

County of Riverside, California



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005

Prepared by the Office of:

Robert E. Byrd, CGFM
County Auditor-Controller

**COUNTY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2005**

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INTRODUCTORY SECTION



"RIVERSIDE COUNTY'S COURTHOUSE"
Riverside, CA
Artists/Designers: Burnham/Bliesner

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OFFICE OF THE
COUNTY AUDITOR-CONTROLLER

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Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Ivan M. Chand, CGFM
ASSISTANT AUDITOR-CONTROLLER

December 15, 2005

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

Members of the Board and Citizens of the County of Riverside:

The Comprehensive Annual Financial Report of the County of Riverside for the Fiscal Year Ended June 30, 2005 is hereby submitted in accordance with Section 25253 of the Government Code of the State of California. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the County of Riverside (the County). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and changes in financial position of the various funds and component units of the County of Riverside. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical sections.

- The Introductory Section includes the transmittal letter, a list of principal officials, the County of Riverside's organizational chart, and a copy of the Certificate of Achievement for Excellence in Financial Reporting for the year ended June 30, 2004.
- The Financial Section includes the independent auditor's report on the basic financial statements, Management's Discussion and Analysis (Required Supplementary Information), basic financial statements that include the financial statements of the County's governmental activities, business-type activities, the County's discretely presented component unit, each major fund, the aggregate remaining fund information of the County and budgetary comparison statements of the general fund and flood control fund as of June 30, 2005. Also included is other *required* supplementary information, schedules of funding progress for defined benefit pension plans, and *other* supplementary information. Included in *other* supplementary information are combining and individual non-major fund financial statements as well as budgetary comparison schedules.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The County of Riverside is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings, questioned costs, and the independent auditor's report on internal control and compliance, are included in a separate annual publication.

Generally Accepted Accounting Principles (GAAP) for local governments require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The introduction, overview, and analysis are presented in the form of the Management's Discussion and Analysis (MD&A). The letter of transmittal was designed to compliment and to be read in conjunction with the MD&A. The MD&A immediately follows the report of the independent auditors.

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

The County has eleven (11) independent fiscal entities that are considered Blended Component Units and one Discretely Presented Component Unit. These entities vary widely in function and provide essential services.

For a more detailed overview of the County's component units see the MD&A and the Notes to the Basic Financial Statements.

PROFILE OF THE GOVERNMENT

Riverside County, the State's fourth largest county by area, encompasses 7,295 square miles and extends 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated immediately east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties. There are 24 incorporated cities located within the County. The largest cities in the County are the cities of Riverside (the County seat) with a population of 285,540; Moreno Valley with a population of 165,330, and Corona with a population of 144,070.

Total County population was 1,877,000 on January 1, 2005, an increase of 3.8% compared to the revised estimate for 2004 from the California State Department of Finance. Estimated population figures are developed by the State as of January 1 of each year with a revised estimate for the prior year. Riverside County's population ranks as the fifth largest county in the State. Approximately 27% of the residents live in the unincorporated area. The County is part of the Riverside-San Bernardino Primary Metropolitan Statistical Area (PMSA), which includes all of Riverside and San Bernardino Counties. The PMSA has large and rapidly expanding trade, transportation, utilities, distribution and manufacturing industries.

Total nonfarm employment in the PMSA rose 18.6% from March 2000 to March 2005, while the population increased by 18.5% in the County from January 1, 2000 to January 1, 2005. As of June 2005, unemployment in the PMSA was 5.2% (revised on an annual basis by the Employment Development Department Labor Market Information Division) as compared to 5.0% for the United States. The lower unemployment rate in the PMSA is primarily attributable to construction, distribution, professional, and various other rapidly expanding service industries.

PLANNING AND GROWTH MANAGEMENT

Strategic Plan

The County Strategic Plan ("Strategic Vision") was adopted by the Board of Supervisors in December 1998, and was revised in April 2000. This plan encompasses all areas of County operations with the general goal of improving the quality of services, increasing efficiencies, as well as improving communication and coordination between County agencies and other units of local government.

The Riverside County Integrated Project

The County continues to develop and implement components of the Riverside County Integrated Project (RCIP). The RCIP is a multi-year comprehensive planning project that includes the following components: the County's General Plan of Land Use, a Western Riverside County Multi-Species Habitat Conservation Plan (MSHCP), a regional transportation plan (CETAP), and watershed protection plan (SAMP). The RCIP is closely coordinated with regional councils of government, State and Federal government agencies, and private stakeholders. Following a series of public hearings, the Board of Supervisors adopted the MSHCP on June 17, 2003. A Regional Conservation Authority to implement the MSHCP was formed on June 22, 2004. The Board of Supervisors adopted the General Plan on October 7, 2004. Draft ordinances, implementing the General Plan, are being developed. Work is continuing on the CETAP and SAMP.

Trial Court Facilities

On September 30, 2002, Governor Gray Davis signed the Trial Court Facilities Act of 2002 (SB 1732). This landmark legislation transfers the governance of California's more than 450 courthouse facilities from the counties to the State. Although the bill became effective on January 1, 2003, it is expected that the transition time will take up to seven years. The County and the Judicial Council of the State of California will be negotiating transfer agreements between July 1, 2003, and June 30, 2007. The transfer of courthouse facilities to the Judicial Council must be completed by June 30, 2007.

The County's transfer plan includes the transfer of the court facilities and associated parking. During FY04/05, the Larson Justice Center in Indio was the first court facility transfer for Riverside County as well as the first court transfer throughout the state. Some important areas to consider with each facility to be transferred are bonded indebtedness, deferred maintenance, and capital projects. Once each facility is transferred, the County's financial obligation to court facilities is capped as a Maintenance of Effort amount established under the legislation. Although the County continues to contribute to trial court funding through maintenance of effort obligations, the restructuring of court funding ends a dual system of county and state funding. These funds are accounted for in the agency funds.

Development Agreement Fees

In December 1987, the Board of Supervisors adopted procedures consistent with provisions of the California Government Code 65864 et al. for consideration of development agreements. As a legal contract between the County and a developer, a development agreement was intended to strengthen the public planning process, encourage private participation in comprehensive planning, reduce the economic costs of development, and promote the maximum efficient utilization of resources at the least economic cost to the public. In February 1988, the Board of Supervisors adopted a schedule of development agreement fees payable on residential projects prior to issuance of building permits, in the amount of \$5,784 per residential unit. Effective January 1, 2005, as adjusted using the Consumer Price Index, the fee was \$6,619 and consisted of the following components:

	<u>Development Agreement Fee</u>
Public Facilities	\$ 2,925
Regional Parklands and Trails	544
Habitat Conservation and Open Space Land Bank Offset	392
Public Services Offset	<u>2,758</u>
Total	<u><u>\$ 6,619</u></u>

Based on renegotiated development agreements, fees range from \$3,577 to \$6,619 with some component deletions.

With the exception of the Public Services Offset, development agreement revenue will be used to help the County construct capital facilities and acquire parkland, trails, habitat and open space to meet the demand caused by new

growth and development. The Public Services Offset is intended to help defray the cost of providing governmental services, such as Sheriff's patrol services. As of June 30, 2005, the total of unexpended and uncommitted development agreement money available in capital project funds is \$1,347,901.

Development Mitigation Fees

Ordinance 810

In March 2001, the Board of Supervisors adopted Ordinance 810 establishing an Interim Open Space Mitigation Fee. This ordinance was amended on November 26, 2002 and again on July 22, 2003. The most recent amendment was due to implementation of the Western Riverside County Multiple Species Habitat and Conservation Plan. Collection of the fee is performed by both Riverside County and cities within Riverside County, but responsibility for accounting has transferred over to the Riverside Conservation Authority. Riverside Conservation Authority is a Joint Powers Authority formed between the County of Riverside and various cities in the western county area. Reporting of the Ordinance 810 fees in this section references those collected before June 22, 2004, which was when Ordinance 810.2 went into effect.

The fee collected under Ordinance 810.1 is used toward the acquisition of open space and the preservation of wildlife and their habitats. This fee was collected only in the Western portion of Riverside County as defined by the Ordinance. The fees that were collected under Ordinance 810.1 are as follows:

<u>Type</u>	<u>Unit of Measure</u>	<u>Amount</u>
Single family residence	Per unit	\$ 821
Multiple family residence	Per unit	687
Commercial use	Per acre	3,293
Industrial use	Per acre	1,373
Surface mining use	Per intensive use area	343

As of June 30, 2005, the total amount of unexpended, uncommitted, interim open space mitigation funds related to Ordinance 810 and 810.1 is \$0.

Ordinance 659

In July 1988, the Board of Supervisors adopted Ordinance No. 659 establishing a County-wide (unincorporated area only) development mitigation fee for residential development. The purpose of this fee was to finance the construction of County facilities necessary to accommodate future residential growth in the County. Fee revenues will also be used for the procurement of parklands and the development of recreational trails. In addition, fee revenues will be used for the preservation of habitat, open space, and for the preservation of specifically listed plants and animals as outlined in the General Plan. Development mitigation fees are no longer collected and have been superseded with the passage of Ordinance 659.6, development impact fees.

As of June 30, 2005, the total of unexpended, uncommitted, development mitigation funds related to Ordinance 659 in capital project funds is \$422,017.

Development Impact Fees

In September 2001, the Board of Supervisors adopted Ordinance 659.6 establishing a County-wide (unincorporated area only) development impact fee for residential development. Ordinance 659.6 replaced and superseded those fees associated with Ordinance 659. Ordinance 659.6 became effective sixty (60) days after adoption.

Development impact fees are collected to address impacts associated with residential, commercial and industrial development throughout the unincorporated County region and are used for the purpose of constructing or acquiring needed facilities and preserving open space, wildlife and their habitats.

Fees are assessed by unit for single family and multiple-family residential development, and by acre for commercial and industrial development. Fees vary according to the area plan under development. There are twenty area plans. The range for single-family residential development impact fees is from \$3,252 to \$5,267 per unit. The range for multiple-family residential development impact fees is \$2,728 to \$4,586 per unit. Commercial development impact fees range from \$17,332 to \$26,085 per acre and the range for industrial development impact fees is from \$9,064 to \$13,636 per acre.

Fees collected under Ordinance 659.6 can only be used for those projects identified and listed within the Public Facilities Needs List through the Year 2010. Changes to the list may occur on an annual basis and are subject to approval by the Board of Supervisors. Annual inflationary adjustments are authorized through Ordinance 659.6 and are subject to published indices of the Consumer Price Index, the Building Cost Index and the Construction Cost Index. Since adoption of the development impact fees, there have been no changes in the amount charged. As of June 30, 2005, the total unexpended, uncommitted, development impact fees were \$52,818,906.

FINANCIAL INFORMATION

Internal Control

The management of the County is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse. Management is also responsible for ensuring that adequate accounting data are compiled to allow for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of Federal and State assistance, the County is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to on-going evaluations by management and the internal audit staff of the County.

As part of the Single Audit, tests were made of the County's internal controls and of its compliance with applicable laws and regulations, including those related to federal award programs. Although this testing was not sufficient to support an opinion on the County's internal control or its compliance with laws and regulations related to other than major federal award programs, the fiscal year 2003-04 Single Audit disclosed one internal control related reportable conditions and no material weaknesses. Audit findings related to reporting and sub recipient monitoring are required to be disclosed in accordance with OMB Circular A-133. The single audit for fiscal year 2004-05 is in process and will be issued in a separate report.

Budgetary Controls

The objective of budgetary controls is to ensure that the annual appropriated budget approved by the County Board of Supervisors is in compliance with the legal provisions of Section 29088-29091 of the Government Code. The County Budget is prepared and adopted on or before October 2 of each fiscal year, except as provided by State statutes and Board of Supervisors resolutions. The budget for fiscal year 2005-06 was adopted on June 28, 2005. Activities of the General Fund, all special revenue funds, certain debt service, and capital projects funds are included in the annually appropriated budget. The level of budgetary control, or the level that cannot be exceeded without action by the Board of Supervisors, is the appropriation level of the budget unit. The budget unit represents an organization within a department or an agency. The Board of Supervisors must approve transfers of appropriations between budget units and supplemental appropriations financed by unanticipated revenues. Transfers of appropriations between appropriation classifications within the same budget unit are approved by the County Executive Officer. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and fund balances are reserved for encumbrances outstanding at that time. As demonstrated by the statements and schedules included in the Financial Section of this report, the County continues to meet its responsibility for sound financial management.

For a more detailed overview and analysis of the County of Riverside's financial position see the MD&A preceding the basic financial statements.

General Fund Cash Balance and Fund Balance

The cash balance of the General Fund increased from \$65.7 million at June 30, 2004 to \$184.7 million at June 30, 2005. This increase is attributable primarily to a favorable real estate market that generated more property tax and related documentary transfer fee revenue, than expected. The County's General Fund fund balance represents the equivalent of 51 working days of expenditures.

Cash Management

Per State law, the County Treasurer holds and manages the County's cash and investments. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law. The first and primary objective of the Treasurer's investment of public funds is to safeguard investment principal; second to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements, and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. In accordance with its investment policy, the County manages its interest rate risk by limiting the weighted average maturity of its investment portfolio to less than 1.5 years, .75 years for 2005. To provide sufficient liquidity to meet daily expenditures, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less, 66% for 2005. The Treasurer's pooled investment fund is currently rated; Aaa/MR1 by Moody's Investor Services and AAA/V1+ by Fitch ratings.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Pools, school district and special district external investment pools are reported as investment trust funds. Of the Treasurer's total cash and investments pool of \$3.5 billion at June 30, 2005, \$1.8 billion relates to the external investment pool participants.

Restrictive investment policies are in place to minimize credit and market risks while maintaining a competitive yield on the portfolios. The County Treasurer's selection of investments is more restrictive than those authorized in Sections 53601 and 53635 of the California Government Code and gives primary consideration to the safety and preservation of the principal amounts invested. On-going cash flow projections are maintained for the coming twelve months to assure that adequate funds are available to meet daily cash expenditure requirements. The investment policies are reviewed and updated annually.

In December 1994, the Board of Supervisors created an Investment 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.

State statutes, specific debt financing indentures and contractual arrangements generally determine the investment restrictions of County cash and investments not held in the County Treasury.

Retirement Plan

The County of Riverside contributes to the California Public Employees Retirement System (PERS). PERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. All full-time, part-time and seasonal benefitted County employees are eligible to participate in the system. Temporary hourly employees cannot participate in the system until 1,000 hours are worked in a fiscal year. Certain other employees, such as per diem medical and dental personnel, crossing guards and service aides, are specifically excluded from participation in the system, regardless of the number of hours worked. Benefits are vested after five years of service. Eligible County employees who retire at or after fifty years of age with five years of credited service are entitled to an annual retirement benefit payable monthly for life. 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

January 9, 1992 make their own contributions for the first five years. Miscellaneous prosecution unit employees hired on or after September 3, 1992 make their own contributions for the first year, as well. 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 employee contribution rate for the 401(a) Defined Benefit Retirement Plan for Part-Time/Temporary employees is 3.75%. The employer's contribution rate is currently 1.75% of base earnings (excludes overtime and earnings exceeding the social security base of \$90,000 for calendar year 2004 and \$94,200 for calendar year 2005).

Risk Management

The County maintains a comprehensive risk management program under the full time direction of a professional risk manager. The County self-insures the primary layers for general liability (including auto), medical malpractice and workers' compensation. The County purchases all-risk property including flood, a level of earthquake, as well as boiler and machinery insurance coverage subject to various deductibles. The County records estimated liabilities for claims filed and for incurred but not reported (IBNR) claims. Additionally, the County self-insures unemployment insurance and short-term disability income benefits.

The County purchases policies of excess insurance for medical malpractice, general liability including auto and workers' compensation. Medical malpractice utilized a policy that provided annual coverage on a claims-made basis. Effective July 1, 1998, the County's medical malpractice coverage changed to an occurrence basis with all prior acts coverage. Effective October 2002, the medical malpractice insurance program returned to a claim-made basis. In addition, the County purchases specialty coverages for aviation and watercraft liabilities, fidelity crime bond and long-term disability benefits.

The County participates in the CSAC Excess Insurance Authority's (CSAC-EIA, a Joint Powers Authority) programs for excess liability, medical malpractice, worker's compensation, primary and excess property programs. CSAC-EIA provides some support services for selected programs, such as: excess disability, medical malpractice annual audits, risk management in-services for medical malpractice as well as loss prevention resources for general liability. Additionally, CSAC-EIA subsidizes participating counties for actuarial studies on a two (2) year basis.

The activities related to the County's programs are accounted for in Internal Service Funds (ISF). Accordingly, estimated liabilities for claims filed or to be filed for incidents that have occurred through June 30, 2005, are reported in these funds. Where certain funds have a retained earnings deficit or insufficient reserves, the County has provided a funding plan or the County may elect to increase charges. However, when funding exceeds the approved confidence level, departments are given a rate holiday or a reduced rate charge. Revenues of these Internal Service Funds primarily originate from user charges to Departments/Agencies/Special Districts and are intended to cover self-insured claim liabilities, insurance premiums, and operating expenses.

OTHER INFORMATION

Independent Audit

The County of Riverside contracted for its annual audit with the independent certified public accounting firm of Vavrinek, Trine, Day & Co., LLP. In addition to meeting its contractual requirements for the audit of the basic financial statements, the audit is also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget Circular A-133. The auditors' report on the basic financial statements, required supplementary information, and other supplementary information is included in the financial section of this report. A separate report relating to the single audit is available in the County Auditor-Controller's Office.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Riverside for its Comprehensive Annual Financial Report for the year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance to the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County of Riverside has received a Certificate of Achievement for the last seventeen consecutive years. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for an eighteenth certificate.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report could not be accomplished without the dedicated service of the entire staff of the Auditor-Controller's Office. My particular appreciation to staff that spent many late nights and weekends working on the preparation of this report. I would also like to thank the staffs of the contributing component units and departments for their participation in the preparation of this report.

I would also like to express my appreciation to the Board of Supervisors and County Executive Officer for their vision and support in the planning and administration of the financial operations of the County of Riverside. Their exemplary leadership has kept the County on sound financial footing and well positioned as we progress further into the 21st century.

Finally, I would like to thank our independent auditors, Vavrinek, Trine, Day & Co., LLP, for their efforts throughout this audit engagement.

Respectfully yours,



ROBERT E. BYRD, CGFM
COUNTY AUDITOR-CONTROLLER

COUNTY OF RIVERSIDE

List of Principal Officials
As of June 30, 2005

ELECTED OFFICIALS

Board of Supervisors



BOB BUSTER
Vice Chairman
First District



MARION ASHLEY
Chairman
Fifth District



JOHN F. TAVAGLIONE
Second District



JEFF STONE
Third District



ROY WILSON
Fourth District

COUNTY-WIDE ELECTED OFFICIALS



GROVER TRASK
District Attorney



BOB DOYLE
Sheriff
Coroner
Public Guardian



ROBERT E. BYRD
Auditor – Controller



LARRY WARD
Assessor
County Clerk
Recorder



PAUL MCDONNELL
Treasurer
Tax Collector

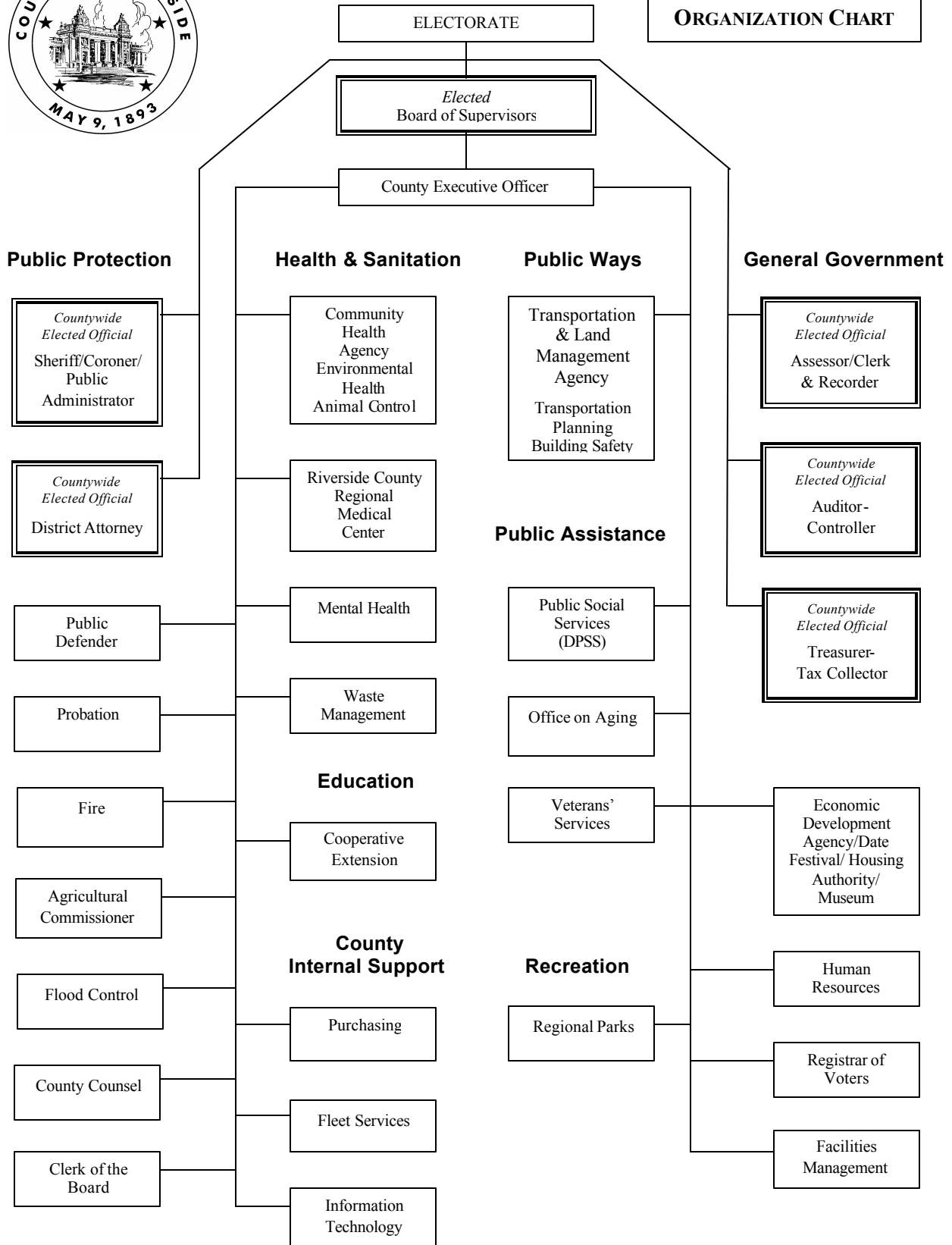
APPOINTED OFFICIALS

LARRY PARRISH
County Executive Officer

WILLIAM C. KATZENSTEIN
County Counsel



**COUNTY OF RIVERSIDE
ORGANIZATION CHART**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Riverside,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director



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FINANCIAL SECTION



“MUSIC”
McCallum Theatre
Palm Desert, CA
Artist: Leonardo Nierman

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
 County of Riverside, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Riverside, California (the County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Riverside County Flood Control and Water Conservation District (Flood Control District), Housing Authority of the County of Riverside (the Housing Authority), Riverside County Regional Park and Open-Space District (the Park District), and County of Riverside Redevelopment Agency (the RDA), which represent the following percentages, respectively, of the assets and revenues of the following opinion units:

Opinion Unit	Assets	Revenues
Governmental Activities	27%	7%
Business-type Activities	6%	14%
Aggregate Remaining Fund Information	39%	33%

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and flood control governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 42 – *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement No. 44 – *Economic Condition Reporting: The Statistical Section*, and Statement No. 46 – *Net Assets Restricted by Enabling Legislation*, as of July 1, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedules of funding progress listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining fund financial statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Vavnick, Tame, Day & Co, LLP

Rancho Cucamonga, California
November 18, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS



"I HAVE LEARNED THAT SUCCESS
IS TO BE MEASURED NOT SO MUCH
BY THE POSITION THAT ONE
HAS REACHED IN LIFE,
AS BY THE OBSTACLES WHICH
HE HAS OVERCOME WHILE
TRYING TO SUCCEED."
BOOKER T. WASHINGTON
1856 - 1915

"BOOKER T. WASHINGTON"
Historic Mission Inn
Riverside, CA
Artist: M. Bernard Edmonds, I

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The information in this section is not covered by the Independent Auditor's Report. It is presented as required supplementary information for the benefit of the readers of the Comprehensive Annual Financial Report.

Management's Discussion & Analysis (Unaudited)

This section of the County of Riverside's Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

In addition, the following supplemental information has been included in this report:

- Other Required Supplementary Information – Retirement Plan Schedules of Funding Progress
- Combining Statements for Nonmajor Governmental, Nonmajor Enterprise and Fiduciary funds
- Combining Statements and Schedules for Special Revenue, Debt Service, Capital Projects, Internal Service, and Fiduciary funds
- Statistical Section

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

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as revenues pertaining to uncollected taxes or expenses pertaining to earned but unused vacation and sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture services. Governmental activities include five major funds, eighteen nonmajor funds, and a representative allocation of the County's internal service funds. The five major Governmental funds are the General Fund, Flood Control, and Water Conservation District (Flood Control) Special Revenue Fund, Pension Obligation Debt Service Fund, Public Facilities Capital Project Fund, and the Redevelopment Capital Project Fund. The business-type activities of the County include two major enterprise funds, and three nonmajor funds. The major enterprise funds are the Regional Medical Center and Waste Management.

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

The financial information for the Children and Families Commission, a legally separate component unit that is appointed by and serves at the will of the County, is discretely presented separately from the financial information of the primary government. The Commission is shown as a discretely presented component unit because it provides early childhood development programs to citizens rather than providing services exclusively or almost exclusively to the County government.

