
Benefit payments, including refunds of employee contributions	(7,290)	(6,729)	(6,007)
Administrative expense	(73)	(133)	-
Net change in plan fiduciary net position	(1,896)	(8)	15,850
Plan fiduciary net position - beginning	118,376	118,384	102,534
Plan fiduciary net position - ending (b)	\$ 116,480	\$ 118,376	\$ 118,384
Plan's net pension liability - ending (a) - (b)	\$ 55,102	\$ 42,268	\$ 36,011
Plan fiduciary net position as a percentage of the total pension liability	67.9%	73.7%	76.7%
Covered payroll ⁽²⁾	\$ 16,643	\$ 15,838	\$ 15,385
Plan's net pension liability as a percentage of covered payroll	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).

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017

Changes of assumptions: There were no changes of assumptions during the measurement period ended June 30, 2016. In measurement period ended June 30, 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In measurement period ended June 30, 2014, amounts reported were based on the 7.5 percent discount rate.

SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

County Miscellaneous, Agent Multiple Employer Plan

Fiscal year	2016-17*	2015-16*	2014-15*
Actuarially determined contribution	\$ 160,437	\$ 143,300	\$ 126,838
Contributions in relation to the actuarially determined contribution	(178,196)	(159,154)	(132,619)
Contribution deficiency (excess)	<u>\$ (17,759)</u>	<u>\$ (15,854)</u>	<u>\$ (5,781)</u>
Covered payroll **	\$ 1,056,636	\$ 1,010,690	\$ 909,644
Contributions as a percentage of covered payroll	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	2016-17*	2015-16*	2014-15*
Actuarially determined contribution	\$ 85,699	\$ 69,936	\$ 62,624
Contributions in relation to the actuarially determined contribution	(91,330)	(83,166)	(71,228)
Contribution deficiency (excess)	<u>\$ (5,631)</u>	<u>\$ (13,230)</u>	<u>\$ (8,604)</u>
Covered payroll **	\$ 340,897	\$ 341,419	\$ 320,550
Contributions as a percentage of covered payroll	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, 2017
SCHEDULE OF PLAN CONTRIBUTIONS (Continued)
(Dollar amounts in thousands)

Flood Control Miscellaneous, Agent Multiple Employer Plan

Fiscal year	2016-17*	2015-16*	2014-15*
Actuarially determined contribution	\$ 3,896	\$ 3,442	\$ 2,918
Contributions in relation to the actuarially determined contribution	(3,896)	(3,442)	(2,918)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll **	\$ 17,143	\$ 16,643	\$ 15,838
Contributions as a percentage of covered payroll	22.7%	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 2016-17 were derived from the June 30, 2014 funding valuation report.

	<u>County Miscellaneous</u>	<u>County Safety</u>	<u>Flood Control Miscellaneous</u>
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*	7.65%	7.65%	7.65%

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, 2017

**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	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Employer's proportion of the net pension liability (asset)	0.26345%	0.25620%	0.09946%
Employer's proportionate share of the net pension liability (asset) \$	9,151	\$ 7,029	\$ 6,189
Employer's covered payroll ⁽²⁾	6,791	5,799	4,992
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	134.8%	121.2%	124.0%
Pension plan's fiduciary net position as a percentage of the total pension liability	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*.

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND
RELATED RATIOS (Continued)**

As of the Measurement Date
(Dollar amounts in thousands)

Waste Resources Miscellaneous, Cost Sharing Multiple Employer Plan

Measurement Period	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Employer's proportion of the net pension liability (asset)	0.35378%	0.35266%	0.13583%
Employer's proportionate share of the net pension liability (asset) \$	12,290	\$ 9,675	\$ 8,452
Employer's covered payroll ⁽²⁾	2,339	2,298	3,082
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	525.4%	421.0%	274.2%
Pension plan's fiduciary net position as a percentage of the total pension liability	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, 2017
SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

Park District Miscellaneous, Cost Sharing Multiple Employer Plan

Fiscal year	2016-17*	2015-16*	2014-15*
Actuarially determined contribution	\$ 1,094	\$ 1,062	\$ 950
Contributions in relation to the actuarially determined contribution	(1,094)	(1,062)	(950)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	6,201	\$ 6,791	\$ 5,799
Contributions as a percentage of covered payroll	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	2016-17*	2015-16*	2014-15*
Actuarially determined contribution	\$ 905	\$ 863	\$ 623
Contributions in relation to the actuarially determined contribution	(832)	(411)	(189)
Contribution deficiency (excess)	<u>\$ 73</u>	<u>\$ 452</u>	<u>\$ 434</u>
Covered payroll**	1,981	\$ 2,339	\$ 2,298
Contributions as a percentage of covered payroll	42.0%	17.6%	8.2%

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** 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: There were no changes of assumptions during the measurement period ended June 30, 2016. In measurement period ended June 30, 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In measurement period ended June 30, 2014, amounts reported were based on the 7.5 percent discount rate.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017

**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	2015-16 ⁽¹⁾	2014-15 ⁽¹⁾	2013-14 ⁽¹⁾
Total pension liability			
Service cost	\$ 1,718	\$ 1,512	\$ 1,557
Interest	2,186	1,983	1,800
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,524	795	1,146
Changes of assumptions	(594)	2,939	-
Benefit payments, including refunds of employee contributions	(1,507)	(1,511)	(1,762)
Net change in total pension liability	3,327	5,718	2,741
Total pension liability - beginning	35,462	29,744	27,003
Total pension liability - ending (a)	\$ 38,789	\$ 35,462	\$ 29,744
Plan fiduciary net position			
Contributions - employer	\$ 668	\$ 607	\$ 956
Contributions - employee	1,399	1,267	1,394
Net investment income (expense)	(117)	131	4,437
Benefit payments, including refunds of employee contributions	(1,507)	(1,511)	(1,762)
Administrative expense	(189)	(217)	(228)
Other	-	-	-
Net change in plan fiduciary net position	254	277	4,797
Plan fiduciary net position - beginning	31,879	31,602	26,805
Plan fiduciary net position - ending (b)	\$ 32,133	\$ 31,879	\$ 31,602
Net pension liability (asset) - ending (a) - (b)	\$ 6,656	\$ 3,583	\$ (1,858)
Plan fiduciary net position as a percentage of the total pension liability - (b)/(a)	82.8%	89.9%	106.2%
Covered payroll ⁽²⁾	\$ 39,761	\$ 32,963	\$ 29,517
Net pension liability (asset) as a percentage of covered payroll	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 6.0% as of 7/1/2015 to 5.9% as of 7/1/2016 to reflect revised projection of assets and municipal bond index as of 7/1/2016.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2017

- 2) Update to assumed mortality improvement scale from MP-2014 to MP-2016.
- 3) Allowance to outstanding benefit payment due to current retirees who retired beyond normal retirement date but have yet to receive an enhanced benefit.

SCHEDULE OF PLAN CONTRIBUTIONS
(Dollar amounts in thousands)

Riverside County – Part-time and Temporary Help Retirement

Fiscal Year	2016-17*	2015-16*	2014-15*
Actuarially determined contribution	\$ 727	\$ 122	\$ 252
Contributions in relation to the actuarially determined contribution	(1,365)	(639)	(529)
Contribution deficiency (excess)	<u>\$ (638)</u>	<u>\$ (517)</u>	<u>\$ (277)</u>
Covered payroll **	44,525	\$ 39,761	\$ 32,963
Contributions as a percentage of covered payroll	-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, 2016

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: 5.9% (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-2016.
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-2016.

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, 2017
OPEB – SCHEDULES OF FUNDING PROGRESS
(Dollars in Thousands)

County of Riverside

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2014	\$ 34,098	\$ 40,121	\$ 6,023	84.99 %	\$ 1,152,127	0.52 %
July 1, 2015	34,486	41,249	6,763	83.60	1,281,024	0.53
July 1, 2016	34,122	42,057	7,935	81.13	1,376,908	0.58

Flood Control and Water Conservation District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2014	\$ 532	\$ 479	\$ (53)	111.06 %	\$ 16,297	-0.33 %
July 1, 2015	556	395	(161)	140.76	17,194	-0.94
July 1, 2016	555	498	(57)	111.45	17,706	-0.32

Regional Park and Open-Space District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 232	\$ 139	\$ (93)	166.91 %	\$ 4,871	-1.91 %
July 1, 2013	259	132	(127)	196.21	4,607	-2.76
July 1, 2015 *	306	113	(193)	270.80	7,090	-2.72

*The most recent actuarial valuation. Actuarial valuations every two years.

Waste Resources Department

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2009	\$ -	\$ 1,089	\$ 1,089	0.00 %	\$ 3,302	32.98 %
July 1, 2012	-	982	982	0.00	2,495	39.36
July 1, 2015 *	-	755	755	0.00	2,384	31.67

*The most recent actuarial valuation. Actuarial valuations every three years.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Teeter Debt Service Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	\$ -	\$ -	\$ 3	\$ 3
Other revenue	2,170	1,540	-	(1,540)
Total revenues	2,170	1,540	3	(1,537)
EXPENDITURES:				
Current:				
General government	2,170	2,065	-	(2,065)
Debt service:				
Cost of issuance	-	-	528	528
Total expenditures	2,170	2,065	528	(1,537)
Excess (deficiency) of revenues over (under) expenditures	-	(525)	(525)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	630	630	-
Transfers out	-	(105)	(105)	-
Total other financing sources (uses)	-	525	525	-
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, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	\$ 404	\$ 404	\$ 478	\$ 74
Rents and concessions	360	360	352	(8)
Aid from other governmental agencies:				
State	-	36,748	18,528	(18,220)
Other	29,271	30,924	30,924	-
Charges for services	127,649	115,212	72,164	(43,048)
Other revenue	12,326	24,149	10,481	(13,668)
Total revenues	<u>170,010</u>	<u>207,797</u>	<u>132,927</u>	<u>(74,870)</u>
EXPENDITURES:				
Current:				
General government	188,390	151,877	59,693	(92,184)
Public ways and facilities	15,304	14,730	709	(14,021)
Total expenditures	<u>203,694</u>	<u>166,607</u>	<u>60,402</u>	<u>(106,205)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,684)</u>	<u>41,190</u>	<u>72,525</u>	<u>31,335</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,023	14,023	-
Transfers out	-	(59,505)	(59,505)	-
Total other financing sources (uses)	<u>-</u>	<u>(45,482)</u>	<u>(45,482)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(33,684)</u>	<u>(4,292)</u>	<u>27,043</u>	<u>31,335</u>
Fund balance, beginning of year	133,649	133,649	133,649	-
FUND BALANCE, END OF YEAR	<u>\$ 99,965</u>	<u>\$ 129,357</u>	<u>\$ 160,692</u>	<u>\$ 31,335</u>

NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017
(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	\$ 114,271	\$ 19,111	\$ 13,434	\$ 667	\$ 147,483
Accounts receivable	2,145	2,382	-	-	4,527
Interest receivable	71	41	20	1	133
Taxes receivable	1,298	-	-	-	1,298
Due from other governments	14,330	-	558	-	14,888
Due from other funds	7,219	-	116	-	7,335
Prepaid items and deposits	7	-	882	-	889
Restricted cash and investments	-	42,348	12,916	-	55,264
Total assets	139,341	63,882	27,926	668	231,817
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 139,341	\$ 63,882	\$ 27,926	\$ 668	\$ 231,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 4,015	\$ 248	\$ 5,644	\$ -	\$ 9,907
Salaries and benefits payable	5,332	-	242	-	5,574
Due to other governments	10,595	-	-	-	10,595
Due to other funds	10,364	-	517	-	10,881
Deposits payable	428	-	-	-	428
Advances from grantors and third parties	2,781	-	-	-	2,781
Total liabilities	33,515	248	6,403	-	40,166
Deferred inflows of resources	54	-	-	-	54
Fund balances:					
Nonspendable	61	-	580	622	1,263
Restricted	95,189	59,249	13,491	46	167,975
Committed	4,906	-	-	-	4,906
Assigned	5,616	4,385	7,452	-	17,453
Total fund balances	105,772	63,634	21,523	668	191,597
Total liabilities, deferred inflows of resources, and fund balances	\$ 139,341	\$ 63,882	\$ 27,926	\$ 668	\$ 231,817

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
REVENUES:					
Taxes	\$ 63,492	\$ -	\$ -	\$ -	\$ 63,492
Licenses, permits and franchise fees	711	-	-	-	711
Fines, forfeitures and penalties	1,110	-	-	-	1,110
Use of money and property:					
Investment earnings	168	1,048	126	3	1,345
Rents and concessions	8,166	2,918	-	-	11,084
Aid from other governmental agencies:					
Federal	66,031	-	-	-	66,031
State	22,620	-	1,330	-	23,950
Other	26,946	-	-	-	26,946
Charges for services	49,015	3,008	2,916	50	54,989
Other revenue	5,962	9,411	200	-	15,573
Total revenues	<u>244,221</u>	<u>16,385</u>	<u>4,572</u>	<u>53</u>	<u>265,231</u>
EXPENDITURES:					
Current:					
General government	19,427	18,971	-	-	38,398
Public protection	9,294	-	-	-	9,294
Public ways and facilities	15,887	-	-	-	15,887
Health and sanitation	43,963	-	-	-	43,963
Public assistance	68,588	-	-	-	68,588
Education	20,806	-	-	-	20,806
Recreation and cultural services	17,052	-	3,636	-	20,688
Debt service:					
Principal	-	46,721	-	-	46,721
Interest	-	53,331	-	-	53,331
Cost of issuance	-	546	-	-	546
Capital outlay	-	-	15,936	-	15,936
Total expenditures	<u>195,017</u>	<u>119,569</u>	<u>19,572</u>	<u>-</u>	<u>334,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,204</u>	<u>(103,184)</u>	<u>(15,000)</u>	<u>53</u>	<u>(68,927)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	25,879	102,263	13,380	-	141,522
Transfers out	(78,191)	(14,973)	(1,797)	-	(94,961)
Issuance of refunding bonds	-	39,985	-	-	39,985
Premium on long-term debt	-	5,216	-	-	5,216
Contribution to governmental agency	-	(33,353)	-	-	(33,353)
Proceeds on sale of capital assets	6	-	-	-	6
Total other financing sources (uses)	<u>(52,306)</u>	<u>99,138</u>	<u>11,583</u>	<u>-</u>	<u>58,415</u>
NET CHANGE IN FUND BALANCES	<u>(3,102)</u>	<u>(4,046)</u>	<u>(3,417)</u>	<u>53</u>	<u>(10,512)</u>
Fund balances, beginning of year	108,874	67,680	24,940	615	202,109
FUND BALANCES, END OF YEAR	<u>\$ 105,772</u>	<u>\$ 63,634</u>	<u>\$ 21,523</u>	<u>\$ 668</u>	<u>\$ 191,597</u>

SPECIAL REVENUE FUNDS

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

REGIONAL PARK AND OPEN-SPACE

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

AIR QUALITY IMPROVEMENT

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

IN-HOME SUPPORT SERVICES (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, 2017

(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Cash and investments	\$ 57,327	\$ 23,020	\$ 11,702	\$ 168
Accounts receivable	1,961	-	143	-
Interest receivable	9	29	14	-
Taxes receivable	988	205	89	-
Due from other governments	11,525	69	187	139
Due from other funds	374	-	6,845	-
Prepaid items and deposits	7	-	-	-
Total assets	<u>72,191</u>	<u>23,323</u>	<u>18,980</u>	<u>307</u>
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 72,191</u>	<u>\$ 23,323</u>	<u>\$ 18,980</u>	<u>\$ 307</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 3,116	\$ 401	\$ 277	\$ -
Salaries and benefits payable	3,724	194	546	-
Due to other governments	10,586	-	8	-
Due to other funds	3,519	-	6,845	-
Deposits payable	13	66	-	-
Advances from grantors and third parties	2,139	-	598	-
Total liabilities	<u>23,097</u>	<u>661</u>	<u>8,274</u>	<u>-</u>
Deferred inflows of resources	-	-	50	-
Fund balances (Note 16):				
Nonspendable	33	1	10	-
Restricted	47,274	22,650	6,711	307
Committed	408	-	3,935	-
Assigned	1,379	11	-	-
Total fund balances	<u>49,094</u>	<u>22,662</u>	<u>10,656</u>	<u>307</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 72,191</u>	<u>\$ 23,323</u>	<u>\$ 18,980</u>	<u>\$ 307</u>

