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Honorable Board of Supervisors  
 County of Riverside  
 Riverside, California

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying general-purpose financial statements of the County of Riverside, California (the County), as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the following County department and component units: Housing Authority of County of Riverside, Riverside County Flood Control and Water Conservation District, Riverside County Regional Park and Open-Space District, Redevelopment Agency for the County of Riverside, and Riverside County Regional Medical Center, which represent the following percentages of assets, liabilities, and operating revenues/additions as of and for the year ended June 30, 2000, of the following fund types:

<u>Fund Type</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Operating Revenues/Additions</u>
Special Revenue	58%	-	20%
Debt Service	11%	-	71%
Capital Projects	14%	-	30%
Enterprise	69%	-	86%
Internal Service	2%	-	2%
<u>Account Group</u>			
General Fixed Assets	2%	-	-
General Long-Term Debt	-	13%	-

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the County department and component units described above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

OFFICE LOCATIONS

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2000 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, based on our audit and the reports of the other auditors, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The statistical section listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the County. Such additional information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion thereon.

*Macias, Hini & Company LLP*

Certified Public Accountants

Los Angeles, California  
December 19, 2000



**COUNTY OF RIVERSIDE**  
**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT**  
**JUNE 30, 2000 (In Thousands)**

	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPES ENTERPRISE	INTERNAL SERVICE	FUND TYPE TRUST & AGENCY
<b>ASSETS AND OTHER DEBITS</b>							
Cash and investments (Note 3)	\$	124,352	6,945	41,086	16,290	139,283	1,186,543
Taxes receivable	3,167	1,906	16,769		9		
Accounts receivable, net of allowance of \$25,516	2,145	560		973	35,294	1,199	73
Interest receivable	2,241	1,423	1,001	464	764	928	5,707
Prepaid items					1,454	10	
Advances to other funds (Note 6)	15,236		971				
Due from other funds (Note 6)	196,331	43,381	2,450	37,862	2	894	113,879
Due from other governments	204,771	10,941		75	11,696	86	2,127
Loans receivable		3,547	44				
Deposits (Note 10)							370
Inventories	896	1,780		2,726	4,858	2,100	
Land, structures and improvements, and equipment (Note 5)					384,137	141,493	
Accumulated depreciation and amortization					(105,973)	(90,688)	
Restricted assets (Note 3 and 4)	235,000		66,432	73,146	116,170		
Amount available for retirement of long-term debt							
Amount to be provided for compensation payable							
Amount to be provided for retirement of long-term debt							
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 659,787</b>	<b>187,890</b>	<b>94,612</b>	<b>156,332</b>	<b>463,701</b>	<b>195,305</b>	<b>1,308,699</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 6,444	4,439	1,247	4,595	11,347	9,335	195,937
Salaries and benefits payable	24,891	1,715			2,166	1,727	
Advances from other funds (Note 6)					10,061	5,000	50
Due to other funds (Note 6)	119,702	2,666	2,450	478	10,058	1,028	258,419
Due to other governments	24,994	2,250	213		5,811		79,495
Due to third party payors							34,575
Tax anticipation notes payable (Note 9 and 20)	235,000						
Deferred revenue	192,257	40,799		32,148			
Interest payable					930		
Deposits payable					407		13,072
Accrued compensation payable (Note 9)					12,245	4,985	
Accrued closure and post-closure care costs (Note 7)					62,985		
Accrued remediation costs (Note 19)					24,219		
Notes and loans payable (Note 9)					4,819		
Bonds payable & certificates of participation (Note 9)					257,113		
Capital lease obligations (Note 9)					2,125	41,400	
Estimated claims liability (Note 11)						61,783	
Other liabilities					1,488		
<b>TOTAL LIABILITIES</b>	<b>603,288</b>	<b>51,869</b>	<b>3,910</b>	<b>37,221</b>	<b>405,774</b>	<b>125,256</b>	<b>581,548</b>
<b>FUND EQUITY AND OTHER CREDITS:</b>							
Investment in general fixed assets							
Contributed capital (Note 10)					14,139	5,806	
Retained earnings (Note 2)					43,788	64,243	
Fund balance:							
Reserved (Note 10)	21,782	14,559	90,702	13,832			726,528
Unreserved:							
Designated (Note 10)	23,779	90,149		75,701			
Undesignated (Note 2)	10,938	31,313		29,578			623
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>56,499</b>	<b>136,021</b>	<b>90,702</b>	<b>119,111</b>	<b>57,927</b>	<b>70,049</b>	<b>727,151</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 659,787</b>	<b>187,890</b>	<b>94,612</b>	<b>156,332</b>	<b>463,701</b>	<b>195,305</b>	<b>1,308,699</b>

See accompanying notes to  
general purpose financial statements.

ACCOUNT GROUPS		TOTAL PRIMARY GOVERNMENT (MEMORANDUM ONLY)	COMPONENT UNIT CHILDREN AND FAMILIES COMMISSION	TOTAL REPORTING ENTITY (MEMORANDUM ONLY)	
GENERAL FIXED ASSETS	GENERAL LONG- TERM DEBT	1,513,499	32,738	1,546,237	<u>ASSETS AND OTHER DEBITS</u>
		21,851	3,918	25,769	Cash and investments (Note 3)
		40,244		40,244	Taxes receivable
		12,528		12,528	Accounts receivable, net of allowance of \$25,516
		1,464		1,464	Interest receivable
		16,207		16,207	Prepaid items
		394,799		394,799	Advances to other funds (Note 6)
		229,696	229	229,925	Due from other funds (Note 6)
		3,591		3,591	Due from other governments
		370		370	Loans receivable
		12,360		12,360	Deposits (Note 10)
					Inventories
					Land, structures and improvements, and equipment (Note 5)
649,264		1,174,894		1,174,894	Accumulated depreciation and amortization
		(196,661)		(196,661)	Restricted assets (Note 3 and 4)
		490,748		490,748	Amount available for retirement of long-term debt
	90,658	90,658		90,658	Amount to be provided for compensation payable
	77,649	77,649		77,649	Amount to be provided for retirement of long-term debt
	462,206	462,206		462,206	
649,264	630,513	4,346,103	36,885	4,382,988	TOTAL ASSETS AND OTHER DEBITS
					<u>LIABILITIES, FUND EQUITY AND OTHER CREDITS</u>
					LIABILITIES:
		233,344		233,344	Accounts payable
		30,499		30,499	Salaries and benefits payable
	1,096	16,207		16,207	Advances from other funds (Note 6)
		394,799		394,799	Due to other funds (Note 6)
		112,763	192	112,955	Due to other governments
		34,575		34,575	Due to third party payors
		235,000		235,000	Tax anticipation notes payable (Note 9 and 20)
		265,204		265,204	Deferred revenue
		930		930	Interest payable
		13,479		13,479	Deposits payable
	77,649	94,879		94,879	Accrued compensation payable (Note 9)
		62,985		62,985	Accrued closure and post-closure care costs (Note 7)
		24,219		24,219	Accrued remediation costs (Note 19)
	70,065	74,884		74,884	Notes and loans payable (Note 9)
	435,480	692,593		692,593	Bonds payable & certificates of participation (Note 9)
	46,223	89,748		89,748	Capital lease obligations (Note 9)
		61,783		61,783	Estimated claims liability (Note 11)
		1,488		1,488	Other liabilities
	630,513	2,439,379	192	2,439,571	TOTAL LIABILITIES
					FUND EQUITY AND OTHER CREDITS:
649,264		649,264		649,264	Investment in general fixed assets
		19,945		19,945	Contributed capital (Note 10)
		108,031		108,031	Retained earnings (Note 2)
		867,403	36,693	904,096	Fund balance:
					Reserved (Note 10)
		189,629		189,629	Unreserved:
		72,452		72,452	Designated (Note 10)
					Undesignated (Note 2)
649,264		1,906,724	36,693	1,943,417	TOTAL FUND EQUITY AND OTHER CREDITS
649,264	630,513	4,346,103	36,885	4,382,988	TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS

**COUNTY OF RIVERSIDE**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUND AND**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000 (In Thousands)**

**GOVERNMENTAL FUND TYPES**

<u>REVENUES</u>	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>	<u>DEBT</u> <u>SERVICE</u>	<u>CAPITAL</u> <u>PROJECTS</u>
Taxes	\$ 162,850	60,010	14,531	11,111
Licenses, permits and franchises	12,850	573		
Fines, forfeitures, and penalties	25,657	428		
Revenues from use of money and property:				
Interest	28,000	4,917	2,166	2,532
Rents and concessions	518	3,577	801	
Aid from other governmental agencies:				
State	457,079	29,143		
Federal	271,964	57,029		1,174
Charges for current services	169,924	26,850		5,379
Other revenue	40,721	15,214		2,139
<b>TOTAL REVENUES</b>	<b>1,169,563</b>	<b>197,741</b>	<b>17,498</b>	<b>22,335</b>
<u>EXPENDITURES</u>				
Current:				
General government	96,359	11,936	6,053	
Public protection	455,842	2,759		
Public ways and facilities		93,857		
Health and sanitation	230,548	680		
Public assistance	392,465	45,243		
Education	290	7,224		
Recreation and cultural services	167	595		
Capital outlay	1,947	2,772		85,846
Debt service:				
Costs of issuance			2,280	
Principal retirement			90,735	
Interest	10,355		17,366	
<b>TOTAL EXPENDITURES</b>	<b>1,187,973</b>	<b>165,066</b>	<b>116,434</b>	<b>85,846</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,410)</b>	<b>32,675</b>	<b>(98,936)</b>	<b>(63,511)</b>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in (Note 6)	69,837	16,614	35,168	5,956
Operating transfers (out) (Note 6)	(38,759)	(40,737)	(1,801)	(15,719)
Bond proceeds			64,683	114,957
Capital leases	1,947			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>33,025</b>	<b>(24,123)</b>	<b>98,050</b>	<b>105,194</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>14,615</b>	<b>8,552</b>	<b>(886)</b>	<b>41,683</b>
FUND BALANCE, JULY 1, 1999 AS RESTATED (Note 10)	103,247	127,469	31,405	77,920
Residual equity transfer in (out) (Note 6)	(61,363)		60,183	(492)
<b>FUND BALANCE, JUNE 30, 2000</b>	<b>\$ 56,499</b>	<b>136,021</b>	<b>90,702</b>	<b>119,111</b>

See accompanying notes to general purpose financial statements.

<u>FIDUCIARY FUND TYPE</u>	<u>TOTAL PRIMARY GOVERNMENT (MEMORANDUM ONLY)</u>	<u>COMPONENT UNIT CHILDREN AND FAMILIES COMMISSION</u>	<u>TOTAL REPORTING ENTITY (MEMORANDUM ONLY)</u>	
<u>EXPENDABLE TRUST</u>	<u>248,502</u>	<u>36,192</u>	<u>284,694</u>	<u>REVENUES</u>
	13,423		13,423	Taxes
	26,085		26,085	Licenses, permits and franchises
27	37,642	624	38,266	Fines, forfeitures, and penalties
	4,896		4,896	Revenues from use of money and property:
				Interest
				Rents and concessions
425	486,647		486,647	Aid from other governmental agencies:
	330,167		330,167	State
	202,153		202,153	Federal
	58,074		58,074	Charges for current services
				Other revenue
452	1,407,589	36,816	1,444,405	<b>TOTAL REVENUES</b>
				<u>EXPENDITURES</u>
				Current:
347	114,695	423	115,118	General government
	458,601		458,601	Public protection
	93,857		93,857	Public ways and facilities
	231,228		231,228	Health and sanitation
	437,708		437,708	Public assistance
	7,514		7,514	Education
	762		762	Recreation and cultural services
	90,565		90,565	Capital outlay
				Debt service:
	2,280		2,280	Costs of issuance
	90,735		90,735	Principal retirement
	27,721		27,721	Interest
347	1,555,666	423	1,556,089	<b>TOTAL EXPENDITURES</b>
105	(148,077)	36,393	(111,684)	<b>REVENUES OVER (UNDER) EXPENDITURES</b>
				<u>OTHER FINANCING SOURCES (USES)</u>
	127,575		127,575	Operating transfers in (Note 6)
	(97,016)		(97,016)	Operating transfers (out) (Note 6)
	179,640		179,640	Bond proceeds
	1,947		1,947	Capital leases
	212,146		212,146	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>
				<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>
105	64,069	36,393	100,462	<b>FUND BALANCE, JULY 1, 1999 AS RESTATED (Note 10)</b>
518	340,559	300	340,859	Residual equity transfer in (out) (Note 6)
	(1,672)		(1,672)	
623	402,956	36,693	439,649	<b>FUND BALANCE, JUNE 30, 2000</b>