Management's Discussion & Analysis (Unaudited)

The blended component units are:

- County of Riverside Asset Leasing Corporation (CORAL)
- County of Riverside District Court Financing Corporation
- County of Riverside Bankruptcy Court Corporation
- Housing Authority of the County of Riverside
- In-home Supportive Services Public Authority
- Redevelopment Agency for the County of Riverside
- Riverside County Desert Facilities Corporation
- Riverside County Flood Control and Water Conservation District (Flood Control)
- Riverside County Regional Park and Open-Space District
- Riverside County Public Financing Authority
- Riverside County Service Areas

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements often have a budgetary orientation, are prepared on the modified accrual basis of accounting, and focus primarily on the sources, uses, and balances of current financial resources.

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

The County maintains several individual governmental funds organized according to their type (general, special revenue, debt service and capital projects funds). The governmental fund statements present the financial information of each major fund (the General Fund, the Flood Control Special Revenue Fund, Pension Obligation Fund, Public Facilities Improvements, and Redevelopment Capital Projects Fund) in separate columns. Financial information for the remaining governmental funds (nonmajor funds) is combined into a single, aggregated presentation. Financial information for each of these nonmajor governmental funds is presented in the Supplementary Information section.

Budgetary comparison statements are also included in the fund financial statements. The statements present the County's annual estimated revenue and appropriation budgets for all governmental funds except CORAL, Desert Facilities Corporation, District Court Project, and Bankruptcy Court. The budgetary comparison statements have been provided to demonstrate compliance with the budget.

Management's Discussion & Analysis (Unaudited)

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

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

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore can be used to neither support the County's programs nor be reflected in the government-wide financial statements. Fiduciary funds maintained by the County include a pension trust fund, investment trust funds, a private-purpose trust fund, and agency funds. The fiduciary fund financial statements are presented on the economic resources measurement focus and the accrual basis of accounting.

Notes to the Basic Financial Statements provide additional information other than that displayed on the face of the financial statements and are essential for fair presentation of the financial information in the government-wide and fund financial statements.

Required Supplementary Information, in addition to this MD&A, presents schedules of retirement plan funding progress.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year the assets of the County, \$4.2 billion, exceeded its liabilities, \$2.4 billion, by \$1.8 billion (net assets). Of this amount \$739 million (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors; \$630 million (restricted net assets) is restricted by external sources or through enabling legislation for specific purposes and \$437.3 million is invested in capital assets, net of related debt.
- During fiscal year 2004-05 the County's net assets increased \$286.4 million. Of this amount, \$249.7 million was from governmental activities and \$36.8 million was from business-type activities. Countywide expenses of \$ 2.4 billion were substantially offset by program revenues of \$2.0 billion leaving an operating deficit of \$475.1 million. The operating deficit was offset by general revenues of \$761.6 million resulting in the increase in net assets.
- As of June 30, 2005, the total fund balances of the governmental funds were \$1.1 billion. This represents an increase of 42% or \$324.2 million, in comparison with the prior year. Approximately 22% or \$243.6 million of the combined fund balances was available to meet the County's current and future needs (*unreserved-undesignated fund balance*).

Management's Discussion & Analysis (Unaudited)

- As of June 30, 2005, fund balance for the General Fund was \$352.5 million or 20% of the total General Fund expenditures. This amount includes \$121 million of reserved fund balance and \$185 million of designated fund balance.
- The County's long-term obligations showed a net increase of 51% or \$604 million compared to the prior year. These obligations are bonds payable, capital leases, certificates of participation, loans payable and notes payable. The increase primarily resulted from the issuance of pension obligation bonds (see Note 13).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, changed both the recording and the presentation of financial information. A comparative analysis has been presented for the government-wide financial statements.

Analysis of Net Assets – Net assets may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, the County reported positive net assets balances for both governmental and business-type activities, with total assets exceeding liabilities by \$1.8 billion.

The County's total net assets increased 19%, or \$286.4 million, during fiscal year 2004-05 compared to the prior year's increase of 6.4%, or \$93 million. \$249.7 million of the increase in net assets was from governmental activities and \$36.8 million was from business-type activities. For the prior year, \$87 million of the increase in net assets was from governmental activities and \$6 million from business-type activities. Below are the three components of net assets and their respective fiscal year-end balances:

- **Invested in capital assets net of related debt:** This component represents 24%, or \$437.3 million, of the County's total net assets for fiscal year 2004-05 compared to 36%, or \$550 million, for fiscal year 2003-04. The component consists of capital assets (land and easements, structures and improvements, infrastructure, and equipment) net of accumulated depreciation and reduced by any debt attributable to the acquisition, construction, or improvement of the assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- **Restricted net assets** account for 35%, or \$629.8 million, of the County's total net assets for fiscal year 2004-05 compared to 37%, or \$564 million, for fiscal year 2003-04. This component of net assets represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** account for 41%, or \$739.4 million of the County total net assets for fiscal year 2004-05 compared to 27%, or \$419 million, for fiscal year 2003-04. This component of the County's total net assets may be used to meet the County's ongoing obligations to citizens and creditors. Of the unrestricted net assets, for fiscal year 2004-05, or \$671.9 million is from governmental activities and \$67.5 million is for business-type activities compared to or \$387 million for governmental activities and \$32 million for business-type activities for the prior year.

Management's Discussion & Analysis (Unaudited)

The table below provides summarized data from the Statement of Net Assets:

Statement of Net Assets June 30, 2005 (in thousands)

	Governmental Activities		Business-type Activities		Total		%
	2005	2004	2005	2004	2005	2004	
Current and other assets	\$ 2,317,001	\$ 1,296,870	\$ 240,646	\$ 200,407	\$ 2,557,647	\$ 1,497,277	71%
Capital assets	1,404,702	1,330,282	242,390	236,781	1,647,092	1,567,063	5%
Total assets	3,721,703	2,627,152	483,036	437,188	4,204,739	3,064,340	37%
Other liabilities	586,337	320,593	28,974	31,227	615,311	351,820	75%
Long-term liabilities	1,471,246	873,785	311,615	306,025	1,782,861	1,179,810	51%
Total liabilities	2,057,583	1,194,378	340,589	337,252	2,398,172	1,531,630	57%
Net assets:						-	
Invested in capital assets, net of related debt	407,762	524,624	29,583	25,102	437,345	549,726	-20%
Restricted	584,441	521,143	45,362	43,232	629,803	564,375	12%
Unrestricted	671,917	387,007	67,502	31,602	739,419	418,609	77%
Total net assets	\$ 1,664,120	\$ 1,432,774	\$ 142,447	\$ 99,936	\$ 1,806,567	\$ 1,532,710	18%

Governmental Activities

Revenues: The County's governmental activities rely on the following sources of revenue to finance ongoing operations:

- Operating Grants and Contributions are revenues received from parties outside of the County, such as State and Federal agencies, and are generally restricted to one or more specific programs. As with the prior year, in fiscal year 2004-05, a total of \$983 million was earned, making this the largest revenue source for governmental activities. Public Assistance and Health and Sanitation received 72% of the governmental activity funding for fiscal year 2004-05 compared to 72% of the governmental activity funding from this source in the prior year. Public Protection received 22% of the governmental activity funding for fiscal year 2004-05, compared with 18% for fiscal year 2003-04.
- A total of \$446 million was earned as governmental activity charges for services compared to \$425 million for fiscal year 2003-04. Charges for services are revenues that arise from charges to external customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Public Protection, which is primarily generated through contracted law enforcement services provided by the Sheriff's Department to various local governments, generated 53% of this revenue source, compared to 56% from the prior year. General government generated 28% compared to 25% for prior year. Health and Sanitation generated 9% of this revenue source as compared to 8% in the prior year.
- Capital Grants and Contributions resulted in the least amount of program revenue from governmental activities with \$64 million earned for fiscal year 2004-05 compared to \$33 million earned for fiscal year 2003-04. This revenue category accounts for grants and contributions received for the restricted use of capital acquisition. In fiscal year 2004-05, 52% of the revenue, or \$33.2 million, as compared to 94%, or \$30.9 million, for fiscal year 2003-04, was received for public ways and facilities programs and is primarily related to the construction and acquisition of infrastructure capital assets.

Management's Discussion & Analysis (Unaudited)

- General revenue related to governmental activities primarily consists of taxes, contractual revenue from City Redevelopment Agencies, other revenues, and investment earnings. Property tax revenue is the largest governmental activities general revenue with \$315 million earned during the year, an increase of 18% or \$49 million, as compared to the \$266 million earned in fiscal year 2003-04. This increase is primarily attributable to higher assessed property values combined with a significant increase in new development.

Expenses: Total program expenses for governmental activities were \$2.0 billion for the current fiscal year as compared to \$2.1 billion for the prior fiscal year, a decrease of 4% or \$83 million. Forty percent, or \$792 million of total governmental activities expenses were for Public Protection; 28% or \$ 552 million for Public Assistance; 15% or \$290 million for Health and Sanitation; 10% or \$188 million for General Government; and 7% or \$147 million for various program expenses.

Business-type Activities

Revenues: The County has two major business-type activities: The Riverside County Regional Medical Center (RCRMC), and Waste Management. In addition, Flood Control, County Service Areas, and Housing Authority are included in the business-type activities of the County. Business-type activities recover all or a significant portion of their costs through user fees and charges and provide services primarily to non-County entities. For the current year, 100%, \$480 million, of business-type activities program revenue was received from charges for services, as compared to 97%, \$ 385 million for the prior fiscal year. The majority of this revenue, \$355 million, was received by RCRMC as compared to \$266 million for the prior fiscal year.

Expenses: Total expenses for business-type activities were \$479 million for the fiscal year compared to \$403 million for the prior fiscal year. This represents an increase of 19% or \$76 million, primarily attributable to an increase in reimbursements paid to the County General Fund. Seventy-four percent, or \$356 million, of total expenses were incurred by RCRMC compared to 74%, or \$296 million, for the prior fiscal year. In addition, expenses for the Housing Authority were 13% of total expenses for business-type activities or \$62.2 million compared to 15% or \$61.6 million for the prior year; Waste Management Department was 12% or \$55.6 million compared to 10% or \$40 million the prior year. Flood Control and County Service Areas account for the remaining 1% of expenses, a percentage consistent with the prior fiscal year.

Management's Discussion & Analysis (Unaudited)

The following table provides summarized information from the Statement of Activities:

STATEMENT OF ACTIVITIES							
For the Fiscal Year Ended June 30, 2005							
(In thousands)							
	Governmental Activities		Business-type Activities		Total		Variance
	2005	2004	2005	2004	2005	2004	(%)
Revenues:							
Program revenues:							
Charges for services	\$ 445,711	\$ 424,644	\$ 480,455	\$ 385,028	\$ 926,166	\$ 809,672	14%
Operating grants and	983,290	1,086,456	-	-	983,290	1,086,456	-9%
Capital grants and	64,252	33,041	-	125	64,252	33,166	94%
General revenues:							
Property taxes	314,666	266,391	-	-	314,666	266,391	18%
Sales and use taxes	33,091	26,633	-	-	33,091	26,633	24%
Other taxes	13,885	12,108	-	-	13,885	12,108	15%
Contractual revenue - RDA	13,281	11,385	-	-	13,281	11,385	17%
Motor vehicle in-lieu taxes	172,265	87,435	-	-	172,265	87,435	97%
Fines, forfeitures, and penalties	70,578	43,344	-	-	70,578	43,344	63%
Investment earnings	39,907	16,835	4,234	2,505	44,141	19,340	128%
Proceeds from the sale of capital	(18,407)	1,491	346	4,208	(18,061)	5,699	-417%
Other	117,737	146,392	-	-	117,737	146,392	-20%
Total revenues	2,250,256	2,156,155	485,035	391,866	2,735,291	2,548,021	7%
Expenses:							
General government	187,911	232,322	-	-	187,911	232,322	-19%
Public protection	792,287	710,053	-	-	792,287	710,053	12%
Public ways and facilities	79,649	93,529	-	-	79,649	93,529	-15%
Health and sanitation	290,001	376,338	-	-	290,001	376,338	-23%
Public assistance	552,298	590,719	-	-	552,298	590,719	-7%
Education	10,112	10,280	-	-	10,112	10,280	-2%
Recreation and culture	8,617	9,666	-	-	8,617	9,666	-11%
Interest on long-term debt	48,717	29,890	-	-	48,717	29,890	63%
Regional Medical Center	-	-	356,255	296,227	356,255	296,227	20%
Waste Management Department	-	-	55,563	40,056	55,563	40,056	39%
Housing Authority	-	-	62,206	61,599	62,206	61,599	1%
Flood Control	-	-	4,928	4,318	4,928	4,318	14%
County Service Areas	-	-	320	329	320	329	-3%
Total expenses	1,969,592	2,052,797	479,272	402,529	2,448,864	2,455,326	0%
Excess (deficiency) before							
Special items	280,664	103,358	5,763	(10,663)	286,427	92,695	209%
Transfers in (out)	(31,000)	(16,791)	31,000	16,791	-	-	0%
Change in net assets	249,664	86,568	36,763	6,128	286,427	92,696	209%
Net Assets, Beginning of Year, as Restated							
	1,414,456	1,346,206	105,684	93,808	1,520,140	1,440,014	6%
Net Assets, End of Year	\$1,664,120	\$1,432,774	\$ 142,447	\$ 99,936	\$1,806,567	\$1,532,710	18%

Management's Discussion & Analysis (Unaudited)

FINANCIAL ANALYSIS OF FUND STATEMENTS

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

Governmental Funds

The focus of the County's governmental funds is to provide information on the sources, uses, and balances of current financial resources. Such information is useful in assessing the County's short-term financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the general fund, special revenue funds, capital project funds, and debt service funds. As of June 30, 2005, the County's governmental funds reported combined fund balances of \$1.1 billion, an increase of \$324.2 million, in comparison with the prior year. Of this total amount, \$592.7 million constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance, \$507 million is *reserved* to indicate that it is *not* available for new spending because it has been committed to:

- Specific County program: \$118 million
- Outstanding debt service: \$63.6 million
- Liquidation of current contractual commitments: \$290 million
- Other smaller restrictions: \$35.5 million

Total governmental fund revenue increased 8% or \$172 million from the prior fiscal year with \$2.3 billion being earned for the fiscal year-ended June 30, 2005. In addition, proceeds from sale of bonds and other long-term debt was \$622 million. Expenditures also increased 23% or \$473 million, from the prior fiscal year with \$2.5 billion being expended for governmental functions during fiscal year 2004-05, compared to \$2 billion for the prior fiscal year. Therefore, governmental fund balance increased 42% or \$324 million. In comparison, fiscal year 2003-04 had an increase in governmental fund balance of 6% or \$47 million, over fiscal year 2002-03.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$231.2 million, compared to \$148.1 million for the prior fiscal year, while total fund balance was \$352.5 million for the current year and \$249.1 million for the prior year. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved fund balance is 13% of the total General Fund expenditure of \$1.74 billion for the current year as compared to 9% of the prior year total of \$1.69 billion. The total fund balance of the General Fund for the current year is 20% of the total General Fund expenditure as compared to 15% for the prior year.

Flood Control's fund balance decreased from \$127 million to \$124 million, 2%, or \$2.6 million. The decrease was primarily caused by an increase in salaries and benefits expense related to a \$2.8 million prepayment to California Public Employees' Retirement System (PERS).

The Pension Obligation Bond Fund, a new fund for the fiscal year 2004-05, had an increase in fund balance of \$179,000. During the fiscal year, \$400 million in pension obligation bonds were issued and were offset by issuance costs of \$2.9 million and a prepayment of future pension liabilities of \$399.8 million.

Public Facilities Improvements fund balance increased from \$153 million to \$176 million, 13%, or \$23 million. The change resulted from increases in charges for services, \$37 million, other revenue of \$19 million, and transfers in, \$5 million. This was offset by decreases in general government expenditures of \$25 million, public ways and facilities, \$1.9 million, and transfers out, 15 million.

Redevelopment Capital Projects fund had a \$93.2 million increase in fund balance. The increase resulted from the sale of bonds for \$99 million, and an increase in transfers in of \$33.6 million. Countering this were increased expenditures for general government in the amount of \$22.7 million, and transfers out of \$19.7 million.

Management's Discussion & Analysis (Unaudited)

Proprietary Funds

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

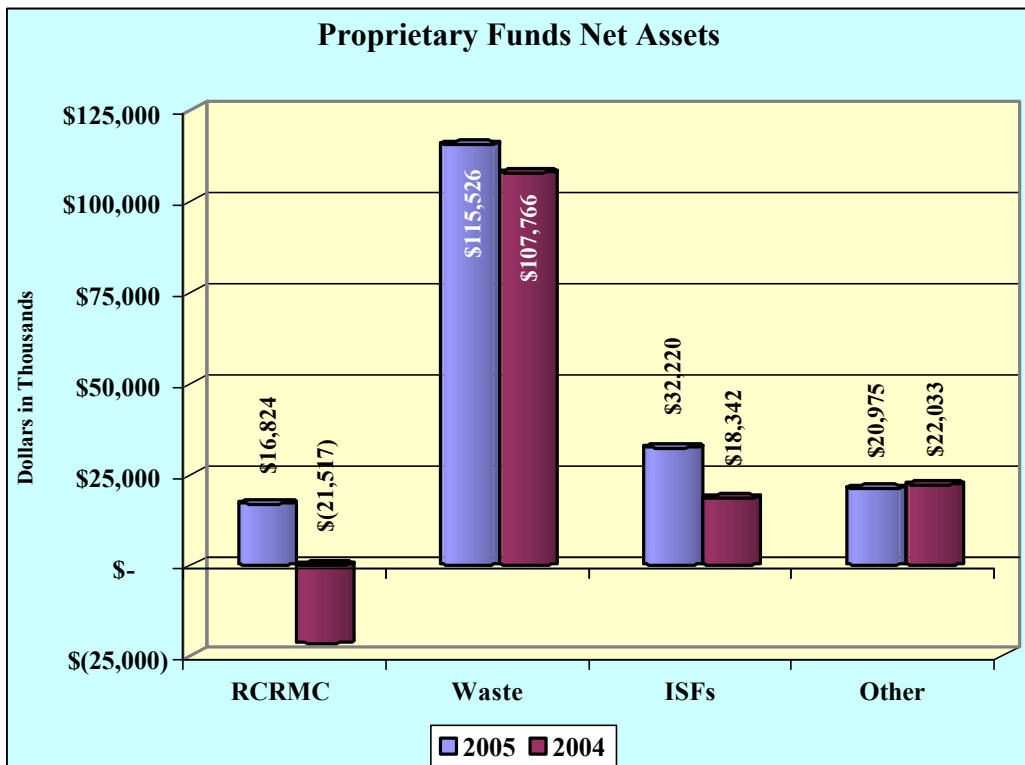
At the end of the fiscal year, total proprietary fund net assets were \$185.5 million, compared to \$126.6 million for prior fiscal year. Total proprietary fund net assets increased 39.5% or \$53.2 million, compared to a 19% or \$30 million decrease for the prior fiscal year.

Of the year-end balances, unrestricted net assets were as follows:

- Riverside County Regional Medical Center: \$36 million
- Waste Management: \$36 million
- Other enterprise fund activities: \$5.7 million
- Internal service fund activities: \$7.7 million

RCRMC's net assets increased from a restated deficit of \$15.7 million to a surplus of \$16.8 million, 207%, or \$32.5 million. The change resulted from increases in net patient revenue, \$7.1 million, supplemental medical payments, \$15.1 million, supplemental reimbursement for outpatient services, \$2.0 million, redevelopment excess property tax, \$2.7 million, and a \$16 million increase in the County's equity contribution. This was primarily offset by an increase in salaries and benefits expense of \$10.2 million.

Waste Management's net assets increased from \$108 million to \$116 million, 7%, or \$7.8 million. The change resulted from increases in charges for services, \$5.7 million, an increase in investment income of \$1.6 million, and a gain on the sale of capital assets of \$0.3 million



Management's Discussion & Analysis (Unaudited)

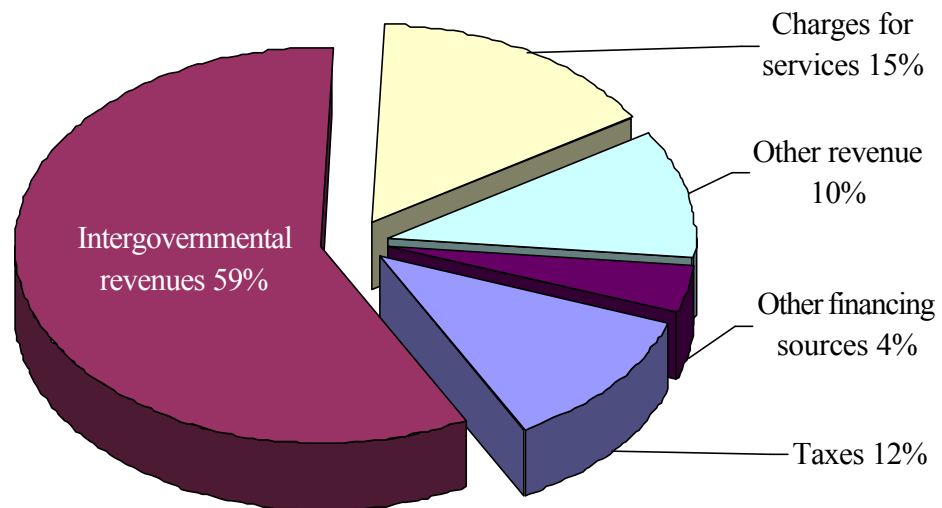
GENERAL FUND FINANCIAL ANALYSIS

Revenues and other financing sources for the General Fund, including comparative amounts from the preceding year are shown in the following tabulation (in thousands):

Revenues and Other Financing Sources	Fiscal Year 2004-2005	Percent of Total	Fiscal Year 2003-2004	Percent of Total
Taxes	\$ 219,420	12%	\$ 193,329	11%
Intergovernmental revenues	1,112,077	59%	1,093,299	63%
Charges for services	293,581	15%	263,107	15%
Other revenue	199,893	10%	128,212	7%
Other financing sources	75,630	4%	62,007	4%
Total	\$ 1,900,601	100%	\$ 1,739,954	100%

The increase in tax revenue is primarily attributable due to higher assessed property values and increased real estate sales. The increase in intergovernmental revenue is primarily attributable to additional federal and state funding for assistance programs provided by the Department of Public Social Services. Charges for current services increased primarily from contractual law enforcement revenue.

COUNTY OF RIVERSIDE
General Fund Revenues and Other Financing Sources
For The Year Ended June 30, 2005 (In Thousands)



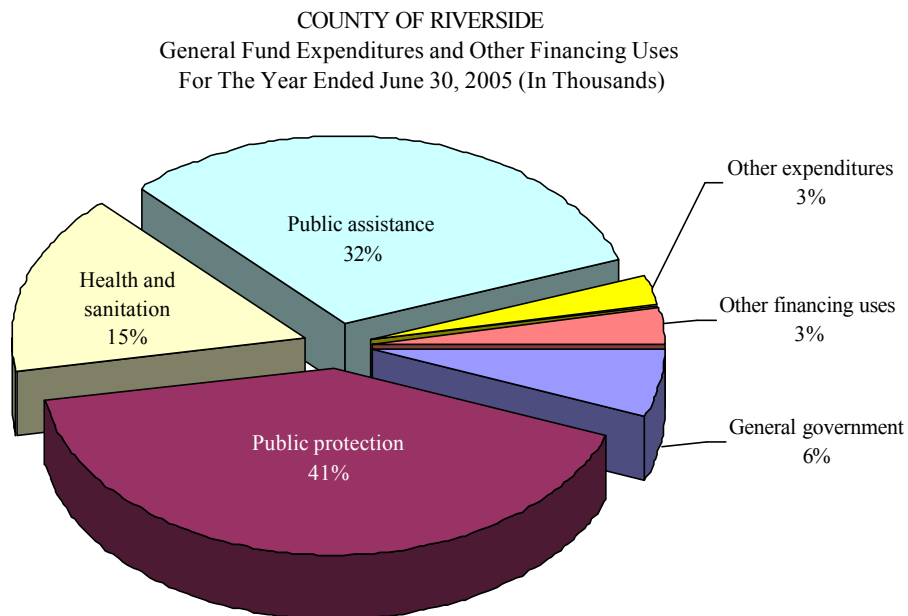
Total Revenues and Other Financing Sources = \$1,900,601

Management's Discussion & Analysis (Unaudited)

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

Expenditures and Other Financing Uses	Fiscal Year 2004-2005	Percent of Total	Fiscal Year 2003-2004	Percent of Total
General government	\$ 105,992	6%	\$ 101,429	6%
Public protection	742,550	41%	674,389	39%
Health and sanitation	279,472	15%	362,010	22%
Public assistance	569,412	32%	536,275	31%
Other expenditures	46,672	3%	15,980	1%
Other financing uses	53,102	3%	21,027	1%
Total	\$ 1,797,200	100%	\$ 1,711,110	100%

The increases in Public Protection and Public Ways and Facilities expenditures were primarily due to additional staffing required to get tasks accomplished, acquisition of real property and procurement of equipment needed to serve the public more efficiently. The decrease in Health and Sanitation expenditures resulted from reclassification of SB 1255 transactions to the appropriate account within the General Fund. Expenditures in Public Assistance increased due to rapid growth of the In-Home Support Services (IHSS) program. The County sought cost-avoidance options as well as other revenue sources, which resulted in the needed adjustments to the General Fund spending plan.