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total	
				ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
\$ 460	\$ 710	\$ 20,884	\$ 114,271	Cash and investments
-	-	41	2,145	Accounts receivable
-	1	18	71	Interest receivable
-	4	12	1,298	Taxes receivable
1,718	-	692	14,330	Due from other governments
-	-	-	7,219	Due from other funds
-	-	-	7	Prepaid items and deposits
2,178	715	21,647	139,341	Total assets
-	-	-	-	Deferred outflows of resources
\$ 2,178	\$ 715	\$ 21,647	\$ 139,341	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
\$ 13	\$ 23	\$ 185	\$ 4,015	Accounts payable
403	-	465	5,332	Salaries and benefits payable
-	-	1	10,595	Due to other governments
-	-	-	10,364	Due to other funds
-	349	-	428	Deposits payable
-	-	44	2,781	Advances from grantors and third parties
416	372	695	33,515	Total liabilities
-	4	-	54	Deferred inflows of resources
				Fund balances (Note 16):
5	-	12	61	Nonspendable
1,757	339	16,151	95,189	Restricted
-	-	563	4,906	Committed
-	-	4,226	5,616	Assigned
1,762	339	20,952	105,772	Total fund balances
\$ 2,178	\$ 715	\$ 21,647	\$ 139,341	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Special Revenue Funds

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Community Services	County Service Areas	Regional Park and Open-Space	Air Quality Improvement
REVENUES:				
Taxes	\$ 56,812	\$ 813	\$ 4,966	\$ -
Licenses, permits, and franchise fees	-	-	-	-
Fines, forfeitures, and penalties	337	-	-	104
Use of money and property:				
Investment earnings	6	79	33	-
Rents and concessions	1,163	-	1,025	-
Aid from other governmental agencies:				
Federal	62,485	-	-	-
State	17,950	9	305	485
Other	24,154	173	820	-
Charges for services	15,783	10,845	8,811	-
Other revenue	5,084	106	210	-
Total revenues	183,774	12,025	16,170	589
EXPENDITURES:				
Current:				
General government	11,782	-	-	350
Public protection	2,983	17	783	-
Public ways and facilities	202	8,217	-	-
Health and sanitation	42,895	1,068	-	-
Public assistance	61,298	-	-	-
Education	20,806	-	-	-
Recreation and cultural services	314	668	16,070	-
Total expenditures	140,280	9,970	16,853	350
Excess (deficiency) of revenues over (under) expenditures	43,494	2,055	(683)	239
OTHER FINANCING SOURCES (USES):				
Transfers in	17,728	3,132	2,158	-
Transfers out	(65,702)	(5,029)	(1,049)	(265)
Proceeds on sale of capital assets	-	6	-	-
Total other financing sources (uses)	(47,974)	(1,891)	1,109	(265)
NET CHANGE IN FUND BALANCES	(4,480)	164	426	(26)
Fund balances, beginning of year	53,574	22,498	10,230	333
FUND BALANCES, END OF YEAR	\$ 49,094	\$ 22,662	\$ 10,656	\$ 307

In-Home Support Services	Perris Valley Cemetery District	Other Special Revenue	Total	
\$ -	\$ 229	\$ 672	\$ 63,492	REVENUES:
-	-	711	711	Taxes
-	-	669	1,110	Licenses, permits, and franchise fees
-	3	47	168	Fines, forfeitures, and penalties
-	-	5,978	8,166	Use of money and property:
				Investment earnings
				Rents and concessions
				Aid from other governmental agencies:
3,158	-	388	66,031	Federal
3,361	3	507	22,620	State
-	24	1,775	26,946	Other
41	278	13,257	49,015	Charges for services
-	-	562	5,962	Other revenue
6,560	537	24,566	244,221	Total revenues
				EXPENDITURES:
				Current:
-	-	7,295	19,427	General government
-	131	5,380	9,294	Public protection
-	-	7,468	15,887	Public ways and facilities
-	-	-	43,963	Health and sanitation
7,290	-	-	68,588	Public assistance
-	-	-	20,806	Education
-	-	-	17,052	Recreation and cultural services
7,290	131	20,143	195,017	Total expenditures
(730)	406	4,423	49,204	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
841	-	2,020	25,879	Transfers in
(497)	(334)	(5,315)	(78,191)	Transfers out
-	-	-	6	Proceeds on sale of capital assets
344	(334)	(3,295)	(52,306)	Total other financing sources (uses)
(386)	72	1,128	(3,102)	NET CHANGE IN FUND BALANCES
2,148	267	19,824	108,874	Fund balances, beginning of year
\$ 1,762	\$ 339	\$ 20,952	\$ 105,772	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Community Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 54,609	\$ 56,609	\$ 56,812	\$ 203
Fines, forfeitures, and penalties	400	400	337	(63)
Use of money and property:				
Investment earnings	7	7	6	(1)
Rents and concessions	1,323	1,323	1,163	(160)
Aid from other governmental agencies:				
Federal	69,501	76,633	62,485	(14,148)
State	8,753	8,994	17,950	8,956
Other	21,478	21,478	24,154	2,676
Charges for services	40,775	33,689	15,783	(17,906)
Other revenue	18,208	9,458	5,084	(4,374)
Total revenues	<u>215,054</u>	<u>208,591</u>	<u>183,774</u>	<u>(24,817)</u>
EXPENDITURES:				
Current:				
General government	15,070	15,284	11,782	(3,502)
Public protection	57,965	10,087	2,983	(7,104)
Public ways and facilities	-	206	202	(4)
Health and sanitation	47,033	44,643	42,895	(1,748)
Public assistance	74,741	73,492	61,298	(12,194)
Education	24,837	22,405	20,806	(1,599)
Recreation and cultural services	571	364	314	(50)
Total expenditures	<u>220,217</u>	<u>166,481</u>	<u>140,280</u>	<u>(26,201)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,163)</u>	<u>42,110</u>	<u>43,494</u>	<u>1,384</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	17,728	17,728	-
Transfers out	-	(65,702)	(65,702)	-
Total other financing sources (uses)	<u>-</u>	<u>(47,974)</u>	<u>(47,974)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(5,163)</u>	<u>(5,864)</u>	<u>(4,480)</u>	<u>1,384</u>
Fund balance, beginning of year	53,574	53,574	53,574	-
FUND BALANCE, END OF YEAR	<u>\$ 48,411</u>	<u>\$ 47,710</u>	<u>\$ 49,094</u>	<u>\$ 1,384</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 County Service Areas Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 793	\$ 793	\$ 813	\$ 20
Use of money and property:				
Investment earnings	42	42	79	37
Rents and concessions	1	1	-	(1)
Aid from other governmental agencies:				
State	8	8	9	1
Other	156	156	173	17
Charges for services	12,991	11,008	10,845	(163)
Other revenue	46	(36)	106	142
Total revenues	<u>14,037</u>	<u>11,972</u>	<u>12,025</u>	<u>53</u>
EXPENDITURES:				
Current:				
Public protection	791	669	17	(652)
Public ways and facilities	14,221	11,887	8,217	(3,670)
Health and sanitation	800	1,101	1,068	(33)
Recreation and cultural services	2,223	1,987	668	(1,319)
Total expenditures	<u>18,035</u>	<u>15,644</u>	<u>9,970</u>	<u>(5,674)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,998)</u>	<u>(3,672)</u>	<u>2,055</u>	<u>5,727</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,132	3,132	-
Transfers out	-	(5,029)	(5,029)	-
Proceeds on sale of capital assets			6	6
Total other financing sources (uses)	<u>-</u>	<u>(1,897)</u>	<u>(1,891)</u>	<u>6</u>
NET CHANGE IN FUND BALANCE	(3,998)	(5,569)	164	5,733
Fund balance, beginning of year	22,498	22,498	22,498	-
FUND BALANCE, END OF YEAR	<u>\$ 18,500</u>	<u>\$ 16,929</u>	<u>\$ 22,662</u>	<u>\$ 5,733</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Regional Park and Open-Space Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 4,930	\$ 4,930	\$ 4,966	\$ 36
Use of money and property:				
Investment earnings	19	19	33	14
Rents and concessions	1,102	1,102	1,025	(77)
Aid from other governmental agencies:				
State	181	181	305	124
Other	730	730	820	90
Charges for services	11,024	13,722	8,811	(4,911)
Other revenue	4,182	3,234	210	(3,024)
Total revenues	<u>22,168</u>	<u>23,918</u>	<u>16,170</u>	<u>(7,748)</u>
EXPENDITURES:				
Current:				
Public protection	659	792	783	(9)
Public ways and facilities	-	-	-	-
Recreation and cultural services	26,321	29,295	16,070	(13,225)
Total expenditures	<u>26,980</u>	<u>30,087</u>	<u>16,853</u>	<u>(13,234)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,812)</u>	<u>(6,169)</u>	<u>(683)</u>	<u>5,486</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,158	2,158	-
Transfers out	-	(1,049)	(1,049)	-
Total other financing sources (uses)	<u>-</u>	<u>1,109</u>	<u>1,109</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(4,812)	(5,060)	426	5,486
Fund balance, beginning of year	10,230	10,230	10,230	-
FUND BALANCE, END OF YEAR	<u>\$ 5,418</u>	<u>\$ 5,170</u>	<u>\$ 10,656</u>	<u>\$ 5,486</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Air Quality Improvement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Fines, forfeitures and penalties	\$ 60	\$ 60	\$ 104	\$ 44
Use of money and property:				
Investment earnings	1	1	-	(1)
Aid from other governmental agencies:				
State	450	450	485	35
Total revenues	511	511	589	78
EXPENDITURES:				
Current:				
General government	586	354	350	(4)
Total expenditures	586	354	350	(4)
Excess (deficiency) of revenues over (under) expenditures	(75)	157	239	82
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(265)	(265)	-
Total other financing sources (uses)	-	(265)	(265)	-
NET CHANGE IN FUND BALANCE	(75)	(108)	(26)	82
Fund balance, beginning of year	333	333	333	-
FUND BALANCE, END OF YEAR	\$ 258	\$ 225	\$ 307	\$ 82

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 In-Home Support Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Aid from other governmental agencies:				
Federal	\$ 4,451	\$ 4,451	\$ 3,158	\$ (1,293)
State	4,591	4,591	3,361	(1,230)
Charges for services	870	29	41	12
Total revenues	<u>9,912</u>	<u>9,071</u>	<u>6,560</u>	<u>(2,511)</u>
EXPENDITURES:				
Current:				
Public assistance	9,912	9,415	7,290	(2,125)
Total expenditures	<u>9,912</u>	<u>9,415</u>	<u>7,290</u>	<u>(2,125)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(344)</u>	<u>(730)</u>	<u>(386)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	841	841	-
Transfers out	-	(497)	(497)	-
Total other financing sources (uses)	<u>-</u>	<u>344</u>	<u>344</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(386)	(386)
Fund balance, beginning of year	2,148	2,148	2,148	-
FUND BALANCE, END OF YEAR	<u>\$ 2,148</u>	<u>\$ 2,148</u>	<u>\$ 1,762</u>	<u>\$ (386)</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Perris Valley Cemetery District Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 271	\$ 271	\$ 229	\$ (42)
Use of money and property:				
Investment earnings	1	1	3	2
Aid from other governmental agencies:				
State	3	3	3	-
Other	29	29	24	(5)
Charges for services	290	290	278	(12)
Total revenues	594	594	537	(57)
EXPENDITURES:				
Current:				
Public protection	666	339	131	(208)
Total expenditures	666	339	131	(208)
Excess (deficiency) of revenues over (under) expenditures	(72)	255	406	151
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(334)	(334)	-
Total other financing sources (uses)	-	(334)	(334)	-
NET CHANGE IN FUND BALANCE	(72)	(79)	72	151
Fund balance, beginning of year	267	267	267	-
FUND BALANCE, END OF YEAR	\$ 195	\$ 188	\$ 339	\$ 151

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Other Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 626	\$ 626	\$ 672	\$ 46
License, permits, and franchise fees	700	700	711	11
Fines, forfeitures, and penalties	2	459	669	210
Use of money and property:				
Investment earnings	45	45	47	2
Rents and concessions	6,104	6,076	5,978	(98)
Aid from other governmental agencies:				
Federal	2,787	3,131	388	(2,743)
State	173	643	507	(136)
Other	1,699	1,699	1,775	76
Charges for services	13,917	14,201	13,257	(944)
Other revenue	1,744	1,076	562	(514)
Total revenues	27,797	28,656	24,566	(4,090)
EXPENDITURES:				
Current:				
General government	9,148	8,620	7,295	(1,325)
Public protection	6,506	6,281	5,380	(901)
Public ways and facilities	12,682	12,970	7,468	(5,502)
Total expenditures	28,336	27,871	20,143	(7,728)
Excess (deficiency) of revenues over (under) expenditures	(539)	785	4,423	3,638
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,020	2,020	-
Transfers out	-	(5,315)	(5,315)	-
Total other financing sources (uses)	-	(3,295)	(3,295)	-
NET CHANGE IN FUND BALANCE	(539)	(2,510)	1,128	3,638
Fund balance, beginning of year	19,824	19,824	19,824	-
FUND BALANCE, END OF YEAR	\$ 19,285	\$ 17,314	\$ 20,952	\$ 3,638

DEBT SERVICE FUNDS

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, 2017
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Infrastructure Financing Authority	Pension Obligation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Cash and investments	\$ -	\$ -	\$ 1	\$ 19,110
Accounts receivable	-	-	-	2,382
Interest receivable	11	1	-	16
Restricted cash and investments	19,561	1,921	-	-
Total assets	19,572	1,922	1	21,508
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	\$ 19,572	\$ 1,922	1	\$ 21,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 248	\$ -	\$ -	\$ -
Total liabilities	248	-	-	-
Deferred inflows of resources	-	-	-	-
Fund balances (Note 16):				
Restricted	19,324	1,922	1	17,123
Assigned	-	-	-	4,385
Total fund balances	19,324	1,922	1	21,508
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,572	\$ 1,922	\$ 1	\$ 21,508

Inland Empire Tobacco Securitization Authority	Public Financing Authority	Flood Control	Total	
				ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
\$ -	\$ -	\$ -	\$ 19,111	Cash and investments
-	-	-	2,382	Accounts receivable
12	1	-	41	Interest receivable
19,471	1,395	-	42,348	Restricted cash and investments
19,483	1,396	-	63,882	Total assets
-	-	-	-	Deferred outflows of resources
\$ 19,483	\$ 1,396	\$ -	\$ 63,882	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
\$ -	\$ -	\$ -	\$ 248	Accounts payable
-	-	-	248	Total liabilities
-	-	-	-	Deferred inflows of resources
				Fund balances (Note 16):
19,483	1,396	-	59,249	Restricted
-	-	-	4,385	Assigned
19,483	1,396	-	63,634	Total fund balances
\$ 19,483	\$ 1,396	\$ -	\$ 63,882	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	CORAL	District Court Financing Corporation	Infrastructure Financing Authority	Pension Obligation
REVENUES:				
Use of money and property:				
Investment earnings	\$ 94	\$ 10	\$ 1	\$ 848
Rents and concessions	321	2,597	-	-
Charges for services	-	-	-	3,008
Other revenue	-	-	-	-
Total revenues	415	2,607	1	3,856
EXPENDITURES:				
Current:				
General government	1,884	1,456	-	5,096
Debt service:				
Principal	19,840	461	2,740	17,985
Interest	10,388	430	3,980	14,949
Cost of issuance	-	-	546	-
Total expenditures	32,112	2,347	7,266	38,030
Excess (deficiency) of revenues over (under) expenditures	(31,697)	260	(7,265)	(34,174)
OTHER FINANCING SOURCES (USES):				
Transfers in	36,172	-	6,638	39,651
Transfers out	(3,573)	-	(11,314)	-
Issuance of refunding bonds	-	-	39,985	-
Premium on long-term debt	-	-	5,216	-
Contribution to governmental agency	-	-	(33,353)	-
Total other financing sources (uses)	32,599	-	7,172	39,651
NET CHANGE IN FUND BALANCES	902	260	(93)	5,477
Fund balances, beginning of year	18,422	1,662	94	16,031
FUND BALANCES, END OF YEAR	\$ 19,324	\$ 1,922	\$ 1	\$ 21,508