**COUNTY OF RIVERSIDE**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000 (In Thousands)**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
			FAVORABLE (UNFAVORABLE)			FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>						
Taxes	\$ 153,539	162,850	9,311	55,409	60,010	4,601
Licenses, permits and franchises	13,821	12,850	(971)	507	573	66
Fines, forfeitures, and penalties	29,632	25,657	(3,975)	315	428	113
Revenues from use of money and property:						
Interest	26,701	28,000	1,299	2,560	4,917	2,357
Rents and concessions	372	518	146	4,535	3,577	(958)
Aid from other governmental agencies:						
State	514,667	457,079	(57,588)	25,247	29,143	3,896
Federal	320,464	271,964	(48,500)	106,654	57,029	(49,625)
Charges for current services	165,246	169,924	4,678	32,302	26,850	(5,452)
Other revenue	82,884	40,721	(42,163)	21,732	15,214	(6,518)
<b>TOTAL REVENUES</b>	<b>1,307,326</b>	<b>1,169,563</b>	<b>(137,763)</b>	<b>249,261</b>	<b>197,741</b>	<b>(51,520)</b>
<b>EXPENDITURES</b>						
Current:						
General government	148,507	96,359	52,148	12,587	11,936	651
Public protection	474,548	455,842	18,706	3,401	2,759	642
Public ways and facilities				143,526	93,857	49,669
Health and sanitation	277,804	230,548	47,256	680	680	
Public assistance	475,451	392,465	82,986	76,736	45,243	31,493
Education	292	290	2	7,427	7,224	203
Recreation and cultural services	198	167	31	680	595	85
Capital outlay		1,947	(1,947)	8,273	2,772	5,501
Debt service:						
Principal retirement						
Interest	10,432	10,355	77			
<b>TOTAL EXPENDITURES</b>	<b>1,387,232</b>	<b>1,187,973</b>	<b>199,259</b>	<b>253,310</b>	<b>165,066</b>	<b>88,244</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(79,906)</b>	<b>(18,410)</b>	<b>61,496</b>	<b>(4,049)</b>	<b>32,675</b>	<b>36,724</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	99,377	69,837	(29,540)	19,740	16,614	(3,126)
Operating transfers (out)	(47,991)	(38,759)	9,232	(44,100)	(40,737)	3,363
Bond proceeds				7,155		(7,155)
Capital leases		1,947	1,947			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>51,386</b>	<b>33,025</b>	<b>(18,361)</b>	<b>(17,205)</b>	<b>(24,123)</b>	<b>(6,918)</b>
<b>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ (28,520)</b>	<b>14,615</b>	<b>43,135</b>	<b>(21,254)</b>	<b>8,552</b>	<b>29,806</b>
FUND BALANCE, JULY 1, 1999 AS RESTATED (Note 10)		103,247			127,469	
Residual equity transfer in (out)		(61,363)				
<b>FUND BALANCE, JUNE 30, 2000 (Note 13)</b>	<b>\$</b>	<b>56,499</b>			<b>136,021</b>	

See accompanying notes to general purpose financial statements.



BUDGETED DEBT SERVICE FUNDS			BUDGETED CAPITAL PROJECTS FUNDS			
<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	
10,769	13,531	2,762	10,894	11,111	217	<u>REVENUES</u>
						Taxes
						Licenses, permits and franchises
						Fines, forfeitures, and penalties
						Revenues from use of money and property:
1,350	766	(584)	128	1,073	945	Interest
230	243	13				Rents and concessions
						Aid from other governmental agencies:
						State
			1,530	1,174	(356)	Federal
			5,678	5,379	(299)	Charges for current services
			5,560	2,139	(3,421)	Other revenue
<u>12,349</u>	<u>14,540</u>	<u>2,191</u>	<u>23,790</u>	<u>20,876</u>	<u>(2,914)</u>	TOTAL REVENUES
						<u>EXPENDITURES</u>
						Current:
						General government
						Public protection
						Public ways and facilities
						Health and sanitation
						Public assistance
						Education
						Recreation and cultural services
			60,331	41,614	18,717	Capital outlay
						Debt service:
						Principal retirement
						Interest
75,604	77,624	(2,020)				TOTAL EXPENDITURES
4,817	4,994	(177)				
<u>87,453</u>	<u>88,324</u>	<u>(871)</u>	<u>60,331</u>	<u>41,614</u>	<u>18,717</u>	REVENUES OVER (UNDER) EXPENDITURES
<u>(75,104)</u>	<u>(73,784)</u>	<u>1,320</u>	<u>(36,541)</u>	<u>(20,738)</u>	<u>15,803</u>	
						<u>OTHER FINANCING SOURCES (USES)</u>
1,252	1,388	136	4,180	4,185	5	Operating transfers in
	(30)	(30)	(9,075)	(9,216)	(141)	Operating transfers (out)
73,828	60,600	(13,228)	41,314	24,847	(16,467)	Bond proceeds
						Capital leases
<u>75,080</u>	<u>61,958</u>	<u>(13,122)</u>	<u>36,419</u>	<u>19,816</u>	<u>(16,603)</u>	TOTAL OTHER FINANCING SOURCES (USES)
<u>(24)</u>	<u>(11,826)</u>	<u>(11,802)</u>	<u>(122)</u>	<u>(922)</u>	<u>(800)</u>	REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES
	5,882			50,686		FUND BALANCE, JULY 1, 1999 AS RESTATED (Note 10)
	60,183			(492)		Residual equity transfer in (out)
	<u>54,239</u>			<u>49,272</u>		FUND BALANCE, JUNE 30, 2000 (Note 13)

**COUNTY OF RIVERSIDE**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000 (In Thousands)**

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	TOTAL (MEMORANDUM ONLY)
<u>OPERATING REVENUES</u>			
Care of patients	\$ 204,538		204,538
Less allowance and uncollectible accounts	12,496		12,496
Patient care revenue-net	192,042		192,042
Current services	45,901	161,634	207,535
Charges to other governments	43,835		43,835
Other	13,242		13,242
<b>TOTAL OPERATING REVENUES</b>	<b>295,020</b>	<b>161,634</b>	<b>456,654</b>
<u>OPERATING EXPENSES</u>			
Cost of materials used		5,994	5,994
Personnel services	86,019	43,204	129,223
Communications	160	4,952	5,112
Insurance	1,900	3,228	5,128
Maintenance of building and equipment	9,084	14,201	23,285
Insurance claims		24,554	24,554
Supplies	30,282	4,677	34,959
Purchased services	62,202	26,959	89,161
Depreciation and amortization	15,612	11,984	27,596
Rents and leases of equipment	301	832	1,133
Public assistance	33,413		33,413
Utilities	3,148	151	3,299
Closure and post-closure	9,760		9,760
Remediation	215		215
Other	2,378	13,862	16,240
<b>TOTAL OPERATING EXPENSES</b>	<b>254,474</b>	<b>154,598</b>	<b>409,072</b>
<b>OPERATING INCOME</b>	<b>40,546</b>	<b>7,036</b>	<b>47,582</b>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest on invested funds	6,343	100	6,443
Interest expense	(19,655)	(2,568)	(22,223)
Gain on sale of fixed assets	224		224
Miscellaneous revenue	206		206
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(12,882)</b>	<b>(2,468)</b>	<b>(15,350)</b>
<u>OPERATING TRANSFERS</u>			
Operating transfers in (Note 6)	12,691		12,691
Operating transfers (out) (Note 6)	(43,217)	(33)	(43,250)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(30,526)</b>	<b>(33)</b>	<b>(30,559)</b>
<b>NET INCOME (LOSS)</b>	<b>(2,862)</b>	<b>4,535</b>	<b>1,673</b>
<b>RETAINED EARNINGS JULY 1, 1999 AS RESTATED (Note 10)</b>	<b>46,650</b>	<b>59,708</b>	<b>106,358</b>
<b>RETAINED EARNINGS JUNE 30, 2000 (Note 2)</b>	<b>\$ 43,788</b>	<b>64,243</b>	<b>108,031</b>

See accompanying notes to general purpose financial statements.

**COUNTY OF RIVERSIDE  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000 (In Thousands)**

	<u>ENTERPRISE FUNDS</u>	<u>INTERNAL SERVICE FUNDS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 40,546	7,036	47,582
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	15,612	11,984	27,596
Other revenue (expense)		(19)	(19)
(Increase) decrease in:			
Accounts and taxes receivable	(10,137)	(214)	(10,351)
Prepaid items	(311)		(311)
Due from other funds		2,938	2,938
Due from other governments	30,419	(130)	30,289
Inventories		494	494
Increase (decrease) in:			
Accounts payable	2,531	3,801	6,332
Salaries and benefits payable	103	(237)	(134)
Due to other funds	(25,217)	4,386	(20,831)
Due to other governments	250		250
Deposits payable	25		25
Accrued compensation payable	13	1,740	1,753
Accrued closure and postclosure care costs	7,176		7,176
Accrued remediation costs	(433)		(433)
Estimated claims liability		(1,520)	(1,520)
Other liabilities	466		466
Total adjustments	20,497	23,223	43,720
Net cash provided by operating activities	61,043	30,259	91,302
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net operating transfers (out)	(30,526)	(33)	(30,559)
Net cash provided (used) by noncapital financing activities	(30,526)	(33)	(30,559)

See accompanying notes to general purpose financial statements.

Continued on next page.

**COUNTY OF RIVERSIDE  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES - Continued  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000 (In Thousands)**

	<u>ENTERPRISE FUNDS</u>	<u>INTERNAL SERVICE FUNDS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on bonds and certificates	\$ (548)		(548)
Interest paid	(18,408)	(2,570)	(20,978)
Principal paid on loans and notes payable	(4,232)		(4,232)
Principal paid on capital leases		(9,644)	(9,644)
Proceeds from sale of fixed assets	201		201
Acquisition of land, structures, improvements, and equipment	(20,704)	(4,227)	(24,931)
Net cash (used) by capital and related financing activities	<u>(43,691)</u>	<u>(16,441)</u>	<u>(60,132)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale and maturities of investments	816		816
Purchase of investments	(533)		(533)
Interest on investments	5,965	95	6,060
Net cash provided by investing activities	<u>6,248</u>	<u>95</u>	<u>6,343</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(6,926)</b>	<b>13,880</b>	<b>6,954</b>
<b>CASH AND CASH EQUIVALENTS AT JULY 1, 1999</b>	<b><u>130,512</u></b>	<b><u>125,403</u></b>	<b><u>255,915</u></b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2000</b>	<b>123,586</b>	<b>139,283</b>	<b>262,869</b>
<b>LESS: Cash and cash equivalents included in restricted assets</b>	<b><u>(108,296)</u></b>		<b><u>(108,296)</u></b>
<b>CASH AND INVESTMENTS</b>	<b>\$ <u>15,290</u></b>	<b><u>139,283</u></b>	<b><u>154,573</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of fixed assets through capital leases or long-term obligations	\$ <u>209</u>		<u>209</u>
Acquisition of assets through donation/transfer	\$ <u>2,299</u>	<u>1,180</u>	<u>3,479</u>
See accompanying notes to general purpose financial statements.			

**COUNTY OF RIVERSIDE**  
**STATEMENT OF CHANGES IN NET ASSETS - INVESTMENT TRUST FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000 (In Thousands)**

		<u>INVESTMENT TRUST</u>
<b><u>ADDITIONS:</u></b>		
Contributions to pooled investments	\$	3,183,946
Interest		<u>35,118</u>
TOTAL ADDITIONS		<u>3,219,064</u>
<b><u>DEDUCTIONS:</u></b>		
Distributions from pooled investments		<u>3,178,107</u>
TOTAL DEDUCTIONS		<u>3,178,107</u>
NET INCREASE		40,957
NET ASSETS HELD IN TRUST FOR EXTERNAL POOL PARTICIPANTS, JULY 1, 1999		<u>685,571</u>
NET ASSETS HELD IN TRUST FOR EXTERNAL POOL PARTICIPANTS, JUNE 30, 2000	\$	<u><u>726,528</u></u>

See accompanying notes to general purpose financial statements.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(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 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 public safety, public works, health and sanitation, education, recreation, culture and public assistance. As required by generally accepted accounting principles, these financial statements present the County of Riverside (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year-end.

**Blended Component Units**

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

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

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

Riverside County Desert Facilities Corporation (Desert Facilities). Desert Facilities has its own five member governing body and provides service almost entirely to the primary government (the County) through the purchase or construction of land and/or facilities which are then leased back to the County. Desert Facilities is reported as a governmental fund type.