Total Expenditures and Other Financing Uses = \$ 1,797,200

Management's Discussion & Analysis (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

This section provides a summary of the primary factors attributing to the General Fund variances between 1) the Original and the Final Amended Budget and 2) the Final Amended Budget and the Actual revenue and expenditure amounts. The Budgetary Comparison Statement displays the details of the comparison and is included in the Governmental Fund Statements section.

Variance between General Fund Original Adopted and Final Amended Budget

Estimated Revenue Variance

The original General Fund estimated revenue budget increased 5%, or \$94.0 million, from \$1.9 billion to the final amended revenue budget of \$2.0 billion. Of the increase, \$38 million relates to aid received from other governmental agencies, \$45 million relates to property taxes, a \$12 million increase in Documentary Transfer Taxes, a \$4 million increase in Sales Tax, a \$5 million increase in Teeter, a \$12 million increase in Property Tax – Supplemental, a \$12 million increase Current Secured property taxes, and \$4.9 million increase in Interest being higher than originally estimated.

Aid Received from Other Governmental Agencies:

- Federal aid exceeded budget by \$17.7 million; State Homeland Security Grants increased by \$1.1 million, FEMA awarded County Fire's High Pressure Self-Contained Breathing Apparatus (SCBA) Project Grant \$2.3 million, Public Assistance for In Home Supportive Services (IHSS) increased by \$2.5 million, and Foster Care/Emergency and Adoption Assistance increased by \$7.8 million.
- State aid increased by \$20 million; Foster Care/Emergency and Adoption Assistance increased by \$9.4 million and In Home Supportive Services (IHSS) increased by \$2.7 million.

Expenditure Appropriation Variances

The original General Fund appropriation budget increased 3%, or \$61.0 million, from \$1.9 billion to the final amended appropriation budget of \$2.0 billion. The significant appropriation increases were \$16.6 million in Public Protection, \$33.3 million in Health and Sanitation and \$35.7 million in Public Assistance. For budgetary presentation purposes, appropriations were decreased by \$53 million for reclassification to transfers-out. The major appropriation increases are described below.

Public Protection: The appropriation budget increased 2%, or \$16.6 million, from the original budget of \$752.2 million to \$768.8 million. The following describe the significant factors for the increases in the public protection functional area.

- The Sheriff-Coroner-Public Administrator required an appropriation increase of \$3.5 million in order to avoid layoffs and to finance additional staffing required to get tasks accomplished. In addition, there was a rate increase for providing patrol services to contracting cities and the acceptance of a \$1.0 million grant award from the Homeland Security program.
- The Fire Department required an increase in appropriations of \$4 million due to the acceptance of a FEMA grant and the acquisition of additional breathing apparatus.
- The State Controller's Office audited Riverside county's court revenues for the period of July 1, 1997 through June 30, 2002. The audit disclosed that the County underpaid the state Treasurer by \$1.1 million. A budget adjustment was needed to make the necessary payment to the state. In addition, the court also had to reimburse the County's Facilities Management Department for maintenance costs associated with night court facilities. This resulted in a total appropriation increase of \$1.8 million associated with trial court funding.
- The appropriations for the County-Clerk Recorder were increased \$1.9 million to finance the remodeling of the sixth floor of the County Administrative Center and an additional \$2.6 million for the acquisition of real property to accommodate approximately 97 full-time employees under one roof in Western Riverside County.

Management's Discussion & Analysis (Unaudited)

Health and Sanitation: The appropriation budget increased approximately 8.5%, \$33.3 million, from \$392.9 million to \$426.2 million. The significant factors for the increases are described below.

- The County of Riverside participates in the SB 855 and SB 1255 Disproportionate Share Hospital (DSH) Medi-Cal programs. These programs allow counties to transmit Intergovernmental Transfers (IGTs) to the State to pool and submit to the Federal Government for matching funds. The state sends back a payment to the hospital that is usually 120% to 170% of the IGT. Unanticipated increases in IGTs issued for the SB 855 and SB 1255 programs coupled with the possibility that the State would request an additional SB 855 payment of \$14 million in June 2005 that would normally be requested the following fiscal year made it necessary to adjust the Contributions to Health and Mental Health Services budget by \$30 million.
- An increase in appropriation of \$0.5 million was needed for payment of outstanding medical claims to various hospitals in the county for arrestees who received services prior to booking into the county detention centers. An additional \$1.4 million was needed due to increased prisoner charges, primarily emergency and special medical services not provided at the county hospital.
- The Medically Indigent Services Program (MISP) budget required an increase of \$.8 million. Approximately 75% of the MISP cases involve medical services that cannot be provided at the county hospital, such as heart procedures. Nine MISP cases cost over \$.05 million each, compared to only two such cases last year. The remaining 25% is attributed to prescriptions filled at non-county pharmacies.

Public Assistance

The appropriations for the public assistance functional area were increased 6.2%, \$35.7 million, from the original budget of \$575.5 million to \$611.2 million. The factors for the increases are described below.

- The In Home Support services (IHSS) budget included the County share of negotiated health benefit costs. However, the department is billed for the entire Exclusive Care premium. At the time the budget was prepared, this billing had not been finalized, so a budget increase of \$5 million was later requested in order to provide for the change.
- The IHSS programs are currently encountering rapid growth. Contracted provider services are growing at a rate of 2.0% and the individual provider services mode is growing at an annualized rate of 7.7%. As a result, IHSS required an additional appropriation increase of \$6.8 million. This is less than the department's original policy-item requests projected.
- The DPSS – Categorical Aid projections were updated with the latest case data. As a result the net increase in assistance expenditures required additional appropriations of \$6.4 million.
- The Foster Care, Foster Care Emergency Assistance, and Adoption Assistance program expenditures were projected to increase 5%, 16%, and 15% respectively for fiscal year 2004-05. Accordingly, the budgets were adjusted for an increase of \$17 million. This is consistent with the department's original budget projections as outlined in the policy item of the department's fiscal year 2004-05 initial budget request.

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

During the year, the General Fund had a positive budget variance of \$92.6 million resulting from unexpended appropriations of \$255.7 million and overestimated revenue of \$163.1 million. The following contributed to the variance:

Expenditure Variances

General Fund expenditures of \$1.7 billion were 11%, or \$255.7 million, less than the final amended appropriation budget of \$2.0 billion. Health and Sanitation and Public Assistance were the two most significant factors attributing to the unexpended appropriations as follows:

Management's Discussion & Analysis (Unaudited)

Health and Sanitation: Expenditures were 35%, or \$146.7 million, less than the final amended budget of \$426.2 million. The most significant factor was the decrease in Other Charges of \$134.9 million that occurred in the Health and Mental Health departments as a result of their cost-cutting measures. Other appropriation decreases include: Salaries and Benefits, \$15.2 million, Capital Assets, \$566,000, and Services and Supplies \$5.4 million. These savings were partially offset by an appropriation \$9.3 million increase of Intrafund Transfers.

Public Assistance: Expenditures were 7%, or \$41.8 million, less than the final amended budget of \$611.2 million. The most significant factor was the decrease in Other Charges of \$21.0 million. Other appropriation decreases include: Salaries and Benefits, \$7.0 million; Capital Assets, \$103,000; Services and Supplies \$16.7 million. These savings were partially offset by an appropriation \$3.1 million increase of Intrafund Transfers.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2005, the County's capital assets for both its governmental and business-type activities amounted to \$1.7 billion (net of accumulated depreciation). The capital assets include land and easements, land improvements, construction in progress, infrastructure (channels, storm drains, basins, roads, traffic signals, bridges, runways and parks), structures and improvements and equipment. The County's capital assets increased 6.8%, \$106.7 million, as restated to \$1.7 billion.

The County began the design of an Inmate Education and Counseling Center at the Smith Correctional Facility (Rehabilitation Center) in fiscal year 2002-03. Construction started in December 2003 and is expected to be completed the first quarter of fiscal year 2005-06. The Center will accommodate training and education programs for inmates and their families. The \$8 million project is financed through the Inmate Welfare Trust Fund.

The County purchased a former Bureau of Land Management building for \$2.7 million to be used as the Assessor-Clerk-Recorder Administration building. The building is currently in process of renovations, \$3.9 million.

Construction projects in progress include the renovation of the 1933 Historic Courthouse, \$12.5 million, the Regional Medical Center Co-Generation project, \$8.3 million, the Smith Correctional Facility expansion, \$8.0 million, the Ben Clark Training Center Shooting Range, \$8.1 million, Smith Correctional Facility Expansion Phase II, \$6.5 million, and sixth floor renovations for the Assessor-Clerk-Recorder in the County Administrative Center, \$1.9 million.

The County currently has several construction projects that are in a design phase including new Perris Sheriff Station Complex and Health Clinic, \$27 million, new South West Regional Animal Facility, \$12 million, Parks Headquarters Annex, \$4.2 million, and three fire stations in Cabazon, Sycamore Creek, and Nuevo, \$9.2 million.

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

- The June 30, 2005 construction in progress balance of \$136.9 million included retirements of \$6.1 million and additions of \$98.2 million in capital assets comprised of the following projects:
 - Road, bridge, and signal infrastructure: \$56.5 million
 - Channels, storm drains and basins (infrastructure): \$38.2 million
 - Buildings and Structures: \$18.8 million
 - Regional Medical Center: \$6.5 million
 - Waste Management (infrastructure): \$6.5 million
 - Runways: \$5.5 million
 - Parks: \$3.6 million
 - Housing: \$1.5 million

Management's Discussion & Analysis (Unaudited)

- Construction of \$5.1 million was completed during the fiscal year and transferred from construction-in-progress to the following capital asset accounts:
 - Infrastructures: Roads and signals: \$3.2 million
 - Infrastructures: Runways: \$.79 million
 - Infrastructures: Parks and Waste: \$.13 million
 - Structures and improvements: \$.97 million
- Capital asset increases from additions and completed projects for infrastructure were \$21.9 million. They were comprised of the following items:
 - Roads: \$7.0 million
 - Traffic signals: \$1.6 million
 - Flood storm drains: \$7.8 million
 - Flood channels: \$2.4 million
 - Flood dams and basins: \$1.8 million
 - Runways: \$.79 million
 - Waste landfill liners and other: \$.5 million
 - Parks trails and improvements: \$95,000
- Total building and structure retirements were \$19.6 million of which \$18.2 million was for Larson Justice Center and \$1.4 million was related the Hospital buildings.
- As of June 30, 2005, significant commitments for capital expenditures include the following:
 - Transportation projects: \$56.9 million
 - Redevelopment projects: \$44.3 million
 - Facilities Management projects: \$12 million

In the government-wide financial statements, depreciable capital assets are depreciated from the acquisition date to the end of the fiscal year. However, in the fund financial statements of the governmental funds, depreciable capital assets are accounted for as expenditures when payments are made.

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

Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)
	2005	2004	2005	2004	2005	2004	Percent of Change
Infrastructure	\$ 447,379	\$ 435,689	\$ 24,826	\$ 26,087	\$ 472,205	\$ 461,776	2%
Land and Easements	306,654	288,166	21,095	21,127	327,749	309,293	6%
Land Improvements	99	99	7,735	7,100	7,834	7,199	9%
Structures and Improvements	455,967	479,364	155,001	161,731	610,968	641,095	-5%
Equipment	72,154	75,878	19,268	18,576	91,422	94,454	-3%
Construction in Progress	122,449	42,563	14,465	2,160	136,914	44,723	206%
Total	\$1,404,702	\$1,321,759	\$242,390	\$236,781	\$1,647,092	\$1,558,539	6%

Management’s Discussion & Analysis (Unaudited)

GASB Statement No. 34 allows for an extended period of deferral (through the fiscal year-ending June 30, 2006) before the County is required to record and depreciate infrastructure assets acquired prior to July 1, 2001. As a result of this deferral, the retroactive historical value of the County’s transportation infrastructure assets (roads, bridges, and traffic signals that were completed prior to July 1, 2001) have not been included in the government-wide financial statements but will be included before June 30, 2006. The County’s infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. All current year additions to infrastructure assets are depreciated according their useful life. Additional information about the County’s capital assets can be found in Note 9 to the financial statements.

Debt Administration Under the direction of the Board of Supervisors, the County's Debt Advisory Committee reviews all debt issuances of the County and its financing component unit organizations and advises the Board accordingly. As of fiscal year-end June 30, 2005, the County had several debt issues outstanding, principally certificates of participation—lease rental obligations.

Net bonded debt per capita equaled \$328 as of June 30, 2005. The calculated legal debt limit for the County is \$1.74 billion. However, in October 2001, Moody’s Investors Service placed a “negative outlook” on the credit rating for California counties (Riverside County included) noting it “primarily reflects the possibility that the State could address a significant part of any budget shortfall by diverting revenues from local governments, particularly counties.” Following are the investment ratings maintained by the County:

	<u>Moody’s Investors Service, Inc.</u>	<u>Standards & Poor’s Corp.</u>
Long-term lease debt	A3	A+
Issuer credit	A1	AA-

The County has issued Tax and Revenue Anticipation Notes (TRANS) to provide needed cash to cover the projected cash flow deficits of the County’s General Fund during the fiscal year July 1 through June 30. In fiscal year 2004-05, the County, as a participant in the California Statewide Communities Development Authority Pool, issued \$210 million in TRANS to satisfy short-term cash flow needs. Included in this amount was the \$102.8 million of taxable notes to pre-pay the County fiscal year 2004-05 CALPERS employer’s normal contribution.

In October 1993, the Board of Supervisors formally passed a resolution necessary for the County to adopt the Teeter Plan (alternate method of property tax distribution). The plan required the “buy-out” of delinquent taxes and the annual advance of unpaid taxes to participating agencies. Funding for the County’s on-going obligations under Teeter for Fiscal Year 2004-05, \$34.2 million, was accomplished through the sale of County of Riverside Teeter Obligation Taxable Commercial Paper Notes (The “Notes”).

In fiscal year 2004-05 the delinquent taxes collected under the Teeter Plan exceeded the \$24 million in Notes, and the FY 2004-05 current delinquent property tax amount of \$34.2 million combined. Because of this, the Executive Office elected to issue taxable Teeter Notes until an audit of the program could be conducted, and the ownership of the excess funds could be determined.

In the Mid-Year Budget Report, presented to the Board of Supervisors on February 1, 2005, it was reported that the Executive Office would engage an external auditor to audit the Teeter funds. The audit concluded that the non-delinquent prior year supplemental property taxes owed to participating Teeter agencies were incorrectly deposited into the Teeter Debt Service Fund, instead of being distributed to the agencies. The incorrect deposits, in the amount of \$73.8 million, were transferred to the Auditor-Controller’s office for distribution to the appropriate Teeter participants.

The table below provides summarized information (including comparative amounts from the preceding year) for the County’s outstanding long-term liabilities at June 30, 2005.

Management's Discussion & Analysis (Unaudited)

County's Outstanding Debt Obligation (In Thousands)

	Governmental Activities		Business-Type Activities		Total		Variance
	2005	2004	2005	2004	2005	2004	
Loans payable	\$ 150,019	\$ 66,375	\$ -	\$ -	\$ 150,019	\$ 66,375	126%
Notes payable	325	635	-	-	325	635	-49%
Bonds payable	678,028	91,758	201,458	210,558	879,486	302,316	191%
Certificates of participation	325,572	387,869	1,040	2,040	326,612	389,909	-16%
Capital Leases	75,845	83,618	12,511	4,066	88,356	87,684	1%
Total Outstanding	\$ 1,229,789	\$ 630,255	\$ 215,009	\$ 216,664	\$ 1,444,798	\$ 846,919	71%

Defeasance of Debt: In April 2005, the County Redevelopment Agency issued \$18.2 million in Tax Allocation/Housing Refunding bonds to provide proceeds that were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 loans payable. As a result, the refunding portion of the 1997 loans payable are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Assets.

In April 2005, CORAL issued \$51.6 million of Certificates of Participation, 2005 Series A (Capital Improvement and Family Law Court Refunding). Proceeds of \$11.3 million from the sale of the certificates were used to advance refund \$10.7 million of the 1997 Family Law Court Certificates of Participation. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates have been included in the financial statements. The amount of the defeased debt outstanding at June 30, 2005, was \$10.7 million.

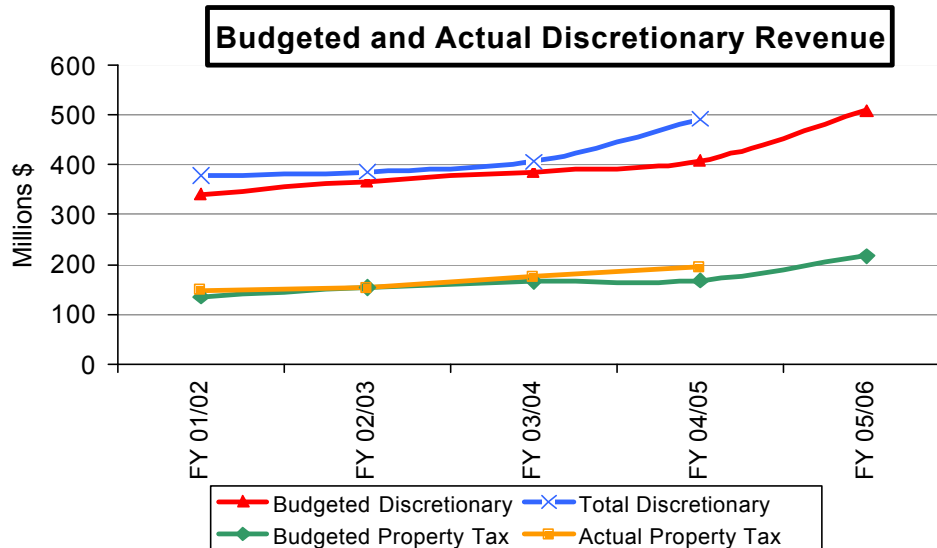
In April 2005, CORAL issued \$22.6 million of Certificates of Participation, 2005 Series B (Historic Courthouse Refunding). The proceeds from the sale of the certificates were used to advance refund \$21.2 million of the 1997 Historic Courthouse Certificates of Participation. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates have been included in the financial statements. The amount of the defeased debt outstanding at June 30, 2005, was \$21.2 million.

Management's Discussion & Analysis (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Though California's economy improved during fiscal year 2004-05, the State continues to face difficult and ongoing challenges that could affect the County's budget. Given the state's financial position, the County will continue monitor its ongoing costs, augment its reserves, and continue to exercise sound budget practices.

The County budget for fiscal year 2005-06 assumed a beginning General Fund unreserved / undesignated fund balance of \$33.5 million. Estimated discretionary revenues were \$87 million higher than those in the previous Final Budget based on an improved outlook for the County. The change in total estimated discretionary General Fund income represents a 21% increase.



The County's employee retirement benefit contribution rate for fiscal year 2005-06 for miscellaneous members will remain at 16.27% and the Safety contribution rate will remain at 21.12%. The employer rate for both plans is subject to changes in future years, as it continues to reflect changes in investment return and the County's growth rate, among other factors. Fiscal year 2006-07 rates are projected at 11.9% (Miscellaneous) and 18.0% (Safety). Additional information regarding the County's retirement plans are included in Notes 18, 19 and 20 of the financial statements and schedules of retirement funding progress are included in the Required Supplementary Information section.

Assessed property values increased 14.18% in fiscal year 2004-05 and 19.59% in fiscal year 2005-06 yielding a total assessed property tax roll of \$ 167.6 billion for fiscal year 2005-06. According to the County Assessor, the \$27.5 billion increase is attributable to ownership changes, new construction and the 2% annual C.P.I. increase.

REQUEST FOR INFORMATION

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



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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS



"PEACE MEMORIAL"
Palm Desert, CA
Artists: Ross Andrews/Marton Varo

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COUNTY OF RIVERSIDE

Statement of Net Assets

June 30, 2005

(Dollars in Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Children and Families Commission
ASSETS:				
Cash and investments (Note 5)	\$ 991,702	\$ 65,749	\$ 1,057,451	\$ 51,412
Receivables, net (Notes 1 and 7)	272,693	63,416	336,109	6,248
Inventories	6,004	5,619	11,623	-
Internal balances (Note 8)	11,023	(11,023)	-	-
Pension asset, net	396,874	4,120	400,994	-
Prepaid items and deposits	943	3,282	4,225	-
Restricted cash and investments (Notes 5 and 6)	552,023	106,878	658,901	-
Other noncurrent receivables (Note 7)	45,670	-	45,670	-
Notes receivable (Note 7)	13,450	-	13,450	-
Land held for resale	16,944	-	16,944	-
Capital assets (Note 9):				
Depreciable assets, net	975,599	206,830	1,182,429	125
Nondepreciable assets	429,103	35,560	464,663	-
Bond issuance costs	9,675	2,605	12,280	-
Total assets	<u>3,721,703</u>	<u>483,036</u>	<u>4,204,739</u>	<u>57,785</u>
LIABILITIES:				
Accounts payable	114,075	13,029	127,104	3,269
Salaries and benefits payable	61,157	8,789	69,946	118
Due to other governments	69,228	1,765	70,993	-
Interest payable	9,613	776	10,389	-
Deposits payable	126	309	435	-
Notes payable (Note 12)	244,226	-	244,226	-
Other liabilities	1,886	4,306	6,192	-
Matured bonds and interest payable	7,922	-	7,922	-
Noncurrent Portion of Long Term Liabilities:				
Unearned revenue (Note 7)	78,104	-	78,104	-
Long-term liabilities (Note 13) :				
Due within one year	140,999	26,089	167,088	79
Due beyond one year	1,330,247	285,526	1,615,773	90
Total liabilities	<u>2,057,583</u>	<u>340,589</u>	<u>2,398,172</u>	<u>3,556</u>
NET ASSETS:				
Invested in capital assets, net of related debt	407,762	29,583	437,345	-
Restricted for:				
Capital projects	228,781	-	228,781	-
Children's programs	-	-	-	54,229
Debt service	61,941	-	61,941	-
Program operations	91,926	-	91,926	-
Other purposes	201,793	45,362	247,155	-
Unrestricted	671,917	67,502	739,419	-
Total net assets	<u>\$ 1,664,120</u>	<u>\$ 142,447</u>	<u>\$ 1,806,567</u>	<u>\$ 54,229</u>

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

COUNTY OF RIVERSIDE
Statement of Activities
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 187,911	\$ 125,937	\$ 48,992	\$ -
Public protection	792,287	235,873	220,627	30,202
Public ways and facilities	79,649	35,815	2,213	33,241
Health and sanitation	290,001	41,616	139,452	-
Public assistance	552,298	2,322	569,666	-
Education	10,112	266	182	809
Recreation and culture	8,617	3,882	2,158	-
Interest on long-term debt	48,717	-	-	-
Total governmental activities	<u>1,969,592</u>	<u>445,711</u>	<u>983,290</u>	<u>64,252</u>
Business-type activities:				
Regional Medical Center	356,255	354,510	-	-
Waste Management Department	55,563	60,261	-	-
Housing Authority	62,206	60,818	-	-
Flood Control	4,928	4,624	-	-
County Service Areas	320	242	-	-
Total business-type activities	<u>479,272</u>	<u>480,455</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 2,448,864</u>	<u>\$ 926,166</u>	<u>\$ 983,290</u>	<u>\$ 64,252</u>
Component unit:				
Children and Families First Commission	\$ 29,830	\$ -	\$ 26,651	\$ -

General revenues:

Taxes:

 Property taxes

 Sales and use taxes

 Other taxes

Intergovernmental revenue not restricted to programs:

 Contractual revenue- Redevelopment

 Motor vehicle in-lieu of taxes

Fines, forfeitures, and penalties

Investment earnings

Proceeds from the sale of capital assets

Other

Transfers

Total general revenues and transfers

Changes in net assets

NET ASSETS, BEGINNING OF YEAR, AS RESTATED (Note 4)

NET ASSETS, END OF YEAR

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Unit
\$ (12,982)	\$ -	\$ (12,982)	
(305,585)	-	(305,585)	
(8,380)	-	(8,380)	
(108,933)	-	(108,933)	
19,690	-	19,690	
(8,855)	-	(8,855)	
(2,577)	-	(2,577)	
(48,717)	-	(48,717)	
<u>(476,339)</u>	<u>-</u>	<u>(476,339)</u>	
-	(1,745)	(1,745)	
-	4,698	4,698	
-	(1,388)	(1,388)	
-	(304)	(304)	
-	(78)	(78)	
<u>-</u>	<u>1,183</u>	<u>1,183</u>	
<u>(476,339)</u>	<u>1,183</u>	<u>(475,156)</u>	
			<u>\$ (3,179)</u>
314,666	-	314,666	-
33,091	-	33,091	-
13,885	-	13,885	-
13,281	-	13,281	-
172,265	-	172,265	-
70,578	-	70,578	-
39,907	4,234	44,141	1,108
(18,407)	346	(18,061)	-
117,737	-	117,737	34
(31,000)	31,000	-	-
<u>726,003</u>	<u>35,580</u>	<u>761,583</u>	<u>1,142</u>
249,664	36,763	286,427	(2,037)
1,414,456	105,684	1,520,140	56,266
<u>\$ 1,664,120</u>	<u>\$ 142,447</u>	<u>\$ 1,806,567</u>	<u>\$ 54,229</u>

FUNCTION/PROGRAM ACTIVITIES:

Primary government:

Governmental activities:

General government

Public protection

Public ways and facilities

Health and sanitation

Public assistance

Education

Recreation and culture

Interest on long-term debt

Total governmental activities

Business-type activities:

Regional Medical Center

Waste Management Department

Housing Authority

Flood Control

County Service Areas

Total business-type activities

Total primary government

Component unit:

Children and Families First Commission

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



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BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS



“FRANK AUGUSTUS MILLER”

Historic Mission Inn

Riverside, CA

Artist: Richard Myer

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COUNTY OF RIVERSIDE
Balance Sheet
Governmental Funds
June 30, 2005
(Dollars in Thousands)