Inland Empire Tobacco Securitization Authority	Public Financing Authority	Flood Control	Total	
				REVENUES:
				Use of money and property:
\$ 81	\$ 14	-	\$ 1,048	Investment earnings
-	-	-	2,918	Rents and concessions
-	-	-	3,008	Charges for services
9,411	-	-	9,411	Other revenue
9,492	14	-	16,385	Total revenues
				EXPENDITURES:
				Current:
107	10,428	-	18,971	General government
				Debt service:
3,000	775	1,920	46,721	Principal
6,445	16,203	936	53,331	Interest
-	-	-	546	Cost of issuance
9,552	27,406	2,856	119,569	Total expenditures
(60)	(27,392)	(2,856)	(103,184)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
-	16,946	2,856	102,263	Transfers in
-	(86)	-	(14,973)	Transfers out
-	-	-	39,985	Issuance of refunding bonds
-	-	-	5,216	Premium on long-term debt
-	-	-	(33,353)	Contribution to governmental agency
-	16,860	2,856	99,138	Total other financing sources (uses)
(60)	(10,532)	-	(4,046)	NET CHANGE IN FUND BALANCES
19,543	11,928	-	67,680	Fund balances, beginning of year
\$ 19,483	\$ 1,396	\$ -	\$ 63,634	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Pension Obligation Debt Service Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	\$ -	\$ -	\$ 848	\$ 848
Aid from other governmental agencies:				
State	-	100	-	(100)
Charges for services	37,935	383	3,008	2,625
Total revenues	37,935	483	3,856	3,373
EXPENDITURES:				
Current:				
General government	5,001	5,101	5,096	(5)
Debt service:				
Principal	17,985	17,985	17,985	-
Interest	14,949	14,949	14,949	-
Total expenditures	37,935	38,035	38,030	(5)
Excess (deficiency) of revenues over (under) expenditures	-	(37,552)	(34,174)	3,378
OTHER FINANCING SOURCES (USES):				
Transfers in	-	39,651	39,651	-
Total other financing sources (uses)	-	39,651	39,651	-
NET CHANGE IN FUND BALANCE	-	2,099	5,477	3,378
Fund balance, beginning of year	16,031	16,031	16,031	-
FUND BALANCE, END OF YEAR	\$ 16,031	\$ 18,130	\$ 21,508	\$ 3,378

CAPITAL PROJECTS FUNDS

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, 2017

(Dollars in Thousands)

	PSEC	CORAL	Flood Control
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Cash and investments	\$ 253	\$ -	\$ 18
Interest receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Prepaid items and deposits	580	-	-
Restricted cash and investments	-	1,596	-
Total assets	833	1,596	18
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 833	\$ 1,596	\$ 18
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ -	\$ 57	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	57	-
Deferred inflows of resources	-	-	-
Fund balances (Note 16):			
Nonspendable	580	-	-
Restricted	-	1,539	18
Assigned	253	-	-
Total fund balances	833	1,539	18
Total liabilities, deferred inflows of resources, and fund balances	\$ 833	\$ 1,596	\$ 18

Regional Park and Open-Space	CREST	Infrastructure Financing Authority	Total	
				ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:
				Assets:
\$ 5,473	\$ 7,690	\$ -	\$ 13,434	Cash and investments
6	11	3	20	Interest receivable
558	-	-	558	Due from other governments
116	-	-	116	Due from other funds
302	-	-	882	Prepaid items and deposits
-	-	11,320	12,916	Restricted cash and investments
6,455	7,701	11,323	27,926	Total assets
-	-	-	-	Deferred outflows of resources
\$ 6,455	\$ 7,701	\$ 11,323	\$ 27,926	Total assets and deferred outflows of resources
				LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:
				Liabilities:
\$ 586	\$ 139	\$ 4,862	\$ 5,644	Accounts payable
-	242	-	242	Salaries and benefits payable
396	121	-	517	Due to other funds
982	502	4,862	6,403	Total liabilities
-	-	-	-	Deferred inflows of resources
				Fund balances (Note 16):
-	-	-	580	Nonspendable
5,473	-	6,461	13,491	Restricted
-	7,199	-	7,452	Assigned
5,473	7,199	6,461	21,523	Total fund balances
\$ 6,455	\$ 7,701	\$ 11,323	\$ 27,926	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Capital Projects Funds

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	PSEC	CORAL	Flood Control
REVENUES:			
Use of money and property:			
Investment earnings	\$ -	\$ 58	\$ -
Aid from other governmental agencies:			
State	-	-	-
Charges for services	-	-	-
Other revenue	-	-	-
Total revenues	-	58	-
EXPENDITURES:			
Current:			
Recreation and cultural services	-	-	-
Capital outlay	-	5,923	-
Total expenditures	-	5,923	-
Excess (deficiency) of revenues over (under) expenditures	-	(5,865)	-
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	-	(5,865)	-
Fund balances, beginning of year	833	7,404	18
FUND BALANCES, END OF YEAR	\$ 833	\$ 1,539	\$ 18

Regional Park and Open-Space	CREST	Infrastructure Financing Authority	Total
\$ 22	\$ 37	\$ 9	\$ 126
1,330	-	-	1,330
-	2,916	-	2,916
200	-	-	200
<u>1,552</u>	<u>2,953</u>	<u>9</u>	<u>4,572</u>
3,636	-	-	3,636
-	5,151	4,862	15,936
<u>3,636</u>	<u>5,151</u>	<u>4,862</u>	<u>19,572</u>
<u>(2,084)</u>	<u>(2,198)</u>	<u>(4,853)</u>	<u>(15,000)</u>
2,066	-	11,314	13,380
(994)	(803)	-	(1,797)
<u>1,072</u>	<u>(803)</u>	<u>11,314</u>	<u>11,583</u>
<u>(1,012)</u>	<u>(3,001)</u>	<u>6,461</u>	<u>(3,417)</u>
6,485	10,200	-	24,940
<u>\$ 5,473</u>	<u>\$ 7,199</u>	<u>\$ 6,461</u>	<u>\$ 21,523</u>

REVENUES:

Use of money and property:

Investment earnings

Aid from other governmental agencies:

State

Charges for services

Other revenue

Total revenues

EXPENDITURES:

Current:

Recreation and cultural services

Capital outlay

Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

OTHER FINANCING SOURCES (USES):

Transfers in

Transfers out

Total other financing sources (uses)

NET CHANGE IN FUND BALANCES

Fund balances, beginning of year

FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Flood Control Capital Projects Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Other revenue	\$ 950	\$ 950	\$ -	\$ (950)
Total revenues	950	950	-	(950)
EXPENDITURES:				
Capital outlay	950	950	-	(950)
Total expenditures	950	950	-	(950)
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	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ -</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Regional Park and Open-Space Capital Projects Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	\$ -	\$ -	\$ 22	\$ 22
Aid from other governmental agencies:				
State	2,314	2,314	1,330	(984)
Other revenue	3,902	1,836	200	(1,636)
Total revenues	6,216	4,150	1,552	(2,598)
EXPENDITURES:				
Current:				
Recreation and cultural services	7,703	6,749	3,636	(3,113)
Total expenditures	7,703	6,749	3,636	(3,113)
Excess (deficiency) of revenues over (under) expenditures	(1,487)	(2,599)	(2,084)	515
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,066	2,066	-
Transfers out	-	(994)	(994)	-
Total other financing sources (uses)	-	1,072	1,072	-
NET CHANGE IN FUND BALANCE	(1,487)	(1,527)	(1,012)	515
Fund balance, beginning of year	6,485	6,485	6,485	-
FUND BALANCE, END OF YEAR	\$ 4,998	\$ 4,958	\$ 5,473	\$ 515

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 CREST Capital Projects Fund
 For the Fiscal Year Ended June 30, 2017
 (Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property:				
Investment earnings	\$ 25	\$ 25	\$ 37	\$ 12
Charges for services	4,094	4,094	2,916	(1,178)
Total revenues	4,119	4,119	2,953	(1,166)
EXPENDITURES:				
Current:				
Capital outlay	9,949	9,146	5,151	(3,995)
Total expenditures	9,949	9,146	5,151	(3,995)
Excess (deficiency) of revenues over (under) expenditures	(5,830)	(5,027)	(2,198)	2,829
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(803)	(803)	-
Total other financing sources (uses)	-	(803)	(803)	-
NET CHANGE IN FUND BALANCE	(5,830)	(5,830)	(3,001)	2,829
Fund balance, beginning of year	10,200	10,200	10,200	-
FUND BALANCE, END OF YEAR	\$ 4,370	\$ 4,370	\$ 7,199	\$ 2,829

PERMANENT FUND

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.

COUNTY OF RIVERSIDE

Balance Sheet

Permanent Fund

June 30, 2017

(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Assets:	
Cash and investments	\$ 667
Interest receivable	1
Total assets	<u>668</u>
Deferred outflows of resources	-
Total assets and deferred outflows of resources	<u><u>\$ 668</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:	
Liabilities:	
Total liabilities	\$ -
Deferred inflows of resources	-
Fund balance (Note 16):	
Nonspendable	622
Restricted	46
Total fund balance	<u><u>668</u></u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 668</u></u>

COUNTY OF RIVERSIDE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Permanent Fund
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
REVENUES:	
Use of money and property:	
Investment earnings	\$ 3
Charges for services	50
Total revenues	<u>53</u>
EXPENDITURES:	
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53</u>
NET CHANGE IN FUND BALANCE	53
Fund balance, beginning of year	615
FUND BALANCE, END OF YEAR	<u><u>\$ 668</u></u>



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NONMAJOR ENTERPRISE FUNDS

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.

COUNTY OF RIVERSIDE
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2017
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 267	\$ 1,852	\$ 2,119
Accounts receivable-net	-	267	267
Interest receivable	-	10	10
Taxes receivable	9	-	9
Due from other governments	-	7	7
Due from other funds	-	1	1
Restricted cash and investments	-	3,189	3,189
Total current assets	<u>276</u>	<u>5,326</u>	<u>5,602</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets	<u>7</u>	<u>1</u>	<u>8</u>
Total noncurrent assets	<u>7</u>	<u>1</u>	<u>8</u>
Total assets	<u>283</u>	<u>5,327</u>	<u>5,610</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>565</u>	<u>565</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	22	3,293	3,315
Salaries and benefits payable	-	73	73
Due to other funds	-	7	7
Deposits payable	115	-	115
Other liabilities	-	191	191
Compensated absences	-	14	14
Total current liabilities	<u>137</u>	<u>3,578</u>	<u>3,715</u>
Noncurrent liabilities:			
Compensated absences	-	79	79
Net pension liability	-	1,806	1,806
Total noncurrent liabilities	<u>-</u>	<u>1,885</u>	<u>1,885</u>
Total liabilities	<u>137</u>	<u>5,463</u>	<u>5,600</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>180</u>	<u>180</u>
NET POSITION:			
Net investment in capital assets	7	1	8
Unrestricted	139	248	387
Total net position	<u>\$ 146</u>	<u>\$ 249</u>	<u>\$ 395</u>

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
OPERATING REVENUES:			
Charges for services	\$ 376	\$ 1,717	\$ 2,093
Other	52	116	168
Total operating revenues	428	1,833	2,261
OPERATING EXPENSES:			
Personnel services	-	1,085	1,085
Communications	9	-	9
Insurance	3	-	3
Maintenance of building and equipment	98	-	98
Supplies	5	9	14
Purchased services	152	1,127	1,279
Depreciation and amortization	3	1	4
Rents and leases of equipment	-	1	1
Utilities	87	-	87
Other	13	20	33
Total operating expenses	370	2,243	2,613
Operating income (loss)	58	(410)	(352)
NONOPERATING REVENUES (EXPENSES):			
Investment income	1	46	47
Total nonoperating revenues (expenses)	1	46	47
Income (loss) before transfers	59	(364)	(305)
Transfers in	66	-	66
CHANGE IN NET POSITION	125	(364)	(239)
Net position, beginning of year	21	613	634
NET POSITION, END OF YEAR	\$ 146	\$ 249	\$ 395

COUNTY OF RIVERSIDE
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	County Service Areas	Flood Control	Total
Cash flows from operating activities			
Cash receipts from customers / other funds	\$ 431	\$ 1,802	\$ 2,233
Cash paid to suppliers for goods and services	(294)	(1,022)	(1,316)
Cash paid to employees for services	-	(998)	(998)
Net cash provided by (used in) operating activities	<u>137</u>	<u>(218)</u>	<u>(81)</u>
Cash flows from noncapital financing activities			
Transfers received	66	-	66
Net cash provided by (used in) noncapital financing activities	<u>66</u>	<u>-</u>	<u>66</u>
Cash flows from capital and related financing activities			
Proceeds(loss) from sale of capital assets	1	-	1
Net cash provided by (used in) capital and related financing activities	<u>1</u>	<u>-</u>	<u>1</u>
Cash flows from investing activities			
Investment income (loss)	1	47	48
Net cash provided by (used in) investing activities	<u>1</u>	<u>47</u>	<u>48</u>
Net increase (decrease) in cash and cash equivalents	205	(171)	34
Cash and cash equivalents, beginning of year	62	5,212	5,274
Cash and cash equivalents, end of year	<u>\$ 267</u>	<u>\$ 5,041</u>	<u>\$ 5,308</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position			
Cash and investments per Statement of Net Position	\$ 267	\$ 1,852	\$ 2,119
Restricted cash and investments per Statement of Net Position	-	3,189	3,189
Total cash and cash equivalents per Statement of Net Position	<u>\$ 267</u>	<u>\$ 5,041</u>	<u>\$ 5,308</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 58	\$ (410)	\$ (352)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	3	1	4
Decrease (Increase) accounts receivable	-	(35)	(35)
Decrease (Increase) taxes receivable	3	-	3
Decrease (Increase) due from other funds	-	1	1
Decrease (Increase) due from other governments	-	3	3
Increase (Decrease) accounts payable	17	63	80
Increase (Decrease) due to other funds	-	4	4
Increase (Decrease) due to other governments	-	(2)	(2)
Increase (Decrease) deposits payable	56	-	56
Increase (Decrease) other liabilities	-	70	70
Increase (Decrease) net pension liability	-	415	415
Increase (Decrease) deferred pensions	-	(336)	(336)
Increase (Decrease) salaries and benefits payable	-	20	20
Increase (Decrease) compensated absences	-	(12)	(12)
Net cash provided by (used in) operating activities	<u>\$ 137</u>	<u>\$ (218)</u>	<u>\$ (81)</u>

INTERNAL SERVICE FUNDS

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.

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

FLOOD CONTROL EQUIPMENT

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

COUNTY OF RIVERSIDE
Combining Statement of Net Position
Internal Service Funds
June 30, 2017
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	\$ 660	\$ 10,540	\$ 21,873	\$ 2,211	\$ 2,977
Accounts receivable-net	-	221	325	17	2
Interest receivable	1	9	18	2	3
Due from other governments	-	99	7	80	4
Due from other funds	14	-	-	-	-
Inventories	-	588	1,112	198	343
Prepaid items and deposits	-	428	1,465	-	-
Total current assets	675	11,885	24,800	2,508	3,329
Noncurrent assets:					
Capital assets:					
Nondepreciable assets	-	753	235	-	-
Depreciable assets	216	36,289	47,386	485	131
Total noncurrent assets	216	37,042	47,621	485	131
Total assets	891	48,927	72,421	2,993	3,460
DEFERRED OUTFLOWS OF RESOURCES	446	1,917	26,883	545	371
LIABILITIES:					
Current liabilities:					
Accounts payable	4	916	2,497	121	331
Salaries and benefits payable	64	416	3,641	49	62
Due to other governments	-	-	-	-	7
Due to other funds	141	-	-	-	-
Other liabilities	-	102	-	-	-
Accrued remediation costs	-	104	-	-	-
Compensated absences	71	384	5,243	58	69
Capital lease obligations	-	8,642	12,562	-	-
Estimated claims liabilities	-	-	-	-	-
Total current liabilities	280	10,564	23,943	228	469
Noncurrent liabilities:					
Compensated absences	-	243	2,296	4	42
Advances from other funds	-	-	2,500	-	-
Capital lease obligations	-	6,669	28,650	-	-
Accrued remediation costs	-	104	-	-	-
Estimated claims liabilities	-	-	-	-	-
Net pension liability	1,107	4,504	67,630	1,806	861
Total noncurrent liabilities	1,107	11,520	101,076	1,810	903
Total liabilities	1,387	22,084	125,019	2,038	1,372
DEFERRED INFLOWS OF RESOURCES	163	630	10,440	373	117
NET POSITION:					
Net investment in capital assets	216	21,627	6,409	485	131
Unrestricted	(429)	6,503	(42,564)	642	2,211
Total net position	\$ (213)	\$ 28,130	\$ (36,155)	\$ 1,127	\$ 2,342