Redevelopment Agency for the County of Riverside (RDA). The governing body of RDA is the County's governing body. Among its duties, it approves RDA's budget and appoints the management. RDA is reported as a governmental fund type.

County of Riverside Asset Leasing Corporation (CORAL). The governing board of CORAL is appointed by the County's governing board and CORAL provides services entirely to the County. CORAL is reported as a governmental fund type.

Riverside County Service Areas (CSAs). The governing body of the CSAs is the County's governing body. Among its duties, it approves the CSAs' budgets, approves parcel fees, and appoints the management. The CSAs are reported as either governmental or proprietary fund types.

Riverside County Public Financing Authority. The governing body of the authority is the County's governing body. The Authority was formed for the public purpose of assisting in financing public improvements of the County, the Redevelopment Agency and other local agencies. The Public Financing Authority is reported as a governmental fund type.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Reporting Entity (Continued)**

County of Riverside Court Financing Corporation. The governing body of the Corporation is the County's governing body. The Corporation assists the County by providing for the acquisition, construction and renovation of public facilities and improvements. The Corporation is reported as a governmental fund type.

County of Riverside District Court Financing Corporation. The governing body of the Corporation is the County's governing body. The Corporation assists the County by providing for the acquisition, construction and renovation of certain leased premises and other public facilities and improvements. The Corporation is reported as a governmental fund type.

**Discretely Presented Component Unit.**

Riverside County Children and Families Commission. The governing body of the Commission is appointed by and serves at the will of the County's governing body. The Commission was formed to develop, adopt, promote and implement early childhood development programs. The Commission is reported as a governmental fund type.

Additional detailed financial information for each of these entities 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.

The general purpose financial statements also include as Investment Trust numerous self-governed school and special districts for which cash and investments are held by the County Treasurer. 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, and the related fiduciary responsibility of the County for disbursement of these assets. Activities of the school districts and special districts are administered by boards which are separately elected and which are independent of the Board. 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 to appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County. Twenty-four 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 general purpose financial statements since each entity conducts its own day-to-day operations and is controlled by its own governing board.

**Basis of Presentation**

The financial resources and operations of the County are accounted for in funds and account groups.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, which is segregated for the purpose of carrying on specific activities. Account groups are used to establish accounting control and accountability for the County's general fixed assets and general long-term debt obligations. Account groups are not funds, as they do not reflect available financial resources and related liabilities.

The accompanying general purpose financial statements include the following fund types and account groups:

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**Governmental Fund Types:**

Governmental Funds are used to account for the County's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is upon determination of changes in financial position. The following are the County's Governmental Fund Types:

**General Fund**

The General Fund is available for any authorized purpose and is used to account for all financial resources except for those accounted for in other funds.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than those accounted for in Capital Projects Funds) that are restricted to expenditures for specified purposes. Special Revenue Funds also include general funds of certain governmental units or agencies included in the County's reporting entity as a result of the County's oversight responsibility.

**Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Capital Projects Funds**

Capital Projects 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.

**Proprietary Fund Types:**

Proprietary funds are used to account for activities that are similar to those often found in the private sector.

Under Governmental Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Following are the County's Proprietary Fund Types:

**Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the periodic determination of net income is deemed important.

**Internal Service Funds**

Internal Service Funds are used to account for the goods or services furnished by one County department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.



**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation (Continued)**

**Fiduciary Fund Types:**

**Expendable Trust Fund**

The Expendable Trust Fund is used to account for assets held by the County on behalf of an outside party. The expendable trust fund is accounted for in essentially the same manner as Governmental Fund Types.

**Investment Trust Fund**

The investment trust fund accounts for the external portion of the County Treasurer's investment pool. The Investment Trust Fund is accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting.

**Agency Funds**

Agency Funds are used to account for assets held by the County as agent for individuals, private organizations, boards, commissions and other governmental entities or funds not part of the County reporting entity, but for which the County acts in a fiduciary capacity. Agency funds are custodial in nature and do not involve measurement focus.

**Account Groups:**

**General Fixed Assets Account Group.**

The General Fixed Assets Account Group is used to account for all general fixed assets of the County other than those accounted for in Proprietary Fund Types.

**General Long-Term Debt Account Group**

The General Long-Term Debt Account Group is used to account for the unmatured principal of general obligation bonds and other general long-term obligations that are not specific liabilities of Proprietary Fund Types.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Funds and Investment Trust Fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components for the Proprietary Funds and reserved fund balance for the Investment Trust Fund. Proprietary Fund Type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Investment Trust Fund operating statement presents increases (i.e., additions) and decreases (i.e., deductions) in net total assets.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting (Continued)**

The County uses the modified accrual basis of accounting for the Governmental Fund Types (General, Special Revenue, Debt Service, and Capital Projects), Expendable Trust Fund and Agency Funds. Revenues are recognized when susceptible to accrual, i.e., measurable and available to finance operations of the current period.

Secured and unsecured delinquent property taxes estimated to be collectible in future years are recorded as receivables and deferred revenue, with amounts expected to be collected within 60 days after year-end recognized as revenue, if material. Interest income, sales taxes and charges for services are accrued when earned or held by the intermediary collecting agency. Federal and State grants and subventions are recorded as revenue when determined to be available and the related eligible expenditures are incurred. Revenues which are not considered susceptible to accrual include fines, forfeitures and penalties, and licenses, permits, and franchises. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt obligations, which is recognized when payment is due.

The accrual basis of accounting is used for Enterprise Funds, Internal Service Funds, and the Investment Trust Fund. Under this method of accounting, revenues are recognized when they are earned and become measurable, and expenses are recorded when they are incurred. Enterprise Fund unfilled health care services are included as accounts receivable in the accompanying combined balance sheet because such amounts are accrued as revenue when the services are provided.

For Governmental Funds, the County records accrued vacation and sick leave not expected to be paid until future years in the General Long-Term Debt Account Group. Such amounts applicable to the Proprietary Funds are accrued as liabilities in these funds.

**Cash Deposits 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 investments.

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

Pooled investments including U.S. Treasury and Agency securities are carried at fair value based on current market prices received from an independent registered investment advisor. Other County investments in U.S. Treasury and Agency securities are carried at fair value based on quoted market prices. Repurchase agreements are carried at fair value based on quoted market prices, except for repurchase agreements maturing within 90 days of June 30, which are carried at cost. Bond anticipation notes are carried at fair value. Commercial paper is carried at amortized 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 fair value based on the value of each participating dollar.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Cash Deposits and Investments (Continued)**

The fair value of participants' position in the pool is determined quarterly and is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2000 to support the value of shares.

State law requires that all operating monies of the County, school districts and certain special districts be held by the County Treasurer. Collectively, these mandatory deposits constituted approximately 89.6% of the funds on deposit in the County Treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 10.4% of the total funds on deposit in the County Treasury represented discretionary deposits.

In December 1994 the Board of Supervisors created an Oversight Committee to work with the County Treasurer to oversee County investment policies. The Committee reviews the County's investment strategy and the status of the County's investments and reports its findings to the Board. The Oversight Committee has reviewed and approved investment policies for funds held outside the County Treasury.

**Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The estimated uncollectible amount from patient accounts receivable of Regional Medical Center is \$25,516,000.

All jurisdictions within California derive their taxing authority via State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed by the County Assessor and State Board of Equalization at 100% of full cash or market value (with some exceptions) pursuant to Article XIII A of the California State Constitution and statutory provisions. The total 1999-00 gross assessed valuation of the County was \$81,367,642,126.

In order to lessen the fiscal impact of the tax increment financing of redevelopment projects on other units of local governments, RDA has entered into pass-through agreements with various governmental agencies to "pass-through" portions of tax increment funds received by RDA, attributable to the area within the territorial limits of other agencies.

The property tax levy to support general operations of the various local government jurisdictions is limited to one percent (1%) of the full cash value of taxable property and distributed in accordance with statutory formulas. Amounts needed to finance the annual requirements of voter approved debt (approved by the electorate prior to June 30, 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.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Receivables and Payables (Continued)**

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. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes which 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 (5) 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. Additional 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 March 1, and become delinquent, if unpaid, on August 31.

During the 1993-94 fiscal year, the County authorized an alternative property tax distribution method referred to as the "Teeter Plan." This method allows for a 100% 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 were distributed. This results in the General Fund receiving distributions of approximately 50-55% in December, 40-45% in April and the remaining 5% in July 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 one percent (1%) of the tax levy for participating entities flow to the County General Fund. For FY 1999-00 there was \$18,983,000 transferred from the TLRF to the General Fund.

**Prepaid Items and Inventories**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The prepaid assets recorded in the Governmental Fund Types do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reserved.

Inventories, which consist of materials and supplies held for consumption and land held for resale, are valued at the lower of cost (on a first-in, first-out basis) or market in the Proprietary Fund Types. Inventories for all Governmental Fund Types are valued at average cost. The consumption method is used to account for inventories. Under the consumption method, 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 these funds do not represent current budgetable resources and are therefore offset by a corresponding reservation of fund balance.

**Fixed Assets**

Expenditures exceeding \$5,000 for general fixed assets acquired through the General, Special Revenue and Capital Project Funds are capitalized at historical cost in the General Fixed Assets Account Group.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Fixed Assets (Continued)**

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs, gutters, streets and sidewalks, are not capitalized. Such infrastructure assets are of value only to the County; therefore, the purposes of stewardship and cumulative accountability for capital expenditures are satisfied without recording these assets in the General Fixed Assets Account Group. Depreciation is not provided on general fixed assets. Fixed assets of the Enterprise and Internal Service Funds are recorded at historical cost or estimated historical cost, less accumulated depreciation. Depreciation expense is provided using the straight-line method over the estimated useful lives of the assets as follows:

Structures and Improvements	20 to 40 years
Equipment	3 to 10 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.

All fixed assets acquired through gifts or contributions are recorded at the estimated fair value on the date of receipt.

**Leases**

The County leases various assets under both operating and capital lease agreements. For Governmental Fund Types, assets under capital leases and the related lease obligations are reported in the General Fixed Assets and General Long-Term Debt Account Groups, respectively. For Proprietary Fund Types, the assets and related lease obligations are recorded in the appropriate Enterprise or Internal Service Fund.

**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, Desert Facilities and Housing outstanding debt include certain covenants pertaining to the disposition of bond proceeds for construction, acquisition, and for bond redemption purposes. Waste 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 to retire tax anticipation notes and Teeter commercial paper notes.

**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 not expected to be liquidated with expendable available financial resources in the General Long-Term Debt Account Group. Governmental Funds record no expenditure for these amounts. At June 30, 2000 the amount of accrued vacation and holiday pay reported in the General Long-Term Debt Account Group was \$77,649,000.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Employee Compensated Absences (Continued)**

The County allows unlimited accumulation of sick leave. Upon retirement, disability retirement or death of an employee, unused accumulated sick leave is paid to the employee or the employee's estate at the rate of ten (10) percent of the current salary for five full years of service, plus two (2) percent for each additional year to a maximum of 50 percent with the total payment no more than 120 days of full pay. In addition, there is an optional payout of sick leave for health insurance premiums for certain employees.

**Deferred Revenue**

Deferred revenue consists, principally, of Federal and State financial assistance received prior to incurring the related reimbursable expenditures and various fees, and deposits, which will be recognized as revenue upon the occurrence of a specific event.

**Long-term Debt**

The County reports long-term debt of Governmental Funds at face value in the General Long-Term Debt Account Group. Certain other Governmental Fund obligations not expected to be financed with current available financial resources are also reported in the General Long-Term Debt Account Group. Long-term debt and other obligations financed by Proprietary Fund Types are reported as liabilities in the appropriate Proprietary Fund Types.

For Governmental Fund Types, discounts are recognized during the current period as an other financing use. Bond proceeds and bond premiums are reported as an other financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For Proprietary Fund Types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable in the Proprietary Fund Types are reported net of the applicable bond premium or discount.

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

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

**Fund Equity**

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(1) Summary of Significant Accounting Policies (Continued)**

**Memorandum Only - Total Columns**

Total columns in the general-purpose financial statements are captioned as "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations and changes in cash flows of the County in accordance with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made in the aggregation of this data.

**(2) Stewardship, Compliance and Accountability**

**Budgetary Data**

In accordance with the provisions of Section 29000-29143 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, after conducting public hearings concerning the proposed budget, the Board adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the General Fund, Special Revenue Funds, certain Debt Service Funds and certain Capital Projects Funds and are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles. Annual budgets are not adopted for CORAL, Desert Facilities Corporation, and the District Court Project included in the Debt Service Funds and CORAL and the District Court Project included in the Capital Projects Funds and, accordingly, these funds are not included in the accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types.