	General	Flood Control	Pension Obligation	Public Facilities Improvements
ASSETS:				
Cash and investments (Note 5)	\$ 184,723	\$ 123,883	\$ 179	\$ 180,411
Accounts receivable (Notes 1 and 7)	37,177	741	-	8
Interest receivable (Note 7)	9,214	504	-	687
Taxes receivable (Note 7)	20,679	1,890	-	-
Due from other governments (Note 7)	195,064	5	-	-
Inventories	1,801	-	-	-
Due from other funds (Note 8)	8,435	-	-	-
Prepaid items	-	832	-	-
Restricted cash and investments (Notes 5 and 6)	436,555	1,500	-	-
Advance to other funds (Note 8)	40	-	-	-
Notes receivable (Note 7)	-	-	-	-
Land held for resale	-	-	-	-
Total assets	<u>893,688</u>	<u>129,355</u>	<u>179</u>	<u>181,106</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	86,713	2,944	-	4,324
Salaries and benefits payable	52,805	875	-	-
Due to other governments	45,057	61	-	1,083
Due to other funds (Note 8)	4,928	-	-	-
Deposits payable	67	-	-	-
Teeter notes payable (Note 12)	-	-	-	-
Matured bonds and interest payable	7,922	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue (Note 7)	133,742	1,509	-	-
Notes payable	210,000	-	-	-
Total liabilities	<u>541,234</u>	<u>5,389</u>	<u>-</u>	<u>5,407</u>
Fund balances (Note 14):				
Reserved	121,249	3,914	179	175,699
Unreserved-designated, reported in				
General fund	185,014	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved-undesignated, reported in				
General fund	46,191	-	-	-
Special revenue funds	-	120,052	-	-
Total fund balances	<u>352,454</u>	<u>123,966</u>	<u>179</u>	<u>175,699</u>
Total liabilities and fund balances	<u>\$ 893,688</u>	<u>\$ 129,355</u>	<u>\$ 179</u>	<u>\$ 181,106</u>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	ASSETS:
\$ 122,065	\$ 229,226	\$ 840,487	Cash and investments (Note 5)
-	3,495	41,421	Accounts receivable (Notes 1 and 7)
414	1,951	12,770	Interest receivable (Note 7)
-	31,774	54,343	Taxes receivable (Note 7)
-	12,286	207,355	Due from other governments (Note 7)
1,226	847	3,874	Inventories
-	5,528	13,963	Due from other funds (Note 8)
-	-	832	Prepaid items
-	113,968	552,023	Restricted cash and investments (Notes 5 and 6)
-	-	40	Advance to other funds (Note 8)
-	13,450	13,450	Notes receivable (Note 7)
15,945	999	16,944	Land held for resale
<u>139,650</u>	<u>413,524</u>	<u>1,757,502</u>	Total assets
			LIABILITIES AND FUND BALANCES:
2,313	12,758	109,052	Accounts payable
-	4,068	57,748	Salaries and benefits payable
175	22,842	69,218	Due to other governments
-	4,286	9,214	Due to other funds (Note 8)
-	59	126	Deposits payable
-	34,226	34,226	Teeter notes payable (Note 12)
-	-	7,922	Matured bonds and interest payable
-	40	40	Advances from other funds
-	24,332	159,583	Deferred revenue (Note 7)
-	-	210,000	Notes payable
<u>2,488</u>	<u>102,611</u>	<u>657,129</u>	Total liabilities
			Fund balances (Note 14):
61,460	145,129	507,630	Reserved
-	-	185,014	Unreserved-designated, reported in
-	86,593	86,593	General fund
75,702	1,805	77,507	Special revenue funds
-	-	46,191	Capital projects funds
-	-	46,191	Unreserved-undesignated, reported in
-	77,386	197,438	General fund
<u>137,162</u>	<u>310,913</u>	<u>1,100,373</u>	Special revenue funds
			Total fund balances
<u>\$ 139,650</u>	<u>\$ 413,524</u>	<u>\$ 1,757,502</u>	Total liabilities and fund balances

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



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COUNTY OF RIVERSIDE

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets

June 30, 2005

(Dollars in Thousands)

Fund balances - total governmental funds (page 29)		\$ 1,100,373
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		1,366,134
Bond issuance costs are not current financial resources and therefore are not reported in the governmental funds.		9,675
Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		396,874
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Any liability of earned but unavailable revenue must be eliminated in the government-wide financial statements.		81,479
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds	\$ 678,028	
Capital lease obligations	61,818	
Certificates of participation	325,572	
Loans payable	150,019	
Notes payable	325	
Accrued interest payable	9,986	
Accreted interest payable	1,231	
Compensated absences	106,908	(1,333,887)
Internal service funds are used by management to charge the costs of equipment, fleet management, printing, information technology, supply services, risk management, and temporary assistance to individual funds. Since internal service funds predominantly service government activities, the assets and liabilities of these funds are included as governmental activities in the statement of net assets.		<u>43,472</u>
Net assets of governmental activities (page 23)		<u><u>\$ 1,664,120</u></u>

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

COUNTY OF RIVERSIDE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	General Fund	Flood Control	Pension Obligation	Public Facilities Improvements
REVENUES:				
Taxes	\$ 219,420	\$ 30,625	\$ -	\$ 57
Licenses, permits and franchise fees	22,157	-	-	-
Fines, forfeitures and penalties	70,023	-	-	-
Use of money and property:				
Interest	21,126	2,701	2	3,346
Rents and concessions	4,253	95	-	-
Aid from other governmental agencies:				
Federal	395,655	77	-	-
State	660,761	594	-	-
Other	55,661	-	-	-
Charges for services	293,581	13,470	-	37,516
Other revenue	82,334	13,010	-	19,144
Total revenues	<u>1,824,971</u>	<u>60,572</u>	<u>2</u>	<u>60,063</u>
EXPENDITURES:				
Current				
General government	105,992	-	31,820	25,485
Public protection	742,550	61,857	231,050	-
Public ways and facilities	3,430	-	13,664	1,980
Health and sanitation	279,472	-	46,414	-
Public assistance	569,412	-	65,205	-
Education	332	-	89	-
Recreation and culture	175	-	8,633	-
Debt service:				
Principal	16,408	-	-	-
Interest	19,711	-	-	-
Cost of issuance	-	-	2,948	-
Capital outlay	6,616	634	-	-
Total expenditures	<u>1,744,098</u>	<u>62,491</u>	<u>399,823</u>	<u>27,465</u>
Excess (deficiency) of revenues over (under) expenditures	80,873	(1,919)	(399,821)	32,598
OTHER FINANCING SOURCES (USES):				
Transfers in	69,014	35	-	5,852
Transfers out	(53,102)	(683)	-	(15,777)
Bond proceeds	-	-	400,000	-
Issuance of refunding bonds	-	-	-	-
Premium on long-term debt	-	-	-	-
Redemption of refunded bonds	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Capital leases (Note 13)	6,616	-	-	-
Total other financing sources (uses)	<u>22,528</u>	<u>(648)</u>	<u>400,000</u>	<u>(9,925)</u>
NET CHANGE IN FUND BALANCES	103,401	(2,567)	179	22,673
Fund balances, beginning of year, as previously reported	249,053	126,533	-	153,026
Adjustments to beginning fund balances (Note 4)	-	-	-	-
Fund balances, beginning of year, as restated	<u>249,053</u>	<u>126,533</u>	<u>-</u>	<u>153,026</u>
FUND BALANCES, END OF YEAR	<u>\$ 352,454</u>	<u>\$ 123,966</u>	<u>\$ 179</u>	<u>\$ 175,699</u>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 96,146	\$ 346,248	REVENUES:
-	186	22,343	Taxes
-	555	70,578	Licenses, permits and franchise fees
			Fines, forfeitures and penalties
			Use of money and property:
2,172	8,277	37,624	Interest
-	35,483	39,831	Rents and concessions
			Aid from other governmental agencies:
-	50,896	446,628	Federal
-	43,934	705,289	State
-	-	55,661	Other
-	38,930	383,497	Charges for services
1,058	31,254	146,800	Other revenue
3,230	305,661	2,254,499	Total revenues
			EXPENDITURES:
			Current
22,714	64,557	250,568	General government
-	4,365	1,039,822	Public protection
-	92,014	111,088	Public ways and facilities
-	13,558	339,444	Health and sanitation
-	17,452	652,069	Public assistance
-	9,468	9,889	Education
-	11,250	20,058	Recreation and culture
			Debt service:
-	18,044	34,452	Principal
-	26,728	46,439	Interest
3,020	3,315	9,283	Cost of issuance
-	2,430	9,680	Capital outlay
25,734	263,181	2,522,792	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
(22,504)	42,480	(268,293)	
			OTHER FINANCING SOURCES (USES):
33,571	94,939	203,411	Transfers in
(19,648)	(140,625)	(229,835)	Transfers out
99,008	119,151	618,159	Bond proceeds
-	52,371	52,371	Issuance of refunding bonds
2,728	2,099	4,827	Premium on long-term debt
-	(53,338)	(53,338)	Redemption of refunded bonds
35	-	35	Proceeds from the sale of capital assets
-	-	6,616	Capital leases (Note 13)
115,694	74,597	602,246	Total other financing sources (uses)
93,190	117,077	333,953	NET CHANGE IN FUND BALANCES
43,972	203,631	776,215	Fund balances, beginning of year, as previously reported
-	(9,795)	(9,795)	Adjustments to beginning fund balances (Note 4)
43,972	193,836	766,420	Fund balances, beginning of year, as restated
\$ 137,162	\$ 310,913	\$ 1,100,373	FUND BALANCES, END OF YEAR

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



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COUNTY OF RIVERSIDE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 33)		\$ 333,953
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay and other capital projects as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	\$ 110,367	
Less loss on sale of capital assets	(18,536)	
Donation of capital assets	29,409	
Retirements of non-depreciable assets	179	
Less current year depreciation	<u>(33,634)</u>	87,785
Prepaid pension costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net assets.		396,874
Bond issuance costs are expended in the governmental funds when paid but are capitalized and amortized in the statement of net assets. This is the net amount of capitalized bond issuance cost.		9,283
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Proceeds in excess of principal payments		(602,340)
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue must be recognized as soon as earned, regardless of its availability. Also, any liability of earned but unavailable deferred revenue must be eliminated in the government-wide financial statements.		(1,789)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest	(1,747)	
Change in accreted interest	293	
Change in long-term compensated absences	<u>10,943</u>	9,489
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income (loss) of the internal service funds is reported with governmental activities.		<u>16,409</u>
Change in net assets of governmental activities (page 25)		<u><u>\$ 249,664</u></u>

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

COUNTY OF RIVERSIDE
 Budgetary Comparison Statement
 General Fund
 For the Fiscal Year Ended June 30, 2005
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 160,137	\$ 205,137	\$ 219,420	\$ 14,283
Licenses, permits and fees	23,908	23,863	22,157	(1,706)
Fines, forfeitures and penalties	46,194	47,198	70,023	22,825
Use of money and property:				
Interest	14,002	19,102	21,126	2,024
Rents and concessions	1,148	1,707	4,253	2,546
Aid from other governmental agencies:				
Federal	384,460	402,148	395,655	(6,493)
State	683,942	704,290	660,761	(43,529)
Other	-	55,665	55,661	(4)
Charges for current services	336,315	292,051	293,581	1,530
Other revenue	243,954	236,868	82,334	(154,534)
Total revenues	<u>1,894,060</u>	<u>1,988,029</u>	<u>1,824,971</u>	<u>(163,058)</u>
EXPENDITURES:				
General government				
Salaries and employee benefits	77,435	77,464	74,494	(2,970)
Services and supplies	76,261	81,505	78,323	(3,182)
Other charges	48,864	11,259	11,259	-
Capital assets	686	728	169	(559)
Intrafund transfers	(67,729)	(65,264)	(58,253)	7,011
Appropriation for contingencies	16,485	21,411	-	(21,411)
Total general government	<u>152,002</u>	<u>127,103</u>	<u>105,992</u>	<u>(21,111)</u>
Public protection:				
Salaries and employee benefits	482,279	486,832	476,909	(9,923)
Services and supplies	232,425	243,836	229,160	(14,676)
Other charges	44,477	39,313	39,313	-
Capital assets	4,296	11,267	9,091	(2,176)
Intrafund transfers	(11,230)	(12,377)	(11,923)	454
Total public protection	<u>752,247</u>	<u>768,871</u>	<u>742,550</u>	<u>(26,321)</u>
Health and sanitation:				
Salaries and employee benefits	160,673	156,826	141,684	(15,142)
Services and supplies	87,410	92,577	87,192	(5,385)
Other charges	259,133	289,861	154,942	(134,919)
Capital assets	47	779	213	(566)
Intrafund transfers	(114,340)	(113,839)	(104,559)	9,280
Total health and sanitation	<u>392,923</u>	<u>426,204</u>	<u>279,472</u>	<u>(146,732)</u>
Public assistance:				
Salaries and employee benefits	178,232	177,742	170,696	(7,046)
Services and supplies	68,895	68,393	51,675	(16,718)
Other charges	346,371	382,850	361,834	(21,016)
Capital assets	100	300	197	(103)
Intrafund transfers	(18,076)	(18,076)	(14,990)	3,086
Total public assistance	<u>\$ 575,522</u>	<u>\$ 611,209</u>	<u>\$ 569,412</u>	<u>\$ (41,797)</u>

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

COUNTY OF RIVERSIDE
 Budgetary Comparison Statement
 General Fund
 For the Fiscal Year Ended June 30, 2005
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Education:				
Salaries and employee benefits	\$ 179	\$ 185	\$ 177	\$ (8)
Services and supplies	142	163	155	(8)
Total education	<u>321</u>	<u>348</u>	<u>332</u>	<u>(16)</u>
Public ways and facilities:				
Services & supplies	3,254	3,069	2,803	(266)
Other Charges	426	691	523	(168)
Capital Assets	480	380	-	(380)
Residual Equity Transfers	111	156	104	(52)
Total public ways and facilities	<u>4,271</u>	<u>4,296</u>	<u>3,430</u>	<u>(866)</u>
Recreation and culture:				
Salaries and employee benefits	67	64	62	(2)
Services and supplies	92	115	113	(2)
Other charges	31	1	-	(1)
Total recreation and culture	<u>190</u>	<u>180</u>	<u>175</u>	<u>(5)</u>
Debt service:				
Principal	49,771	41,850	16,408	(25,442)
Interest	11,545	19,711	19,711	-
Capital outlay	-	-	6,616	6,616
Total debt service	<u>61,316</u>	<u>61,561</u>	<u>42,735</u>	<u>(18,826)</u>
Total expenditures	<u>1,938,792</u>	<u>1,999,772</u>	<u>1,744,098</u>	<u>(255,674)</u>
Excess (deficiency) of revenues over (under) expenditures	(44,732)	(11,743)	80,873	92,616
OTHER FINANCING SOURCES (USES):				
Transfers in	-	69,014	69,014	-
Transfers out	-	(53,102)	(53,102)	-
Capital leases	-	-	6,616	6,616
Total other financing sources (uses)	<u>-</u>	<u>15,912</u>	<u>22,528</u>	<u>6,616</u>
NET CHANGE IN FUND BALANCE	(44,732)	4,169	103,401	99,232
Fund balance, beginning of year, as previously reported	218,578	218,578	249,053	30,475
Adjustment to beginning fund balance	-	-	-	-
Fund balance, beginning of year, as restated	<u>218,578</u>	<u>218,578</u>	<u>249,053</u>	<u>30,475</u>
FUND BALANCE, END OF YEAR	<u>\$ 173,846</u>	<u>\$ 222,747</u>	<u>\$ 352,454</u>	<u>\$ 129,707</u>

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



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COUNTY OF RIVERSIDE
Budgetary Comparison Statement
Flood Control Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 27,573	\$ 27,573	\$ 30,625	\$ 3,052
Use of money and property:				
Rents and concessions	-	-	95	95
Interest	773	773	2,701	1,928
Aid from other governmental agencies:				
Federal	-	-	77	77
State	450	450	594	144
Charges for services	10,652	13,430	13,470	40
Other revenue	13,370	13,541	13,010	(531)
Total revenues	52,818	55,767	60,572	4,805
EXPENDITURES:				
Current:				
Public protection	104,420	107,556	61,857	(45,699)
Capital outlay	-	-	634	634
Total expenditures	104,420	107,556	62,491	(45,065)
Excess (deficiency) of revenues over (under) expenditures	(51,602)	(51,789)	(1,919)	49,870
OTHER FINANCING SOURCES (USES):				
Transfers in	-	35	35	-
Transfers out	-	(683)	(683)	-
Total other financing sources (uses)	-	(648)	(648)	-
NET CHANGE IN FUND BALANCE	(51,602)	(52,437)	(2,567)	49,870
Fund balance, beginning of year	123,270	123,270	126,533	3,263
FUND BALANCE, END OF YEAR	\$ 71,668	\$ 70,833	\$ 123,966	\$ 53,133

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

COUNTY OF RIVERSIDE
Statement of Net Assets
Proprietary Funds
June 30, 2005
(Dollars in Thousands)

	Business-type Activities --Enterprise Funds				Governmental
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
ASSETS:					
Current assets:					
Cash and investments (Note 5)	\$ 18,385	\$ 37,689	\$ 9,675	\$ 65,749	\$ 151,215
Accounts receivable - net (Notes 1 and 7)	45,533	5,473	1,464	52,470	2,019
Interest receivable (Note 7)	-	461	18	479	455
Taxes receivable (Note 7)	-	-	12	12	-
Due from other governments (Note 7)	10,135	240	80	10,455	-
Advances to other funds (Note 8)	-	-	-	-	400
Inventories	5,316	303	-	5,619	2,130
Pension asset, net	-	4,120	-	4,120	-
Due from other funds (Note 8)	-	105	-	105	-
Restricted cash and investments (Notes 5 and 6)	29,129	74,886	2,863	106,878	-
Prepaid items and deposits	3,249	-	33	3,282	111
Total current assets	<u>111,747</u>	<u>123,277</u>	<u>14,145</u>	<u>249,169</u>	<u>156,330</u>
Noncurrent assets:					
Capital assets (Note 9):					
Depreciable assets	155,735	41,235	9,860	206,830	37,926
Nondepreciable assets	14,512	15,873	5,175	35,560	642
Bond issuance costs	2,605	-	-	2,605	-
Total noncurrent assets	<u>172,852</u>	<u>57,108</u>	<u>15,035</u>	<u>244,995</u>	<u>38,568</u>
Total assets	<u>284,599</u>	<u>180,385</u>	<u>29,180</u>	<u>494,164</u>	<u>194,898</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	8,918	3,864	248	13,030	5,023
Salaries and benefits payable	7,775	902	112	8,789	3,409
Due to other funds (Note 8)	249	-	-	249	4,605
Due to other governments	-	-	1,765	1,765	10
Interest payable	765	-	11	776	-
Deposits payable	-	261	48	309	-
Other liabilities	312	425	3,569	4,306	1,886
Accrued closure and post-closure costs (Notes 10 and 13)	-	4,262	-	4,262	-
Accrued remediation costs (Note 21)	-	1,218	-	1,218	-
Compensated absences (Notes 1 and 13)	6,513	773	29	7,315	2,569
Capital lease obligations (Note 13)	3,119	-	-	3,119	6,420
Bonds payable (Note 13)	10,090	-	85	10,175	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	38,187
Total current liabilities	<u>37,741</u>	<u>11,705</u>	<u>5,867</u>	<u>55,313</u>	<u>62,109</u>
Noncurrent portion of long-term liabilities:					
Compensated absences (Note 13)	4,151	1,642	810	6,603	2,506
Advances from other funds (Note 8)	-	-	-	-	400
Accrued closure and post closure care costs (Note 10)	-	35,168	-	35,168	-
Accrued remediation costs (Note 21)	-	16,344	-	16,344	-
Capital lease obligations (Notes 1 and 13)	10,432	-	-	10,432	7,607
Bonds payable (Note 13)	189,468	-	912	190,380	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	88,556
Other long-term liabilities (Note 13)	25,983	-	616	26,599	1,500
Total noncurrent liabilities	<u>230,034</u>	<u>53,154</u>	<u>2,338</u>	<u>285,526</u>	<u>100,569</u>
Total liabilities	<u>267,775</u>	<u>64,859</u>	<u>8,205</u>	<u>340,839</u>	<u>162,678</u>
NET ASSETS:					
Invested in capital assets, net of related debt	(42,560)	57,108	15,035	29,583	24,541
Restricted	23,081	22,061	220	45,362	-
Unrestricted	36,303	36,357	5,720	78,380	7,679
Total net assets	<u>\$ 16,824</u>	<u>\$ 115,526</u>	<u>\$ 20,975</u>	<u>153,325</u>	<u>\$ 32,220</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				(10,878)	
Net assets of business-type activities				<u>\$ 142,447</u>	

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

COUNTY OF RIVERSIDE
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Business-type Activities --Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
OPERATING REVENUES:					
Net patient revenue (Notes 1 and 16)	\$ 349,190	\$ -	\$ -	\$ 349,190	\$ -
Charges for services	-	60,261	65,084	125,345	148,469
Other revenue	5,320	-	600	5,920	20,668
Total operating revenues	<u>354,510</u>	<u>60,261</u>	<u>65,684</u>	<u>480,455</u>	<u>169,137</u>
OPERATING EXPENSES:					
Cost of materials used	-	-	-	-	1,260
Personnel services	125,835	14,803	9,344	149,982	52,371
Communications	-	237	4	241	4,296
Insurance	4,249	192	4	4,445	5,958
Maintenance of building and equipment	-	2,780	1,886	4,666	8,228
Insurance claims	-	-	-	-	53,262
Supplies	50,295	2,732	6	53,033	22,317
Purchased services	44,646	25,468	2,387	72,501	14,404
Depreciation and amortization	6,648	4,089	1,419	12,156	16,012
Rents and leases of equipment	-	108	276	384	2,338
Public assistance	-	-	49,815	49,815	4
Utilities	4,193	-	523	4,716	171
Closure and post-closure care costs	-	2,527	-	2,527	-
Remediation costs (recovery)	-	2,275	-	2,275	-
Other	142,541	-	1,166	143,707	3,023
Total operating expenses	<u>378,407</u>	<u>55,211</u>	<u>66,830</u>	<u>500,448</u>	<u>183,644</u>
Operating income (loss)	<u>(23,897)</u>	<u>5,050</u>	<u>(1,146)</u>	<u>(19,993)</u>	<u>(14,507)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	1,528	2,427	279	4,234	2,283
Interest expense	(13,804)	-	(254)	(14,058)	(531)
Gain on disposal of capital assets	-	283	63	346	317
Other nonoperating revenues / (expenses)	37,766	-	-	37,766	40
Total nonoperating revenues (expenses)	<u>25,490</u>	<u>2,710</u>	<u>88</u>	<u>28,288</u>	<u>2,109</u>
Income (loss) before capital contributions, and transfers	1,593	7,760	(1,058)	8,295	(12,398)
Capital contributions	-	-	-	-	30,852
Transfers in	31,000	-	-	31,000	2,694
Transfers out	-	-	-	-	(7,270)
CHANGE IN NET ASSETS	<u>32,593</u>	<u>7,760</u>	<u>(1,058)</u>	<u>39,295</u>	<u>13,878</u>
Net assets, beginning of the year, as previously reported	(21,517)	107,766	22,033	-	18,342
Adjustments to beginning net assets (Note 4)	5,748	-	-	-	-
Net assets, beginning of the year, as restated	<u>(15,769)</u>	<u>107,766</u>	<u>22,033</u>	<u>-</u>	<u>18,342</u>
NET ASSETS, END OF YEAR	<u>\$ 16,824</u>	<u>\$ 115,526</u>	<u>\$ 20,975</u>	<u>\$ -</u>	<u>\$ 32,220</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>(2,532)</u>	
Change in net assets of business-type activities				<u>\$ 36,763</u>	

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

COUNTY OF RIVERSIDE
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ending June 30, 2005
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional	Waste	Other	Total	Internal
	Medical Center	Management			Service
Cash flows from operating activities					
Cash receipts from customers / other funds	\$ 356,241	\$ 59,409	\$ 65,732	\$ 481,382	\$ 168,643
Cash paid to suppliers for goods and services	(249,207)	(32,353)	(53,894)	(335,454)	(105,579)
Cash paid to employees for services	(124,811)	(14,513)	(9,664)	(148,988)	(52,431)
Net cash provided by (used in) operating activities	(17,777)	12,543	2,174	(3,060)	10,633
Cash flows from noncapital financing activities					
Pension assets, net	-	(4,120)	-	(4,120)	-
Advances from (to) other funds	32,120	-	-	32,120	40
Transfers received	31,000	-	-	31,000	2,694
Transfers paid	-	-	-	-	(7,270)
Net cash provided by (used in) noncapital financing activities	63,120	(4,120)	-	59,000	(4,536)
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	283	63	346	317
Acquisition and construction of capital assets	(7,840)	(9,362)	(563)	(17,765)	(11,171)
Principal paid on capital leases	9,485	-	-	9,485	(4,331)
Capital Contributions	-	-	-	-	30,852
Principal paid on certificates of participation	(2,040)	-	-	(2,040)	-
Principal paid on bonds payable	(9,020)	-	(983)	(10,003)	-
Interest paid on long-term debt	(14,339)	-	(254)	(14,593)	(531)
Net cash provided by (used in) capital and related financing activities	(23,754)	(9,079)	(1,737)	(34,570)	15,136
Cash flows from investing activities					
Interest received on investments	1,529	2,256	265	4,050	2,089
Net cash provided by investing activities	1,529	2,256	265	4,050	2,089
Net increase in cash and cash equivalents	23,118	1,600	702	25,420	23,322
Cash and cash equivalents, beginning of year	24,396	110,975	11,836	147,207	127,893
Cash and cash equivalents, end of year	<u>\$ 47,514</u>	<u>\$ 112,575</u>	<u>\$ 12,538</u>	<u>\$ 172,627</u>	<u>\$ 151,215</u>