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
					ASSETS:
					Current assets:
\$ 201,772	\$ 1,445	\$ 8,750	\$ 6,962	\$ 257,190	Cash and investments
12,609	-	7	10	13,191	Accounts receivable-net
244	-	5	8	290	Interest receivable
-	-	1,194	-	1,384	Due from other governments
178	-	581	159	932	Due from other funds
-	-	222	276	2,739	Inventories
398	-	-	-	2,291	Prepaid items and deposits
215,201	1,445	10,759	7,415	278,017	Total current assets
					Noncurrent assets:
					Capital assets:
-	-	-	-	988	Nondepreciable assets
23	-	33	2,753	87,316	Depreciable assets
23	-	33	2,753	88,304	Total noncurrent assets
215,224	1,445	10,792	10,168	366,321	Total assets
8,168	969	11,326	-	50,625	DEFERRED OUTFLOWS OF RESOURCES
					LIABILITIES:
					Current liabilities:
24,670	30	3,340	129	32,038	Accounts payable
1,678	156	1,796	94	7,956	Salaries and benefits payable
-	-	1	36	44	Due to other governments
190	-	915	9	1,255	Due to other funds
62	-	1,090	-	1,254	Other liabilities
-	-	-	-	104	Accrued remediation costs
1,774	151	2,143	22	9,915	Compensated absences
-	-	-	-	21,204	Capital lease obligations
50,497	-	-	-	50,497	Estimated claims liabilities
78,871	337	9,285	290	124,267	Total current liabilities
					Noncurrent liabilities:
1,384	18	656	125	4,768	Compensated absences
-	-	3,342	-	5,842	Advances from other funds
-	-	-	-	35,319	Capital lease obligations
-	-	-	-	104	Accrued remediation costs
153,401	-	-	-	153,401	Estimated claims liabilities
19,240	2,191	26,778	-	124,117	Net pension liability
174,025	2,209	30,776	125	323,551	Total noncurrent liabilities
252,896	2,546	40,061	415	447,818	Total liabilities
2,683	282	3,778	-	18,466	DEFERRED INFLOWS OF RESOURCES
					NET POSITION:
23	-	33	2,753	31,677	Net investment in capital assets
(32,210)	(414)	(21,754)	7,000	(81,015)	Unrestricted
\$ (32,187)	\$ (414)	\$ (21,721)	\$ 9,753	\$ (49,338)	Total net position

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
OPERATING REVENUES:					
Charges for services	\$ 1,170	\$ 30,142	\$ 116,773	\$ 3,027	\$ 8,373
Other revenue	-	1,429	2,622	1,466	4,482
Total operating revenues	1,170	31,571	119,395	4,493	12,855
OPERATING EXPENSES:					
Cost of materials used	-	1,314	-	-	-
Personnel services	1,055	4,698	58,933	1,124	897
Communications	9	42	8,245	9	13
Insurance	77	224	567	24	38
Maintenance of building and equipment	114	3,123	12,328	211	101
Insurance claims	-	-	5	-	-
Supplies	5	6,958	11,772	2,324	12,442
Purchased services	249	1,782	5,657	993	484
Depreciation and amortization	21	10,419	9,877	98	11
Rents and leases of equipment	298	1,099	1,558	-	6
Utilities	31	120	1,350	11	86
Remediation	-	221	-	-	-
Other	27	208	795	66	37
Total operating expenses	1,886	30,208	111,087	4,860	14,115
Operating income (loss)	(716)	1,363	8,308	(367)	(1,260)
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	3	13	13	3	5
Interest expense	-	(206)	(2,929)	-	-
Gain (loss) on disposal of capital assets	17	985	46	166	8
Total nonoperating revenues (expenses)	20	792	(2,870)	169	13
Income (loss) before capital contributions and transfers	(696)	2,155	5,438	(198)	(1,247)
Capital contributions	-	-	43	-	-
Transfers in	250	-	1,382	-	-
Transfers out	(271)	(86)	(1,177)	(21)	(17)
CHANGE IN NET POSITION	(717)	2,069	5,686	(219)	(1,264)
Net position, beginning of year	504	26,061	(41,841)	1,346	3,606
NET POSITION, END OF YEAR	<u>\$ (213)</u>	<u>\$ 28,130</u>	<u>\$ (36,155)</u>	<u>\$ 1,127</u>	<u>\$ 2,342</u>

Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
\$ 63,396	\$ 4,153	\$ 97,819	\$ 852	\$ 325,705	OPERATING REVENUES:
11,982	2	13,267	6,398	41,648	Charges for services
75,378	4,155	111,086	7,250	367,353	Other revenue
					Total operating revenues
					OPERATING EXPENSES:
-	-	-	51	1,365	Cost of materials used
17,740	3,029	28,394	1,525	117,395	Personnel services
60	1	143	-	8,522	Communications
23,532	83	332	-	24,877	Insurance
35	4	13,870	639	30,425	Maintenance of building and equipment
161,950	-	-	-	161,955	Insurance claims
4,935	183	3,019	1,075	42,713	Supplies
7,767	998	12,198	2,296	32,424	Purchased services
18	-	6	929	21,379	Depreciation and amortization
1,171	234	51,235	6	55,607	Rents and leases of equipment
27	-	1,431	-	3,056	Utilities
-	-	-	-	221	Remediation
2,227	162	1,748	282	5,552	Other
219,462	4,694	112,376	6,803	505,491	Total operating expenses
(144,084)	(539)	(1,290)	447	(138,138)	Operating income (loss)
					NONOPERATING REVENUES (EXPENSES):
614	-	12	21	684	Investment income (loss)
-	-	-	-	(3,135)	Interest expense
(28)	-	-	84	1,278	Gain (loss) on disposal of capital assets
586	-	12	105	(1,173)	Total nonoperating revenues (expenses)
(143,498)	(539)	(1,278)	552	(139,311)	Income (loss) before capital contributions and transfers
142,487	-	-	-	142,530	Capital contributions
1,548	64	565	-	3,809	Transfers in
(1,917)	(44)	(507)	-	(4,040)	Transfers out
(1,380)	(519)	(1,220)	552	2,988	CHANGE IN NET POSITION
(30,807)	105	(20,501)	9,201	(52,326)	Net position, beginning of year
\$ (32,187)	\$ (414)	\$ (21,721)	\$ 9,753	\$ (49,338)	NET POSITION, END OF YEAR

COUNTY OF RIVERSIDE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
Cash flows from operating activities					
Cash receipts from internal services provided	\$ 1,156	\$ 31,384	\$ 119,501	\$ 4,470	\$ 12,858
Cash paid to suppliers for goods and services	(673)	(14,798)	(42,620)	(3,468)	(13,569)
Cash paid to employees for services	(1,010)	(4,320)	(56,868)	(1,147)	(868)
Net cash provided by (used in) operating activities	(527)	12,266	20,013	(145)	(1,579)
Cash flows from noncapital financing activities					
Advances (to) from other funds	-	-	-	-	-
Transfers received	250	-	1,382	-	-
Transfers paid	(271)	(86)	(1,177)	(21)	(17)
Net cash provided by (used in) noncapital financing activities	(21)	(86)	205	(21)	(17)
Cash flows from capital and related financing activities					
Proceeds (loss) from sale of capital assets	17	985	46	359	8
Acquisition and construction of capital assets	(68)	(3,758)	(3,162)	-	-
Principal paid on capital leases	-	(9,066)	(12,908)	-	-
Capital contributions	-	-	43	-	-
Interest paid on long-term debt	-	(206)	(2,929)	-	-
Net cash provided by (used in) capital and related financing activities	(51)	(12,045)	(18,910)	359	8
Cash flows from investing activities					
Investment income (loss)	4	14	(1)	3	5
Net cash provided by (used in) investing activities	4	14	(1)	3	5
Net increase (decrease) in cash and cash equivalents	(595)	149	1,307	196	(1,583)
Cash and cash equivalents, beginning of year	1,255	10,391	20,566	2,015	4,560
Cash and cash equivalents, end of year	\$ 660	\$ 10,540	\$ 21,873	\$ 2,211	\$ 2,977

Reconciliation of cash and cash equivalents to the
Statement of Net Position

Cash and investments per Statement of Net Position	\$ 660	\$ 10,540	\$ 21,873	\$ 2,211	\$ 2,977
Total cash and cash equivalents per Statement of Net Position	\$ 660	\$ 10,540	\$ 21,873	\$ 2,211	\$ 2,977

Reconciliation of operating income (loss) to net
cash provided by (used in) operating activities

Operating income (loss)	\$ (716)	\$ 1,363	\$ 8,308	\$ (367)	\$ (1,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	21	10,419	9,877	98	11
Decrease (Increase) accounts receivable	-	(133)	(34)	(2)	7
Decrease (Increase) taxes receivable	-	-	-	-	-
Decrease (Increase) bond issuance cost	-	-	-	-	-
Decrease (Increase) due from other funds	(14)	-	51	-	-
Decrease (Increase) due from other governments	-	(54)	89	(21)	(4)
Decrease (Increase) deferred outflows of resources	-	-	-	-	-
Decrease (Increase) inventories	-	111	154	118	(14)
Decrease (Increase) prepaid items and deposits	-	(428)	(1,465)	-	-
Increase (Decrease) accounts payable	(4)	455	968	58	(347)
Increase (Decrease) due to other funds	141	(1)	-	-	-
Increase (Decrease) due to other governments	-	-	-	-	(1)
Increase (Decrease) deposits payable	-	-	-	-	-
Increase (Decrease) accrued closure costs	-	-	-	-	-
Increase (Decrease) accrued remediation costs	-	208	-	-	-
Increase (Decrease) other liabilities	-	(52)	-	(6)	-
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) net pension liability	327	1,358	18,685	327	266
Increase (Decrease) deferred pensions	(294)	(1,177)	(15,811)	(221)	(234)
Increase (Decrease) salaries and benefits payable	3	154	(58)	(55)	8
Increase (Decrease) compensated absences	9	43	(751)	(74)	(11)
Net cash provided by (used in) operating activities	\$ (527)	\$ 12,266	\$ 20,013	\$ (145)	\$ (1,579)

Noncash investing, capital, and financing
Capital lease obligations

\$ 6,401	\$ 9,793
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Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total
\$ 68,121	\$ 4,155	\$ 109,983	\$ 7,221	\$ 358,849
(174,082)	(1,788)	(81,375)	(4,857)	(337,230)
(16,551)	(2,943)	(27,135)	(1,517)	(112,359)
(122,512)	(576)	1,473	847	(90,740)
-	-	-	-	-
1,548	64	565	-	3,809
(1,917)	(44)	(507)	-	(4,040)
(369)	20	58	-	(231)
-	-	-	84	1,499
(8)	-	(5)	(427)	(7,428)
-	-	-	-	(21,974)
142,487	-	-	-	142,530
-	-	-	-	(3,135)
142,479	-	(5)	(343)	111,492
573	-	12	20	630
573	-	12	20	630
20,171	(556)	1,538	524	21,151
181,601	2,001	7,212	6,438	236,039
\$ 201,772	\$ 1,445	\$ 8,750	\$ 6,962	\$ 257,190

Cash flows from operating activities
Cash receipts from internal services provided
Cash paid to suppliers for goods and services
Cash paid to employees for services
Net cash provided by (used in) operating activities
Cash flows from noncapital financing activities
Advances (to) from other funds
Transfers received
Transfers paid
Net cash provided by (used in) noncapital financing activities
Cash flows from capital and related financing activities
Proceeds (loss) from sale of capital assets
Acquisition and construction of capital assets
Principal paid on capital leases
Capital contributions
Interest paid on long-term debt
Net cash provided by (used in) capital and related financing activities
Cash flows from investing activities
Investment income (loss)
Net cash provided by (used in) investing activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents, beginning of year
Cash and cash equivalents, end of year

Reconciliation of cash and cash equivalents to the Statement of Net Position

\$ 201,772	\$ 1,445	\$ 8,750	\$ 6,962	\$ 257,190
\$ 201,772	\$ 1,445	\$ 8,750	\$ 6,962	\$ 257,190

Cash and investments per Statement of Net Position
Total cash and cash equivalents per Statement of Net Position

\$ (144,084)	\$ (539)	\$ (1,290)	\$ 447	\$ (138,138)
18	-	6	929	21,379
(7,107)	-	(7)	(2)	(7,278)
-	-	-	-	-
-	-	-	-	-
(178)	-	(488)	(27)	(656)
28	-	(608)	-	(570)
-	-	-	-	-
-	-	(73)	(36)	260
(57)	-	-	-	(1,950)
1,542	(123)	1,704	(405)	3,848
190	-	749	(54)	1,025
-	-	1	(13)	(13)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	208
30	-	220	-	192
25,917	-	-	-	25,917
5,844	713	8,021	-	35,541
(5,128)	(646)	(6,948)	-	(30,459)
260	(5)	158	25	490
213	24	28	(17)	(536)
\$ (122,512)	\$ (576)	\$ 1,473	\$ 847	\$ (90,740)

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities
Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities
Depreciation and amortization
Decrease (Increase) accounts receivable
Decrease (Increase) taxes receivable
Decrease (Increase) bond issuance cost
Decrease (Increase) due from other funds
Decrease (Increase) due from other governments
Decrease (Increase) deferred outflows of resources
Decrease (Increase) inventories
Decrease (Increase) prepaid items and deposits
Increase (Decrease) accounts payable
Increase (Decrease) due to other funds
Increase (Decrease) due to other governments
Increase (Decrease) deposits payable
Increase (Decrease) accrued closure costs
Increase (Decrease) accrued remediation costs
Increase (Decrease) other liabilities
Increase (Decrease) estimated claims liability
Increase (Decrease) net pension liability
Increase (Decrease) deferred pensions
Increase (Decrease) salaries and benefits payable
Increase (Decrease) compensated absences
Net cash provided by (used in) operating activities

Noncash investing, capital, and financing activities:
Capital lease obligations

\$ 16,194



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FIDUCIARY FUNDS

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.

COUNTY OF RIVERSIDE
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	\$ 127,232	\$ 10,840	\$ 85,945	\$ 53,117	\$ 277,134
Accounts receivable	366	-	-	-	366
Interest receivable	65	-	10	-	75
Taxes receivable	64	-	31,508	-	31,572
Total assets	<u>\$ 127,727</u>	<u>\$ 10,840</u>	<u>\$ 117,463</u>	<u>\$ 53,117</u>	<u>\$ 309,147</u>
LIABILITIES:					
Accounts payable	\$ 95,225	\$ 10,840	\$ 654	\$ 53,117	\$ 159,836
Due to other governments	32,502	-	116,809	-	149,311
Total liabilities	<u>\$ 127,727</u>	<u>\$ 10,840</u>	<u>\$ 117,463</u>	<u>\$ 53,117</u>	<u>\$ 309,147</u>

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Other				
<u>Assets</u>				
Cash and investments	\$ 118,567	\$ 5,911,051	\$ 5,902,386	\$ 127,232
Accounts receivable	388	1,066	1,088	366
Interest receivable	59	65	59	65
Taxes receivable	66	64	66	64
Total assets	<u>\$ 119,080</u>	<u>\$ 5,912,246</u>	<u>\$ 5,903,599</u>	<u>\$ 127,727</u>
<u>Liabilities</u>				
Accounts payable	\$ 89,591	\$ 734,605	\$ 728,971	\$ 95,225
Due to other governments	29,489	5,197,905	5,194,892	32,502
Total liabilities	<u>\$ 119,080</u>	<u>\$ 5,932,510</u>	<u>\$ 5,923,863</u>	<u>\$ 127,727</u>
Payroll Deductions				
<u>Assets</u>				
Cash and investments	\$ 9,556	\$ 2,297,959	\$ 2,296,675	\$ 10,840
Total assets	<u>\$ 9,556</u>	<u>\$ 2,297,959</u>	<u>\$ 2,296,675</u>	<u>\$ 10,840</u>
<u>Liabilities</u>				
Accounts payable	\$ 9,556	\$ 1,659,156	\$ 1,657,872	\$ 10,840
Total liabilities	<u>\$ 9,556</u>	<u>\$ 1,659,156</u>	<u>\$ 1,657,872</u>	<u>\$ 10,840</u>
Property Tax Assessments				
<u>Assets</u>				
Cash and investments	\$ 82,974	\$ 4,866,396	\$ 4,863,425	\$ 85,945
Interest receivable	82	10	82	10
Taxes receivable	33,048	31,508	33,048	31,508
Total assets	<u>\$ 116,104</u>	<u>\$ 4,897,914</u>	<u>\$ 4,896,555</u>	<u>\$ 117,463</u>
<u>Liabilities</u>				
Accounts payable	\$ 657	\$ 211,783	\$ 211,786	\$ 654
Due to other governments	115,447	5,065,577	5,064,215	116,809
Total liabilities	<u>\$ 116,104</u>	<u>\$ 5,277,360</u>	<u>\$ 5,276,001</u>	<u>\$ 117,463</u>

COUNTY OF RIVERSIDE

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds (Continued)

For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Warrants</u>				
<u>Assets</u>				
Cash and investments	\$ 91,824	\$ 11,233,094	\$ 11,271,801	\$ 53,117
Total assets	<u>\$ 91,824</u>	<u>\$ 11,233,094</u>	<u>\$ 11,271,801</u>	<u>\$ 53,117</u>
<u>Liabilities</u>				
Accounts payable	\$ 91,824	\$ 6,346,043	\$ 6,384,750	\$ 53,117
Total liabilities	<u>\$ 91,824</u>	<u>\$ 6,346,043</u>	<u>\$ 6,384,750</u>	<u>\$ 53,117</u>
 <u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 302,921	\$ 24,308,501	\$ 24,334,288	\$ 277,134
Accounts receivable	388	1,066	1,088	366
Interest receivable	141	75	141	75
Taxes receivable	33,114	31,573	33,115	31,572
Total assets	<u>\$ 336,564</u>	<u>\$ 24,341,215</u>	<u>\$ 24,368,632</u>	<u>\$ 309,147</u>
<u>Liabilities</u>				
Accounts payable	\$ 191,628	\$ 8,951,588	\$ 8,983,380	\$ 159,836
Due to other governments	144,936	10,263,482	10,259,107	149,311
Total liabilities	<u>\$ 336,564</u>	<u>\$ 19,215,070</u>	<u>\$ 19,242,487</u>	<u>\$ 309,147</u>

STATISTICAL SECTION

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, required supplementary information, and assessing the County's financial condition.