As adopted by the Board, expenditures are controlled by the County at the budgetary unit, which is the organization level, for each appropriation (object) class. The appropriation classes are Salaries and Benefits, Services and Supplies, Other Charges, Fixed Assets, Operating Transfers Out and Intrafund Transfers. The separately prepared Expenditure by Appropriation - Budget and Actual report, showing the legal level of control, is available in the Auditor-Controller's Office.

The County Executive Officer is authorized by the Board to transfer appropriations between appropriation classes within the same budgetary unit. All other transfers of appropriations must be approved by the Board. Supplemental appropriations necessary and normally financed by unanticipated revenue during the year must also be approved by the Board. There were numerous budget adjustments during the fiscal year that were not material to the general purpose financial statements. In most cases the adjustments were to increase appropriations and estimated revenue. All annual appropriations lapse at year-end.

Budget amounts reported in the accompanying general purpose financial statements reflect amended amounts. 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.

**County of Riverside  
Notes to General Purpose Financial Statements  
June 30, 2000**

**(2) Stewardship, Compliance and Accountability (Continued)**

**Encumbrances**

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in the General, Special Revenue and Capital Projects Funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if the unperformed contracts in process at year-end are completed.

Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as a reservation of fund balance and reappropriated in the subsequent year.

**Excess of Expenditures Over Appropriations**

General fund capital outlay expenditures of \$1,947,000 related to capital leases were unbudgeted. These expenditures were funded by the related other financing sources. County Ladera Irrigation, Community Facilities Districts, and Drainage District #3 Special Revenue funds operating transfers out of \$4,000, \$58,000 and \$6,000 respectively, were unbudgeted. These transfers were financed by available fund balance. County Redevelopment Agency Debt Service expenditures for principal retirement in the amount of \$2,448,000 were unbudgeted as well as interest expenditures in the amount of \$307,000. County Flood Control Debt Service fund operating transfers out of \$30,000 were unbudgeted. These expenditures and transfers were funded by other financing sources. County Redevelopment Agency Capital Project fund operating transfers out of \$156,000 were unbudgeted. These transfers were funded by available fund balance.

**Deficit Fund Equity**

The following funds have accumulated deficits at June 30, 2000 (in thousands):

	<u>Accumulated Deficit</u>
Enterprise Funds:	
Blythe Marina	\$ 213
Regional Medical Center	20,188
Animal Spay and Neuter	229
Internal Service Funds:	
Medical Center Data Processing	2,704
Health Agency Support Services	946

The County plans to employ budgetary strategies necessary to cure these accumulated deficits, including seeking additional revenue sources and, where necessary, reducing non-essential and/or non-mandated services in order to reduce costs.

**(3) Cash Deposits and Investments**

The County's cash deposits and investments are considered to be cash on hand, demand deposits and investments. A significant amount is held by the County Treasurer in a cash and investment pool. As provided for by the Government Code, the County maintains a cash and investment pool that is available for all funds of the County, as well as the funds of other agencies within the County for which the County Treasury is the depository. The County Treasury is not a depository for any public agencies



**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(3) Cash Deposits and Investments (Continued)**

outside the County. The purpose of the Treasurer's pool is to increase interest earnings through investment activities. Interest earned on the pooled funds is apportioned quarterly based on the ending daily balance of each fund. Also included in cash and investments are cash and investments held by CORAL, RDA, Housing, certain Joint Powers Authorities, and other component units.

State statutes authorize the County to invest in obligations of the U.S. Treasury, Federal agencies, a U.S. Government-sponsored enterprise, the State of California, local government agencies, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements, reverse repurchase agreements, guaranteed investment contracts, bond anticipation notes, corporate bonds and negotiable certificates of deposits issued by national and State licensed or chartered banks or Federal or State savings and loan associations.

**Cash Deposits**

In accordance with the Governmental Accounting Standards Board Statement 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, the County's deposits at June 30, 2000 are categorized in the following manner (in thousands):

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1 - Insured or collateralized with securities held by the County or by its agent in the County's name	\$22,082	\$22,082
Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name	109,313	109,313
Category 3 - Uncollateralized	388	388
Total	<u>\$131,783</u>	<u>\$131,783</u>

County warrants, unlike checks, are deducted from the County carrying value of cash at the time the warrants are presented for payment to the bank. There is no timing difference between when the County records the warrants as presented for payment and when the bank is authorized to honor the warrants by the County; therefore, the carrying balance of deposits at June 30, 2000 equals the bank balance. All expenditures for which warrants have been issued at June 30, 2000 are recognized in the operating funds at the time the warrants are issued. The liability for the payment of the warrants and the cash to fund the payment are recorded in a specific agency fund for Warrant Clearing.

The General Fund experienced a negative cash balance of \$113,356,000 at June 30, 2000, which is reported as an interfund borrowing from Departmental Agency Funds. There was a total of \$469,206,000 of County pooled deposits (including Departmental Agency Funds) available to cover the negative cash balance.

**Investments**

In accordance with the Governmental Accounting Standard Board's Statement 3, the County's investments are categorized separately below to give an indication of the level of custodial credit risk assumed by the County at year-end.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(3) Cash Deposits and Investments (Continued)**

**Investments (Continued)**

Category 1 includes investments that are insured, or registered, or held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the County's name. Category 3, of which the County has none, includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent, but not in the County's name.

The County's investments are categorized as follows (in thousands):

	<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U. S. government securities	\$ 830,908	\$ 3,979	\$ 834,887	\$ 834,887
Banker acceptances	41,747		41,747	41,747
Corporate Bonds		3,508	3,508	3,508
Negotiable Certificate of Deposits		10,000	10,000	10,000
Medium Term Notes		4,993	4,993	4,993
Local Agency Obligations	6,500		6,500	6,500
Commercial paper	573,935	1,400	575,335	575,335
Repurchase agreements		<u>57,911</u>	<u>57,911</u>	<u>57,911</u>
Total	<u>\$1,453,090</u>	<u>\$81,791</u>	1,534,881	1,534,881

Amounts not categorized because securities that exist in physical or book entry form are not used as evidence of the investment:

Local Agency Investment Fund	3,267	3,267
Guaranteed investment contracts	327,808	327,808
Mutual funds	<u>39,246</u>	<u>39,246</u>
Investment Total	<u>\$1,905,202</u>	<u>\$1,905,202</u>

The County Treasury pool portfolio included no derivative securities in the form of structured notes. The structured notes have cash flow characteristics that are dependent on U.S. Treasury bill and other indices and, accordingly, such investments are affected by changes in interest rates. The Local Investment Advisory Board (Board) has oversight responsibility for the State's Local Agency Investment Fund (LAIF). The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's portion in the pool.

**Summary of Cash Deposits and Investments**

The following is a summary of cash deposits and investments as reported on the Combined Balance Sheet (in thousands):

Cash deposits	\$ 131,783
Investments	<u>1,905,202</u>
Total	<u>\$2,036,985</u>

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(3) Cash Deposits and Investments (Continued)**

**Summary of Cash Deposits and Investments (Continued)**

A summary of time deposits and investments held by the County Treasurer are as follows (in thousands):

Investment	Fair Value	Principal	Interest Rate Percent Range	Maturity Range
Bankers acceptances	\$ 41,747	\$ 41,747	5.96-6.36	07/24/00-10/18/00
Commercial paper	573,935	573,935	6.54-7.09	07/03/00-08/07/00
Local Agency Obligations	6,500	6,500	6.74	03/20/02
Medium Term Notes	4,993	4,999	7.05	03/01/02
US Treasury	128,788	130,023	4.50-6.375	09/30/00-01/31/02
US Agency	702,119	713,719	5.07-7.65	07/03/00-06/13/03
Repurchase agreements	29,100	29,100	6.63-6.87	07/03/00-09/29/00
Time deposits	<u>18,000</u>	<u>18,000</u>	<u>6.14-6.52</u>	<u>08/03/00-10/27/00</u>
<b>Total</b>	<b><u>\$1,505,182</u></b>	<b><u>\$1,518,023</u></b>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2000 (in thousands):

<b>Statement of Net Assets</b>	
Net assets held in trust for all pool participants	<u>\$1,505,182</u>
Equity of internal pool participants	778,654
Equity of external pool participants (voluntary and involuntary)	<u>726,528</u>
Total equity	<u>\$1,505,182</u>
<b>Statement of Changes in Net Assets</b>	
Net Assets at July 1, 1999	\$1,324,879
Net change in investments by pool participants	<u>180,303</u>
Net Assets at June 30, 2000	<u>\$1,505,182</u>

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(4) Restricted Assets**

The amount of assets restricted by legal and contractual purposes at June 30, 2000 is as follows (in thousands):

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
1985 Certificates	\$	16,832	3,500		20,332
1988 Certificates		425			425
1989/93 Hospital Bonds				28,957	28,957
1993 Master Refunding		2,530	16		2,546
1997 A Hospital				36	36
1997 Family Law Court		921	271		1,192
1997 Historic Court House		2,441			2,441
1997 Lease Refunding		159	4,075		4,234
1998 Larson Justice Center		178	253		431
1997 B/C Hospital				501	501
2000 Southwest Justice Center		11,539	61,112		72,651
Waste - Cash				82,047	82,047
Housing Authority Bond				4,629	4,629
Desert Facilities Corporation		141			141
District Court Project		538	3,919		4,457
Tax Anticipation Notes	235,000				235,000
Teeter Commercial Paper Notes		30,728			30,728
Total Restricted Assets	<u>\$235,000</u>	<u>66,432</u>	<u>73,146</u>	<u>116,170</u>	<u>490,748</u>

At June 30, 2000 County management believes that the County is in compliance with all significant terms of its debt agreements and all State statute requirements.

**(5) Fixed Assets**

Following is a summary of changes in general fixed assets by class for the year ended June 30, 2000 (in thousands):

	<u>Balance at July 1, 1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2000</u>
Land	\$ 75,122	7,057		\$ 82,179
Structures and improvements	452,018	38,292		490,310
Equipment	62,205	16,743	2,173	76,775
Total	<u>\$ 589,345</u>	<u>62,092</u>	<u>2,173</u>	<u>\$ 649,264</u>

The following is a summary of Proprietary Fund fixed assets by class as of June 30, 2000 (in thousands):

	<u>Proprietary Funds</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Land	\$ 34,888	
Structures and improvements	225,745	687
Equipment	123,504	140,806
Total	<u>\$ 384,137</u>	<u>141,493</u>

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(6) Interfund Transactions**

The following is a summary of individual interfund receivables and payables at June 30, 2000 (in thousands):

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:	<u>\$ 196,331</u>	<u>\$119,702</u>
Special Revenue Funds:		
Transportation	29,459	
Community Services	6,043	125
Other Special Revenue	4,163	
Flood Control	1,100	897
Redevelopment Agency	1,644	1,644
County Service Areas	972	
Total Special Revenue Funds	<u>43,381</u>	<u>2,666</u>
Debt Service Funds:		
Redevelopment Agency	<u>2,450</u>	<u>2,450</u>
Total Debt Service Funds	<u>2,450</u>	<u>2,450</u>
Capital Projects Funds:		
Public Facilities Improvements	18,247	
Correctional Facilities	19,137	
Redevelopment Agency	478	478
Total Capital Projects Funds	<u>37,862</u>	<u>478</u>
Enterprise Funds:		
Regional Medical Center		8,923
Waste Management Department		1,071
Flood Control	<u>2</u>	<u>64</u>
Total Enterprise Funds	<u>2</u>	<u>10,058</u>
Internal Service Funds:		
Hospital Data Processing	324	235
Risk Management Funds	35	246
Temporary Assistance Pool	242	
Health Agency Support Services		63
Supply Services		48
Flood Control Equipment	<u>293</u>	<u>434</u>
Total Internal Service Funds	<u>894</u>	<u>1,026</u>
Agency Funds:		
Departmental	113,879	117,243
Development		8,281
Grants		106,066
Property Tax/Assessments		25,994
Endowments		835
Total Agency Funds	<u>113,879</u>	<u>258,419</u>
Total	<u>\$394,799</u>	<u>\$394,799</u>

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(6) Interfund Transactions (Continued)**

The General and Debt Service Funds make advances to other funds to assist in meeting their cash flow requirements. Advances at June 30, 2000 consist of the following (in thousands):

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	<u>\$15,236</u>	
Debt Service Funds:		
County of Riverside Asset Leasing Corporation	<u>971</u>	
Enterprise Funds:		
Regional Medical Center		9,807
Animal Spay & Neuter Clinic		<u>254</u>
Total Enterprise Funds		<u>10,061</u>
Internal Service Fund:		
OASIS Project		<u>5,000</u>
Trust & Agency Fund:		
Departmental		<u>50</u>
General Long-Term Debt		<u>1,096</u>
Total	<u>\$16,207</u>	<u>\$16,207</u>

**County of Riverside  
Notes to General Purpose Financial Statements  
June 30, 2000**

**(6) Interfund Transactions (Continued)**

The following is a summary of Operating Transfers In/Out at June 30, 2000 (in thousands):

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	<u>\$69,837</u>	<u>\$38,759</u>
Special Revenue Funds:		
Transportation	10,177	5,639
Community Services	4,630	29,478
Other Special Revenue	1,376	1,865
Flood Control	430	1,789
County Service Areas	1	1,966
Total Special Revenue Funds	<u>16,614</u>	<u>40,737</u>
Debt Service Funds:		
County of Riverside Asset Leasing Corporation	31,921	1,761
Flood Control	1,233	30
Redevelopment Agency	155	
District Court Project	1,859	10
Total Debt Service Funds	<u>35,168</u>	<u>1,801</u>
Capital Projects Funds:		
Public Facilities Improvements		10
Correctional Facilities	4,000	9,050
County of Riverside Asset Leasing Corporation	1,761	4,644
Flood Control	185	
Redevelopment Agency		156
District Court Project	10	1,859
Total Capital Project Funds	<u>5,956</u>	<u>15,719</u>
Enterprise Funds:		
Regional Medical Center	12,687	43,200
County Service Areas		17
Flood Control	4	
Total Enterprise Funds	<u>12,691</u>	<u>43,217</u>
Internal Service Funds:		
Flood Control Equipment		33
Total	<u>\$140,266</u>	<u>\$140,266</u>

Residual equity transfers in (out) are comprised of \$492,000 from Public Facilities Improvements Capital Project Fund to Departmental Agency Fund, and General Fund to Teeter Debt Service Fund and Information Services Fund for \$60,183,000 and \$1,180,000 respectively.