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

COUNTY OF RIVERSIDE
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ending June 30, 2005
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional	Waste	Other	Total	Internal
	Medical Center	Management			Service
Reconciliation of operating income to net cash provided					
Operating income (loss)	\$ (23,897)	\$ 5,050	\$ (1,146)	\$ (19,993)	\$ (14,507)
Adjustments to reconcile operating income to net cash					
Depreciation and amortization	6,648	4,089	1,419	12,156	16,012
Decrease (Increase) accounts receivable	2,205	(918)	(924)	363	(495)
Decrease (Increase) taxes receivable	-	-	-	-	-
Decrease (Increase) bond issuance cost	463	-	972	1,435	-
Decrease (Increase) due from other funds	925	105	23	1,053	1
Decrease (Increase) due from other governments	(1,862)	(39)	(23)	(1,924)	-
Decrease (Increase) inventories	(910)	(303)	-	(1,213)	(586)
Decrease (Increase) prepaid items and deposits	(1,706)	290	-	(1,416)	(3)
Increase (Decrease) accounts payable	(4,866)	142	(30)	(4,754)	(1,130)
Increase (Decrease) due to other funds	71	-	(23)	48	4,415
Increase (Decrease) due to other governments	-	-	1,009	1,009	1
Increase (Decrease) deposits payable	-	31	1	32	-
Increase (Decrease) accrued closure costs	-	2,254	-	2,254	-
Increase (Decrease) accrued remediation costs	-	1,647	-	1,647	-
Increase (Decrease) other liabilities	4,128	(95)	1,216	5,249	(2,500)
Increase (Decrease) estimated claims liability	-	-	-	-	9,485
Increase (Decrease) salaries and benefits payable	813	81	(326)	568	261
Increase (Decrease) compensated absences	211	209	6	426	(321)
Net cash provided by (used in) operating activities	<u>\$ (17,777)</u>	<u>\$ 12,543</u>	<u>\$ 2,174</u>	<u>\$ (3,060)</u>	<u>\$ 10,633</u>
Supplemental disclosure of noncash investing, capital, and financing activities	<u>\$ 11,733</u>			<u>\$ 11,733</u>	<u>\$ 7,075</u>

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

COUNTY OF RIVERSIDE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 5)	\$ -	\$ -	\$ 14,864	\$ 303,902
Federal Agency	5,420	1,138,826	-	-
Cash and Equivalent & MMF	853	179,258	-	-
Commercial Paper	1,330	279,375	-	-
Negotiable CD's	540	113,512	-	-
Medium Term Notes	81	17,097	-	-
Municipal Bonds	106	22,209	-	-
Certificates of Deposit	54	11,281	-	-
Local Agency Obligation	5	1,058	-	-
Accounts receivable	91	-	2	503
Interest receivable	18	7,142	33	152
Taxes receivable	-	2	-	40,807
Due from other governments	-	7,001	-	15,118
Total assets	<u>8,498</u>	<u>1,776,761</u>	<u>14,899</u>	<u>360,482</u>
LIABILITIES:				
Accounts payable	-	-	7,548	153,138
Salaries and benefits payable	-	-	-	7
Due to other governments	-	-	24	206,830
Advance from other funds	-	-	-	507
Total liabilities	<u>-</u>	<u>-</u>	<u>7,572</u>	<u>\$ 360,482</u>
NET ASSETS:				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 8,498</u>	<u>\$ 1,776,761</u>	<u>\$ 7,327</u>	

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

COUNTY OF RIVERSIDE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
ADDITIONS:			
Employer contributions	\$ 616	\$ -	\$ -
Employee contributions	1,030	-	-
Contributions to pooled investments	-	15,797,473	-
Contributions to Private-Purpose Trust	-	-	3,422
Investment income	140	6,946	183
Total additions	<u>1,786</u>	<u>15,804,419</u>	<u>3,605</u>
DEDUCTIONS:			
Distribution from Pension Trust	388		
Distributions from pooled investments	-	15,620,383	-
Distributions from Private-Purpose Trust	-	-	5,048
Administrative and other expenses	408	-	-
Total deductions	<u>796</u>	<u>15,620,383</u>	<u>5,048</u>
Change in net assets	990	184,036	(1,442)
Net Assets Held in Trust, beginning of the year	<u>7,508</u>	<u>1,592,725</u>	<u>8,769</u>
Net Assets Held in Trust, end of the year	<u>\$ 8,498</u>	<u>\$ 1,776,761</u>	<u>\$ 7,327</u>

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



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BASIC FINANCIAL STATEMENTS – NOTES TO THE BASIC FINANCIAL STATEMENTS



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Palm Desert, CA
Artist: Michael Anderson

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COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Riverside (the County) is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through a five member Board of Supervisors (the Board), which, as the governing body of the County, is responsible for the legislative and executive control of the County. Services provided by the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component units, entities for which the County 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 is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary 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 Authority) The governing body of the Housing Authority is the County's governing body. Among its duties, it approves the Housing Authority's budget, determines the rates and charges for the use of facilities and appoints the management. The Housing Authority is reported as a proprietary fund type.

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

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

County of Riverside Redevelopment Agency (RDA) The governing body of the RDA is the County's governing body. Among its duties, it approves the RDA's budget and appoints the management. The 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 through the purchase or construction of land and/or facilities, which are then leased back 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 (Public Financing Authority) The governing body of the Public Financing Authority is the County's governing body. The Public Financing Authority was formed for the purpose of assisting in financing public improvements of the County, the RDA and other local agencies. The Public Financing Authority is reported as a governmental fund type.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

In-home Supportive Services Public Authority (IHSS PA) The governing body of the IHSS PA is the County's governing body. The IHSS PA acts as the employer for Riverside In-home Supportive Services providers and performs other IHSS functions as required and retained by the County. The In-home Supportive Services Public Authority is reported as governmental fund type.

Discretely Presented Component Unit

Riverside County Children and Families Commission (Commission) A governing board of nine members, which are appointed by the County Board of Supervisors and can be removed at will, administers the Commission. The membership includes one member of the County Board of Supervisors. The Commission was formed to develop, adopt, promote and implement early childhood development programs, which do not directly benefit the County.

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.

Presentation of financial information related to County fiduciary responsibilities.

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

Implementation of Governmental Accounting Standards Board Statements and Standards

Governmental Accounting Standards Board Statement No. 42

In November of 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement is effective for periods beginning after December 15, 2004. This statement requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. Users of financial statements will better understand when impairments have occurred and what their financial impact is on the government. This Statement also enhances comparability of financial statements between governments by requiring all governments to account for insurance recoveries in the same manner. As of June 30, 2005, the County as a reporting entity has not encountered any asset impairment.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Accounting Standards Board Statement No. 44

In June of 2004, GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This statement is effective for periods beginning after June 15, 2005. This statement updates the statistical section schedules to include requirements for governments to report the broad array of debt they now issue in addition to general obligation bonds that were previously reported. The Statement also replaces prior standards with clearer guidelines that can be implemented by any type of governmental entity. The *Statistical Section* of this report is updated to comply with GASB Statement No. 44.

Governmental Accounting Standards Board Statement No. 46

In December of 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*. GASB Statement No. 34 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. Some governments have had difficulty interpreting the requirement that those restrictions be “legally enforceable.” GASB Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation (see note 14). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2005. As of June 30, 2005, Riverside County is in compliance with GASB Statement No. 46.

Future Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No. 43

In April of 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement is effective for periods beginning after December 15, 2005. This Statement establishes uniform financial reporting standards for other nonpension benefits (OPEB) plans and supersedes the interim guidance included in Statement No. 26. The standards in this Statement apply for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or other third parties, that administer them. This Statement also provides requirements for reporting of OPEB funds by administrators of multiple-employer OPEB plans, when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. The County has elected not to early implement GASB No. 43 and has not determined its effect on the County’s financial statements.

Governmental Accounting Standards Board Statement No. 45

In August of 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after December 15, 2006. The statement generally requires that state and local governmental employers account for and report the annual cost of other nonpension benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. The statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. The County has elected not to early implement GASB No. 45 and has not determined its effect on the County’s financial statements.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Accounting Standards Board Statement No. 47

In June of 2005, GASB issued Statement No. 47, Accounting for Termination Benefits. This statement is effective for periods beginning after June 15, 2005. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (for example, early-retirement incentives) when the offer is accepted and the amount can be estimated. A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources. The County has elected not to early implement GASB No. 47 and has not determined its effect on the County's financial statements.

Basis of Presentation

Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Expenses by function have been adjusted for any internal service profit/loss existing at fiscal year-end. In addition, 31%, or \$9.3 million, of the County's \$30.1 million indirect costs, allocated through the Countywide Cost Allocation Program (COWCAP), have been included in the expenses of those functions which can obtain reimbursement through State and Federal Programs or other charges. Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

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

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major governmental funds:

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

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

The *Pension Obligation Bonds fund (Pension Obligation)* is used to account for Series 2005A bonds that were issued to satisfy a portion of Riverside County's unfunded accrued actuarial liability for the California Public Employees' Retirement System (CALPERS).

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

The *Redevelopment Agency Capital Project fund* accounts for tax increment revenue used to pay principal and interest for Redevelopment Agency tax allocation bonds. These bonds are legal obligations of the Redevelopment Agency and were issued to finance construction of infrastructure and public facilities with various project areas.

The County reports the following major enterprise funds:

The *Regional Medical Center ("RMC")* accounts for the maintenance of physical plant facilities and quality care to all patients in accordance with accreditation standards, the bylaws, rules and regulations of the medical staff and the RMC. Revenue for this fund is primarily from charges for services and secondarily from the County's General Fund.

The *Waste Management Department ("Waste Management")* accounts for solid waste revenues earned, expenses incurred, and the allocation of net income for solid waste projects initiated for the public's benefit. The fund facilitates management and accounting of solid waste projects. This operation prepares and maintains the County's Solid Waste Management Plan, provides environmental monitoring in accordance with State and Federal mandates, and administers landfill closure and acquisition.

The County reports the following additional fund types:

Internal Service Funds account for the County's fleet services, information services, printing services, supply services, OASIS project (accounting and human resources information system), risk management, temporary assistance pool, and flood control equipment on a cost-reimbursement basis. Internal Service Funds are presented in summary form as part of the proprietary fund financial statements. In the government-wide financial statements, the changes in net assets at the end of the fiscal year, as presented in the statements of activities, were allocated to the user functions of both the governmental and business-type activities, to reflect the entire activity for the year. Since the predominant users of the internal services are the County's governmental activities, the asset and liability balances of the internal service funds are consolidated into the governmental activities column at the government-wide level.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Private Purpose Trust Fund accounts for resources held and administered by the County in a fiduciary capacity for individuals, private organizations, or other governments based on trust arrangements. The fund includes the public guardian conservatorship, public social service foster care, and maintenance and children's trust. The County's private purpose trust fund uses the economic resources measurement focus and accrual basis of accounting.

Agency Funds account for assets held by the County in a custodial capacity. These funds only involve the receipt, temporary investment, and remittance to individuals, private organizations, or other governments and include property taxes and special assessments collected on behalf of cities, special districts, and other taxing agencies. The County's agency funds use the economic resources measurement focus.

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

Governmental fund type financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues and other governmental fund type financial resources (e.g. bond issuance proceeds) are recognized when they become both measurable and available.

Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property and sales taxes are considered available for the year levied and are accrued when received within sixty days after fiscal year-end. Revenue received from expenditure driven (cost-reimbursement) grants, contracts, and other non-exchange transactions, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transaction*, are considered available and accrued if expected to be received within twelve months after fiscal year-end. Since revenue from these sources are not available to meet current period liabilities, these sources are financed through proceeds received from Tax and Revenue Anticipation Notes (TRANs) which are outstanding for a twelve month period. General capital assets acquisitions are reported as expenditures in governmental fund statements. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For business-type activities reported on the government-wide financial statements and proprietary fund financial statements, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

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

Investments, including U.S. Treasury and Agency securities, are carried at fair value based on current 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, 2005, 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.

The fair value of a participants' position in the pool is not the same as the value of the pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost plus accrued interest, 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, 2005 to support the valuation.

State law requires that the County Treasurer hold all operating monies of the County, school districts and certain special districts. Collectively, these mandatory deposits constituted approximately 85.3% of the funds on deposit in the County Treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 14.7% of the total funds on deposit in the County Treasury represented discretionary deposits.

In December 1994, the Board of Supervisors created an Investment 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 Investment Oversight Committee has reviewed and approved investment policies for funds held outside the County Treasury.

Receivables

The Regional Medical Center accounts receivable are reported at their gross value and, where appropriate, are reduced by contractual allowances and the estimated uncollectible amounts. The estimated allowance for uncollectibles and allowance for contractals are \$159.7 million and \$406.0 million respectively. The Regional Medical Center has contracted with a Medi-Cal managed care plan to provide services to patients enrolled with Medicare and Medi-Cal programs. The Regional Medical Center receives a fixed monthly premium payment for each patient enrolled. Revenue under this agreement is recognized in the period in which the Regional Medical Center is required to provide services.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

All jurisdictions within California derive their taxing authority from the 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 fiscal year 2004-05 gross assessed valuation of the County was \$147.6 billion.

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.

Property taxes are levied on both real and personal property and are recorded as receivables at the date of levy. Secured property taxes are levied on or before the first business day of September of each year. These taxes become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. Tax payments can be made in two equal installments; the first is due November 1 and are delinquent with penalties after December 10; the second is due February 1 and are delinquent with penalties after April 10. Secured property taxes that are delinquent and unpaid as of June 30th 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 January 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 may flow to the County General Fund. For fiscal year 2004-05, \$15 million was transferred from the TLRF to the General Fund.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items and Inventories

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

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

In fiscal year 2004-05, the County of Riverside issued \$400 million of taxable pension obligation bonds to prepay \$396.8 million of future obligations to the California Public Employee’s Retirement System (“PERS” or the System) under the PERS contract. See Note 13 for additional information.

Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, traffic signals, park trails and improvements, flood control channels, storm drains, dams, and basins. The capitalization threshold for equipment is \$5,000. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Infrastructure	
Flood channels	99 years
Flood storm drains	65 years
Flood dams and basins	99 years
Roads	20 years
Traffic signals	10 years
Parks trails and improvements	20 years
Bridges	50 years
Buildings	25-50 years
Improvements	10-20 years
Equipment	3-20 years

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

Interest is capitalized on construction in progress in the proprietary funds in accordance with Statement of Financial Accounting Standards No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. Accordingly, interest capitalized is the total interest cost from the date of the borrowing net of any allowable interest carried on temporary investments of the proceeds of those borrowings until the specified asset is ready for its intended use. The Riverside County Regional Medical Center capitalizes net interest expense as a cost of property constructed. The Medical Center capitalized \$303,000 for the year ended June 30, 2005.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pursuant to GASB Statement No. 34, an extended period of deferral until the end of fiscal year 2006, is available before the requirement is effective to record and depreciate infrastructure assets acquired prior to July 1, 2001. As a result, the retroactive historical value of the County's transportation infrastructure assets (roads, bridges, and traffic signals that were completed prior to July 1, 2001) has not been included in the government-wide financial statements, but will be included by June 30, 2006. The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. All current year additions to infrastructure assets are depreciated.

Leases

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

Restricted Assets

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

Land Held for Resale

These assets, held by the County's RDA, are invested in various programs and are intended primarily for development and subsequent resale. These assets had a fair value of \$16.9 million at June 30, 2005.

Employee Compensated Absences

County policy permits employees in some bargaining units to accumulate earned but unused vacation, holiday and sick pay benefits. Vacation and holiday pay are accrued when incurred. For other bargaining units, annual leave is earned and accrued, but not vacation or sick leave. Proprietary funds report accrued vacation and holiday pay as a liability of the individual fund while governmental funds record amounts that are due and payable at year-end as a liability of the fund and amounts due in the future as a liability in the government-wide financial statements. At June 30, 2005, the amount of accrued vacation, holiday pay and sick leave reported in the government-wide statement of net assets was \$125.9 million.

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 fifty (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 / Unearned Revenue

Deferred Revenue arises when a potential revenue transaction does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received before the County has a legal claim to them, such as grants received in advance of incurring qualified expenditures. Unearned Revenue is used for government-wide presentation only.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

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

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

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

Bond Issuance Costs

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Landfill Closure and Post-Closure Care Costs

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

Waste Management, under State and Federal regulations, may be required to perform corrective action for contaminate releases at any of its active or inactive landfills. Waste Management 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 Management provides for these costs based on the most recent cost study information available.

Interfund Transactions

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

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The government-wide financial statements and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted net assets, or unrestricted net assets.

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

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or legislation.

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not appropriable or legally restricted for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

On or before October 2 of each fiscal year, after conducting public hearings concerning the proposed budget, the County Board of Supervisors (the Board) adopts a budget in accordance with the provisions of Section 29000-29144 and 30200 of the Government Code of the State of California (the Government Code), commonly known as the County Budget Act, and Board Resolution No. 90-338. Annual budgets are adopted on the modified accrual basis of accounting in conformity with generally accepted accounting principles. Budgeted governmental funds consist of the General Fund, major funds and some non-major funds (all Special Revenue funds, certain Debt Service Funds and certain Capital Project Funds). Annual budgets are not adopted for CORAL, Desert Facilities, District Corporation, Bankruptcy Court (included in the Debt Service Funds), CORAL, and District Court Financing Corporation (included in the Capital Projects Funds).

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, Capital Assets, Transfers Out and Intrafund Transfers. The separately prepared Expenditure by Appropriation – Budget and Actual report, showing budgetary comparisons at the object level of control, is available in the Auditor-Controller’s Office.

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

Budgetary comparison statements are prepared only for the General Fund and any major special revenue funds (Flood Control) for which the County legally adopts annual budgets, and are part of the basic financial statements. The budgetary comparison statements provide three separate types of information: (1) the original budget; (2) the final amended budget, which included legally authorized changes regardless of when they occurred; and (3) the actual amount of inflows and outflows in the budget-to-actual comparison.

Excess of Expenditures Over Appropriations

General Fund capital outlay expenditures of \$6.6 million related to capital leases were unbudgeted. These expenditures were funded by the related “other financing sources”.

Deficit Net Assets

The following funds had deficit net assets at June 30, 2005 (in thousands):

	Deficit Net Assets
Internal Service Fund:	
Risk Management	\$ 8,696,000

Risk Management had deficit net assets of \$8.7 million at June 30, 2005. This is a decrease of \$11.1 million over fiscal year 2003-04. The decrease in deficit net assets for Risk Management primarily resulted from an increase in operating revenues of 65.4%, or \$21.4 million, from July 1, 2004 to June 30, 2005.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the statement of net assets are different from those reported for governmental funds in the balance sheet. The following provides a reconciliation of those differences (in thousands):

	Total Governmental Funds (Page 29)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 23)
Assets:					
Cash and investments	\$ 840,487	\$ -	\$151,215	\$ -	\$ 991,702
Receivables:					
Accounts receivable	41,421	-	2,019	-	43,440
Interest	12,770	-	455	-	13,225
Taxes	54,343	-	-	-	54,343
Due from other governments	207,355	(45,670)	-	-	161,685
Notes receivable	13,450	-	-	-	13,450
Inventories	3,874	-	2,130	-	6,004
Due from other funds	13,963	-	-	(13,963)	-
Prepaid Items	832	-	111	-	943
Internal balances	-	-	-	11,023	11,023
Pension asset, net	-	396,874	-	-	396,874
Restricted cash and investments	552,023	-	-	-	552,023
Other noncurrent receivables	-	45,670	-	-	45,670
Advances to other funds	40	-	400	(440)	-
Land held for resale	16,944	-	-	-	16,944
Capital assets:					
Nondepreciable	-	428,461	642	-	429,103
Depreciable, net	-	937,673	37,926	-	975,599
Bond issuance costs	-	9,675	-	-	9,675
Total assets	<u>\$ 1,757,502</u>	<u>\$ 1,772,683</u>	<u>\$194,898</u>	<u>\$ (3,380)</u>	<u>\$ 3,721,703</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

	Total Governmental Funds (Page 29)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 23)
Liabilities:					
Accounts payable	\$ 109,052	\$ -	\$ 5,023	\$ -	\$ 114,075
Salaries and benefits payable	57,748	-	3,409	-	61,157
Due to other funds	9,214	-	4,605	(13,819)	-
Due to other governments	69,218	-	10	-	69,228
Interest payable	-	-	-	-	-
Accrued interest payable	-	9,613	-	-	9,613
Deposits payable	126	-	-	-	126
Deferred revenue / Unearned revenue	159,583	-	-	(81,479)	78,104
Notes payable	244,226	-	-	-	244,226
Matured bonds and interest payable	7,922	-	-	-	7,922
Other Liabilities	-	-	1,886	-	1,886
Long-term liabilities due within one year					
Bonds payable	-	5,295	-	-	5,295
Capital lease obligations	-	9,068	6,420	-	15,488
Certificates of participation	-	13,346	-	-	13,346
Loans payable	-	2,131	-	-	2,131
Notes payable	-	325	-	-	325
Compensated absences	-	63,658	2,569	-	66,227
Estimated claims liability	-	-	38,187	-	38,187
Advance from other funds	40	-	400	(440)	-
Long-term liabilities due in more than one year					
Bonds payable	-	672,733	-	-	672,733
Capital lease obligations	-	52,750	7,607	-	60,357
Certificates of participation	-	312,226	-	-	312,226
Loans payable	-	147,888	-	-	147,888
Accreted interest payable	-	1,231	-	-	1,231
Compensated absences	-	43,250	2,506	-	45,756
Estimated claims liability	-	-	88,556	-	88,556
Other long term liabilities	-	-	1,500	-	1,500
Total liabilities	657,129	1,333,514	162,678	(95,738)	2,057,583
Fund balances/net assets:					
Total fund balances/net assets	1,100,373	457,342	32,220	92,358	1,682,293
Total liabilities and fund balances/net assets	\$ 1,757,502	\$ 1,790,856	\$194,898	\$ (3,380)	\$ 3,739,876

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 4 – RESTATEMENTS OF BEGINNING FUND BALANCES / NET ASSETS

The County’s beginning fund balances/net assets have been restated to reflect the cumulative effect of prior year adjustments and reclassifications among different governmental fund types. A summary of the restatements as of June 30, 2005 is as follows (in thousands):

Governmental Funds:

Description	Nonmajor Governmental Funds
Fund balances as of June 30, 2004, as previously reported	\$ 203,631
Restatements:	
Adjustments of prior year postings:	
Delinquent tax prior year revenue	(9,795)
Total Restatements	(9,795)
Fund balances/net assets, as of June 30, 2004, as restated	\$ 193,836

Enterprise Funds:

Description	Regional Medical Center
Net assets as of June 30, 2004, as previously reported	\$ (21,517)
Restatements:	
Adjustments of prior year postings:	
Revenues and expenditures	5,748
Total Restatements	5,748
Net assets as of June 30, 2004, as restated	\$ (15,769)

	Governmental Activities	Business- type Activities	Total
Government-wide restatement to net assets:			
Government-wide net assets, as of June 30, 2004	\$ 1,432,774	\$ 99,936	\$ 1,532,710
Restatements:			
Fund financial statements:			
Revenue and Expenses	-	5,748	5,748
Delinquent tax prior year revenue	(9,795)	-	(9,795)
Government-wide financial statements:			
Adjustment to assets placed in service in prior years	(8,523)	-	(8,523)
Net assets as of June 30, 2004, as restated	\$ 1,414,456	\$ 105,684	\$ 1,520,140

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 5 – CASH AND INVESTMENTS

Cash and Investments

As of June 30, 2005, Cash and Investments are classified in the accompanying financial statements as follows (in thousands):

	Total Governmental Activities	Total Business-type Activities	Total Component Unit	Total Fiduciary Funds	Total
Cash and investments	\$ 991,702	\$ 65,749	\$ 51,412	\$ 2,089,771	\$ 3,198,634
Restricted cash and investments	552,023	106,878	-	-	658,901
Total cash and investments	\$ 1,543,725	\$ 172,627	\$ 51,412	\$ 2,089,771	\$ 3,857,535

As of June 30, 2005, cash and investments consist of the following (in thousands):

Deposits	\$ 593,621
Investments	<u>3,263,914</u>
Total cash and Investments	<u>\$ 3,857,535</u>

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

The table below identifies the investment types that are authorized for the County by the California Government Code or the County’s investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code or the County’s investment policy, where more restrictive that address interest rate, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	3 Years	15% / 150mm	2.50%
US Treasury	5 Years	100%	None
California Local Agency Debt	3 Years	2.5%	None
Federal Agencies	5 Years	None	None
Bills of Exchange	180 Days	30%	None
Commercial Paper	270 Days	40%	50mm
Certificate & Time Deposits	1 Year	25%	50mm
Repurchase Agreements	45 Days	40% / 25%	None
Reverse Repurchase Agreements	60 Days	10%	10%
Medium Term Notes	2 Years	20%	25mm
Mutual Funds	Daily Liquidity	20%	None
Secured Bank Deposits	1 Year	2%	None
Mortgage Pass-Through Securities	N/A	20%	None
Local Agency Investment Funds	3 Years	None	None

Investments Authorized by Debt Agreements

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 5 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

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

As of June 30, 2005, the County had the following investments (in thousands):

Held by Fiscal Agents:

Investment	Maturity	Fair Value	Weighted Average Maturity (Years)
Treasury Investments			
Commercial Paper	07/05-08/05	\$ 492,272	0.05
Federal Farm Credit Bank	07/05-06/08	340,455	1.18
Federal Home Loan Bank	08/05 - 12/08	868,478	1.43
FHLC - FHLB	11/05 - 05/08	235,966	1.46
Federal Home Loan Disc	07/05	49,618	0.08
Federal Nat Mort Assn	07/05 - 04/07	155,979	0.83
FNMA Disc Notes	07/05 - 09/05	306,656	0.14
Federal Home Loan Mort Cp	07/05	49,695	0.08
Local Agency Obligations	07/12 - 06/20	1,770	10.78
Medium Term Notes	08/05 - 06/06	30,042	0.55
Municipal Bonds	08/06-08/07	39,024	1.48
Negotiable CDs	07/05-09/05	200,000	0.14
Repurchase Agreements	07/05	290,000	0.00
Time Deposits	08/05-10/05	20,000	0.14
Total Treasury Investments		3,079,955	
Investments Outside the Treasury			
Pooled Investments	N/A	37,392	0.00
Investment Agreements	09/2008-10/2037	137,509	23.48
Local Agency Investment Funds		9,058	0.00
Total Investments Outside the Treasury		183,959	
Total Investments		\$ 3,263,914	

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contain legal or policy requirements that would limit the County's exposure to custodial credit risk for deposits or investments except for the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 5 – CASH AND INVESTMENTS (Continued)

GASB Statement No. 40 Requires that disclosure is made with respect to custodial credit risks relating to deposits. The County has cash deposits with fiscal agents in excess of federal depository insurance limits held in collateralized accounts with securities held by Union Bank of California in the amount \$452.7 million. Investment securities are registered and held in the name of Riverside County except as identified below.