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T1 – T5

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

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

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- Assessed Value and Estimated Actual Value of Taxable Property
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These tables provide contextual information about the County's operations and resources to assist readers in understanding and assessing the County's financial condition as it relates to the services that the County provides.

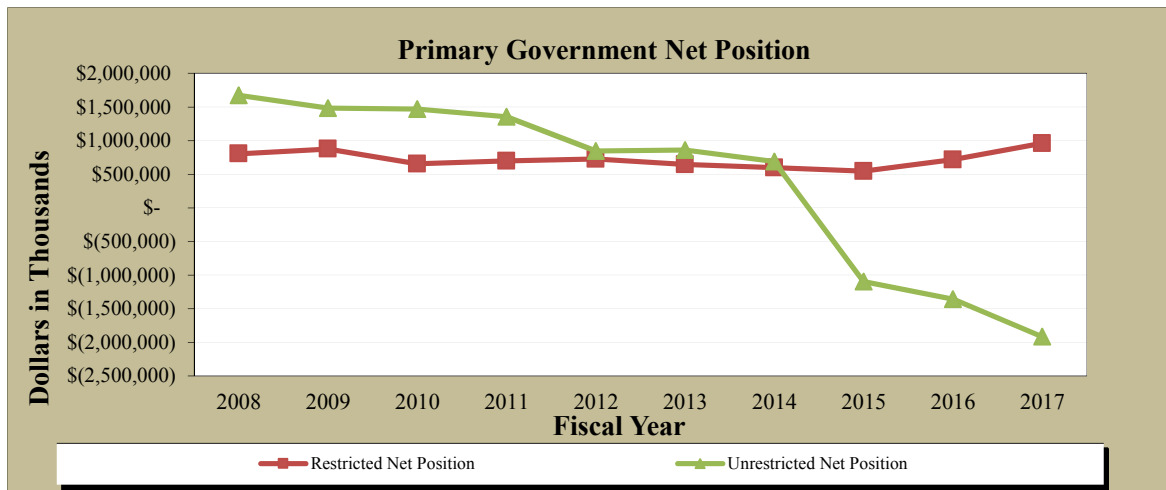
- Full-time Equivalent County Government Employees by Function/Program
- Operating Indicators by Function
- Capital Asset Statistics by Function

Source: Unless otherwise noted, the information in these tables is derived from Riverside County's Comprehensive Annual Financial Reports for the relevant years.

Table 1

COUNTY OF RIVERSIDE
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Governmental activities					
Net investment in capital assets	\$ 3,355,072	\$ 3,240,888	\$ 3,009,048	\$ 3,165,319	\$ 2,998,987
Restricted	911,249	667,696	489,359	499,463	550,326
Unrestricted	(1,689,770)	(1,242,905)	(971,969)	718,105	771,883
Governmental activities, total net position	<u>\$ 2,576,551</u>	<u>\$ 2,665,679</u>	<u>\$ 2,526,438</u>	<u>\$ 4,382,887</u>	<u>\$ 4,321,196</u>
Business-type activities					
Net investment in capital assets	\$ 202,150	\$ 112,906	\$ 95,160	\$ 147,806	\$ 118,594
Restricted	47,468	49,241	56,569	96,904	94,346
Unrestricted	(225,964)	(113,124)	(122,341)	(27,903)	88,852
Business-type activities, total net position	<u>\$ 23,654</u>	<u>\$ 49,023</u>	<u>\$ 29,388</u>	<u>\$ 216,807</u>	<u>\$ 301,792</u>
Primary government					
Net investment in capital assets	\$ 3,557,222	\$ 3,353,794	\$ 3,104,208	\$ 3,313,125	\$ 3,117,581
Restricted	958,717	716,937	545,928	596,367	644,672
Unrestricted	(1,915,734)	(1,356,029)	(1,094,310)	690,202	860,735
Primary government, total net position	<u>\$ 2,600,205</u>	<u>\$ 2,714,702</u>	<u>\$ 2,555,826</u>	<u>\$ 4,599,694</u>	<u>\$ 4,622,988</u>



Source: Auditor-Controller, County of Riverside

Table 1

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
					Governmental activities
\$ 2,740,429	\$ 1,687,128	\$ 1,594,275	\$ 1,204,971	\$ 802,981	Net investment in capital assets
683,835	656,347	604,942	824,139	769,368	Restricted
851,269	1,295,657	1,395,141	1,402,813	1,572,150	Unrestricted
<u>\$ 4,275,533</u>	<u>\$ 3,639,132</u>	<u>\$ 3,594,358</u>	<u>\$ 3,431,923</u>	<u>\$ 3,144,499</u>	Governmental activities, total net position
					Business-type activities
\$ 130,510	\$ 113,489	\$ 96,901	\$ 81,512	\$ 69,441	Net investment in capital assets
41,103	43,086	50,386	52,502	36,074	Restricted
(5,456)	59,550	72,397	80,238	101,683	Unrestricted
<u>\$ 166,157</u>	<u>\$ 216,125</u>	<u>\$ 219,684</u>	<u>\$ 214,252</u>	<u>\$ 207,198</u>	Business-type activities, total net position
					Primary government
\$ 2,870,939	\$ 1,800,617	\$ 1,691,176	\$ 1,286,483	\$ 872,422	Net investment in capital assets
724,938	699,433	655,328	876,641	805,442	Restricted
845,813	1,355,207	1,467,538	1,483,051	1,673,833	Unrestricted
<u>\$ 4,441,690</u>	<u>\$ 3,855,257</u>	<u>\$ 3,814,042</u>	<u>\$ 3,646,175</u>	<u>\$ 3,351,697</u>	Primary government, total net position

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 230,767	\$ 201,495	\$ 164,830	\$ 162,926	\$ 138,851
Public protection	417,682	398,070	371,237	352,178	339,379
Other activities	118,140	135,204	109,773	100,791	110,231
Operating grants and contributions	1,912,480	1,907,919	1,800,158	1,593,627	1,503,390
Capital grants and contributions	49,088	54,134	31,579	29,890	27,695
Governmental activities program revenues	2,728,157	2,696,822	2,477,577	2,239,412	2,119,546
Business-type activities:					
Charges for services:					
Riverside University Health					
Systems - Medical Center	544,060	511,666	504,811	400,630	450,340
Other activities	172,851	164,860	161,008	155,336	150,407
Capital grants and contributions	552	2,234	536	450	698
Business-type activities program revenues	717,463	678,760	666,355	556,416	601,445
Primary government program revenues	3,445,620	3,375,582	3,143,932	2,795,828	2,720,991
Expenses					
Governmental activities:					
General government	277,276	283,081	179,575	228,146	194,641
Public protection	1,465,762	1,328,608	1,217,731	1,191,438	1,065,373
Public ways and facilities	199,023	149,768	177,870	108,380	89,469
Health and sanitation	559,906	468,382	499,669	460,963	422,982
Public assistance	1,024,047	980,550	970,415	851,246	807,611
Education	24,603	23,283	23,409	24,420	18,998
Recreation and cultural services	17,980	20,758	18,335	20,077	12,274
Interest on long-term debt	69,874	46,306	45,904	47,236	29,453
Governmental activities expenses	3,638,471	3,300,736	3,132,908	2,931,906	2,640,801
Business-type activities:					
Riverside University Health					
Systems - Medical Center	582,419	506,338	468,562	482,240	473,916
Waste Resources Department	87,115	75,358	56,299	62,721	53,069
Housing Authority	91,783	88,166	90,903	94,716	90,678
Flood Control	3,903	3,591	3,056	2,561	2,472
County Service Areas	370	413	390	429	459
Business-type activities expenses	765,590	673,866	619,210	642,667	620,594
Primary government expenses	4,404,061	3,974,602	3,752,118	3,574,573	3,261,395
Net (expense)/revenue					
Governmental activities	(910,314)	(603,914)	(655,331)	(692,494)	(521,255)
Business-type activities	(48,127)	4,894	47,145	(86,251)	(19,149)
Primary government, net (expense) / revenue	\$ (958,441)	\$ (599,020)	\$ (608,186)	\$ (778,745)	\$ (540,404)

Source:

Auditor-Controller, County of Riverside

Table 2

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
					Program revenues
					Governmental activities:
					Charges for services:
\$ 147,510	\$ 159,570	\$ 140,723	\$ 143,644	\$ 171,403	General government
316,778	326,237	331,162	311,565	316,719	Public protection
116,509	105,931	95,438	100,819	123,483	Other activities
1,447,694	1,393,016	1,384,791	1,344,611	1,315,716	Operating grants and contributions
27,909	32,114	31,112	29,771	25,333	Capital grants and contributions
2,056,400	2,016,868	1,983,226	1,930,410	1,952,654	Governmental activities program revenues
					Business-type activities:
					Charges for services:
371,827	386,533	367,273	360,584	333,414	Riverside University Health
133,838	140,327	134,257	139,206	146,065	Systems - Medical Center
335	-	1,165	310	306	Other activities
506,000	526,860	502,695	500,100	479,785	Capital grants and contributions
2,562,400	2,543,728	2,485,921	2,430,510	2,432,439	Business-type activities program revenues
					Primary government program revenues
					Expenses
					Governmental activities:
270,474	298,032	323,949	285,393	331,741	General government
1,047,202	1,021,288	1,062,213	1,095,587	1,122,370	Public protection
84,797	87,424	31,024	31,283	20,558	Public ways and facilities
374,950	369,984	347,634	392,945	330,206	Health and sanitation
827,092	907,202	820,637	770,484	752,779	Public assistance
10,376	15,816	19,866	15,954	17,977	Education
15,806	9,364	12,206	6,039	12,457	Recreation and cultural services
39,098	88,998	80,754	89,741	96,173	Interest on long-term debt
2,669,795	2,798,108	2,698,283	2,687,426	2,684,261	Governmental activities expenses
					Business-type activities:
417,074	401,120	389,991	379,278	353,481	Riverside University Health
57,272	56,688	49,956	61,116	64,538	Systems - Medical Center
91,469	86,027	81,426	81,139	74,252	Waste Resources Department
2,306	3,711	3,233	3,816	5,201	Housing Authority
456	383	454	457	343	Flood Control
568,577	547,929	525,060	525,806	497,815	County Service Areas
3,238,372	3,346,037	3,223,343	3,213,232	3,182,076	Business-type activities expenses
					Primary government expenses
					Net (expense)/revenue
(613,395)	(781,240)	(715,057)	(757,016)	(731,607)	Governmental activities
(62,577)	(21,069)	(22,365)	(25,706)	(18,030)	Business-type activities
\$ (675,972)	\$ (802,309)	\$ (737,422)	\$ (782,722)	\$ (749,637)	Primary government, net (expense) / revenue

Continued

Table 2

COUNTY OF RIVERSIDE
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Continued:					
Primary government, net (expense) / revenue	\$ (958,441)	\$ (599,020)	\$ (608,186)	\$ (778,745)	\$ (540,404)
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes	367,937	346,851	327,504	297,107	277,417
Sales and use tax	27,881	29,573	32,851	35,443	29,751
Other taxes	20,844	22,005	18,632	27,764	37,883
Intergovernmental revenue - not restricted to programs:					
Unrestricted intergovernmental revenue	258,999	232,453	244,003	227,303	220,811
Investment earnings	12,918	12,948	8,700	11,317	2,035
Other	164,297	160,521	164,177	167,992	168,454
Transfers	(19,916)	(22,478)	(11,250)	(9,645)	(1,049)
Extraordinary item	-	-	-	-	(158,337)
Governmental activities	832,960	781,873	784,617	757,282	576,965
Business-type activities:					
Investment earnings	2,182	2,720	895	1,319	(33)
Other	-	-	-	-	-
Transfers	19,916	22,478	11,250	9,645	1,049
Extraordinary item	1,152	(2,803)	(905)	(9,698)	154,589
Business-type activities	23,250	22,395	11,240	1,266	155,605
Total primary government	856,210	804,268	795,857	758,548	732,570
Change in net position					
Governmental activities	(77,354)	177,959	129,286	64,788	55,710
Business-type activities	(24,877)	27,289	58,385	(84,985)	136,456
Primary government change in net position	\$ (102,231)	\$ 205,248	\$ 187,671	\$ (20,197)	\$ 192,166

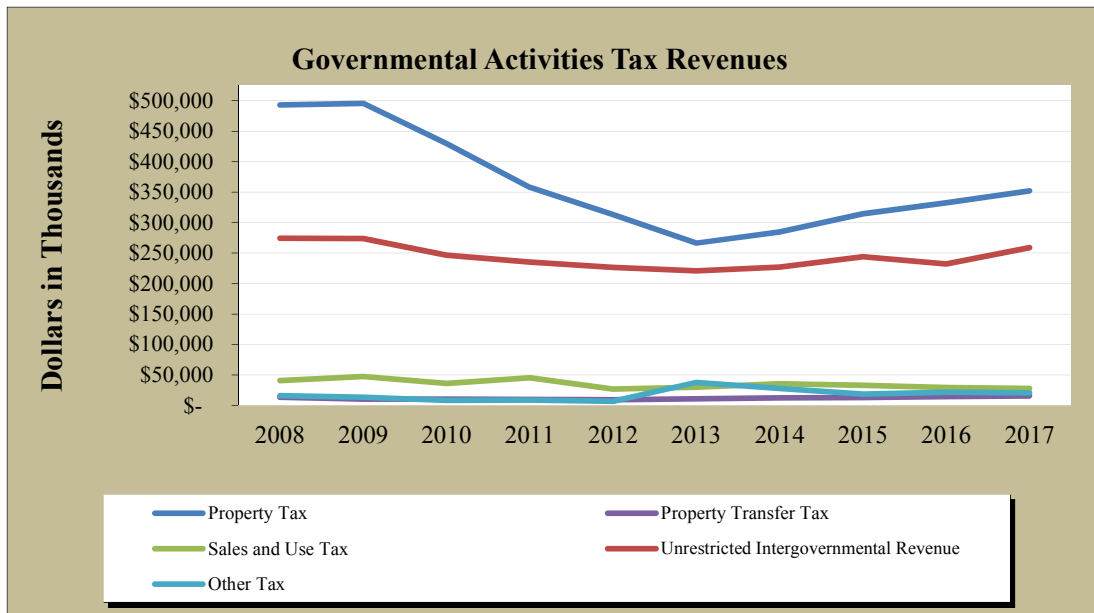
Table 2

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
\$ (675,972)	\$ (675,972)	\$ (737,422)	\$ (737,422)	\$ (782,722)	Continued:
					Primary government, net (expense) / revenue
					General revenues and other changes in net position
					Governmental activities:
					Taxes:
322,337	367,867	440,282	506,222	506,327	Property taxes
26,744	45,489	36,289	47,683	40,985	Sales and use tax
6,715	9,004	8,610	13,771	15,898	Other taxes
					Intergovernmental revenue - not restricted to programs:
226,384	235,153	246,493	273,825	274,282	Unrestricted intergovernmental revenue
11,801	19,494	29,026	87,041	138,071	Investment earnings
169,399	142,966	91,044	121,880	85,924	Other
(11,702)	(10,355)	(17,436)	(25,713)	(10,322)	Transfers
502,638	-	-	-	-	
1,254,316	809,618	834,308	1,024,709	1,051,165	Governmental activities
					Business-type activities:
907	538	1,442	6,142	10,389	Investment earnings
-	6,617	-	-	-	Other
11,702	10,355	17,436	25,713	10,322	Transfers
-	-	-	-	-	Extraordinary item
12,609	17,510	18,878	31,855	20,711	Business-type activities
1,266,925	827,128	853,186	1,056,564	1,071,876	Total primary government
					Change in net position
640,921	28,378	119,251	267,693	319,558	Governmental activities
(49,968)	(3,559)	(3,487)	6,149	2,681	Business-type activities
\$ 590,953	\$ 24,819	\$ 115,764	\$ 273,842	\$ 322,239	Primary government change in net position