**(7) Landfill Closure Costs**

Waste has recorded approximately \$78,500,000 as landfill closure and post-closure care expense to date (based on the use of the estimated capacities of the landfill ranging from 19.3% to 100% ). State and Federal laws and regulations require Waste 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 will recognize the remaining estimated total cost of \$41,100,000 as the remaining estimated capacity of 23,000,000 tons is filled. Waste expects all currently permitted landfill capacities to be filled by 2020. The total estimate of approximately \$119,600,000 is based on what it would cost to perform all closure and post-closure care at year end. Actual costs may be different due to inflation, changes in technology or changes in regulations.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(7) Landfill Closure Costs (Continued)**

Cumulative expense, percentage of landfill capacity used to date and the estimated remaining landfill life by operating landfill are as follows:

<u>Facility Name</u>	<u>Cumulative Expense</u>	<u>Capacity Used as of June 30, 2000</u>	<u>Estimated Years Remaining</u>
Anza (Anza)	\$ 2,439,771	82.6%	5
Badlands (Moreno Valley)	3,217,210	20.0%	10
Blythe (Blythe)	1,194,452	19.3%	20
Coachella (Coachella)	9,951,881	100.0%	-
Desert Center (Desert Center)	775,178	67.6%	20
Double Butte (Winchester)	10,716,881	100.0%	-
Edom Hill (Cathedral City)	13,348,797	77.9%	4
El Sobrante (Corona)	11,386,344	68.3%	5
Highgrove (Riverside)	7,176,164	100.0%	-
Lamb Canyon (Beaumont)	5,558,843	31.6%	10
Mead Valley (Perris)	9,618,509	100.0%	-
Mecca II (Mecca)	1,390,849	73.6%	5
Oasis (Oasis)	1,701,407	69.4%	20
	<u>\$78,476,286</u>		

Waste 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 14 of the California Code of Regulations (CCR) requires solid waste landfill operators to demonstrate the availability of financial resources to conduct closure and post-closure maintenance activities. In accordance with sections 18283 and 18290 of the CCR, Waste has implemented Pledge of Revenue agreements between Waste and the California Integrated Waste Management Board (CIWMB) for eight active landfills and four closed landfills to demonstrate financial responsibility for post-closure maintenance costs. Waste has determined that the projected net revenues, after current operating costs, from tipping fees during the thirty year period of post-closure care maintenance will, during each year of this period, be greater than the yearly monitoring and post-closure care maintenance costs for each landfill. It is agreed that the amount of these Pledge of Revenue agreements may increase or decrease to match any adjustments to the identified cost estimates which is mutually agreed to by Waste and the CIWMB. Waste is in compliance with these requirements, and investments of \$67,756,424 are held for these purposes at June 30, 2000 and are classified as restricted assets in the general purpose financial statements. Waste expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure requirements are determined (due to changes in technology or applicable laws or regulations), these costs may need to be covered by charges to future landfill users.



**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(8) Operating Leases**

The following is a schedule by year of future minimum rental payments, which includes an average 4.5 percent per annum rental increase, principally for the General Fund, 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, 2000 (in thousands):

<u>Year Ending June 30:</u>	
2001	\$15,646
2002	13,368
2003	12,712
2004	11,198
2005	5,840
Thereafter	<u>8,515</u>
Total Minimum Payments	<u>\$67,279</u>

Rental expense was \$22,202,732 principally in the General Fund for the year ended June 30, 2000.

**(9) Long-Term Obligations**

Long-term obligations of the County consist of capital lease obligations, bonds, and other liabilities which are payable from the General, Debt Service, Enterprise and Internal Service Funds. The calculated legal debt limit for the County is \$996,970,000.

**Capital Leases**

Capital leases for Governmental Funds are recorded both as capital expenditures and as an other financing source at inception, with the liability recorded in the General Long-Term Debt Account Group and the asset recorded in the General Fixed Assets Account Group. Capital leases are secured by a pledge of the leased equipment.

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, 2000 (in thousands):

<u>Year ending June 30:</u>	<u>Enterprise Funds</u>	<u>Internal Service</u>	<u>General Long- Term Debt Account Group</u>
2001	\$ 749	\$ 14,713	\$ 8,565
2002	643	12,200	7,649
2003	505	9,022	5,539
2004	403	5,792	5,203
2005	44	2,449	4,735
Thereafter	<u>43</u>	<u>1,834</u>	<u>44,238</u>
Total minimum payments	2,387	46,010	75,929
Less amount representing interest	<u>(262)</u>	<u>(4,610)</u>	<u>(29,706)</u>
Present value of net minimum lease payments	<u>\$ 2,125</u>	<u>\$ 41,400</u>	<u>\$ 46,223</u>

General Long-Term Debt Account Group includes the Palm Desert Financing Authority capital lease of \$6,725,000 for the construction of the Blythe County Administrative Center.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**Bonds and Notes Payable**

General obligation bonds are not secured by collateral. Revenue for retirement of such bonds is provided from ad valorem taxes on property within the jurisdiction of the governmental unit issuing the bonds. Not-for-profit corporation Certificates of Participation and revenue bonds are secured by certain facilities or annual base rental lease payments payable by various County departments for use of the facilities constructed or purchased from the bond proceeds.

The Housing note payable of \$4,709,000 is secured by a deed of trust.

RDA has agreed to reimburse CORAL for a portion of the CORAL debt associated with the 1985 and 1997 Certificates of Participation. The terms of the reimbursement agreements call for annual payments to be made by RDA to the CORAL Debt Service Fund over the life of the Certificates. If RDA does not have available funds, such annual payments may be deferred, with interest accruing at a rate equal to that paid on the Certificates. At June 30, 2000, \$970,979 was due and unpaid and is included as an advance from other funds in the General Long-Term Debt Account Group.

CORAL financed debt is used by various departments within the County to acquire equipment and by the County to finance land acquisition and construction of structures and improvements. Assets thus acquired are financed through a master lease agreement. The benefiting departments are assigned proportionate shares of debt that represents their usage and are billed through a master lease agreement. Proprietary Funds recognize their portion of assigned debt in the individual funds. Departments who are part of a Governmental Fund maintain their portion of debt in the General Long-Term Debt Account Group.

RDA approved the issuance of Bond Anticipation Notes (BAN) in an amount not to exceed \$6,500,000 to the Treasurer and Tax Collector of the County, for the financing of a Sports Park. The note has been issued as a single note upon which advances are made by the Treasurer upon receipt of a disbursement request from the RDA. Interest on the note shall accrue upon each such advance from the date thereof at 50 basis points above the rate for the Treasurer's Pooled Investment Fund and shall include a three-year maturity from the date of the advance. As of June 30, 2000, RDA drew down \$6,500,000 for a total balance outstanding of \$6,500,000.

In December 1998, CORAL approved the issuance of BAN in an amount not to exceed \$27,000,000 to the Treasurer and Tax Collector of the County for use as interim financing for the Southwest Justice Center. On May 24, 2000, these BAN were paid off when CORAL issued \$94,245,000 of Certificates of Participation to finance the Southwest Justice Center Project.

On July 1, 1999, the County issued \$235,000,000 of Tax and Revenue Anticipation Notes, due September 30, 2000. The fifteen month notes bear an interest rate of 4.0% per annum from their date of issuance and delivery until the notes are paid in full. At June 30, 2000, this liability is recorded in the General Fund as \$235,000,000 in tax anticipation notes payable, and assets of \$235,000,000 set aside to pay this obligation were recorded as restricted assets.

During the year ended June 30, 2000 the County incurred interest costs of \$49,944,000.

A summary of long-term debt obligations follows (in thousands):

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**Enterprise Fund Debt**

	Balance at <u>June 30, 2000</u>
Housing Authority of the County of Riverside notes payable, 5.3% and 10% Date issued: January 1, 1998 and January 26, 1998 Original amount: \$4,709 and \$110 Maturity date: January 1, 2001 and February 29, 2008	\$ 4,819
Housing Authority of the County of Riverside bond payable, 7.4% Date issued: November 25, 1986 Original amount: \$1,960 Maturity date: November 1, 2006	1,510
Housing Authority of the County of Riverside bond payable, 6.3% to 6.9% Date issued: January 27, 1998 Original amount: \$2,405 Maturity date: December 1, 2018	1,015
Housing Authority of the County of Riverside bond payable, 4.0% to 5.0% Date issued: August 11, 1998 Original amount: \$4,055 Maturity date: June 1, 2019	3,770
Housing Authority of County of Riverside bond payable, 6.4% Date issued: August 19, 1998 Original Amount: \$5,085 Maturity Date: June 1, 2028	4,960
County of Riverside Asset Leasing Corporation-Waste Certificates of Participation, 4.1% to 5.5% Date issued: October 9, 1997 Original amount: \$58,070 Maturing in installments through November 1, 2021	1,294
County of Riverside Asset Leasing Corporation-Regional Medical Center Certificates of Participation, 4.1% to 5.5% Date issued: October 9, 1997 Original amount: \$58,070 Maturing in installments through November 1, 2021	4,945
Leasehold Revenue Bonds, 5.5% to 6.8% Date issued: January 21, 1993 Original amount: \$149,060 Maturing in installments through June 1, 2014	125,931
Leasehold Revenue Bonds, 5.7% to 6.0% Date Issued: February 20, 1997 Original amount: \$42,055 Maturing in installments through June 1, 2026	48,933

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**Enterprise Fund Debt (Continued)**

	Balance at <u>June 30, 2000</u>
Leasehold Revenue Bonds, 4.0% to 6.3%	64,755
Date issued: August 21, 1997	
Original amount: \$71,985	
Maturing in installments through June 1, 2019	
Capital Lease Obligations	<u>2,125</u>
Total Principal	<u>\$ 264,057</u>

**Internal Service Fund Debt**

	Balance at <u>June 30, 2000</u>
Capital Lease Obligations	<u>\$ 41,400</u>
Total Principal	<u>\$ 41,400</u>

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**General Long-Term Debt Account Group**