As of June 30, 2005, the County had investments with Morgan Stanley held by the custodial bank, Bank of New York as well as Merrill Lynch held by the custodial bank, JP Morgan Chase;

<u>Investment Type</u>	<u>Amount (in thousands)</u>
Repurchase Agreement	\$ 250,000
Repurchase Agreement	40,000

Concentration of Credit Risk

The County places no limit on the amount the County can invest in Repurchase Agreements in any one issuer. More than 5%, \$250 million, of the County's investments, issued by Morgan Stanley, are in Repurchase Agreements. These represent 8.1% of the County's investments.

Credit Risk

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

As of June 30, 2005, the County had the following investments (in thousands):

<u>Investment</u>	<u>Maturity</u>	<u>Minimum Legal Rating</u>	<u>Rating June 30, 2005</u>	<u>Fair Value</u>
Treasury Investments				
Commercial Paper	07/05-08/05	A1/P1	AAA	\$ 492,272
Federal Farm Credit Bank	07/05 - 06/08	AAA	AAA	340,455
Federal Home Loan Bank	08/05 - 12/08	AAA	AAA	868,478
FHLC - FHLB	07/05 - 05/08	AAA	AAA	235,966
Federal Home Loan Disc	07/05	AAA	AAA	49,618
Federal Nat Mort Assn	07/05 - 04/07	AAA	AAA	155,979
FMA Disc Notes	07/05 - 09/05	AAA	AAA	306,656
Federal Home Loan Mort Cp	07/05	AAA	AAA	49,695
Local Agency Obligations	07/12 - 06/20	N/A	N/A	1,770
Medium Term Notes	08/05 - 01/06	AAA	AAA	30,042
Municipal Bonds	08/06-08/07	AAA	AAA	39,024
Negotiable CD	07/05-09/05	N/R	N/R	200,000
Repurchase Agreements	07/05	A-1,P-1,F-1	A-1/P-1	290,000
Time Deposits	08/05-10/05	N/R	N/R	20,000
Total Treasury Investments				3,079,955
Investments Outside the Treasury				
Pooled Investments	N/A	N/A	N/R	37,392
Investment Agreements	09/2008-10/2037	N/A	AAA/Aa	137,509
Local Agency Investment Funds		N/R	N/R	9,058
Total Investments Outside the Treasury				183,959
Total Investments				\$ 3,263,914

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 6 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2005 is as follows (in thousands):

	General Fund	Flood Control	Nonmajor Governmental Funds	Regional Medical Center	Waste Management Department	Nonmajor Enterprise Funds
1985 Certificates	\$ -	\$ -	\$ 22,745	\$ -	\$ -	\$ -
1989/1993 Hospital Bonds	-	-	-	26,316	-	-
1997 B & C Hospital	-	-	-	28	-	-
1997 Family Law Court	-	-	101	-	-	-
1997 Historic Court House	-	-	271	-	-	-
1997 Lease Refunding	-	-	374	-	-	-
1998 Larson Justice Center	-	-	26	-	-	-
2000 Southwest Justice Center	-	-	493	-	-	-
2001 CAC Annex	-	-	2,635	-	-	-
2003 A & B Hospital	-	-	-	-	-	-
2003 A Historic Courthouse	-	-	11,065	-	-	-
2003 B Capital Facilities	-	-	2,380	-	-	-
2005 A Capital Improvement Family Law	-	-	41,707	-	-	-
2005 B Historic Refunding	-	-	2,162	-	-	-
Waste Management	-	-	-	-	74,886	-
Housing Authority Bond	-	-	-	-	-	1,706
Desert Facilities Corporation	-	-	122	-	-	-
District Court Project	-	-	892	-	-	-
Restricted Program Money	436,555	1,500	7	2,785	-	1,157
Teeter Commercial Paper Notes	-	-	24,168	-	-	-
Bankruptcy Courthouse	-	-	4,820	-	-	-
Total Restricted Assets	\$ 436,555	\$ 1,500	\$ 113,968	\$ 29,129	\$ 74,886	\$ 2,863

At June 30, 2005 County management believes that the County is in compliance with all significant terms of its debt agreements and all State statute requirements.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 7 - RECEIVABLES

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

Receivables	General	Flood	Public	Redevelopment	Major
Governmental Activities:	Fund	Control	Facilities	Capital	Governmental
			Improvements	Projects	Funds
Accounts	\$ 37,177	\$ 741	\$ 8	\$ -	\$ 37,926
Interest	9,214	504	687	414	10,819
Taxes	20,679	1,890	-	-	22,569
Due from other governments	195,064	5	-	-	195,069
Notes	-	-	-	-	-
Total receivables	<u>\$ 262,134</u>	<u>\$ 3,140</u>	<u>\$ 695</u>	<u>\$ 414</u>	<u>\$ 266,383</u>

Receivables	Major	Nonmajor	Internal	Total
Governmental Activities:	Governmental	Governmental	Service	Governmental
	Funds	Funds	Funds	Activities
Accounts	\$ 37,926	3,495	\$ 2,019	\$ 43,440
Interest	10,819	1,951	455	13,225
Taxes	22,569	31,774	-	54,343
Due from other governments	195,069	12,286	-	207,355
Notes	-	13,450	-	13,450
Total receivables	<u>\$ 266,383</u>	<u>62,956</u>	<u>\$ 2,474</u>	<u>\$ 331,813</u>

Receivables	Regional	Waste	Nonmajor	Total Business
Business-type Activities:	Medical Center	Management	Funds	type Activities
Accounts	\$ 611,397	\$ 5,477	\$ 1,464	\$ 618,338
Interest	-	461	18	479
Taxes	-	-	12	12
Due from other governments	10,135	240	80	10,455
Gross receivables	621,532	6,178	1,574	629,284
Less: Allowance for contractals	(159,771)	-	-	(159,771)
Allowance for uncollectibles	(406,093)	(4)	-	(406,097)
Total receivables	<u>\$ 55,668</u>	<u>\$ 6,174</u>	<u>\$ 1,574</u>	<u>\$ 63,416</u>

Of the total governmental receivable of \$331.8 million, \$45.6 million is SB-90 long term receivable. Governmental funds report deferred revenue in connection with receivables for revenue not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2005, the components of deferred/unearned revenue were as follows, (in thousands):

Governmental activities:	Unavailable	Unearned
General fund:		
Due from other governments, current portion	\$ 81,382	\$ -
Resources received that do not yet meet the criteria for revenue recognition	-	52,360
Flood Control		
Resources received that do not yet meet the criteria for revenue recognition		1,509
Nonmajor funds:		
Due from other governments	97	-
Resources received that do not yet meet the criteria for revenue recognition	-	24,235
Total governmental	<u>\$ 81,479</u>	<u>\$ 78,104</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 8 – INTERFUND TRANSACTIONS

Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2005 is as follows (in thousands):

Due to/from other funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Regional Medical Center	\$ 249	Medical Services
	Nonmajor Governmental Funds	3,686	Various Interfund Activities
	Internal Service Fund	<u>4,500</u>	Information Technology
		8,435	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	600	Operating Contributions
	General Fund	<u>4,928</u>	Various Interfund Activities
		5,528	
Waste Management	Internal Service Fund	105	Purchase of Land
Total		<u><u>\$14,068</u></u>	

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

Interfund Receivables/ Payables

Advances to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 40
Total		<u><u>\$ 40</u></u>

The balance of \$40 advance to the Community Service fund from the General Fund resulted from loans made to provide for cash flow needs and to provide financing resources.

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenue. The following schedule briefly summarizes the County's transfer activity (in thousands):

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 8 – INTERFUND TRANSACTIONS (Continued)

(a) Between Governmental and Business-type Activities:

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Regional Medical Center	\$ 31,000	Operating Contribution
Total		<u>\$ 31,000</u>	

(b) Between Funds within the Governmental Activities:¹

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Nonmajor Governmental Funds	\$ 18,368	Overhead reimbursement
	Nonmajor Governmental Funds	457	Leases
	General Fund	2	Debt service
	Internal Service Funds	410	Reimbursement
	Public Facilities	2,833	Capital projects
	Redevelopment Capital Project Fund	32	Capital projects
		<u>22,102</u>	
Internal Service Funds	General Fund	5,300	Business services
	Internal Service Funds	1,970	Reimbursement
		<u>7,270</u>	
Flood Control Special Revenue	Flood Control	35	Capital projects
	Nonmajor Governmental Funds	334	Miscellaneous
	Internal Service Fund	314	Capital projects
		<u>683</u>	
Public Facilities Improvement	Nonmajor Governmental Funds	9,099	Overhead reimbursement
	General Fund	4,492	Capital projects
	Public Facilities	2,186	Capital projects
		<u>15,777</u>	
Redevelopment Capital Project	General Fund	1,501	Fire services
	Nonmajor Governmental Funds	4,104	Overhead reimbursement
	Redevelopment Capital Project Fund	14,043	Administrative support
		<u>19,648</u>	
Nonmajor Governmental Funds	General Fund	8,692	Overhead reimbursement
	General Fund	43,606	Fire Services
	General Fund	5,421	Leases
	Nonmajor Governmental Funds	3,425	CDBG
	Nonmajor Governmental Funds	438	Leases
	Nonmajor Governmental Funds	20,904	Miscellaneous
	Nonmajor Governmental Funds	1,368	Capital projects
	Nonmajor Governmental Funds	402	Reimbursement
	Nonmajor Governmental Funds	36,040	Capital projects
	Public Facilities Improvement	833	Reimbursement
	Redevelopment Capital Project	19,496	Capital projects
		<u>140,625</u>	
Total		<u>\$ 206,105</u>	

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows (in thousands):

	Balance July 1, 2004	Additions	Retirements	Transfers	Balance June 30, 2005
Governmental activities:					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 288,166	\$ 18,648	\$ (7)	\$ (153)	\$ 306,654
Construction in progress	42,563	84,823	-	(4,937)	122,449
Total capital assets, not being depreciated	330,729	103,471	(7)	(5,090)	429,103
<i>Capital assets, being depreciated:</i>					
Infrastructure					
Flood channels	185,537	2,357	-	-	187,894
Flood storm drains	181,213	7,820	-	-	189,033
Flood dams and basins	28,568	1,836	-	-	30,404
Roads	89,681	5,287	-	1,664	96,632
Traffic signals	8,227	-	-	1,549	9,776
Bridges	4,829	-	-	-	4,829
Runways	2,839	-	-	785	3,624
Parks trails and improvements	1,381	95	-	-	1,476
Land improvements	110	-	-	-	110
Structures and improvements	615,986	7,462	(22,436)	645	601,657
Equipment	274,076	21,080	(5,731)	(231)	289,194
Total capital assets, being depreciated	1,392,447	45,937	(28,167)	4,412	1,414,629
Less accumulated depreciation for:					
Infrastructure	(66,586)	(10,676)	-	973	(76,289)
Land improvements	(11)	-	-	-	(11)
Structures and improvements	(136,622)	(13,444)	4,263	113	(145,690)
Equipment	(198,198)	(25,526)	5,179	1,505	(217,040)
Total accumulated depreciation	(401,417)	(49,646)	9,442	2,591	(439,030)
Total capital assets, being depreciated, net	991,030	(3,709)	(18,725)	7,003	975,599
Governmental activities capital assets, net	\$ 1,321,759	\$ 99,762	\$ (18,732)	\$ 1,913	\$ 1,404,702

Beginning net capital assets were reduced by \$8,523 primarily due to the following restatements:

Capital Assets, net, as originally stated as of June 30, 2004	\$ 1,330,282
Adjustments to Assets placed in service in prior years:	
Current year additions	\$ 5,771
Cost adjustments	(14,294)
Capital Assets, net as of June 30, 2004 restated	\$ 1,321,759

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 9 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2005 was as follows (in thousands):

	Balance				Balance
	July 1, 2004	Additions	Retirements	Transfers	June 30, 2005
Business-type activities:					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 21,127	\$ -	\$ (32)	\$ -	\$ 21,095
Construction in progress	2,160	13,415	(735)	(375)	14,465
Total capital assets, not being depreciated	<u>23,287</u>	<u>13,415</u>	<u>(767)</u>	<u>(375)</u>	<u>35,560</u>
<i>Capital assets, being depreciated:</i>					
Land improvements	11,662	-	-	-	11,662
Infrastructure-landfill liners	27,573	7	-	-	27,580
Infrastructure-other	6,749	462	-	35	7,246
Structures and improvements	205,621	692	(1,576)	(322)	204,415
Equipment	96,870	5,229	(394)	662	102,367
Total capital assets, being depreciated	<u>348,475</u>	<u>6,390</u>	<u>(1,970)</u>	<u>375</u>	<u>353,270</u>
Less accumulated depreciation for:					
Land improvements	(4,562)	635	-	-	(3,927)
Infrastructure-landfill liners	(6,697)	(1,379)	-	-	(8,076)
Infrastructure-other	(1,538)	(386)	-	-	(1,924)
Structures and improvements	(43,890)	(5,314)	(210)	-	(49,414)
Equipment	(78,294)	(5,034)	229	-	(83,099)
Total accumulated depreciation	<u>(134,981)</u>	<u>(11,478)</u>	<u>19</u>	<u>-</u>	<u>(146,440)</u>
Total capital assets, being depreciated, net	<u>213,494</u>	<u>(5,088)</u>	<u>(1,951)</u>	<u>375</u>	<u>206,830</u>
Business-type activities capital assets, net	<u>\$ 236,781</u>	<u>\$ 8,327</u>	<u>\$ (2,718)</u>	<u>\$ -</u>	<u>\$ 242,390</u>

Depreciation

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

General government	\$ 4,884
Public protection	16,119
Health and sanitation	2,000
Public assistance	2,312
Public ways and facilities	7,727
Recreation and culture	592
Depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their use of the assets	<u>16,012</u>
Total depreciation expense – governmental functions	<u>\$ 49,646</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 9 – CAPITAL ASSETS (Continued)

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

Regional Medical Center	\$ 5,970
Waste Management	4,089
Housing Authority	1,379
County Service Areas	6
Flood Control	<u>34</u>
Total depreciation expense – business-type functions	<u>\$ 11,478</u>

Capital Leases

Leased Property under capital leases by major class (in thousands):

	<u>Governmental</u>	<u>Business Type</u>
Structures and Improvements	\$ 1,386	\$ -
Equipment	157,644	2,978
Less: Accumulated amortization	<u>(121,513)</u>	<u>(2,277)</u>
Total leased property, net	<u>\$ 37,517</u>	<u>\$ 701</u>

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2005, was as follows (in thousands):

	Balance				Balance	
	July 1, 2004	Additions	Retirements	Transfers	June 30, 2005	
Capital assets, being depreciated:						
Equipment	\$ 79	\$ 168	\$ -	\$ -	\$ 247	
Total capital assets, being depreciated	<u>79</u>	<u>168</u>	<u>-</u>	<u>-</u>	<u>247</u>	
Less accumulated depreciation for:						
Equipment	(40)	(82)	-	-	(122)	
Total accumulated depreciation	<u>(40)</u>	<u>(82)</u>	<u>-</u>	<u>-</u>	<u>(122)</u>	
Total capital assets, net	<u>\$ 39</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125</u>	

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Waste Management (Waste) has recorded \$64.9 million as landfill closure and post-closure care expense to date (based on the use of the estimated capacities of the landfill ranging from 22% 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 cost of \$32 million as the remaining estimated capacity of 22.5 million tons is filled. Waste expects all currently permitted landfill capacities to be filled by 2025. The total estimate of \$96.9 million is based on what it would cost to perform all closure and post-closure care costs at present value. Actual costs may be different due to inflation, changes in technology or changes in regulations.

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

Facility Name (City)	Cumulative Expense	Capacity Used as of June 30, 2005 %	Estimated Years Remaining
Anza (Anza)	\$2,642,662	100.0	-
Badlands (Moreno Valley)	7,512,591	39.3	11
Blythe (Blythe)	1,656,065	27.9	20
Coachella (Coachella)	8,444,860	100.0	-
Desert Center (Desert Center)	681,615	69.0	6
Double Butte (Winchester)	9,763,965	100.0	-
Edom Hill (Cathedral City)	11,969,448	100.0	-
Highgrove (Riverside)	6,487,618	100.0	-
Lamb Canyon (Beaumont)	4,290,966	22.2	18
Mead Valley (Perris)	8,394,157	100.0	-
Mecca II (Mecca)	1,642,899	99.6	2
Oasis (Oasis)	1,510,713	69.5	20
	<u>\$64,997,559</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, the County has implemented Pledge of Revenue agreements between the County and the California Integrated Waste Management Board (CIWMB) for six active landfills and six 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 the Waste and the CIWMB. Waste is in compliance with these requirements, and investments of \$58.5 million are held for these purposes at June 30, 2005 and are classified as Restricted Assets in the Statement of Net Assets. 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 the Basic Financial Statements (Continued)
June 30, 2005

NOTE 11 – OPERATING LEASES

The following is a year by year schedule of future minimum rental payments primarily for facilities leases. The schedule includes an average 4.5% 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, 2005 (in thousands):

<u>Year Ending June 30, 2005</u>		
2006	\$	27,637
2007		22,251
2008		19,083
2009		19,596
2010		13,243
2011-2015		31,369
2016-2020		<u>1,633</u>
Total Minimum Payments	\$	<u><u>134,812</u></u>

Rental expense was \$31.6 million principally in the General Fund for the year ended June 30, 2005.

NOTE 12 – SHORT TERM DEBT

Tax and Revenue Anticipation Notes

On July 1, 2004, the County issued \$210 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which were repaid July 29, 2005. The Notes yield an interest rate of 3.5%. In addition, on July 1, 2004, the County issued \$102.8 million taxable Tax and Revenue Anticipation Notes, maturing on June 30, 2005, and yielding an interest rate of 3.0%. Total amount of County TRANs issued equal \$312.8 million.

Tax-Exempt Commercial Paper 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 Taxable Commercial Paper Notes (Teeter Notes). As a necessary component for the issuance of the commercial paper, the County entered into an agreement with WestLB Bank, to provide an amount not to exceed \$37.5 million in direct pay letters of credit. During FY 2004-05, the County retired \$24.0 million of the principal amount outstanding at June 30, 2004. The County then issued taxable commercial paper notes of \$34.2 million. WestLB Bank has extended the LOC (Line of Credit) for 5 more years, which now expires on October 28, 2007.

Short-term debt activity for the year ended June 30, 2005, was as follows (in thousands):

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005
FY 2004-05 TRANs	\$ -	\$ 312,785	\$ (102,785)	\$ 210,000
Teeter Notes	<u>23,967</u>	<u>34,226</u>	<u>(23,967)</u>	<u>34,226</u>
Total	<u>\$ 23,967</u>	<u>\$ 347,011</u>	<u>\$ (126,752)</u>	<u>\$ 244,226</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of capital lease obligations, bonds and notes, 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 \$1.7 billion.

Capital Leases

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

See Note 9 (Capital Assets) for Assets under Capital Leases for related disclosure information by major asset class.

The following is a schedule by year of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2005 (in thousands):

Year Ending June 30, 2005	Governmental Activities	Business-type Activities
2006	\$ 18,289	\$ 2,721
2007	14,838	2,438
2008	12,175	2,186
2009	7,950	1,840
2010	9,514	1,556
2011-2015	17,701	3,932
2016-2020	8,490	-
2021-2025	3,371	-
2026-2030	1,743	-
Total minimum payments	94,071	14,673
Less amount representing interest	(18,226)	(2,162)
Present value of net minimum lease payments	\$ 75,845	\$ 12,511

The statement of net assets includes the Palm Desert Financing Authority capital lease of \$ 6.2 million for the construction of the Blythe County Administrative Center.

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

Governmental Activities

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2005
<u>Certificates of Participation:</u>					
<u>CORAL</u>					
1985 Certificate:	12/01/05 –12/01/15	Variable	\$4,400 -\$15,100	\$ 169,400	\$ 100,000
Serial Certificates				169,400	100,000

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2005</u>
<i>Certificates of Participation (Continued):</i>					
<i>CORAL</i>					
2005A - Capital Improvement & Family Law Court Refunding					
Serial Certificates	11/01/05 – 11/01/25	3.0% - 5.00%	\$275 - \$2,160	\$ 28,495	\$ 28,495
Term Certificates	11/1/33	5.00%	\$9,905	9,905	9,905
Term Certificates	11/1/36	5.00%	\$13,265	<u>13,265</u>	<u>13,265</u>
2005-A Family Law				<u>51,665</u>	<u>51,665</u>
<i>CORAL</i>					
2005B - Historic Courthouse Refunding project					
Serial Certificates	11/01/05 – 11/01/25	3.0% - 5.00%	\$325 - \$1,740	18,835	18,835
Term Certificates	11/1/27	5.00%	\$3,775	<u>3,775</u>	<u>3,775</u>
2005-B Historic Courthouse				<u>22,610</u>	<u>22,610</u>
<i>CORAL</i>					
1997 Lease Refunding:					
Serial Certificate	11/01/05 – 11/01/12	4.25% - 5.00%	\$2,385 - \$1,830	43,560	12,720
Term Certificate	11/01/13 – 11/01/17	5.13%	\$1,310 - \$1,595	7,250	7,250
Term Certificate	11/01/18 – 11/01/21	5.13%	\$1,680 - \$1,955	<u>7,260</u>	<u>7,260</u>
1997 Lease Refunding				<u>58,070</u>	<u>27,230</u>
<i>CORAL</i>					
1998 Larson Justice Center:					
Serial Certificate	12/01/05 – 12/01/12	3.70% - 4.75%	\$1,065 - \$1,550	18,185	10,665
Term Certificate	12/01/13 – 12/01/18	5.15%	\$1,625 - \$2,075	11,055	11,055
Term Certificate	12/01/19 – 12/01/21	5.17%	\$2,175 - \$2,400	<u>6,860</u>	<u>6,860</u>
1998 Larson Justice Center				<u>36,100</u>	<u>28,580</u>
<i>CORAL</i>					
2001 CAC Annex:					
Serial Certificate	11/01/05 – 11/01/26	5.00% - 5.13%	\$616 - \$1,880	27,120	25,870
Term Certificate	11/1/30	5.13%	\$8,540	8,540	8,540
Term Certificate	11/1/31	5.75%	\$2,415	<u>2,415</u>	<u>2,415</u>
2001 CAC Annex				<u>38,075</u>	<u>36,825</u>
<i>2003A - Historic Court Project</i>					
Serial Certificate	11/01/06 – 11/01/18	3.00% - 4.63%	\$260 - \$400	4,125	4,125
Term Certificate	11/1/23	5.00%	\$2,320	2,320	2,320
Term Certificate	11/1/28	5.00%	\$2,955	2,955	2,955
Term Certificate	11/1/33	5.13%	\$3,790	<u>3,790</u>	<u>3,790</u>
2003A-Historic Court Project				<u>\$ 13,190</u>	<u>\$ 13,190</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2005</u>
<i>Certificates of Participation (Continued):</i>					
<i>2003B –Capital Facilities Refunding</i>					
Serial Certificate	11/01/05 – 11/01/18	2.00% - 4.20%	\$820 - \$395	\$ 8,685	\$ 7,865
2003B- Capital Facilities				<u>8,685</u>	<u>7,865</u>
<i>Desert Facilities Corporation</i>					
Monterey Avenue Project	11/01/05 – 11/01/20	9.00%	\$200 - \$800	8,800	7,200
Term Certificate				<u>8,800</u>	<u>7,200</u>
<i>Court Financing Corporation</i>					
Bankruptcy Courthouse					
Acquisition Project	11/01/05– 11/01/27	7.50%	\$230 - \$1,420	16,120	14,925
Term Certificate				<u>16,120</u>	<u>14,925</u>
<i>District Court Financing</i>					
U.S. District Court Project					
Serial Capital Appreciation					
Cert. (net of capital appreciation					
of \$5,035)	12/15/15 – 06/15/20	7.59%	\$640 - \$844	2,165	2,165
Term /Series 1999	6/15/15	1.93%	Variable	17,635	12,497
Term /Series 2002	6/15/20	3.00%	Variable	925	820
Term certificate				<u>20,725</u>	<u>15,482</u>
Total Certificates of Participation				\$ 443,440	\$ 325,572
<i>Bonds Payable:</i>					
<i>CORAL</i>					
2000 Southwest Justice Center:					
Term Certificate	11/01/05 – 11/01/13	4.88% - 5.40%	\$1,445 - \$2,240	\$ 17,945	\$ 16,500
Term Certificate	11/01/05 – 11/01/32	5.20%	\$2,400 - \$6,200	76,300	76,300
Southwest Justice Center				<u>94,245</u>	<u>92,800</u>
<i>CORAL (Sheriff Department)</i>					
1997 B & C (Hospital):					
Term Bonds (Series C)	6/1/19	5.81%	\$1,733	1,733	1,733
Bonds Payable				<u>\$ 1,733</u>	<u>\$ 1,733</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2005</u>
<i>Bonds Payable (Continued):</i>					
<i>RDA</i>					
2001 Tax Allocation Bonds Bonds Payable	10/01/05 – 10/01/35	3.55% - 5.25%	\$830 - \$6,680	<u>\$ 90,025</u> <u>90,025</u>	<u>\$ 90,025</u> <u>90,025</u>
<i>RDA</i>					
2004 A_Tax Alloc Housing Bonds Payable	10/01/05 – 10/01/37	4.75% - 5.00%	\$4,700 - \$16,015	<u>38,225</u> <u>38,225</u>	<u>38,225</u> <u>38,225</u>
<i>RDA</i>					
2004 A-T_Tax Alloc Housing Bonds Payable	10/01/05 – 10/01/28	2.90% - 4.87%	\$1,800 - \$7,955	<u>37,000</u> <u>37,000</u>	<u>37,000</u> <u>37,000</u>
<i>RDA</i>					
2005 Tax Allocation Housing/ Refunding Bonds Payable	10/01/05 – 10/01/33	3.00% - 4.50%	\$365 - \$4,120	<u>18,245</u> <u>18,245</u>	<u>18,245</u> <u>18,245</u>
<i>Taxable Pension Obligation</i>					
Pension Oblig.Bonds (Series 2005-A) PERS contract Bonds Payable	8/15/05 – 8/15/35	4.91%	\$3,155 - \$5,530	<u>400,000</u> <u>400,000</u>	<u>400,000</u> <u>400,000</u>
Total Bonds Payable				<u>\$ 679,473</u>	<u>\$ 678,028</u>
<i>Notes Payable:</i>					
1995 Zone 6 Negotiable Promissory Notes	09/01/02 – 09/01/05	4.75% - 5.05%	\$ 285 - \$ 325	<u>\$ 2,675</u>	<u>\$ 325</u>
Total Notes Payable				<u>\$ 2,675</u>	<u>\$ 325</u>
<i>Loans Payable:</i>					
<i>RDA</i>					
1998 Loans Payable	10/01/05 – 10/01/33	3.50% - 7.00%	\$695 - \$11,135	<u>\$ 68,296</u>	<u>\$ 45,680</u>
2000 Loans Payable	01/01/05 – 01/01/15	3.50% - 7.00%	\$56 - \$956	<u>1,329</u>	<u>1,554</u>
2004 Loans Payable (TAB)	10/01/05 – 01/01/37	2.50% - 5.00%	\$2,705 - \$40,300	<u>102,785</u>	<u>102,785</u>
Total Loans Payable				<u>172,410</u>	<u>150,019</u>
Total Governmental Activities				<u>\$ 1,297,998</u>	<u>\$ 1,153,944</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Business-type Activities