Table 3

COUNTY OF RIVERSIDE
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

Fiscal Year Ending June 30	Property Tax	Property Transfer Tax	Sales and Use Tax	Unrestricted Intergovernmental Revenue	Other Tax	Total
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
2008	492,849	13,478	40,985	274,282	15,898	837,492





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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, 2017

	Fiscal Year Ending June 30			
	2017	2016	2015	2014
General Fund				
Nonspendable	\$ 2,314	\$ 2,369	\$ 2,001	\$ 2,045
Restricted	95,130	99,639	122,967	117,595
Committed	21,907	40,310	39,422	32,820
Assigned	10,989	11,870	5,144	7,772
Unassigned	217,891	217,322	225,855	203,444
Total general fund	348,231	371,510	395,389	363,676
Transportation				
Nonspendable	1,113	3,654	3,776	1,101
Restricted	61,357	68,191	49,875	62,767
Committed	3,092	2,847	2,719	2,244
Assigned	15,256	12,578	14,782	14,063
Total transportation	80,818	87,270	71,152	80,175
Flood Control				
Nonspendable	68	366	731	1
Restricted	225,328	205,957	236,749	-
Committed	-	-	-	258,580
Assigned	-	-	3,174	-
Total Flood Control	225,396	206,323	240,654	258,581
Public Facilities Improvements				
Restricted	150,711	119,441	120,141	123,860
Committed	5,124	4,877	3,000	3,000
Assigned	4,857	9,331	15,480	7,803
Total public facilities improvements	160,692	133,649	138,621	134,663
Public Financing Authority				
Restricted	93,045	231,229	302,498	-
Total public financing authority	93,045	231,229	302,498	-
Redevelopment Capital Projects				
Nonspendable	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total redevelopment capital projects	-	-	-	-
Nonmajor Governmental Funds				
Nonspendable	1,263	1,225	1,181	1,208
Restricted	167,975	168,868	168,472	182,139
Committed reported in:				
Special revenue funds	4,906	2,830	4,402	9,750
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Assigned	17,453	29,186	34,552	32,370
Total nonmajor governmental funds	191,597	202,109	208,607	225,467
Total all governmental funds	\$ 1,099,779	\$ 1,232,090	\$ 1,356,921	\$ 1,062,562

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, 2017

	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

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, 2017

	Fiscal Year Ending June 30	
	2009	2008
General Fund		
Reserved	\$ 91,196	\$ 84,466
Unreserved, designated	203,821	335,630
Unreserved, undesignated	77,104	58,672
Total general fund	<u>372,121</u>	<u>478,768</u>
Transportation		
Reserved	-	-
Unreserved, designated	-	-
Unreserved, undesignated	-	-
Total transportation	<u>-</u>	<u>-</u>
Flood Control		
Reserved	1,794	4,500
Unreserved, designated	30,149	1,755
Unreserved, undesignated	196,973	193,170
Total Flood Control	<u>228,916</u>	<u>199,425</u>
Public Facilities Improvements		
Reserved	538,431	590,915
Unreserved, undesignated	-	-
Total public facilities improvements	<u>538,431</u>	<u>590,915</u>
Redevelopment Capital Projects		
Reserved	189,627	122,036
Unreserved, undesignated	116,076	234,582
Total redevelopment capital projects	<u>305,703</u>	<u>356,618</u>
Nonmajor Governmental Funds		
Reserved	371,076	331,147
Unreserved, designated reported in:		
Special revenue funds	27,666	37,121
Capital projects funds	6,933	6,935
Unreserved, undesignated reported in:		
Special revenue funds	151,939	139,367
Total nonmajor governmental funds	<u>557,614</u>	<u>514,570</u>
Total all governmental funds	<u>\$ 2,002,785</u>	<u>\$ 2,140,296</u>

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 5

COUNTY OF RIVERSIDE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Revenues					
Taxes	\$ 416,940	\$ 398,139	\$ 379,358	\$ 361,900	\$ 347,166
Licenses, permits, and franchise fees	22,251	22,782	21,893	20,377	18,798
Fines, forfeitures, and penalties	71,196	74,349	79,059	82,290	86,381
Use of money and property:					
Investments earnings	12,234	11,736	7,989	10,187	2,370
Rents and concessions	24,990	51,695	25,548	29,925	19,246
Aid from other governmental agencies:					
Federal	691,080	686,964	634,269	544,478	569,330
State	1,356,683	1,345,344	1,304,580	1,172,107	1,047,485
Other	171,474	163,165	153,687	136,461	132,120
Charges for services	635,236	585,977	519,382	483,346	464,274
Other revenue	102,294	49,934	119,337	88,055	91,329
Total revenues	<u>3,504,378</u>	<u>3,390,085</u>	<u>3,245,102</u>	<u>2,929,126</u>	<u>2,778,499</u>
Expenditures					
General government	231,308	219,333	190,209	214,212	208,242
Public protection	1,331,768	1,271,121	1,202,873	1,186,900	1,117,397
Public ways and facilities	226,388	299,431	292,096	177,965	177,467
Health and sanitation	538,734	470,022	482,545	421,494	393,557
Public assistance	988,773	983,963	928,098	851,061	798,850
Education	21,449	20,003	20,755	19,470	18,819
Recreation and cultural services	21,042	24,232	23,716	15,911	16,590
Debt service:					
Principal	48,711	68,951	83,928	70,840	55,363
Interest	63,899	44,091	44,005	45,953	27,988
Cost of issuance	1,074	895	950	623	378
Capital outlay	220,006	92,800	103,211	58,046	25,427
Total expenditures	<u>3,693,152</u>	<u>3,494,842</u>	<u>3,372,386</u>	<u>3,062,475</u>	<u>2,840,078</u>
Revenues over (under) expenditures	<u>(188,774)</u>	<u>(104,757)</u>	<u>(127,284)</u>	<u>(133,349)</u>	<u>(61,579)</u>
Other financing sources (uses)					
Transfers in	280,223	350,235	550,783	248,448	231,574
Transfers out	(299,908)	(373,384)	(559,368)	(253,012)	(233,809)
Issuance of debt	-	-	346,000	64,000	-
Issuance of refunding bonds	39,985	72,825	-	20,510	19,140
Discount on long-term debt	-	-	-	-	-
Premium on long-term debt	5,216	7,612	28,699	1,338	759
Redemption of refunded debt	-	(89,345)	-	-	(18,155)
Contribution to governmental agency	(33,353)	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Proceeds from the sale of capital assets	11	-	-	-	-
Capital leases	64,289	11,829	54,529	2,965	1,721
Total other financing sources (uses)	<u>56,463</u>	<u>(20,228)</u>	<u>420,643</u>	<u>84,249</u>	<u>1,230</u>
Net change in fund balances	<u>\$ (132,311)</u>	<u>\$ (124,985)</u>	<u>\$ 293,359</u>	<u>\$ (49,100)</u>	<u>\$ (60,349)</u>
Debt service as a % of non-capital expenditures	3.36%	3.63%	4.27%	4.21%	3.35%

Source: Auditor-Controller, County of Riverside

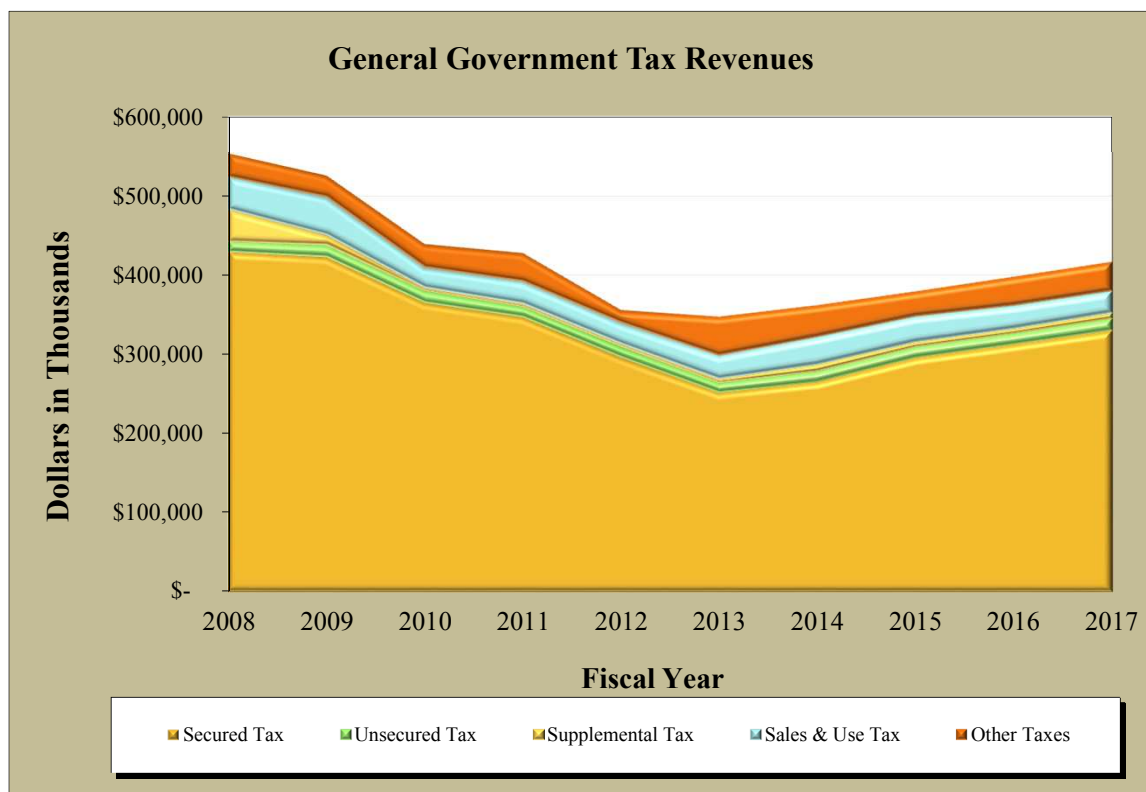
Table 5

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
\$ 355,796	\$ 427,892	\$ 439,435	\$ 525,238	\$ 553,158	Revenues
19,513	20,294	19,197	22,546	24,652	Taxes
90,163	95,290	114,320	108,572	92,029	Licenses, permits, and franchise fees
					Fines, forfeitures, and penalties
					Use of money and property:
10,827	18,305	26,929	81,040	128,307	Investments earnings
19,588	17,659	17,393	17,151	15,486	Rents and concessions
					Aid from other governmental agencies:
577,654	609,531	636,167	546,030	544,587	Federal
986,658	921,329	857,191	955,389	971,299	State
156,678	130,362	172,598	140,757	103,858	Other
449,888	458,744	469,340	460,439	447,889	Charges for services
95,119	95,279	65,711	84,348	102,132	Other revenue
2,761,884	2,794,685	2,818,281	2,941,510	2,983,397	Total revenues
					Expenditures
291,227	311,025	554,315	430,712	409,336	General government
1,072,442	1,081,489	1,068,051	1,126,662	1,083,719	Public protection
168,015	176,184	130,310	148,544	152,603	Public ways and facilities
375,668	353,904	341,244	390,668	375,259	Health and sanitation
802,104	824,471	812,848	766,407	747,576	Public assistance
18,942	19,282	18,910	15,731	17,907	Education
15,220	18,755	12,620	12,801	11,647	Recreation and cultural services
					Debt service:
65,002	80,928	73,378	54,587	46,483	Principal
49,041	83,902	78,689	86,768	91,126	Interest
15	5,212	1,819	2,436	3,868	Cost of issuance
22,583	30,439	39,844	48,899	36,691	Capital outlay
2,880,259	2,985,591	3,132,028	3,084,215	2,976,215	Total expenditures
(118,375)	(190,906)	(313,747)	(142,705)	7,182	Revenues over (under) expenditures
					Other financing sources (uses)
323,052	267,985	463,296	538,029	805,400	Transfers in
(332,724)	(277,943)	(479,143)	(562,345)	(814,607)	Transfers out
-	170,481	81,745	-	294,084	Issuance of debt
33,360	-	70,365	78,895	111,125	Issuance of refunding bonds
-	-	(626)	-	(2,898)	Discount on long-term debt
2,840	-	937	-	3,272	Premium on long-term debt
(32,797)	-	-	-	-	Redemption of refunded debt
-	-	-	-	-	Contribution to government agency
-	-	(65,713)	(76,300)	(24,290)	Payment to escrow agent
-	6	-	-	1,159	Proceeds from the sale of capital assets
2,671	8,321	31,018	22,746	8,670	Capital leases
(3,598)	168,850	101,879	1,025	381,915	Total other financing sources (uses)
\$ (121,973)	\$ (22,056)	\$ (211,868)	\$ (141,680)	\$ 389,097	Net change in fund balances
4.50%	6.17%	5.85%	5.54%	5.28%	Debt service as a % of non-capital expenditures

Table 6

COUNTY OF RIVERSIDE
General Government Tax Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

Fiscal Year Ending June 30	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
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
2008	428,790	13,193	40,815	40,985	29,375	553,158





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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, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Real property					
Secured property	\$ 253,728,054	\$ 240,984,595	\$ 228,131,826	\$ 210,523,063	\$ 201,971,552
Unsecured property	8,200,349	7,717,964	7,676,875	7,868,150	8,123,443
Total gross assessed value	261,928,403	248,702,559	235,808,701	218,391,213	210,094,995
Less:					
Tax-exempt real property	8,136,300	7,760,338	7,502,942	7,300,462	7,116,048
Total taxable assessed value	\$ 253,792,103	\$ 240,942,221	\$ 228,305,759	\$ 211,090,751	\$ 202,978,947
Total direct tax rate	1.0	1.0	1.0	1.0	1.0
Estimated actual taxable value	\$ 338,389,470	\$ 321,256,295	\$ 304,407,678	\$ 281,454,335	\$ 270,638,596
Assessed value as a % of actual value	77.40%	77.42%	77.46%	77.59%	77.63%



Source: Auditor-Controller, County of Riverside

Table 7

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
\$ 202,313,851	\$ 204,153,163	\$ 213,144,336	\$ 238,312,506	\$ 235,351,116	Real property
8,057,242	8,121,065	8,227,172	8,685,393	7,540,803	Secured property
210,371,093	212,274,228	221,371,508	246,997,899	242,891,919	Unsecured property
					Total gross assessed value
6,818,361	6,673,229	6,424,030	6,111,231	5,574,813	Less:
					Tax-exempt real property
<u>\$ 203,552,732</u>	<u>\$ 205,600,999</u>	<u>\$ 214,947,478</u>	<u>\$ 240,886,668</u>	<u>\$ 237,317,106</u>	Total taxable assessed value
1.0	1.0	1.0	1.0	1.0	Total direct tax rate
\$ 271,403,643	\$ 274,134,665	\$ 286,596,637	\$ 321,182,224	\$ 316,422,808	Estimated actual taxable value
77.51%	77.43%	77.24%	76.90%	76.76%	Assessed value as a % of actual value

Table 8

COUNTY OF RIVERSIDE
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
June 30, 2017

Fiscal Year Ending June 30	County Direct Rates		Range of Overlapping Rates			Total Direct & Overlapping Rates
	Secured Property Tax Levy	Debt Service	Total City Rate	Total School Districts Rate	Total Special Districts Rate	
2017	1.00000%	0.11550%	0% to .00617%	0 to .16601%	0% to .50000%	1.11440% 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%
2008	1.00000%	0.09190%	.00178% to .00627%	.00549% to .08521%	0% to .50000%	1.09190% 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, 2017

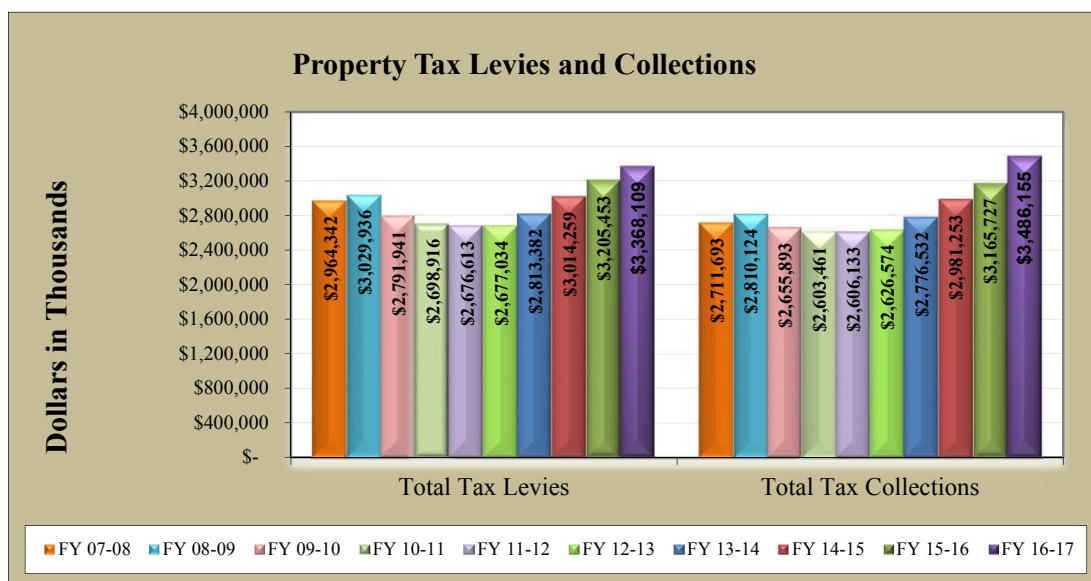
Tax payer	Fiscal Year			
	2017		2008	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Southern California Edison Company	\$ 51,918	1.46%	\$ 12,524	0.42%
Centex Homes	-	0.00%	13,896	0.46%
Southern California Gas Company	11,008	0.31%	4,446	0.15%
Verizon California, Inc.	9,158	0.26%	8,944	0.30%
KB Home Coastal Inc.	-	0.00%	7,972	0.27%
CPV Sentienel, LLC	7,966	0.22%	-	0.00%
Lennar Homes of California Inc.	3,731	0.10%	6,106	0.20%
Pulte Home Corporation	-	0.00%	4,705	0.16%
Standard Pacific Corp.	-	0.00%	4,683	0.16%
KSL Desert Resorts, Inc.	-	0.00%	4,442	0.15%
Western Pacific Housing Inc.	-	0.00%	3,605	0.12%
Costco Wholesale Group	3,366	0.09%	-	0.00%
Blythe Energy, LLC	3,268	0.09%	-	0.00%
Ross Dress for Less Inc	3,231	0.09%	-	0.00%
Chelsea GCA Realty Partnership	3,222	0.09%	-	0.00%
Total	\$ 96,868	2.71%	\$ 71,323	2.39%

Source: Treasurer-Tax Collector, County of Riverside

Table 10

COUNTY OF RIVERSIDE
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2017

Fiscal Year Ending June 30	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections as of June 30	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2008	2,964,342	2,708,669	91.38%	3,024	2,711,693	91.48%



*Delinquent taxes reported by year of collection; data by levy year unavailable.