	Balance July 1, 1999	Debt Issued or Reassigned	Debt Retired or Assigned	Balance June 30, 2000
Advances From Other Funds	\$ 1,687		591	1,096
Accrued Compensation Payable	<u>68,930</u>	<u>8,719</u>		<u>77,649</u>
Notes Payable:				
Riverside County Flood Control and Water Conservation District Negotiable Promissory Note, 6.65% to 6.7% Date issued: August 1, 1990 Original amount: \$3,600 Maturing in installments through August 1, 2000	920		445	475
Riverside County Flood Control and Water Conservation District Negotiable Promissory Note, 5.4% to 5.8% Date issued: December 1, 1992 Original amount: \$4,750 Maturing in installments through September 1, 2002	2,180		500	1,680
Riverside County Flood Control and Water Conservation District Negotiable Promissory Note, 4.3% to 5.1% Date issued: December 1, 1995 Original amount: \$2,675 Maturing in installments through September 1, 2005	1,990		245	1,745
County of Riverside Taxable Commercial Paper Note Variable Interest Rate Date Issued: September 14, 1999 Original Amount: \$13,900		13,900	13,900	
County of Riverside Tax-Exempt Commercial Paper Note Variable interest rate Date issued: August 18, 1998 Original amount: \$59,500 Maturing in installments through October 19, 1999	59,500		59,500	
County of Riverside Tax-Exempt Commercial Paper Note Variable Interest Rate Date Issued: September 14, 1999 Original Amount: \$46,700		46,700		46,700
County of Riverside Redevelopment Agency Bond Anticipation Note, Variable Interest Rate Date issued: May 20, 1999 Original amount: \$6,500 Matures May 20, 2002	410	6,090		6,500
Riverside County Public Financing Authority 2000 Open Space Note, 5% Date Issued: April 25, 2000 Original Amount: \$12,965 Matures April 1, 2002		12,965		12,965
Total Notes Payable	<u>65,000</u>	<u>79,655</u>	<u>74,590</u>	<u>70,065</u>

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

<u>General Long-Term Debt Account Group (Continued)</u>	<u>Balance</u> July 1, 1999	<u>Debt Issued</u> or <u>Reassigned</u>	<u>Debt</u> <u>Retired or</u> <u>Assigned</u>	<u>Balance</u> June 30, 2000
<b>Bonds Payable:</b>				
County of Riverside Asset Leasing Corporation Certificates of Participation, variable interest rates Date issued: December 19, 1985 through June 22, 1988 Original amount: \$220,655 Maturing in installments through December 1, 2015	124,215		4,710	119,505
County of Riverside Asset Leasing Corporation Certificates of Participation, 4.6% to 5.8% Date issued: November 1, 1993 Original amount: \$33,640 Maturing in installments through November 1, 2018	21,425		2,530	18,895
County of Riverside Asset Leasing Corporation Certificates of Participation, 4.2% to 5.8% Date issued: March 1, 1997 Original Amount: \$12,165 Maturing in installments through November 1, 2027	11,980		190	11,790
County of Riverside Asset Leasing Corporation Certificates of Participation, 4.5% to 6.1% Date issued: May 7, 1997 Original Amount: \$21,835 Maturing in installments through November 1, 2027	21,973	71	120	21,924
County of Riverside Asset Leasing Corporation Certificates of Participation, 4.1% to 5.5% Date issued: October 9, 1997 Original amount: \$58,070 Maturing in installments through November 1, 2021	39,408	1,098	4,410	36,096
County of Riverside Asset Leasing Corporation Certificates of Participation, 3.8% to 5.7% Date issued: April 21, 1998 Original Amount: \$36,100 Maturing in installments through December 1, 2021	34,595		910	33,685
County of Riverside Asset Leasing Corporation Certificates of Participation, 4.9% to 5.4% Date issued: May 24, 2000 Original Amount: \$94,245 Maturing in installments through November 1, 2032		94,245		94,245
County of Riverside Asset Leasing Corporation Leasehold Revenue Bonds, 4.0% to 6.3% Date issued: August 21, 1997 Original Amount: \$71,985 Maturing in installments through June 1, 2019		2,000		2,000

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**General Long-Term Debt Account Group (Continued)**

	Balance July 1, 1999	Debt Issued or <u>Reassigned</u>	Debt Retired or <u>Assigned</u>	Balance June 30, 2000
County of Riverside District Court Financing Corporation Certificates of Participation, 7.6% Date issued: April 29, 1999 Original amount: \$2,186 Maturing in installments through June 15, 2020	2,165	190		2,355
County of Riverside Court Financing Corporation Certificates of Participation, 7.5% Date issued: October 30, 1997 Original amount: \$18,000 Maturing in installments through November 1, 2027	17,830		185	17,645
Riverside County Public Financing Authority County of Riverside Redevelopment Agency Tax Allocation Revenue Bonds, 4.4% to 5.6% Date issued: September 30, 1997 Original amount: \$69,625 Maturing in installments through October 1, 2033	68,905	1,100	765	69,240
Riverside County Desert Facilities Corporation Taxable Variable Rate Certificates of Participation, 6.0% Date issued: June 20, 1990 Original amount: \$8,800 Collateralized by an \$8,800 irrevocable letter of credit to the Desert Facilities Corporation with Bank of America	8,200		100	8,100
Total Bonds Payable	<u>350,696</u>	<u>98,704</u>	<u>13,920</u>	<u>435,480</u>
Capital Lease Obligations	<u>50,184</u>	<u>1,947</u>	<u>5,908</u>	<u>46,223</u>
Other Liabilities	<u>2,700</u>		<u>2,700</u>	
Total General Long-Term Debt Obligations	<u>\$539,197</u>	<u>189,025</u>	<u>97,709</u>	<u>630,513</u>

During FY 1999-00, the beginning balance of CORAL 1997 Lease Refunding debt \$37,672,000 was reconciled to the debt service schedule, resulting in an adjusted beginning balance of \$39,408,000.

CORAL's 1985 Capital Construction Program was issued as seven-day variable rate Certificates of Participation. Due to the variable rate, a letter of credit is required and was issued by National Westminster Bank and Commerzbank (the Banks), which will expire on November 15, 2000. In conjunction with the issuance of the new letter of credit, CORAL and the County have entered into an Amended and Restated Sublease and Option to Purchase, a Second Amendment to Ground Lease, a Second Amendment to Trust Agreement and an Amended and Restated Assignment Agreement. Among the new provisions required by the Banks is a "cross-default" clause, whereby a default in any payment of any indebtedness of the County in excess of \$10,000 on outstanding principal in excess of \$10,000,000 is defined as an Event of Default on the 1985 Certificates of Participation.

**Debt Service Requirement to Maturity**

Redevelopment Agency BAN have a maturity date of May 20, 2002. Teeter Notes have a letter of credit, which expires November 19, 2002. A summary of the remaining General Long-Term Debt, Housing debt, and CORAL secured Internal Service Fund and Enterprise Fund debt service requirements, including interest to maturity, as of June 30, 2000 follows (in thousands):

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**Debt Service Requirement to Maturity (Continued)**

	Housing Authority	Flood Control	CORAL	Desert Facilities Corporation	Redevelop- ment Agency	Court Financing Corporation	District Court Financing Corporation	Court Financing Corporation	Public Financing Authority
2001	\$6,054	1,440	58,553	825	4,596	1,523			605
2002	1,209	946	58,110	911	4,606	1,524			13,613
2003	1,216	945	56,458	893	4,594	1,522			
2004	1,195	334	56,969	875	4,600	1,525			
2005	1,178	334	56,360	857	4,603	1,526			
Thereafter	<u>17,281</u>	<u>333</u>	<u>890,456</u>	<u>13,553</u>	<u>129,488</u>	<u>35,072</u>	<u>8,781</u>		
Totals	28,133	4,332	1,176,906	17,914	152,487	42,692	8,781		14,218
Less interest	(10,809)	(432)	(576,783)	(9,814)	(83,247)	(25,047)	(6,426)		(1,253)
Less related discount	<u>(1,250)</u>		<u>(16,125)</u>						
Notes and Bonds									
Payable, net	<u>\$16,074</u>	<u>3,900</u>	<u>583,998</u>	<u>8,100</u>	<u>69,240</u>	<u>17,645</u>	<u>2,355</u>		<u>12,965</u>

The following is the schedule of the CORAL debt by fund type and account group on an annual basis (in thousands):

	Enterprise Funds	General Long Term Debt Account Group	Total
2001	\$ 24,292	34,261	58,553
2002	24,473	33,637	58,110
2003	24,227	32,231	56,458
2004	24,455	32,514	56,969
2005	24,672	31,688	56,360
Thereafter	<u>382,023</u>	<u>508,433</u>	<u>890,456</u>
Total	504,142	672,764	1,176,906
Less interest	(242,159)	(334,624)	(576,783)
Less related discount	<u>(16,125)</u>		<u>(16,125)</u>
Bonds payable, net	<u>\$ 245,858</u>	<u>338,140</u>	<u>583,998</u>

**Teeter Notes**

In December 1993, the County adopted the Teeter Plan, an 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 and Taxable Commercial Paper. As a necessary component for the issuance of the commercial paper, the County entered into an agreement with a financial institution to provide \$60,600,000 in direct pay letters of credit. During FY 1999-00, the County issued taxable and tax-exempt commercial paper notes of \$13,900,000 and \$46,700,000, respectively. No amounts were drawn on the letter of credit, which expire November 19, 2002.



**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**Defeasance of Debt**

On November 1, 1993, the County issued \$33,640,000 of CORAL Certificates of Participation (1993 Master Refunding Project). The proceeds from the sale of the 1993 certificates were applied to the refunding and defeasance of \$32,730,000 aggregate principal of leasehold mortgage bonds, leasehold revenue bonds and certificates of participation previously issued. Accordingly, the refunded debt has been eliminated and the advance refunding certificates included in the financial statements. The amount of the refunded debt outstanding at June 30, 2000 was \$18,750,000.

On January 21, 1993, the County issued \$149,060,000 of CORAL Leasehold Revenue Bonds 1993 Series A and 1993 Series B (County of Riverside Hospital Project). The proceeds from the sale of the 1993 bonds were used to advance refund \$141,160,000 of the 1989 Leasehold Revenue Bonds Series A (1989 Bonds). Accordingly, the refunded bonds have been eliminated and the advance refunding bonds included in the financial statements. The amount of refunded debt outstanding at June 30, 2000 was \$10,150,000.

In September 1997, the Riverside County Public Financing Authority issued \$69,625,000 in Revenue Bonds with an average interest rate of 5.52%. Proceeds were used to concurrently loan to the Redevelopment Agency for the County of Riverside, at the same interest rate, funds to advance refund \$11,095,000 of outstanding 1991 Tax Allocation Bonds and redeem \$17,395,000 of 1990 Tax Allocation Bonds with an average interest rate of 7.44% and 7.78% respectively. Proceeds from this transaction were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 Bonds. As a result, the 1991 Bonds are considered to be defeased and the liability for those Bonds has been removed from the general long-term debt account group. The amount of the refunded debt outstanding at June 30, 2000 was \$10,745,000.

On October 9, 1997, the County issued \$58,070,000 of CORAL Certificates of Participation (1997 Lease Refunding). The proceeds from the sale of the certificates were used to advance refund \$43,130,000 of the Series 1991A and \$16,810,000 of Series 1991B Certificates of Participation. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates included in the financial statements. The amount of the refunded debt outstanding at June 30, 2000 was \$42,735,000.

On April 21, 1998, the County issued \$36,100,000 of CORAL Certificates of Participation (1998 Larson Justice Center). The proceeds from the sale of the certificates were used to advance refund \$31,700,000 of 1994 Desert Facilities Corporation Certificates of Participation. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates included in the financial statements. The amount of the refunded debt outstanding at June 30, 2000 was \$30,350,000.

**Accrued Compensated Absences**

Enterprise Funds and Internal Service Funds reported an estimated liability for accrued compensated absences at June 30, 2000 of \$17,230,000. All accrued compensated absences are treated as long-term liabilities due to a lack of data necessary to determine a differentiation between current and long-term amounts.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(9) Long-Term Obligations (Continued)**

**Single Family and Multi-Family Mortgage Revenue Bonds**

Single Family Mortgage Revenue Bonds have been issued to provide funds to purchase mortgage loans secured by first trust deeds on newly constructed single-family residences. The purpose of this program is to provide low interest rate home mortgage loans to persons who are unable to qualify for conventional mortgages at market rates.

Multi-family Mortgage Revenue Bonds are issued to provide permanent financing for apartment projects located in the County to be partially occupied by persons of low or moderate income.

A total of \$111,055,000 of Mortgage Revenue Bonds have been issued and \$101,516,001 are outstanding as of June 30, 2000. 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 General Long-Term Debt Account Group.

**Special Assessment Bonds**

Various special districts in the County reporting entity have issued special assessment bonds, totaling \$271,900,000 at June 30, 2000, 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.