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2005</u>
<i>Certificates of Participation:</i>					
<i>Regional Medical Center</i>					
1997 Lease Refunding:					
Serial Certificate	11/01/04– 11/01/06	4.25% - 5.00%	\$960 - \$1,040	\$ 11,754	\$ 1,040
Total Certificates of Participation				11,754	1,040
<i>Bonds Payable:</i>					
<i>Regional Medical Center</i>					
1993 A & B (Hospital):					
Term Bonds (Series A)	06/01/06 – 06/01/12	5.90% - 6.50%	\$7,050 - \$13,870	75,035	39,125
Term Bonds (Series B)	06/01/13 – 06/01/14	5.41%	\$7,050 - \$7,475	14,525	14,525
Bond Discount				-	(54)
Loss on Defeasance				-	(3,684)
1993 A & B – bonds				<u>89,560</u>	<u>49,912</u>
<i>Regional Medical Center</i>					
1997A (Hospital):					
Serial Capital Appreciation Bonds (net of future capital appreciation of \$104,487)	06/01/13 – 06/01/26	5.70% - 6.01%	\$3,034 - \$3,445	41,170	41,170
1997A RCRMC bonds				<u>41,170</u>	<u>41,170</u>
<i>Regional Medical Center</i>					
1997 B & C Serial Bonds (Series					
Term Bonds (Series B)	06/01/05 – 06/01/19	4.10% - 5.50%	\$315 - \$455	4,785	3,105
Term Bonds (Series B)	06/01/05 – 06/01/19	5.00% - 5.70%	\$475 - \$11,475	63,935	63,935
Term Bonds (Series C)	6/1/2019	5.81%	\$3,265	1,532	1,532
Bond Discount				-	(21)
Loss on Defeasance				-	(2,667)
1997 B & C (Hospital)				<u>70,252</u>	<u>65,884</u>
<i>Regional Medical Center</i>					
2003 A & B (Hospital):					
Term Bonds (Series A)	06/01/05 – 06/01/09	2.50% - 5.00%	\$ 9,415 - \$11,030	56,140	37,540
Term Bonds (Series B)	06/01/05 – 06/01/07	3.35%	\$4,040	4,040	4,040
Bond Premium				-	1,484
Loss on Defeasance				-	(472)
2003 A & B – bonds				<u>60,180</u>	<u>42,592</u>
<i>Housing Authority</i>					
1998 Series A:					
Term Bonds	12/01/05-12/01/07	6.25%	\$60 - \$90	780	355
Term Bonds	12/01/08-12/01/18	6.85%	\$100 - \$200	1,625	1,545
Term Bonds				<u>2,405</u>	<u>1,900</u>
Total Bonds Payable				263,567	201,458
Total Business-type Activities				\$ 275,321	\$ 202,498

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2005, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

Governmental Year ending June 30, 2005:	Loans Payable		Notes Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 2,131	\$ 8,524	\$ 325	\$ 8
2007	1,886	8,439	-	-
2008	1,963	8,338	-	-
2009	2,044	8,224	-	-
2010	2,122	5,267	-	-
2011-2015	10,822	38,680	-	-
2016-2020	15,606	34,508	-	-
2021-2025	18,945	29,236	-	-
2026-2030	24,525	22,506	-	-
2031-2035	28,350	13,673	-	-
2036-2040	41,625	2,121	-	-
Total	<u>\$ 150,019</u>	<u>\$ 179,516</u>	<u>\$ 325</u>	<u>\$ 8</u>

Governmental Year ending June 30, 2005:	Bonds Payable		Certificates of Participation	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 5,295	\$ 31,766	\$ 13,346	\$ 23,025
2007	8,170	32,527	12,534	22,052
2008	9,210	32,271	14,057	21,022
2009	10,490	31,819	15,315	19,863
2010	11,765	27,035	16,612	18,589
2011-2015	96,210	155,985	101,922	68,730
2016-2020	135,948	120,759	66,280	31,054
2021-2025	195,080	79,909	35,896	17,521
2026-2030	81,630	43,298	28,900	9,218
2031-2035	99,170	20,864	17,360	3,143
2036-2040	25,060	2,645	3,350	246
Total	<u>\$ 678,028</u>	<u>\$ 578,878</u>	<u>\$ 325,572</u>	<u>\$ 234,463</u>

As of June 30, 2005, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

Business-type Year ending June 30, 2005:	Bonds Payable		Certificates of Participation	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 10,175	\$ 12,781	\$ 1,040	\$ 135
2007	10,620	12,572	-	-
2008	11,060	12,397	-	-
2009	11,515	12,222	-	-
2010	12,735	11,982	-	-
2011-2015	63,105	51,815	-	-
2016-2020	63,520	38,041	-	-
2021-2025	20,697	19,916	-	-
2026-2030	3,445	1,034	-	-
2031-2035	-	-	-	-
Total Requirements	206,872	172,760	1,040	135
Bond Premium, net	1,484	-	-	-
Bond Discount	(75)	-	-	-
Loss on Defeasance	(6,823)	-	-	-
Total	<u>\$ 201,458</u>	<u>\$ 172,760</u>	<u>\$ 1,040</u>	<u>\$ 135</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2005 (in thousands):

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005
<u>Governmental Activities:</u>				
<i>Certificates of Participation:</i>				
CORAL (1997 Historic Courthouse)	\$ 538	\$ -	\$ (538)	\$ -
Court Financing (US District Court Project)	986	245	-	1,231
Total governmental-type activities	\$ 1,524	\$ 245	\$ (538)	\$ 1,231
<u>Business-type Activities:</u>				
<i>Lease Revenue Bonds:</i>				
Regional Medical Center (1997A Hosp)	22,166	3,817	-	25,983
Total business-type activities	\$ 22,166	\$ 3,817	\$ -	\$ 25,983

The accreted interest payable balances at June 30, 2005 represent accreted interest on the 1997 Historic Courthouse, the U.S. District Court Project, and the 1997 A Hospital Serial Capital Appreciation Bonds. The original issues were \$1.0 million for the 1997 Historic Courthouse, \$2.2 million for the U.S. District Court Project and \$41.2 million for the 1997 A Hospital Serial Capital Appreciation Bonds. The total accreted value on the bonds and certificates upon maturity will be \$2.6 million for the 1997 Historic Courthouse, \$7.2 million for the U.S. District Court Project, and \$171.6 million for the 1997 A Hospital Serial Capital Appreciation Bonds.

The increases of \$245 thousand and \$3.8 million, respectively, represent current year's accretion. Accumulated accretion at June 30, 2005 is \$26 million. The U.S. District Court Financing accounts for the remainder of \$1.2 million. The un-accreted balances at June 30, 2005 are \$145.7 million for the 1997-A hospital (RCRMC) project and \$6 million for the U.S. District Court. The 1997 Historic Courthouse was advance refunded by the issuance of the new 2005 Series-B Historic Court Certificates of Participation. The liability for the 1997 certificates has been removed from the accompanying financial statements.

Certificates of Participation / Refunding

In April 2005, CORAL issued \$74.3 million of 2005 A&B Certificates of Participation, of which \$40.5 million to provide funding for the construction of certain capital facilities, \$11.2 million to prepay all of the County's 1997 Family Law Court, and \$22.6 million to prepay all of the County's 1997 Historic Court Project COPs. The 2005 Series A&B are insured by FDIC with a rating of AAA. There were no changes in bond ratings on any of CORAL's debt in the current year.

The 2005 Series-A Certificates (\$51.6 million), Capital Improvement and Family Law Court Refunding project, bear an initial interest rate of 3.0%; CORAL also issued the 2005 Series-B Certificates (\$22.6 million), Historic Courthouse Refunding, bearing an initial interest rate of 3.0%. The County's purchase options were exercised on the 1997 projects (Family Law and Historic Courthouse) and the 1997 certificates were considered to be defeased. The liability for those certificates was removed from the accompanying financial statements.

Interest on the 2005 Series-A Certificates of Participation is payable, initiating on November 1, 2005, and semi-annually thereafter on November 1 and May 1 of each year until November 1, 2036.

Interest on the 2005 Series-B Certificates of Participation is payable, initiating on November 1, 2005, and semi-annually thereafter on November 1 and May 1 of each year until November 1, 2027.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Certificates of Participation, Bonds, Notes and Loans 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.

In fiscal year 2004-05, the County of Riverside issued Taxable Pension Obligation Bonds, Series 2005A. This was pursuant to a Trust agreement between the County and Wells Fargo Bank, National Association, as Trustee, to prepay a portion of the County's obligations to the California Public Employee's Retirement System ("PERS" or the System) under the PERS contract. The face amount (par value) of the Series 2005A Bonds is \$400 million.

The bond issuance resulted in a net pension asset of \$396.8 million, which represents the prepaid amount at June 30, 2005. This prepayment to CalPERS also represents the amounts to be applied to the County's Unfunded Accrued Actuarial Liability for the Miscellaneous System (\$311.1 million) and the Safety System (\$85.7 million). The Series 2005A Bonds do not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation. The Series 2005A Bonds have a maturity date of August 2035 and carry an average interest rate of 4.91 percent.

On June 27, 1988, the Redevelopment Agency (RDA) agreed to reimburse the County of Riverside Asset Leasing Corporation (CORAL) for a portion of the \$169.4 million, 1985 Certificates of Participation (the 1985 Certificates). The amount to be reimbursed by the RDA is determined by multiplying the ratio of the assessed property value of the RDA over the assessed unincorporated property value of the County times the original issuance of the 1985 Certificates. At June 30, 2005, the total obligation from RDA was \$3.9 million. CORAL-financed debt is used by the County to finance land acquisition, construction of structures and improvements, and to acquire equipment by various departments within the County. 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 government-wide statement of net assets.

During fiscal year ending June 30, 2005, the Riverside Public Financing Authority (the "authority") issued Tax Allocation Revenue Bonds for financing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency. The Redevelopment Agency entered into loan agreements with the Authority which mirrored the bonds issued by the Authority. The loans were made as an advance for the principal amount which was made from the proceeds of the Bond on the closing date of the Bond. The loans were issued to: (i) finance redevelopment activities with respect to the applicable project areas (ii), to fund separate reserve funds for each of the Agency Bonds, and (iii) to pay costs of issuance of the Agency bonds, including the costs of municipal bond insurance premiums. The Agency is required to maintain a reserve account for each project area, so long as any debt service remains with respect to the bonds. The outstanding balance as of June 30, 2005, is \$102.8 million.

During fiscal year ended June 30, 2005, the Agency issued the 2004 Series-A Tax Allocation Bonds for financing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas. The bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from amounts on-deposit in certain funds and accounts established pursuant to the indenture. The balance outstanding as of June 30, 2005, is \$38.2 million.

During fiscal year 2004-05, the 2004 (series A-T) Tax Allocation Bond was issued. The balance outstanding as of June 30, 2005, is \$37 million.

The 2005 Tax Allocation/ Housing Refunding Bond (Series A) was issued. The balance outstanding as of June 30, 2005, is \$18.2 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

All of the above-listed bonds were issued as a result of current low interest rates, thus to save money on debt service and to provide funds for the various debt obligations of the Agency within the various project areas. The 2004 and 2005 Bonds were used to: (i) pay the costs of certain low and moderate income housing projects of the Agency with respect to the Agency's redevelopment areas, (ii) purchase a reserve policy for credit to the Reserve Account for the Bonds, and (iii) pay costs of issuance relating to the Bonds.

During the year ended June 30, 2005, the County incurred interest costs of \$ 25.8 million.

Defeasance of Debt

In April 2005, the County Redevelopment Agency issued \$18.2 million (par value) in 2005 Tax Allocation Housing/Refunding bonds with an interest rate of 3.00% to advance refund (prepay portions of) the Agency's 1997 Housing Loans with an interest rate of 4.70%. The term bonds mature in October, 2033. The 2005 Tax Allocation Housing/Refunding bonds were issued for \$19.7 million and, after paying issuance costs of \$516 thousand, the net proceeds were \$19.2 million. The net proceeds were placed in an irrevocable trust until maturity with an escrow agent to provide for all future debt service payments on the 1997 Housing Loans. As a result, the refunding portion of the 1997 Housing Loans payable are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Assets. Also as a result of the advance refunding, the County reduced its total debt service requirements over the next 28 years by \$168 thousand and resulted in an economic gain of \$480 thousand.

On April 21, 1998, the County issued \$36.1 million of CORAL Certificates of Participation (1998 Larson Justice Center). The proceeds from the sale of the certificates were used to advance refund \$31.7 million 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, 2005, was \$28.6 million.

In April 2005, CORAL issued \$51.6 million (par value) in 2005 Series A Certificates of Participation (Capital Improvement and Family Law Court Refunding) with an initial interest rate of 3.00% to advance refund (prepay) \$10.7 million of 1997 Family Law Court Certificates of Participation. Part of the proceeds from the sale of the certificates, \$11.3 million, was used to facilitate this advance refunding. The 1997 Family Law Court certificates had an interest rate of 5.70% and a par value of \$12.2 million. The 2005 term certificates mature in November 2036. The 2005 Series A Certificates of Participation were issued for \$54.1 million and, after paying issuance costs of \$968 thousand, the net proceeds were \$53.1 million. The advance refunding resulted in a loss on refunding of \$634 thousand. Accordingly, the refunded certificates are considered to be defeased and the liability has been removed from the financial statements. The 2005 advance refunding certificates have been included in the governmental activities column of the Statement of Net Assets. The amount of defeased debt outstanding at June 30, 2005, was \$10.7 million.

In April 2005, CORAL issued \$22.6 million (par value) in 2005 Series B Certificates of Participation (Historic Courthouse Refunding) with an initial interest rate of 3.00% to advance refund (prepay) \$21.2 million of 1997 Historic Courthouse Certificates of Participation, to fund a reserve fund, and pay issuance costs incurred. The proceeds from the sale of the certificates were used to advance refund the 1997 COPs. The 1997 Historic Courthouse certificates had an interest rate of 5.75% and a par value of \$21.8 million. The 2005 term certificates mature in November 2037. The 2005 Series B Certificates of Participation were issued for \$25.8 million and, after paying issuance costs of \$414 thousand, the net proceeds were \$25.4 million. The advance refunding resulted in a loss on refunding of \$1.6 million. Accordingly, the refunded certificates are considered to be defeased and the liability has been removed from the financial statements. The 2005 Series B advance refunding certificates have been included in the governmental activities column of the Statement of Net Assets. The amount of defeased debt outstanding at June 30, 2005, was \$21.2 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – 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 \$116.3 million of Mortgage Revenue Bonds has been issued and \$73.6 million is outstanding as of June 30, 2005. These bonds do not constitute an indebtedness of the County. The bonds are payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of the County officials, these bonds are not payable from any revenues or assets of the County, and neither the full faith and credit nor the taxing authority of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the basic financial statements.

Interest Rate Swap

Objective and Terms: As a means to lower financing costs and to reduce the risks associated with the fluctuation in market interest rates, the County entered into an interest rate swap in connection with the Southwest Justice Center Series 2000 B Leasehold Revenue Bonds in the amount of \$76,300,000. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 5.20%. The Bonds and the related swap agreement mature on November 1, 2023, and the swap's notional amount of \$76,300,000 matches the \$76,300,000 variable -rate bonds. The swap was effective at the same time the bonds were issued on May 24, 2000. Starting in fiscal year 2014-15, the notional value of the swap and the principal amount of the associated debt will decline. After June 1, 2003, the County paid the holding company, a fixed payment of 5.20% and received a variable payment (Floating Rate Option) computed on the weighted average rate paid on the bonds during any calculation period. As of December 2003, an "Alternative Floating Rate Option" was used to calculate interest. The "Alternative Floating Rate Option" means a per annum rate, not to exceed the maximum interest rate payable on the bonds, expressed as a decimal, equal to 64% of the monthly London Interbank Offered Rate (LIBOR) in effect of the each Alternative Floating Rate Reset Date in the relevant calculation period. Conversely, the Bond variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

Fair Value: The swap had a negative fair value of negative \$22.8 million as of June 30, 2005 due to the decline in interest rates. Because the coupons on the Southwest Justice Center Series B variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was the quoted market price at June 30, 2005.

Credit / Basis / Termination Risks: The swap counterparty was rated Aa1 by Moody's and AA- by Standard & Poor's as of June 30, 2005. The swap agreement specifies that if the long-term senior unsecured debt rating of Citigroup is withdrawn, suspended or falls below A- (Standard & Poor) or A3 (Moody's), a collateral agreement will be executed within 30 days or the fair value of the swaps will be fully collateralized by the counterparty. The swap exposes the County to basis risk should the relationship between LIBOR and BMA coverage, changing the synthetic rate on the bonds. As of June 30, 2005, the County's rate was 64% of LIBOR, or 2.1376%, whereas BMA was 2.28%. The County always has the right to terminate the swap. If the swap is terminated, the variable rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swaps had negative fair values, the County would be liable for a payment equal to the swaps' fair values.

Swap and Associated Debt: Using rates as of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30	Variable Rate Bonds		Net Swap	Total
	Principal	Interest	Payments	
2006	\$ -	\$ 1,630,989	\$ 2,336,611	\$ 3,967,600
2007	-	1,630,989	2,336,611	3,967,600
2008	-	1,630,989	2,336,611	3,967,600
2009	-	1,630,989	2,336,611	3,967,600
2010	-	1,630,989	2,336,611	3,967,600
2011 - 2015	4,900,000	7,998,899	11,459,501	19,458,400
2016 - 2020	14,700,000	6,724,890	9,634,310	16,359,200
2021 - 2025	19,400,000	4,856,627	6,957,773	11,814,400
2026 - 2030	25,200,000	2,428,314	3,478,886	5,907,200
2031 - 2032	12,100,000	132,531	189,869	322,400
	<u>\$ 76,300,000</u>	<u>\$ 30,296,206</u>	<u>\$ 43,403,394</u>	<u>\$ 73,699,600</u>

Special Assessment Bonds

At June 30, 2005, various special districts in the County reporting entity have issued special assessment bonds, totaling \$208.2 million. These bonds were sold 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.

As of June 30, 2005, the Riverside County Flood Control and Water Conservation District (Flood Control) has issued special assessment bonds, totaling \$ 6.6 million, for the construction of flood control facilities. The bonds are to be repaid through special assessment revenue and are not considered obligations of Flood Control. In accordance with bond covenants, Flood Control has established a reserve for potential delinquencies. If a delinquency occurs in the payment of any assessment installment, Flood Control has the duty to transfer the amount of such delinquent installment from the Reserve Fund into the Redemption Fund assessment installment. Flood Control's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

State Appellate Court Financing

In November 1997, the Public Finance Authority of the County of Riverside issued \$13.4 million of Lease Revenue Bonds for the State of California Court of Appeal Fourth Appellate District, Division Two Project. The State of California executed a lease coincident with the term of the financing and those lease payments are the sole security for the financing. The State is the ultimate obligor under the terms of the financing and neither the County nor the Authority will have any ongoing payment obligation. The State has committed to indemnify the County in the Lease.

Liquidation of Compensated Absences

During fiscal year 2004-05 the following governmental funds were used to liquidate the liability for compensated absences; The General fund, Flood Control Special Revenue Fund, Transportation Special Revenue Fund, Community Service Special Revenue Fund, Other Special Revenue Fund, Regional Park and Open Space Special Revenue Fund, and the County Service Area Special Revenue Fund.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities

The following is a summary of long-term liabilities transactions for the year ended June 30, 2005 (in thousands):

	Balance		Reductions	Balance	Amounts
	July 1, 2004	Additions	/ Reclass	June 30, 2005	Due Within
					One Year
Governmental activities:					
Debt long-term liabilities:					
Bonds payable	\$ 91,758	\$ 493,470	\$ 92,800	\$ 678,028	\$ 5,295
Capital lease obligations	83,618	12,398	(20,171)	75,845	15,488
Certificates of participation	387,869	74,275	(136,572)	325,572	13,346
Loans payable	66,375	102,785	(19,141)	150,019	2,131
Notes payable	635	-	(310)	325	325
Total debt long-term liabilities	630,255	682,928	(83,393)	1,229,789	36,585
Other long-term liabilities:					
Accreted interest payable	1,524	245	(538)	1,231	-
Compensated absences*	123,248	7,362	(18,627)	111,983	66,227
Estimated claims liabilities	117,258	53,412	(43,927)	126,743	38,187
Other long-term liability	1,500	-	-	1,500	-
Total other long-term liabilities	243,530	61,019	(63,092)	241,457	104,414
Total governmental activities – long-term liabilities	\$ 873,785	\$ 743,947	\$ (146,485)	\$ 1,471,246	\$ 140,999
Business-type activities:					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses on bond defeasance**	\$ 210,558	\$ 6,124	\$ (16,127)	\$ 200,555	\$ 10,175
Capital lease obligations***	4,066	10,451	(966)	13,551	3,119
Certificates of participation	2,040	-	(2,040)	-	-
Total debt long-term liabilities	216,664	16,575	(19,133)	214,106	13,294
Other long-term liabilities:					
Accreted interest payable	22,167	3,816	-	25,983	-
Accrued closure and post-closure	37,176	2,527	(273)	39,430	4,262
Compensated absences*	13,492	503	(77)	13,918	7,315
Accrued remediation costs	15,915	2,544	(897)	17,562	1,218
Other long-term liability	611	5	-	616	-
Total other long-term liabilities	89,361	9,395	(1,247)	97,509	12,795
Total business-type activities – long-term liabilities	\$ 306,025	\$ 25,970	\$ (20,380)	\$ 311,615	\$ 26,089

* Obligations for compensated absences have been paid from, and continue to be paid from, the fund associated with the obligation.

** The reduction in bonds payable amount of \$15.2 million includes a bond premium of \$1.5 million, a bond discount amortization of \$75 thousand, and losses on bond defeasance of \$6.8 million during FY 2004-05.

*** Includes amount previously reported as certificates of participation and the classification results from a perspective difference between the County and a component unit.