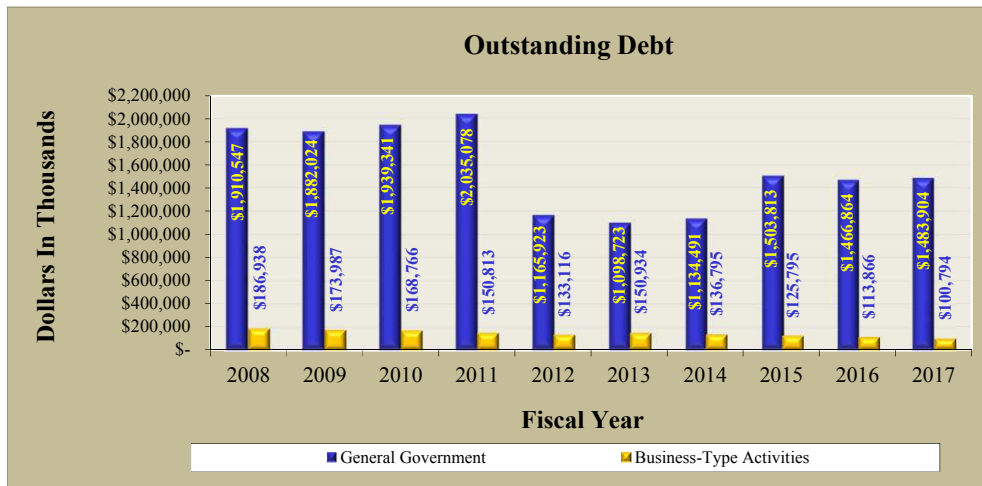


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Table 11

COUNTY OF RIVERSIDE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
General government					
Bonds	\$ 1,206,942	\$ 1,195,027	\$ 1,141,497	\$ 810,186	\$ 744,460
Certificates of participation	94,467	108,937	211,688	240,593	282,095
Notes and loans	2,205	2,790	3,350	3,890	4,420
Capital leases	180,290	160,110	147,278	79,822	67,748
Business-type activities					
Bonds	92,371	106,428	119,917	132,941	143,710
Capital leases	8,423	7,438	5,878	3,854	7,224
Total primary government	\$ 1,584,698	\$ 1,580,730	\$ 1,629,608	\$ 1,271,286	\$ 1,249,657
Percentage of personal income	1.88%	1.95%	2.23%	1.65%	1.66%
Per capita	\$ 665	\$ 673	\$ 765	\$ 558	\$ 554



Note: Per Capita is an estimate for fiscal years 2015-16 and 2016-17

Source: California State Department of Finance
Auditor-Controller, County of Riverside
Bureau of Economic Analysis

Table 11

				Fiscal Year Ending June 30		
2012	2011	2010	2009	2008		
General government						
\$ 750,492	\$ 1,551,323	\$ 1,408,017	\$ 1,359,277	\$ 1,086,397	Bonds	
309,511	367,272	385,447	391,914	408,024	Certificates of participation	
4,925	5,355	21,987	13,222	310,809	Notes and loans	
100,995	111,128	123,890	117,611	105,317	Capital leases	
Business-type activities						
121,061	134,983	147,924	159,959	170,814	Bonds	
12,055	15,830	20,842	14,028	16,124	Capital leases	
\$ 1,299,039	\$ 2,185,891	\$ 2,108,107	\$ 2,056,011	\$ 2,097,485	Total primary government	
1.78%	3.07%	3.37%	3.28%	3.25%	Percentage of personal income	
\$ 583	\$ 986	\$ 985	\$ 975	\$ 1,004	Per capita	

Table 12

COUNTY OF RIVERSIDE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita Amount)
June 30, 2017

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Bonds	\$ 1,299,313	\$ 1,301,455	\$ 1,261,414	\$ 943,127	\$ 888,170
Less:					
Amounts available in debt service fund	63,634	67,680	71,947	80,405	79,951
Total net obligation bonds outstanding	<u>\$ 1,235,679</u>	<u>\$ 1,233,775</u>	<u>\$ 1,189,467</u>	<u>\$ 862,722</u>	<u>\$ 808,219</u>
Percentage of estimated					
Actual taxable value of property	0.37%	0.38%	0.39%	0.31%	0.30%
Per capita	\$ 518	\$ 525	\$ 515	\$ 378	\$ 358

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 12

			Fiscal Year Ending June 30		
2012	2011	2010	2009	2008	
\$ 871,553	\$ 1,686,306	\$ 1,555,941	\$ 1,519,236	\$ 1,257,211	Bonds
					Less:
78,236	151,405	127,206	147,568	119,597	Amounts available in debt service fund
\$ 793,317	\$ 1,534,901	\$ 1,428,735	\$ 1,371,668	\$ 1,137,614	Total net obligation bonds outstanding
Percentage of estimated					
0.30%	0.56%	0.51%	0.43%	0.36%	Actual taxable value of property
\$ 356	\$ 692	\$ 668	\$ 651	\$ 545	Per capita

Table 13

COUNTY OF RIVERSIDE
Direct and Overlapping Governmental Activities Debt
as of June 30, 2017
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 11,415,271	87.00071%	<u>\$ 9,931,367</u>
Subtotal, overlapping debt			9,931,367
County of Riverside direct debt			<u>1,483,904</u>
Total direct and overlapping debt			<u><u>\$ 11,415,271</u></u>

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, 2017**

	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
Debt limit	\$ 3,172,401	\$ 3,011,778	\$ 2,853,822	\$ 2,638,634	\$ 2,537,237
Total net debt applicable to limit	<u>(1,235,679)</u>	<u>(1,233,775)</u>	<u>(1,189,467)</u>	<u>(862,722)</u>	<u>(808,219)</u>
Legal debt margin	<u>\$ 1,936,722</u>	<u>\$ 1,778,003</u>	<u>\$ 1,664,355</u>	<u>\$ 1,775,912</u>	<u>\$ 1,729,018</u>
Total net debt applicable to the limit as a percentage of debt limit	39.0%	41.0%	41.7%	32.7%	31.8%

Legal Debt Margin Calculated for Fiscal Year 2017

Assessed value	\$ 255,866,489
Less: Homeowners exemptions	<u>2,074,387</u>
Total assessed value	<u>253,792,102</u>
Debt limit (1.25% of total assessed value)	<u>3,172,401</u>
Debt applicable to limit:	
General obligation bonds (Governmental & Business-type)	1,299,313
Less: Amount set aside for repayment of general obligation debt	<u>63,634</u>
Total net debt applicable to limit	<u>1,235,679</u>
Legal debt margin	<u>\$ 1,936,722</u>

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 14

						Fiscal Year Ending June 30		
2012		2011		2010		2009	2008	
\$	2,544,409	\$	2,570,012	\$	2,686,843	\$	3,011,083	\$ 2,966,464 Debt limit
	(793,317)		(1,534,901)		(1,428,735)		(1,211,709)	(966,800) Total net debt applicable to limit
\$	1,751,092	\$	1,035,111	\$	1,258,108	\$	1,799,374	\$ 1,999,664 Legal debt margin
	31.2%		59.7%		53.2%		40.2%	32.6% Total net debt applicable to the limit as a percentage of debt limit

Table 15

COUNTY OF RIVERSIDE
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars in Thousands)
June 30, 2017

Fiscal Year Ending June 30	Lease Revenue Bonds					
	Revenue from Lease Payments	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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%
2008	60,656	43,790	16,866	12,545	17,116	56.86%

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

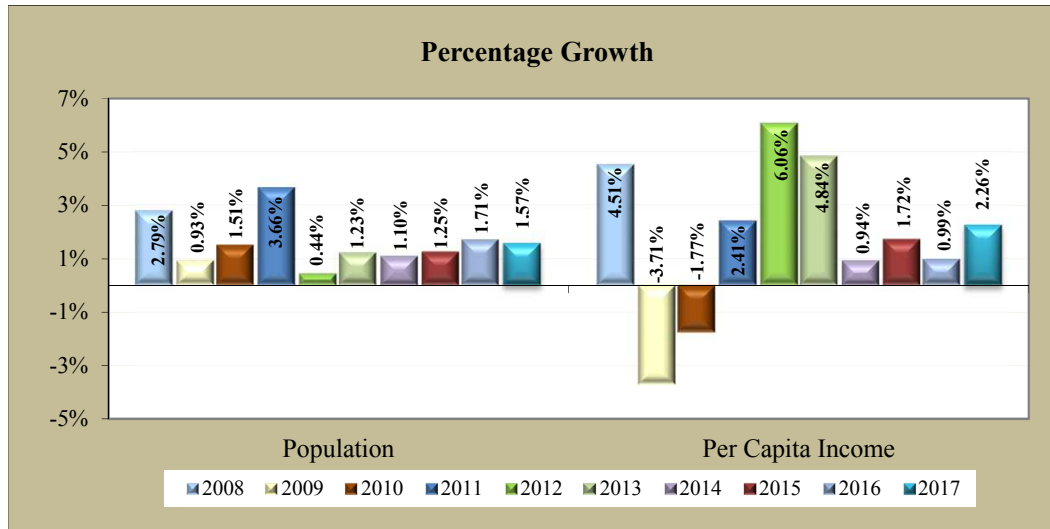
Table 15

Inland Empire Tobacco Securitization Bonds							Fiscal Year Ending June 30
Revenue from Tobacco Settlement	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage		
			Principal	Interest			
\$ 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	
7,798	2,448	5,350	3,785	3,306	75.45%	2008	

Table 16

COUNTY OF RIVERSIDE
Demographic and Economic Statistics
Last Ten Fiscal Years
June 30, 2017

Fiscal Year Ending June 30	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2017	2,384,783	\$ 90,160,000 ¹	\$ 35,286 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%
2008	2,088,322	64,504,000	30,894	420,450	8.40%



Notes 1: Projection based on 10 years' running average (2007 - 2016)

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, 2017

Employer	Fiscal Year			
	2017		2008	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	22,538	2.27%	19,595	2.31%
University of California, Riverside	8,686	0.87%	6,657	0.79%
March Air Reserve Base	8,500	0.86%	8,400	0.99%
Amazon	7,500	0.75%	-	0.00%
Stater Brothers Markets	-	0.00%	6,425	0.76%
Kaiser Permanente Riverside Medical Center	5,739	0.58%	3,200	0.38%
Corona-Norco Unified School District	5,399	0.54%	-	0.00%
Riverside Unified School District	4,236	0.43%	4,041	0.48%
Pechanga Resort & Casino	4,000	0.40%	4,800	0.57%
Riverside University Health Systems - Medical Center	3,876	0.39%	-	0.00%
Eisenhower Medical Center	3,665	0.37%	1,990	0.31%
Abbott Vascular	-	0.00%	4,500	0.53%
Riverside Community College District	-	0.00%	3,753	0.38%
Temecula Valley Unified School District	-	0.00%	2,952	0.35%
Total	74,139	7.46%	66,313	7.85%

Source: Economic Development Agency

Table 18

COUNTY OF RIVERSIDE
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
June 30, 2017

Function/Program	Full-time Equivalent Employees				
	2017	2016	2015	2014	2013
General government					
Legislative and administrative	85	88	84	86	89
Finance	407	422	408	415	399
Counsel	73	72	70	66	65
Personnel	185	185	180	157	154
Elections	30	31	23	24	25
Communication	-	-	-	-	-
Property management	424	398	404	394	397
Promotion	43	51	54	43	45
Other general	30	28	27	85	32
Public protection					
Judicial	1,161	1,214	1,202	1,239	1,221
Police protection	2,293	2,470	2,466	2,410	2,351
Detention and correction	2,321	2,419	2,389	2,216	2,169
Fire protection	226	227	227	212	212
Protection/inspection	77	82	76	83	86
Other protection	942	639	554	830	544
Administration	81	68	68	81	82
Public ways and facilities					
Public ways	345	384	387	375	370
Parking facilities	15	19	17	17	20
Health and sanitation					
Health	2,559	2,640	2,236	2,075	1,959
Hospital care	32	33	32	35	37
Public health ambulatory care	-	-	267	-	266
California children's services	145	141	142	139	134
Public assistance					
Aid programs	4,006	4,199	3,980	3,610	3,484
Veterans' services	16	14	14	13	13
Other assistance	185	207	270	271	291
Education, recreation and culture					
Library services	17	4	5	7	7
Agricultural extension	3	5	5	5	5
Cultural services	2	2	2	2	2
County business-type functions					
Hospital care	2,587	2,482	2,399	2,517	2,581
Sanitation	174	163	164	153	153
Internal service	2,037	3,213	2,876	2,763	2,641
Special districts/Component units	611	993	739	719	693
Total	21,112	22,893	21,767	21,042	20,527

Note: Temporary employees, 1,387, filled as of June 1, 2017 are included in the total number employees.