Flood has issued special assessment bonds, totaling \$9,295,000 as of June 30, 2000, for the construction of flood control facilities. The bonds are to be repaid through special assessment revenue and are not considered obligations of Flood. In accordance with bond covenants, Flood has established a reserve from bond proceeds for potential delinquencies. If a delinquency occurs in the payment of any assessment installment, Flood has the duty to transfer the amount of such delinquent installment from the Reserve Fund into the Redemption Fund assessment installment. Flood's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

In November 1997, the Public Finance Authority of the County of Riverside issued \$13,470,000 of Lease Revenue Bonds for the State of California Court of Appeal Fourth Appellate District, Division Two Project. The State of California executed a lease coincident with the term of the financing and those lease payments are the sole security for the financing. The State is the ultimate obligor under the terms of the financing and neither the County nor the Authority will have any ongoing payment obligation. The State has committed to indemnify the County in the Lease.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(10) Fund Equity**

**Changes to Beginning Fund Balances and Retained Earnings**

Certain fund equities at July 1, 1999 have been restated based on additional information pertaining to one or more prior years' activities presented in aggregate.

The beginning fund balance of the General Fund was adjusted primarily due to prior period adjustments to correct revenue recognized in the incorrect fiscal year. This revenue was correctly recognized in FY 1999-00. The beginning fund balance of the CORAL and Regional Park and Open-Space District Capital Projects Funds along with the beginning retained earnings of the Housing Authority and Flood Control Enterprise Funds were adjusted due to prior period adjustments. Beginning fund balances of Redevelopment Agency Special Revenue and Debt Service Funds were adjusted due to prior year accruals. The beginning retained earnings of the Waste Management Department Enterprise Fund was adjusted due to the reclassification of contributed capital.

The following represents the changes to beginning fund balances and retained earnings (in thousands):

	July 1, 1999 Fund Balance/ Retained Earnings as <u>Previously Reported</u>	Net <u>Change</u>	July 1, 1999 Fund Balance/ Retained Earnings <u>Restated</u>
General Fund	\$118,315	(15,068)	103,247
Special Revenue Fund:			
Redevelopment Agency	22,536	(206)	22,330
Debt Service Fund:			
Redevelopment Agency	6,083	(304)	5,779
Capital Projects Funds:			
CORAL	10,781	1,463	12,244
Regional Park and Open-Space District	890	14	904
Enterprise Funds:			
Waste Management Department	43,094	3,354	46,448
Housing Authority	14,243	568	14,811
Flood Control	1,453	(525)	928

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(10) Fund Equity (Continued)**

**Reserved Fund Balances**

The following is a summary of reserved fund balances at June 30, 2000, which are not available for appropriation and expenditure/expense (in thousands):

Reserved:	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Investment Trust
Encumbrances	\$ 10,041	8,948		10,175	
Imprest cash	259	228			
Advances	10,236				
Loans receivable		3,547	44		
Inventories	896	1,780		2,726	
Debt service			90,658		
Construction				931	
General	350	56			
External investment pool participants					726,528
Total	<u>\$ 21,782</u>	<u>14,559</u>	<u>90,702</u>	<u>13,832</u>	<u>726,528</u>

See note 1 for information regarding the reserves for encumbrances and inventories. The general reserve was established under the provisions of Government Code Section 29086 for "dry period" financing, which is that period before the property tax apportionment is received by a fund. The County also issues Tax and Revenue Anticipation Notes to finance the General Fund's "dry period."

**Designated Unreserved Fund Balances**

The following is a summary of unreserved fund balances at June 30, 2000 which have been designated by the Board for specified purposes (in thousands):

Designated:	General Fund	Special Revenue Funds	Capital Projects Funds
OASIS Project	\$ 7,194		
Strategic Planning	15,000		
Redevelopment	1,521		
Public safety	64		
Capital projects		90,149	75,701
Total	<u>\$23,779</u>	<u>90,149</u>	<u>75,701</u>

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(10) Fund Equity (Continued)**

**Contributed Capital**

Summarized below are the changes in contributed capital (in thousands):

	Balance July 1, 1999	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2000
Enterprise Funds:				
Blythe Marina	\$ 106			106
Regional Medical Center	11,734	2,299	—	14,033
Total Enterprise Funds	<u>11,840</u>	<u>2,299</u>	—	<u>14,139</u>
Internal Service Funds:				
Medical Center Data Processing	85			85
Transportation Equipment	1,277			1,277
Fleet Services	2,439			2,439
Information Services	225	1,180		1,405
Flood Control Equipment	600			600
Total Internal Service Funds	<u>4,626</u>	<u>1,180</u>	—	<u>5,806</u>
Total Contributed Capital	<u>\$16,466</u>	<u>3,479</u>	—	<u>19,945</u>

Waste Management beginning contributed capital of \$3,354,000 was restated due to prior period adjustments.

**(11) 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, which have occurred. Estimated liability accruals include those incidents that are reported but for which a dollar amount is unknown as well as an amount for those incidents that occurred but are unreported (i.e., IBNRs) 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. Group health, dental, vision, life insurance and long-term disability programs are fully insured.

The County supplements its self-insurance for general liability, medical malpractice and workers' compensation with catastrophic excess insurance coverages. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are \$10,000,000, subject to a self-insured retention (SIR) of \$1,000,000 for each claim. The maximum limits under the excess workers' compensation, Section A, are statutory (unlimited) and Section B, employer liability is \$5,000,000 per claim subject to a \$500,000 SIR for each accident for employee injury and for disease. The County does occasionally structure settlements when feasible and agreeable to both parties. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

The County's property insurance program is insured for all Risk Management Division and Flood; Tower 1 has \$300,000,000 in limits, Tower IV (new hospital) has \$300,000,000 in limits, Tower V (jails) has \$440,000,000 effective March 31, 2000 in limits. Tower VIII was created to cover Courts/Administration with limits of \$540,000,000. Earthquake (scheduled locations = \$1 million in value) for each Tower is \$100,000,000 in limits. Boiler and machinery provides up to \$100,000,000 in limits, with various deductibles. Should a catastrophic event occur and losses exceed the limits, the County would be responsible. The limits in all Towers are shared with other counties on a per event basis.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(11) Risk Management (Continued)**

The activities related to such programs are accounted for in Internal Services Funds. Accordingly, estimated liabilities for claims filed or to be filed for incidents that have occurred through June 30, 2000 are reported in these funds. Where certain funds have an accumulated deficit or insufficient reserves, the County developed a method to provide funding to reduce the deficit and increase the reserves. Revenues of these Internal Service Funds are primarily provided by other County funds and are intended to cover (intentionally) self-insured claim liabilities, insurance premiums, and operating expenses; they do not however, cover catastrophic events and other uninsured liabilities. Cash available in the Risk Management Internal Service Funds at June 30, 2000 plus revenues to be collected during fiscal year 2000-01 are expected to be sufficient to cover all fiscal year 2000-01 payments. The carrying amount of unpaid claim liabilities is \$61,783,000. The liabilities are discounted at 6%.

Changes in the balances of claims liabilities during the past two fiscal years for all self-insurance funds combined are as follows (in thousands):

	<u>June 30, 1999</u>	<u>June 30, 2000</u>
Unpaid claims, beginning of year	\$64,223	63,303
Increase (decrease) in provision for insured events of prior year	(3,200)	1,400
Incurred claims	26,051	21,634
Claim payments	<u>(23,771)</u>	<u>(24,554)</u>
Unpaid claims, end of year	<u>\$ 63,303</u>	<u>61,783</u>

**(12) Medi-Cal and Medicare Programs**

The Regional Medical Center provides services to patients covered by various reimbursement programs. The principal programs are the Federal Medicare, the State of California Medi-Cal and Legalized Indigent Medical Assistance (LIMA), and the County Medically Indigent Adult (MIA) and Indigent Adult (IA) programs.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed at a contractually agreed-upon per discharge rate and outpatient services are reimbursed under a schedule of maximum allowable reimbursement provided by the Department of Health Services. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Regional Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Regional Medical Center and audit thereof by the Medicare fiscal intermediary. Normal estimation differences between final settlements and amounts accrued in previous years are reflected in net patient service revenue. In 2000 such differences amounted to a \$1,256,000 increase to net patient service revenue. The Regional Medical Center's classification of patients under the Medicare program and appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Regional Medical Center. The Regional Medical Center's Medicare cost reports have been audited by the fiscal intermediary through June 30, 1997.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(12) Medi-Cal and Medicare Programs (Continued)**

During 1991, legislation was enacted by the State of California to provide supplemental Medi-Cal payments to hospitals that serve a disproportionately high percentage of Medi-Cal and other low-income patients. The Regional Medical Center has recorded net proceeds of \$18,872,000 of disproportionate Medi-Cal reimbursement under this program for the year ended June 30, 2000, portions of which are included in amounts due from third-party payors.

The continuation of government reimbursement programs is contingent upon Federal, State and County government policies.

**(13) Budget/Actual Reconciliation**

Budgets are not adopted for all funds included in the Debt Service and Capital Projects Fund Types. The difference in the fund balances between the Combined Statement of Revenues, Expenditures and Changes in Fund Balance and the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is attributable to this entity difference.

Fund balances (in thousands):

	<u>Debt Service</u>	<u>Capital Projects</u>
Fund balances, June 30, 2000, all funds	\$90,702	119,111
Less fund balances, June 30, 2000, unbudgeted funds		
CORAL	(35,784)	(67,244)
Desert Facilities Corporation	(141)	
District Court Project	(538)	(2,595)
Fund balances, June 30, 2000, budgeted funds	<u>\$54,239</u>	<u>49,272</u>

**(14) Segment Information**

The County has four enterprise fund segments which record the activities of the Hospital, Waste, Housing, and the operations of the animal spay and neuter services, Blythe Marina, CSAs, and Flood.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(14) Segment Information (Continued)**

Segment information as of and for the fiscal year end June 30, 2000 is as follows (in thousands):

	Regional Medical Center	Waste Management Department	Housing Authority	All Other	Total
Operating revenues, net	\$ 202,169	41,418	49,295	2,138	295,020
Operating expenses:					
Depreciation	10,704	3,334	1,517	57	15,612
Other	<u>149,231</u>	<u>42,029</u>	<u>45,699</u>	<u>1,903</u>	<u>238,862</u>
Operating income (loss)	42,234	(3,945)	2,079	178	40,546
Non-operating revenue (expenses)	(16,500)	4,366	(807)	59	(12,882)
Operating transfers (out)	<u>(30,513)</u>			<u>(13)</u>	<u>(30,526)</u>
Net income (loss)	<u>(4,779)</u>	<u>421</u>	<u>1,272</u>	<u>224</u>	<u>(2,862)</u>
Property:					
Additions	\$ 6,740	11,782	2,748	73	21,343
Retirements	28	1,509			1,537
Net working capital	24,224	6,223	(738)	878	30,587
Total assets	279,311	142,416	39,288	2,686	463,701
Long-term liabilities	260,355	88,755	17,732	152	366,994
Total fund equity (deficit)	(6,155)	46,869	16,083	1,130	57,927

**(15) Jointly Governed Organizations**

Under Section 605 of the Government Code, the County has entered into jointly governed organizations with various entities for various purposes. The boards of directors are composed of one representative of each member organization (with one exception). 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. Therefore, none of the following jointly governed organizations are included as component units, either blended or discretely, in these financial statements.

The jointly governed organizations in which the County participated at June 30, 2000 are as follows:

The CSAC Excess Insurance Authority was formed in October 1979 and has a current membership of 52 California counties. The Authority 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 was formed in November 1973 with the cities of Coachella, Desert Hot Springs, Indian Wells, Indio, Palm Springs and Rancho Mirage. 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, is



**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(15) Jointly Governed Organizations (Continued)**

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

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

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

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

The Salton Sea Authority was formed in August 1993 with Imperial County, Imperial Irrigation District and Coachella Valley Water District to direct and coordinate actions relating to improvement of water quality and 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.

**(16) Retirement Plan**

**Plan Description**

The County, Flood, Park and Waste contribute to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. PERS issues a separate comprehensive annual financial report.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(16) Retirement Plan (Continued)**

**Plan Description (Continued)**

Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street, Sacramento, CA 95814.

**Funding Policy**

Active plan members in the PERS are required to contribute 7% (9% for safety employees) of their annual covered salary. The County makes the contribution required of County employees hired prior to January 9, 1992 on their behalf and for their account. Miscellaneous member (non-prosecution unit) employees hired after the above date make their own contributions for the first five years. Miscellaneous prosecution unit member employees hired on or after September 3, 1992 make their own contributions for the first year. With some exceptions, safety member employees hired after June 25, 1992 make their own contributions for the first three years. For certain bargaining units, the County makes the contribution required of the employees on their behalf, regardless of hire date. The County, Flood, Parks and Waste are required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. For fiscal year 1999-00, the contribution rates were:

	<u>County</u>	<u>Flood</u>	<u>Parks</u>	<u>Waste</u>
Miscellaneous	0.000%	0.000%	0.033%	9.410%
Safety	0.000%			

The contribution requirements of the plan member established by the State statute and the employer contribution rate is established and may be amended by PERS.

**Annual Pension Cost**

For fiscal year 1999/00, the annual pension costs for PERS was equal to the employer's required and actual contributions as noted below:

	<u>County</u>	<u>Flood</u>	<u>Parks</u>	<u>Waste</u>
Miscellaneous	\$ 0	0	100,824	940,087
Safety	0			

The required contribution for fiscal year 1999-00 was determined as part of the June 30, 1998 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of PERS assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period (smoothed market value) depending on the size of investment gains and/or losses. PERS's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization periods at June 30, 1998 (in years) are:

	<u>County</u>	<u>Flood</u>	<u>Parks</u>	<u>Waste</u>
Miscellaneous	20	20	20	20
Safety	20			

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(16) Retirement Plan (Continued)**

**Annual Pension Cost (Continued)**

**Riverside County - Miscellaneous**

Required Supplementary Information  
Schedule of Funding Progress  
*(Dollar Amounts in Thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Assets in Excess of AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess of AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 1996	\$ 873,016	\$ 830,940	\$ (42,076)	105.1%	\$275,264	(15.3%)
June 30, 1997	1,026,517	844,142	(182,375)	121.6%	281,966	(64.7%)
June 30, 1998	1,241,940	920,366	(321,573)	134.9%	299,745	(107.3%)

Three-Year Trend Information  
*(Dollar Amounts in Thousands)*

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 1998	\$ 22,961	100%	\$ 0
June 30, 1999	15,215	100%	0
June 30, 2000	0	100%	0

**Riverside County - Safety**

Required Supplementary Information  
Schedule of Funding Progress  
*(Dollar Amounts in Thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Assets in Excess of AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess of AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 1996	\$410,281	\$ 380,939	\$ (29,342)	107.7%	\$ 88,546	(33.1%)
June 30, 1997	487,251	407,559	(79,692)	119.6%	91,884	(86.7%)
June 30, 1998	592,555	457,644	(134,911)	129.5%	79,255	(170.2%)

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(16) Retirement Plan (Continued)**

**Annual Pension Cost (Continued)**

**Riverside County – Safety (Continued)**

Three-Year Trend Information  
*(Dollar Amounts in Thousands)*

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1998	\$ 13,791	100%	\$ 0
June 30, 1999	9,620	100%	0
June 30, 2000	0	100%	0

**Flood Control and Water Conservation District**

Required Supplementary Information  
Schedule of Funding Progress  
*(Dollar Amounts in Thousands)*

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Assets in Excess of AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Assets in Excess of AAL as a Percentage of Covered Payroll (b-a)/c</u>
June 30, 1996	\$ 35,112	\$ 33,347	\$ (1,765)	105.3%	\$ 7,354	(24.0%)
June 30, 1997	40,666	34,075	(6,591)	119.3%	7,407	(89.0%)
June 30, 1998	48,032	36,143	(11,889)	132.9%	7,199	(165.0%)

Three-Year Trend Information  
*(Dollar Amounts in Thousands)*

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1998	\$ 909	100%	\$ 0
June 30, 1999	851	100%	0
June 30, 2000	0	100%	0

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(16) Retirement Plan (Continued)**

**Annual Pension Cost (Continued)**

**Regional Park and Open-Space District**

Required Supplementary Information  
Schedule of Funding Progress  
*(Dollar Amounts in Thousands)*

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 1996	\$ 4,564	\$ 4,064	\$ (500)	112.3%	\$ 1,233	(40.5%)
June 30, 1997	5,204	4,162	(1,042)	125.1%	1,299	(80.3%)
June 30, 1998	6,679	4,729	(1,950)	141.2%	1,436	(135.8%)

Three-Year Trend Information  
*(Dollar Amounts in Thousands)*

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 1998	\$ 229	100%	\$ 0
June 30, 1999	236	100%	0
June 30, 2000	101	100%	0

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(16) Retirement Plan (Continued)**

**Annual Pension Cost (Continued)**

**Waste Management Department**

Required Supplementary Information  
Schedule of Funding Progress  
*(Dollar Amounts in Thousands)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 1996	\$ 1,662	\$ 1,898	\$ 236	87.6%	\$ 6,533	3.6%
June 30, 1997	3,013	3,017	4	99.9%	6,634	.1%
June 30, 1998	4,713	4,125	(588)	114.3%	6,082	(9.7%)

Three-Year Trend Information  
*(Dollar Amounts in Thousands)*

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 1998	\$ 950	100%	\$ 0
June 30, 1999	1,100	100%	0
June 30, 2000	940	100%	0

**(17) Money Purchase Pension Retirement Plan**

**County of Riverside**

The County changed from a Money Purchase Plan/Defined Contribution Plan to a Defined Benefit Plan in April 1999 to provide retirement benefits for employees who are not eligible for social security or PERS benefits. The new Plan is subject to IRC Section 401(a).

The Plan is self-funded and self-administered. Contributions made to the Plan are deposited with the County Treasurer, who invests the contributions. A participant is 100% vested immediately.

Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. The County will contribute 1.75% of employee contribution.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(17) Money Purchase Pension Retirement Plan (Continued)**

**County of Riverside (Continued)**

The following information details plan activity during calendar year 1999 (in thousands):

Total covered payroll	\$ 29,819
Total payroll	\$ 577,044
Contribution requirement and actual contribution:	
Employer	\$ 697
Employee	\$1,118

**Housing Authority**

Housing has a defined contribution retirement plan that covers all regular employees. The Money Purchase Pension Retirement Plan, established pursuant to IRC Section 401(a), is a plan in which all regular employees are automatically enrolled upon completing 1040 hours of paid services. Employer contributions amount to 11% of the employee's gross pay. The employer's contribution is comprised of two equal shares: the employer's and the contribution on behalf of the employee. Employees are fully vested after five years of participation. Contributions are invested by the plan trustees (Safeco Life Insurance Companies) in various instruments guaranteeing the participant various rates of return ranging from 6% to 8%. Housing's policy is to fund pension costs accrued. Upon retirement, death or total disability, a participant or his beneficiary is entitled to the balance of his or her account.

The following information details plan activity during the current fiscal year (in thousands):

Total covered payroll	\$3,142
Total payroll	\$4,237
Employer contribution requirement and actual contribution:	\$ 346

**(18) Post Employment Benefits**

In addition to providing retirement benefits, the County provides certain post employment benefits for retired employees, specifically, certain health insurance premium costs to qualifying retired employees and their eligible dependents or survivors pursuant to an agreement with PERS. Employees with a minimum of five years of service and are age 50 at retirement qualify to receive the post employment benefits. Currently, approximately 1,686 retirees meet the eligibility requirements and are covered. PERS is responsible for administering the benefits to the retirees.

The contributions are funded on a pay-as-you-go basis, which is allocated among the operating departments based on the proportionate number of current employees and amounted to approximately \$731,596 for the year ended June 30, 2000.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(19) Commitments and Contingencies**

**Lawsuits and Other Claims**

The County has been named as a defendant in numerous 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 general purpose financial statements. In the opinion of Management, the ultimate outcome of these claims will not materially affect the operations of the County.

Housing has been named as defendant in legal actions and maintains a contingent liability arising from an IRS ruling as to the taxability of bond issues which Housing is associated with in issuance. Housing was seeking indemnification under provisions of the financing document and filed an appeal in Superior Court regarding a previous judgment. Housing has received determination from Riverside Superior Court that the claim could not be maintained as a class action. The Court has referred the action to arbitration where this matter may be settled or will proceed to a potential trial. The estimated future costs of these actions are unknown.

**Federal Grant Revenue**

Compliance examinations for the fiscal year ended June 30, 1999 identified certain items of noncompliance with Federal grants and regulations. The total amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, however, County management does not expect such amounts, if any, to be material to the general purpose financial statements.

**Commitments**

At June 30, 2000 the County has various noncancelable construction contracts with outside contractors through Capital Projects and General Fund financing, of which approximately \$69,965,111 will be payable upon future performance under the contracts.

**Construction and Consulting Contracts**

Waste enters into various construction and consulting contracts to facilitate its landfill operations and is in the process of installing landfill liners at Badlands, in accordance with State and Federal laws and regulations. Waste expects to complete the installation of several landfill liners over the next five years and estimates additional future costs to approximate \$17,700,000, which will be capitalized as the costs are incurred.

**Remediation Contingencies**

Waste is presently aware of groundwater contamination at 10 of its landfills, 6 of which are closed. Waste is also aware of air/gas contamination at 15 landfills, 8 of which are closed. Based on engineering studies, Waste estimates the present value of the total costs of corrective action for foreseeable contaminate releases at approximately \$24,219,000. At June 30, 2000, Waste has accrued \$24,219,000 for the estimated costs related to the remediation of these landfills.

Waste has established a remediation restricted cash fund to set aside funds for future remediation costs as they are required to be performed. Investments of \$11,415,728 are held for these purposes at June 30, 2000 and are classified as restricted assets in the general purpose financial statements.



**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(19) Commitments and Contingencies (Continued)**

**Recalculation of the Property Tax Allocation Formula**

Revenue and Taxation Code sections 95 through 100 require the Auditor-Controller, on a yearly basis, to calculate a formula that is to be used in the distribution of property taxes to all entities through-out the County. This formula is audited on a periodic basis by the State Controller's Office. Due in part to a State Controller's audit finding, it has become necessary to recalculate the mandated formula bringing forward adjustments from previous year's formulas into the formula to be used for FY 2000-01. The estimated prospective impact to the County General Fund for FY 2000-01 is approximately \$2.5 million. At this time, no retroactive adjustments are in order nor have they been estimated, as the passage of Assembly Bill 1615 has deemed correct all prior year's allocation formulas.

**(20) Subsequent Events**

**Tax and Revenue Anticipation Notes**

On July 1, 2000, the County as a participant in the California Statewide Communities Development Authority Pool issued \$228,395,000 of Tax and Revenue Anticipation Notes, due September 29, 2001. The Notes will yield interest at the rate of 4.27% per annum from their date of issuance and delivery until the Notes are paid in full. The notes, in accordance with California law, are general obligations of the County, but are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to Fiscal Year 2000-01 and legally available for payment thereof. Proceeds from the notes will be used for Fiscal Year 2000-01 General Fund expenditures, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness of the County.

**Teeter Notes**

In October 2000, the County issued \$26,461,000 in Tax Exempt Commercial Paper Notes.

**(21) Effects of New Pronouncements**

**GASB Statement No. 33**

In December 1998, GASB issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement provides accounting and reporting guidance for nonexchange transactions (e.g., most taxes, grants, and donations). This statement identifies and provides guidance on the following four classes of nonexchange transactions: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions. This statement is effective for financial statements for periods beginning after June 15, 2000. The County has elected not to early implement GASB No. 33 and has not determined its effect on the County's financial statements.

**GASB Statement No. 34**

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*. This statement establishes financial reporting standards for state and local governments. Under the revised requirements, governmental financial statements will include management's discussion and analysis (MD&A), basic financial statements that present both government-wide and fund financial statements, and required supplementary information.

**County of Riverside**  
**Notes to General Purpose Financial Statements**  
**June 30, 2000**

**(21) Effects of New Pronouncements (Continued)**

**GASB Statement No. 34 (Continued)**

MD&A introduces the financial statements by giving readers a brief, objective, and easily readable analysis of the County's financial performance for the year and its financial position at year-end, including an analysis of budgetary changes and results.

The government-wide financial statements will provide information about the primary government and its component units without displaying funds or fund types. The financial statements will distinguish between the governmental and business-type activities of the primary government. All information will be reported using the economic resources measurement focus and the accrual basis of accounting. The fund financial statements will provide information about the primary government's fund types, including fiduciary funds and blended component units. Governments will present separate financial statements for each fund category: governmental, proprietary and fiduciary, and will no longer present a combined balance sheet. General capital assets and general long-term liabilities will be reported only in the government-wide financial statements as assets and liabilities of governmental activities.

Governmental fund financial statements will focus on fiscal accountability and will report the flows and balances of current financial resources using the modified accrual basis of accounting. Proprietary and fiduciary fund financial statements will report operating results and financial position using the economic resources measurement focus and the accrual basis of accounting. A single set of notes will apply to both the government-wide and fund financial statements.

GASB No. 34 will be required in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. The County will be required to implement GASB No. 34 for the fiscal year ending June 30, 2002.

The model also includes required reporting for infrastructure assets. Reporting alternatives include historical cost-based depreciation and a modified approach if the government maintains such assets at or above an established condition level. Retroactive infrastructure reporting will also become effective on a phase-in approach.

The County has elected not to early implement GASB No. 34 and has not determined its effects on the County's financial statements.