Source: County of Riverside, fiscal year 2017-18 Recommended Budget

Table 18

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Function/Program</u>
					General government
81	87	98	92	96	Legislative and administrative
405	411	438	456	522	Finance
65	64	70	69	69	Counsel
159	172	167	182	216	Personnel
34	39	42	41	40	Elections
11	11	12	11	10	Communication
507	531	500	494	468	Property management
117	139	180	186	177	Promotion
31	32	36	36	39	Other general
					Public protection
1,294	1,345	1,444	1,485	1,506	Judicial
2,304	2,408	2,449	2,586	2,474	Police protection
2,085	2,067	2,076	2,220	2,174	Detention and correction
200	198	188	190	199	Fire protection
86	87	100	98	114	Protection/inspection
600	615	669	737	778	Other protection
75	62	65	58	60	Administration
					Public ways and facilities
411	413	465	506	532	Public ways
18	18	20	-	-	Parking facilities
					Health and sanitation
2,118	2,063	2,024	2,075	2,214	Health
34	31	31	30	30	Hospital care
-	-	-	-	-	Public health ambulatory care
140	138	143	148	168	California children's services
					Public assistance
3,334	3,089	3,132	3,159	3,297	Aid programs
12	12	12	12	13	Veterans' services
289	355	348	285	305	Other assistance
					Education, recreation and culture
10	1	-	1	1	Library services
5	5	5	5	6	Agricultural extension
3	3	3	3	2	Cultural services
					County business-type functions
2,351	2,295	2,246	2,186	2,097	Hospital care
160	174	198	211	206	Sanitation
2,775	2,315	2,418	1,723	2,202	
660	591	547	533	534	
					Internal service
					Special districts/Component units
<u>20,374</u>	<u>19,771</u>	<u>20,126</u>	<u>19,818</u>	<u>20,549</u>	Total

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Ten Fiscal Years
June 30, 2017

		Fiscal Year Ending June 30				
		2017	2016	2015	2014	2013
Function/Program						
Agricultural Commissioner						
	Export phytosanitary certificates	d 13,478	13,546	14,825	16,067	18,346
	Pesticide use inspections	e 800	1,211	1,025	834	783
	Weights and measures regulated	141,939	141,092	139,701	138,321	138,547
	Agriculture quality inspections	605	350	497	524	456
	Plant pest inspections	7,468	9,846	10,792	11,635	10,361
	Nursery acreage inspected	6,727	7,708	7,020	7,064	6,156
	Weights and measures inspected	60,197	75,508	63,695	80,461	63,653
Assessor-Clerk-Recorder						
	Assessments	925,405	919,810	914,886	909,432	906,467
	Official records recorded	587,906	555,870	540,589	530,777	648,812
	Vital records copies issued	89,691	86,597	75,708	85,309	78,405
	Official records copies issued	23,093	23,014	18,307	22,329	32,792
Auditor-Controller						
	Invoices paid	280,498	359,917	368,001	425,003	426,660
	Vendor warrants (checks) issued	234,781	227,037	228,750	232,034	259,458
	Active vendors	35,198	28,697	30,604	84,680	80,011
	Payroll warrants (checks) issued	568,689	564,546	541,390	524,990	509,376
	Average payroll warrants (checks) per pay period	21,873	21,713	20,823	20,192	19,591
	Audits per fiscal year	55	35	26	34	25
	Tax bills levied	1,019,903	1,008,147	1,003,952	998,203	984,268
	Tax refunds/roll changes processed	53,234	19,561	47,556	22,435	63,500
Community Action Partnership						
	Utility assistance (households)	18,017	15,743	15,115	16,087	13,911
	Weatherization (households)	1,260	997	967	479	179
	Energy education attendees	a 7,428	10,398	6,395	4,991	6,368
	Disaster relief (residents)	b 13,400	13,734	13,387	24,274	11,316
	Income tax returns prepared	b 5,239	4,545	4,325	3,453	3,111
	After school programs (students)	2,703	2,198	2,114	20,700	19,200
	Homeless program (bed nights)	c -	-	-	-	-
	Homeless program (meals)	c -	-	-	-	-
	Leadership program enrollment	b -	-	-	-	-
	Mediation (cases)	2,009	2,579	2,527	2,723	1,905
Environmental Health						
	Facilities inspections	28,205	30,919	31,897	35,325	32,045
Public Health						
	Patient visits	124,031	143,956	134,481	124,099	135,795
	Patient services	242,554	299,048	290,900	363,442	353,269
Animal Control Services						
	Animal impounds (live animals)	38,858	41,773	37,644	37,037	35,201
	Spays and neuters completed	15,337	14,508	13,216	13,690	11,908
	Animal licenses sold	58,995	76,157	65,020	122,105	-
	Service calls fielded	40,039	41,614	40,251	-	-

Note: a - Number of pamphlets mailed
b - Program not yet started / not tracked
c - Homeless program reporting responsibilities were transferred from Community Action Partnership (CAP) to Department of Social Services (DPSS) at the end of fiscal year 2007-08
d - Phytosanitary = Plant pest cleanliness
e - Pesticide Use Inspections = Environmental monitoring

Source: Various County Departments

Table 19

Fiscal Year Ending June 30					Function/Program
2012	2011	2010	2009	2008	
Agricultural Commissioner					
19,875	-	25,745	36,772	29,288 d	Export phytosanitary certificates
793	764	682	831	903 e	Pesticide use inspections
137,727	134,290	131,175	129,528	129,726	Weights and measures regulated
553	693	643	668	643	Agriculture quality inspections
11,931	9,584	9,667	48,944	25,987	Plant pest inspections
6,920	6,338	6,923	7,627	7,851	Nursery acreage inspected
51,074	56,751	77,278	80,862	83,269	Weights and measures inspected
Assessor-Clerk-Recorder					
904,706	904,040	941,928	942,174	938,462	Assessments
592,531	612,804	673,674	682,708	773,308	Official records recorded
78,768	80,391	87,194	97,422	97,427	Vital records copies issued
26,153	28,990	26,348	33,135	34,711	Official records copies issued
Auditor-Controller					
389,798	412,374	488,192	522,097	504,866	Invoices paid
255,463	265,979	300,428	320,613	255,767	Vendor warrants (checks) issued
78,887	65,090	64,761	59,685	75,575	Active vendors
509,468	506,870	532,904	532,202	522,215	Payroll warrants (checks) issued
19,595	19,495	19,737	20,469	20,085	Average payroll warrants (checks) per pay period
26	26	30	30	31	Audits per fiscal year
972,577	999,241	977,115	974,041	1,004,076	Tax bills levied
79,606	123,476	115,904	152,672	89,527	Tax refunds/roll changes processed
Community Action Partnership					
21,912	22,207	27,956	12,869	9,902	Utility assistance (households)
842	1,375	2,083	1,033	853	Weatherization (households)
14,950	13,807	11,725	10,775	19,396 a	Energy education attendees
13,968	12,058	17,989	15,336	16,366 b	Disaster relief (residents)
2,711	3,006	2,257	2,011	1,828 b	Income tax returns prepared
20,700	18,400	13,800	11,000	10,905	After school programs (students)
-	-	-	-	12,822 c	Homeless program (bed nights)
-	-	-	-	25,644 c	Homeless program (meals)
166	593	182	-	209 b	Leadership program enrollment
2,181	2,178	2,237	1,821	2,144	Mediation (cases)
Environmental Health					
36,201	31,801	31,213	34,273	33,009	Facilities inspections
Public Health					
109,870	106,532	142,617	125,767	149,223	Patient visits
392,621	390,607	313,409	466,800	601,889	Patient services
Animal Control Services					
36,518	49,408	62,770	71,834	30,305	Animal impounds (live animals)
9,771	8,305	7,225	8,480	7,208	Spays and neuters completed
-	-	-	-	-	Animal licenses sold
-	-	-	-	-	Service calls fielded

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function (Continued)
Last Ten Fiscal Years
June 30, 2017

Function/Program	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
County Library					
Total circulation - books	2,513,032	2,704,884	2,792,388	3,023,637	3,059,094
Reference questions answered	479,917	478,827	487,093	371,953	434,057
Patron door count	3,606,142	4,069,001	4,216,087	3,919,125	4,148,012
Programs offered	9,680	10,423	9,547	6,819	6,521
Program attendance	163,198	176,502	154,391	139,223	143,053
Riverside University Health Systems - Medical Center					
Emergency room treatments	77,963	88,780	84,697	88,853	119,606
Emergency room services - MH	12,854	12,896	12,989	13,531	14,275
Clinic visits	99,309	116,277	104,693	124,255	125,471
Admissions	17,826	19,863	19,404	22,738	24,260
Patient days	104,854	104,276	106,466	118,467	124,599
Discharges	18,397	19,147	19,387	22,773	24,279
Fire					
Medical assistance	119,868	112,799	103,407	99,058	97,054
Fires extinguished	15,975	14,988	13,823	13,632	13,517
Other services	24,053	22,163	22,680	20,846	20,049
Communities served	94	94	94	94	94
Mental Health					
Mental health clients (crisis/long-term care)	43,013	42,764	41,942	39,765	37,591
Substance abuse clients	15,966	15,723	15,812	15,457	15,755
Detention clients	13,690	12,627	12,380	12,137	11,899
Probate conservatorship clients	453	479	404	379	355
Mental health conservatorship clients	647	1,005	986	942	858
Probation					
Adults on probation	a 12,185	14,422	16,496	16,922	17,406
Juveniles in secure detention	b 137	153	134	156	194
Juveniles in treatment facilities	b 60	57	57	79	86
Juveniles in detention facilities	a 5,978	6,375	5,810	7,154	8,505
Public Social Services					
CalWORKs clients	26,306	29,090	32,030	33,159	33,341
Food stamp clients	127,778	132,274	128,656	121,949	116,333
Medi-Cal clients	351,817	341,519	298,461	186,911	135,570
In-home support services	27,564	24,888	25,703	23,061	20,641
Foster care placements	3,670	4,063	4,041	3,725	3,237
Child welfare services	9,761	10,471	10,757	9,958	9,178
Homeless program (bed nights)	c 7,384	7,384	7,384	8,296	8,296
Homeless program (meals)	c 14,767	14,767	14,767	16,592	16,592

Note: a - Average monthly
b - Average daily
c - Homeless program reporting responsibilities were transferred from Community Action Partnership (CAP) to Department of Social Services (DPSS) at the end of fiscal year 2007-08

Source: Various County Departments

Table 19

Fiscal Year Ending June 30					Function/Program
2012	2011	2010	2009	2008	
County Library					
3,387,218	3,724,657	3,718,343	3,464,547	3,280,929	Total circulation - books
441,269	404,913	370,619	382,795	426,533	Reference questions answered
4,080,738	731,699	3,599,064	3,170,424	2,744,576	Patron door count
8,382	7,624	7,214	5,618	5,570	Programs offered
163,692	163,416	148,612	127,717	103,393	Program attendance
Riverside University Health Systems - Medical Center					
101,952	99,706	96,993	88,459	82,584	Emergency room treatments
16,750	15,376	14,288	9,702	7,867	Emergency room services - MH
127,546	129,041	131,624	129,171	124,318	Clinic visits
23,949	23,638	23,536	23,253	23,433	Admissions
121,949	123,250	121,915	118,452	115,811	Patient days
23,694	23,668	23,559	23,238	23,440	Discharges
Fire					
96,843	97,066	94,193	91,707	89,404	Medical assistance
12,990	4,271	4,449	4,406	5,659	Fires extinguished
11,856	16,522	17,076	18,486	19,472	Other services
78	78	78	78	78	Communities served
Mental Health					
35,696	33,260	30,657	30,065	29,814	Mental health clients (crisis/long-term care)
17,849	16,987	16,736	18,712	17,746	Substance abuse clients
10,544	8,874	10,831	12,781	9,441	Detention clients
351	424	474	256	206	Probate conservatorship clients
879	832	675	240	279	Mental health conservatorship clients
Probation					
14,992	16,271	17,790	17,469	17,022 a	Adults on probation
193	225	248	241	293 b	Juveniles in secure detention
107	128	125	112	113 b	Juveniles in treatment facilities
9,148	10,741	11,385	10,783	12,463 a	Juveniles in detention facilities
Public Social Services					
33,682	33,412	31,022	26,905	22,310	CalWORKs clients
107,076	91,606	74,484	52,877	36,339	Food stamp clients
130,562	124,061	116,758	107,904	101,542	Medi-Cal clients
19,070	18,201	16,852	16,307	14,845	In-home support services
3,113	3,130	3,085	3,486	5,057	Foster care placements
9,664	9,916	9,591	10,217	11,912	Child welfare services
8,331	10,746	12,900	10,854	- c	Homeless program (bed nights)
16,660	21,494	25,800	21,707	- c	Homeless program (meals)

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function (Continued)
Last Ten Fiscal Years
June 30, 2017

Function/Program		Fiscal Year Ending June 30				
		2017	2016	2015	2014	2013
Registrar of Voters						
	Voting precincts	1,126	869	1,193	846	1,218
	Polling places	587	564	546	545	642
	Voters	a 1,022,375	911,269	891,630	887,000	943,402
	Poll workers	3,087	2,234	2,200	2,200	2,960
Sheriff						
	Number of bookings	49,896	49,864	54,025	60,826	57,330
	Coroner case load	14,476	13,885	12,958	12,164	11,639
	Calls for services	b 187,087	193,763	190,816	176,339	172,664
Transportation and Land Management Agency						
- Building & Safety						
	Building permits issued	c -	-	1,028	905	1,116
	Building plans checked	c -	-	-	799	908
	Building structures inspected	c -	-	-	957	901
Veterans' Services						
	Phone inquiries answered	d 36,971	38,812	32,778	31,445	36,107
	Client interviews	d 21,183	25,072	17,281	17,448	14,714
	Claims filed	d 6,789	6,792	6,345	5,998	5,735
	Emails	d 14,280	9,884	6,584	3,138	-
	Veterans reached at outreach events	3,014	3,591	3,725	-	-
Waste Resources						
	Landfill tonnage	1,408,688	1,320,497	1,475,122	1,383,266	1,102,626
	Recycling tonnage	2,463	2,052	1,386	2,503	2,679

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 2016-17
d - Program not yet started / not tracked

Source: Various County Departments

Table 19

Fiscal Year Ending June 30					Function/Program
2012	2011	2010	2009	2008	
Registrar of Voters					
853	1,649	2,370	2,387	3,474	Voting precincts
522	746	1,158	1,205	2,017	Polling places
852,217	1,009,933	1,815,892	1,747,556	1,705,406 a	Voters
2,300	3,281	4,186	6,287	8,355	Poll workers
Sheriff					
53,691	53,974	55,306	62,007	59,054	Number of bookings
10,947	10,555	10,027	9,582	9,394	Coroner case load
176,062	232,821	255,601	302,400	280,000 b	Calls for services
Transportation and Land Management Agency - Building & Safety					
836	863	1,568	1,337	2,658	Building permits issued
740	817	1,537	1,220	2,328 c	Building plans checked
676	1,168	1,774	2,650	4,506 c	Building structures inspected
Veterans' Services					
36,707	43,617	41,569	39,393	29,553 d	Phone inquiries answered
14,990	15,630	25,209	13,955	10,571 d	Client interviews
6,030	5,485	5,581	5,812	5,194 d	Claims filed
-	-	-	-	- d	Emails
-	-	-	-	-	Veterans reached at outreach events
Waste Resources					
1,071,309	1,071,394	1,032,942	1,024,267	1,220,124	Landfill tonnage
2,206	2,499	1,803	2,356	3,385	Recycling tonnage

Table 20

COUNTY OF RIVERSIDE
Capital Asset Statistics by Function
Last Ten Fiscal Years
June 30, 2017

Function/Program	Fiscal Year Ending June 30				
	2017	2016	2015	2014	2013
County Libraries					
Branch libraries	35	35	35	35	35
Book mobiles	2	2	2	2	2
Books in collection	1,341,967	1,168,364	1,382,932	1,393,689	1,657,925
Museum	1	1	-	-	-
Riverside University Health Systems - Medical Center					
Major clinics	4	4	4	4	4
Routine and specialty clinics	44	44	44	44	37
Beds licensed	439	439	439	439	439
Fire					
Stations	37	37	37	37	38
Trucks	158	158	158	145	142
Parks and Recreation					
Regional parks	11	11	14	11	11
Historic sites	5	5	5	5	5
Nature centers	4	4	4	4	4
Archaeological sites	6	6	5	6	6
Wildlife reserves	9	9	7	9	9
RV and mobile home parks	2	2	2	3	3
Managed areas	5	5	5	5	5
Recreational facilities	1	3	1	3	2
Community centers	-	1	1	-	-
Sheriff					
Patrol stations	10	10	10	10	10
Patrol vehicles	966	930	932	928	916
Waste Resources					
Landfills	6	6	6	6	6
Capacity in tons	62,668,370	62,191,202	54,232,021	54,230,474	54,230,474

Source: Various County Departments

Table 20

Fiscal Year Ending June 30					
2012	2011	2010	2009	2008	
Function/Program					
County Libraries					
33	33	33	33	33	Branch libraries
2	2	2	2	2	Book mobiles
1,570,834	1,668,434	1,612,925	1,564,186	1,552,108	Books in collection
-	-	-	-	-	Museum
Riverside University Health Systems - Medical Center					
4	4	4	4	4	Major clinics
-	30	30	30	30	Routine and specialty clinics
439	439	439	439	439	Beds licensed
Fire					
42	46	49	49	49	Stations
145	156	154	149	143	Trucks
Parks and Recreation					
11	12	12	13	13	Regional parks
5	4	4	6	6	Historic sites
4	4	4	5	5	Nature centers
6	6	6	7	7	Archaeological sites
9	9	9	16	16	Wildlife reserves
3	3	3	-	-	RV and mobile home parks
5	5	5	-	-	Managed areas
2	2	-	-	-	Recreational facilities
-	-	-	-	-	Community centers
Sheriff					
10	10	10	10	10	Patrol stations
915	896	883	923	974	Patrol vehicles
Waste Resources					
6	6	6	6	6	Landfills
54,189,339	54,177,558	51,794,663	51,794,663	51,609,663	Capacity in tons

RIVERSIDE COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT



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