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COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 14 – FUND BALANCES

Fund balances that are not available for appropriation or are not considered “expendable available financial resources” are reserved. Unreserved fund balances that have been earmarked by the Board for a specified purpose are considered designated. Such reserved and designated fund balances at June 30, 2005 are as follows (in thousands):

	Major Funds					Total Major Governmental Funds
	General Fund	Flood Control	Pension Obligation	Public Facilities Improvements	Redevelopment Capital Projects	
Reserved:						
Encumbrances	\$ 5,666	\$ 3,913	\$ -	\$ -	\$ 44,289	\$ 53,868
Imprest cash	366	1	-	1	-	368
Inventories	1,801	-	-	-	-	1,801
Notes receivable	-	-	-	-	1,226	1,226
Advances	40	-	-	-	-	40
Program operations	113,026	-	-	-	-	113,026
Construction	-	-	-	175,698	-	175,698
General	350	-	-	-	-	350
Debt service	-	-	179	-	-	179
Land held for resale	-	-	-	-	15,945	15,945
Total reserved fund balances	121,249	3,914	179	175,699	61,460	362,501
Designated:						
Strategic planning	124,849	-	-	-	-	124,849
Probation	102	-	-	-	-	102
Public safety	22,293	-	-	-	-	22,293
3% at 60 Retirement plan	1,161	-	-	-	-	1,161
Program operations	36,539	-	-	-	-	36,539
Capital projects and programs	70	-	-	-	75,702	75,772
Total designated fund balances	185,014	-	-	-	75,702	260,716
Total unreserved-undesignated fund balances	46,191	120,052	-	-	-	166,243
Total fund balances	\$352,454	\$123,966	\$ 179	\$ 175,699	\$ 137,162	\$ 789,460

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 14 – FUND BALANCES (Continued)

	Nonmajor Funds			Total Nonmajor Governmental Funds	Total Major Governmental Funds	Total Governmental Funds
	Special Revenue Funds	Debt Service Funds	Capital Project Funds			
Reserved:						
Encumbrances	\$ 6,307	\$ -	\$ -	\$ 6,307	\$ 53,868	\$ 60,175
Imprest cash	203	-	-	203	368	571
Inventories	847	-	-	847	1,801	2,648
Notes receivable	13,450	277	-	13,727	1,226	14,953
Advances	300	-	-	300	40	340
Program operations	5,596	-	-	5,596	113,026	118,622
Construction	-	-	53,083	53,083	175,698	228,781
Receivables	616	-	-	616	-	616
General	51	-	-	51	350	401
Debt service	-	63,400	-	63,400	179	63,579
Land held for resale	999	-	-	999	15,945	16,944
Capital outlay	-	-	-	-	-	-
Total reserved fund balances	<u>28,369</u>	<u>63,677</u>	<u>53,083</u>	<u>145,129</u>	<u>362,501</u>	<u>507,630</u>
Designated:						
Strategic planning	-	-	-	-	124,849	124,849
Probation	-	-	-	-	102	102
Public safety	-	-	-	-	22,293	22,293
3% at 60 Retirement plan	-	-	-	-	1,161	1,161
Program operations	86,593	-	530	87,123	36,539	123,662
Capital projects and programs	-	-	1,275	1,275	75,772	77,047
Total designated fund balances	<u>86,593</u>	<u>-</u>	<u>1,805</u>	<u>88,398</u>	<u>260,716</u>	<u>349,114</u>
Total unreserved-undesignated fund balances	77,386	-	-	77,386	166,243	243,629
Total fund balances	<u>\$192,348</u>	<u>\$ 63,677</u>	<u>\$ 54,888</u>	<u>\$ 310,913</u>	<u>\$ 789,460</u>	<u>\$ 1,100,373</u>

Net Assets. The government-wide statement of net assets reports \$629.8 million of restricted net assets, of which \$204.3 million is restricted by enabling legislation.

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."

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements
June 30, 2005

NOTE 15 – RISK MANAGEMENT

The County is self-insured for general liability, medical malpractice, and workers' compensation claims. The County records estimated liabilities for general liability, medical malpractice and workers' compensation claims filed or estimated to be filed for incidents that have occurred. Estimated liability accruals include those incidents that are reported as well as an amount for those incidents that 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. Life insurance and long-term disability programs are fully insured. Depending on the plan, group health, dental, and vision may be either self-insured or fully insured.

The County supplements its self-insurance for general liability, medical malpractice and workers' compensation with catastrophic excess insurance coverage. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are \$15 million, subject to a self-insured retention (SIR) of \$1 million for each claim. A deductible is a form of self-insured retention. The County also purchases an additional \$10 million in excess limits for a total of \$25 million in limits for general liability. Medical malpractice utilizes an excess policy providing coverage on claims made. Limits under the malpractice policy are \$10 million subject to a self-insured retention of \$1.1 million. The general liability policy provides an additional \$10 million in excess limits for medical malpractice (excess the medical malpractice programs \$10 million policy limit) for a total of \$20 million. The maximum limit under the excess workers' compensation, Section A, is \$100 million; Section B, employer liability is \$5 million per claim. Section A is subject to a \$2 million SIR for each accident, employee injury, or disease. Settlements have not exceeded coverage for each of the past three fiscal years

The County's property insurance program provides insurance coverage for all risks subject to a \$50 thousand deductible; Flood coverage is subject to a 2% deductible within a 100-year flood zone and \$25 thousand outside a 100-year flood zone. The County's property is categorized into four (4) Towers and each Tower provides \$600 million in limits. Earthquake (covering scheduled locations equal to or greater than \$1 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each Tower of \$125 million with an additional \$100 million excess rooftop limit available to any one Tower. Earthquake is subject to a deductible equal to 5% of replacement cost value subject to a \$500 thousand minimum. Boiler and Machinery provides up to \$100 million in limits, with various deductibles. The limits in each Tower are shared with other counties on a per event basis. Should a catastrophic event occur and losses exceed the limits, the County would be responsible.

The activities related to such programs are accounted for in Internal Service Funds. Accordingly, estimated liabilities for claims, including loss adjustment expenses, filed or to be filed, for incidents that have occurred through June 30, 2005 are reported in these funds. Where certain funds have an accumulated deficit or insufficient reserves, the County provides funding to reduce the deficit and increase the reserves. If the funding is above the Board of Supervisors approved 70% confidence level an appropriate reduction in funding including a one-time holiday on department charges is granted. Revenues for these Internal Service Funds are primarily provided by other County departments and are intended to cover the self-insured claim payments, insurance premiums, and operating expenses. The revenue is not used to cover catastrophic events and other uninsured liabilities. Cash available in the Risk Management Internal Service Funds at June 30, 2005 plus revenues to be collected during fiscal year 2005-06 are expected to be sufficient to cover all fiscal year 2005-06 payments. The carrying amount of unpaid claim liabilities is \$126.7 million. The liabilities are discounted at 5%.

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, 2004</u>	<u>June 30, 2005</u>
Unpaid claims, beginning of year	\$ 87,007	\$ 117,258
Increase (decrease) in provision for insured events of prior years	17,184	12,399
Incurred claims for current year	92,171	41,013
Claim payments	(79,104)	(43,927)
Unpaid claims, end of year	<u>\$ 117,258</u>	<u>\$ 126,743</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 16 – MEDI-CAL AND MEDICARE PROGRAMS

The Regional Medical Center provides services to patients covered by various reimbursement programs. The principal programs are Medicare, the State of California Medi-Cal, the County Medically Indigent Services Program (MISP), and the County Indigent Adult (IA) program. Net patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. In addition, net patient service revenue includes a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed at a contractually agreed-upon per discharge rate and outpatient services are reimbursed under a schedule of maximum allowable reimbursement provided by the California 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 non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. 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. The fiscal intermediary has audited the Regional Medical Center's Medicare cost reports through June 30, 2002.

During 1991, legislation (SB855) 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 patient service revenue of \$30.14 million from disproportionate Medi-Cal reimbursement under this program for the year ended June 30, 2005.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

Under Title I (Section 6500 et seq.) of the Government Code, the County has participated in jointly governed organizations with various entities for a variety of purposes. The board of directors for each of these organizations are composed of one representative of each member organization. The County maintains no majority influence or budgetary control over the following entities and County transactions with these jointly governed organizations are not material to the financial statements. The following jointly governed organizations were not included as either blended or discretely presented component units in these financial statements.

A representation of the jointly governed organizations on which the County served at June 30, 2005 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, Perris, Riverside, San Jacinto and Temecula for the purpose of serving as a forum for consideration, study and recommendation on area-wide and regional problems.

Riverside County Habitat Conservation Agency(RCHCA) was formed in July 1990. The RCHCA is a Joint Powers Agreement Agency comprised of the cities of Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Perris, Riverside, 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.

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2005

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Inland Empire Health Plan was formed with the County of San Bernardino in June 1994 to be the administrative body and governing board to form and develop a managed health care system for Medi-Cal recipients in the two counties through the Local Initiative.

Palm Springs Visitors and Convention Bureau was formed in December 1995 with those member cities located in the Coachella Valley area of the County. The purpose of the Authority is to encourage and promote all aspects of the hospitality, convention and tourism industry in the Coachella Valley.

Western Riverside County Regional Conservation Authority / Multi-Species Habitat Conservation Plan was formed in January 2004 with the responsibility of issuing the permits required to implement the Multi-Species Habitat Conservation Plan, which will ultimately create a 500,000-acre reserve system in the County. The conservation plan's proposed reserve system protects habitat for 146 variety of specie.

NOTE 18 – RETIREMENT PLAN

Plan Description

The County, Flood Control and Water Conservation District (Flood Control), the Regional Park and Open-Space District (Park District) and Waste Management contribute to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees' Retirement Law have established a menu of benefit provisions as well as other requirements. The County selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. A separate report for the various County plans within CalPERS is not available. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in CalPERS are required to contribute 8% (9% for safety employees) of their annual covered salary. The County contributes 1% of the total 8% contribution required of Miscellaneous member County employees hired prior to July 11, 2002 on their behalf and for their account. The County makes the full 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 dates 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 Control, Park District and Waste Management are required to contribute the actuarially determined remaining amounts necessary to fund the benefit for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2004-05, the contribution rates were:

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Miscellaneous	13.934%	10.188%	18.218%	16.971%
Safety	24.390%			

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

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2005

NOTE 18 – RETIREMENT PLAN (Continued)

Annual Pension Cost

For fiscal year 2004-05, the annual pension costs for CalPERS is equal to the employer's required and actual contributions as noted below (in thousands):

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Miscellaneous	\$ 8,070	\$ 1,192	\$ 2,238	\$ 848
Safety	\$ 4,103	-	-	-

The required contribution for fiscal year 2004-05 was determined as part of the June 30, 2002 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) and; (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 CalPERS' assets was determined using 100% of the market value of investments. CalPERS' unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payrolls on a closed basis. CalPERS has notified the County that the actuarial assumptions regarding the investment and inflation rates will be revised for the next evaluation period. The remaining amortization periods in years at June 30, 2005 are:

	<u>County</u>	<u>Flood Control</u>	<u>Parks District</u>	<u>Waste Management</u>
Miscellaneous	22	22	13	20
Safety	23	-	-	-

Riverside County – Miscellaneous

Three-Year Trend Information
(Dollar Amounts in Thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2003	\$ -	-	\$ -
June 30, 2004	\$ 52,100	100%	\$ -
June 30, 2005	\$ 8,070	3,856%	\$ (311,162)

Riverside County - Safety

Three-Year Trend Information
(Dollar Amounts in Thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2003	\$ 18,483	100%	\$ -
June 30, 2004	\$ 26,076	100%	\$ -
June 30, 2005	\$ 4,103	2,089%	\$ (85,713)

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2005

NOTE 18 – RETIREMENT PLAN (Continued)

Flood Control and Water Conservation District

Three-Year Trend Information
(Dollar Amounts in Thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2003	-	-	-
June 30, 2004	-	-	-
June 30, 2005	\$ 1,192	100%	-

Regional Park and Open-Space District

Three-Year Trend Information
(Dollar Amounts in Thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2003	\$ -	-	\$ -
June 30, 2004	\$ 302	100%	\$ -
June 30, 2005	\$ 2,238	100%	\$ -

Waste Management Department

Three-Year Trend Information
(Dollar Amounts in Thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2003	\$ 859	100%	\$ -
June 30, 2004	\$ 824	100%	\$ -
June 30, 2005	\$ 848	100%	\$ -

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements
June 30, 2005

NOTE 19 – DEFINED BENEFIT PENSION PLAN

County of Riverside

The County provides a Defined Benefit Pension Plan to employees who are not eligible for social security or CalPERS retirement benefits through the County. This plan is subject to IRC Section 401(a), and 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's current contribution level is 1.75%, but the contribution is expected to be increased as of January 1, 2006, based on the actuarial valuation in process.

Annual Pension Cost

Three-Year Trend Information
(Dollar Amounts in Thousands)

Calendar Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2003	\$ 921	100%	\$ -
2004	\$ 813	100%	\$ -
2005	\$ 616	100%	\$ -

As of June 30, 2005, the Fund had a cash balance of \$8.5 million. In December 2001, it was discovered that overpayments were made in the lump sum distributions to those participants terminated from this plan in 1999 and 2000. Of the \$723 thousand in outstanding receivables created by these overpayments, payees have returned \$422 thousand. Payments over time (promissory notes) have been arranged for \$95,700. The County made an additional contribution of \$238 thousand in 2003-04 to replace funds not collected from payees.

Housing Authority

On May 22, 2001, the County Board of Supervisors approved and authorized action to transition employees of the Housing Authority (the Authority) to County employees retroactive to May 3, 2001. These employees became subject to the provisions of the CalPERS retirement plan with no carryover vesting from the prior retirement plan. Employees will be 100% vested in the CalPERS retirement plan after 5 years of uninterrupted service.

Before the Authority employees became County employees, the Authority fully funded a defined contribution pension plan on behalf of qualified employees. During the current fiscal year, the Authority participated in the CalPERS plan through the County of Riverside and was not required and did not make any contributions to the prior plan.

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

Total covered payroll	\$ 5,800
Total payroll subject to CalPERS	\$ 4,713
Employer contribution required and paid	\$ 864

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 20 – POST-RETIREMENT BENEFITS

In addition to providing retirement benefits, the County provides certain post-retirement health insurance premium payments to qualifying retired employees and their eligible dependents or survivors pursuant to collective bargaining agreements and Board resolutions. Employees with a minimum service of five years who are at least 50 years of age at retirement qualify to receive the post-retirement benefits. Approximately 1,885 retirees meet these requirements and are covered under the eligibility requirements. CalPERS is responsible for administering the benefits for retirees in certain employee bargaining units. Waste Management, Flood, and Park Districts have not been a part of CalPERS-administered Health Plans since December 31, 2002. In addition, most of the County's employee bargaining units have withdrawn from the CalPERS-administered health plans and are now enrolled with County-administered health plans.

The contributions for retirees and beneficiaries are funded on a pay-as-you-go basis, which are allocated among the operating departments based on the proportionate number of current employees. For the year ended June 30, 2005, CalPERS-administered health plan expenditures amounted to approximately \$296,000 and County-administered health plan expenditures amounted to approximately \$928,000, respectively.

The County of Riverside did obtain an actuarial valuation of its Post-Employment Health Benefits obligations as of January 1, 2005. Based on the combination of plans and contribution levels that the County offers, the present value of future benefits, assuming a 3% interest rate, was estimated to be \$390 million, while the annual normal cost is \$18 million. If the accrued actuarial liability of \$204 million were amortized over a 30-year period, the total annual required contribution (normal cost plus amortization amount) would be \$25 million.

NOTE 21 – COMMITMENTS AND CONTINGENCIES

Lawsuits and Other Claims

The County has been named as a defendant in various lawsuits and claims arising in the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the County, such loss has been accrued in the accompanying basic financial statements. In the opinion of management, the ultimate outcome of these claims will not materially affect the operations of the County.

Federal Grant Revenue

In August 2005, the State Controller's Office (SCO) issued its 2003-2004 Fiscal Year Single Audit Certification and Audit Finding Resolution. In its resolution, the SCO states that the Single Audit Report meets the requirements of the United States Office of Management and Budget (OMB) Circular A-133, which prescribes the audit and reporting standards for state and local governments that expend federal awards. The Single Audit Report identified findings that require resolution. These findings do not appear to affect the federal award programs, and will be addressed in the County's FY 2004-05 annual financial report.

The fiscal year 2004-05 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 30, 2006.

Commitments

At June 30, 2005, the County had various non-cancelable construction contracts with outside contractors. These contracts were financed through either the General Fund or Capital Projects funds. \$135.5 million will be payable upon future performance under the contracts.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 21 – COMMITMENTS AND CONTINGENCIES

Landfill Construction and Consulting Contracts

The Waste Management Department (Waste) entered into various construction and consulting contracts to facilitate its landfill operations and is in the process of installing landfill liners at Lamb Canyon 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 be \$ 9.8 million. These additional costs will be capitalized as the costs are incurred.

Remediation Contingencies

Waste is presently aware of groundwater contamination at 9 of its landfills, 6 of which are closed. Waste is also aware of air/gas contamination at 17 landfills, 11 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 \$17.6 million. At June 30, 2005, Waste has accrued \$17.6 million for the estimated costs related to the remediation of these landfills. Remediation expense for fiscal year 2005 results from prior estimates, current estimates, and current actual expenses.

Waste has established a remediation restricted cash fund and 17 remediation restricted cash escrow funds to set aside funds for future remediation costs as they are require to be performed. Investments of \$16.1 million and \$16.5 million are held for these purposes at June 30, 2005 and 2004, respectively, and are classified as restricted cash and

NOTE 22 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 1, 2005, the County as a participant in the California Statewide Communities Development Authority Pool issued \$210 million of Tax and Revenue Anticipation Notes in the form of Series A-4 Bonds due June 30, 2006. The stated interest rate for the A-4 Bonds is set at 4.00% per annum with a yield of 2.62%. In accordance with California law, the Bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2005-06 and legally available for payment thereof. Proceeds from the Bonds will be used for fiscal year 2005-06 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

CalPERS Pre-payment Note

In conjunction with the traditional Tax and Revenue Anticipation Notes financing explained above, the County as a participant in the California Statewide Communities Development Authority Pool also issued \$84.9 million of Tax and Revenue Anticipation Notes in the form of Series C-3 Taxable Bonds due June 30, 2006. The stated interest rate for the C-3 Bonds is 3.93% per annum with a yield of 3.93%. The purpose of the additional issue is to pre-pay a portion of the County's CalPERS contributions for 2005-2006. Between a prepayment discount of 3.66%, and earnings on cash flow the County expects to net \$1.4 million in cost savings.

Educational Revenue Augmentation Fund (ERAF)

To meet its obligations to fund education at specified levels under Proposition 98, the state enacted legislation that shifted partial financial responsibility for funding education to local government (cities, counties and special districts). The state did this by instructing county auditors to shift the allocation of local property tax revenues from local government to "educational revenue augmentation funds" (ERAFs), directing that specified amounts of city, county and other local agency property taxes be deposited into these funds to support schools. For 2004-2005, the State has directed the following ERAF tax shifts: First, a transfer of \$187.6 million to the Vehicle License Fee Property Tax Compensation Fund for distribution of 50% in January and 50% in May. Secondly, the State has directed a transfer of \$59.2 million to the Sales and Use Tax Compensation Fund for distribution of 50% in January and 50% in May. The total ERAF transfer for 2004-2005 is \$246.8 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2005

NOTE 22 – SUBSEQUENT EVENTS (Continued)

Trial Court Facilities Act of 2002 (SB 1732)

The bill provides for the transfer of the responsibility of a county to provide necessary and suitable court facilities by authorizing the transfer of that responsibility from a county to the Judicial Council pursuant to an agreement to be negotiated between a county and the Judicial Council, as specified, between July 1, 2003, and June 30, 2007.

Transfer of responsibility may occur not earlier than July 1, 2004, and not later than June 30, 2007. The bill further imposes a state-mandated local program by expanding various duties of a county with respect to court facilities. This bill would establish the Court Facilities Trust Fund to be financed by specified payments by each county. In general, the County is held responsible for maintenance-of-effort contributions.

Responsibility for the Larson Justice Center and Moreno Valley Court was transferred to the State in October 2004 and October 2005, respectively. Twenty (20) buildings are subject to the Trial Court Facilities Act of 2002.

<u>Facility</u>	<u>Date Transferred to State</u>	<u>Annual Payment Obligation</u>
Larson Justice Center	October, 2004	\$ 559,761
Moreno Valley Court	October, 2005	<u>251,250</u>
Annual Payment Obligation		\$ <u>811,011</u>

Teeter Fund

In 1993-94 the County established the Teeter Fund for the purpose of paying participating agencies the full amount of property taxes due them within a month of tax deadlines. Under the program, the county sells bonds to cover the difference between collected and uncollected taxes, and uses collections of delinquent taxes and penalties to pay off the bonds. Only delinquent taxes are earmarked for the fund. However, during the past several years the fund has grown disproportionately because of the explosive growth in property values, construction, and systems issues that created a backlog of distribution. Due to these structural complications, some monies that should not have gone into the fund did so as the computer system was unable to differentiate between some tax receipts. Under a formula approved by the state, the amounts have been distributed as follows (in thousands):

County General Fund	\$ 15,394
County Redevelopment	3,023
Cities	18,204
Schools	50,816
Other Districts	<u>5,151</u>
Total	\$ <u>92,588</u>

The Effects of the Economy on CalPERS

Based on past negative performance of the CalPERS fund, CalPERS has estimated that the County's Miscellaneous and Safety contribution rates for fiscal year 2005-06 will continue at 16.274% and 21.122%, respectively. Fiscal year 2006-07 contribution rates are estimated at 11.916% (Miscellaneous) and 18.031% (Safety). They will be accounted for in fiscal year 2005-06 and future budget years.



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REQUIRED SUPPLEMENTARY INFORMATION



"I HAVE A DREAM"
Riverside, CA
Artist: Lisa Reinterson

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SCHEDULES OF FUNDING PROGRESS

The tables below show a 3-year analysis of the Actuarial Value of Assets as a ratio of the Actuarial Accrued Liability (AAL) and the Asset Value in Excess (Deficit) of AAL as a percentage of Annual Covered Payroll. (Dollars in Thousands)

Riverside County – Miscellaneous

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2002	\$ 1,600,979	\$ 1,750,111	\$ (149,132)	.915	\$ 527,189	(28.3%)
June 30, 2003	\$ 1,669,502	\$ 1,998,882	\$ (329,380)	.835	\$ 542,056	(60.8%)
June 30, 2004	\$ 1,834,161	\$ 2,231,624	\$ (397,463)	.822	\$ 571,677	(69.5%)

Riverside County - Safety

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2002	\$ 776,005	\$ 840,221	\$ (64,216)	.924	\$ 137,201	(46.8%)
June 30, 2003	\$ 814,074	\$ 907,018	\$ (92,944)	.898	\$ 147,519	(63.0%)
June 30, 2004	\$ 887,401	\$1,021,085	\$ (133,684)	.869	\$ 161,598	(82.7%)

Riverside County – Part-time and Temporary Help

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2001	\$ 3,000	\$ 4,579	\$ (1,579)	.655	\$ 26,258	(6.01%)
June 30, 2002	\$ 4,330	\$ 7,103	\$ (2,773)	.610	\$ 18,956	(14.62%)
June 30, 2003	\$ 5,945	\$ 8,466	\$ (2,521)	.702	\$ 31,360	(8.03%)

Flood Control and Water Conservation District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2002	\$ 58,674	\$ 58,135	\$ 539	1.009	\$ 9,876	5.5%
June 30, 2003	\$ 59,490	\$ 65,332	\$ (5,841)	.911	\$ 10,019	(58.3%)
June 30, 2004	\$ 62,180	\$ 71,615	\$ (9,435)	.868	\$ 11,324	(83.3%)

Regional Park and Open-Space District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2002	N/A	N/A	N/A	N/A	N/A	N/A
June 30, 2003	\$ 270,887	\$ 335,030	\$ (64,143)	.809	\$ 75,358	(85.1%)
June 30, 2004	\$ 334,956	\$ 426,958	\$ (92,002)	.785	\$ 90,667	(101.5%)

Regional Park and Open-Space District is in its second year in the pooled risk fund and therefore has not accumulated 3-year trend data to report as of June 30, 2005.

Waste Management Department

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2002	N/A	N/A	N/A	N/A	N/A	N/A
June 30, 2003	N/A	N/A	N/A	N/A	N/A	N/A
June 30, 2004	\$ 334,956	\$ 426,958	\$ (92,002)	.785	\$ 90,667	(101.5%)

Waste Management Department is in its first year in the pooled risk fund and therefore has not accumulated 3-year trend data to report as of June 30, 2005.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES



"HAPPY SWINGING"
Palm Desert, CA
Artist: Prince Monyo

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COUNTY OF RIVERSIDE
Budgetary Comparison Statement
Public Facilities Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ -	\$ 700	\$ 57	\$ (643)
License, permits and franchise fees	3,100	3,114	-	(3,114)
Use of money and property:				
Interest	662	662	3,346	2,684
Charges for services	57,490	62,356	37,516	(24,840)
Other revenue	45,263	50,144	19,144	(31,000)
Total revenues	<u>106,515</u>	<u>116,976</u>	<u>60,063</u>	<u>(56,913)</u>
EXPENDITURES:				
Current:				
General government	97,004	99,263	25,485	(73,778)
Public ways and facilities	18,079	23,993	1,980	(22,013)
Total expenditures	<u>115,083</u>	<u>123,256</u>	<u>27,465</u>	<u>(95,791)</u>
Excess (deficiency) of revenues over (under) expenditures	(8,568)	(6,280)	32,598	38,878
OTHER FINANCING SOURCES (USES):				
Transfers in	-	5,852	5,852	-
Transfers out	-	(15,777)	(15,777)	-
Total other financing sources and (uses)	<u>-</u>	<u>(9,925)</u>	<u>(9,925)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(8,568)	(16,205)	22,673	38,878
Fund balance, beginning of year	146,588	146,588	153,026	6,438
FUND BALANCE, END OF YEAR	<u>\$ 138,020</u>	<u>\$ 130,383</u>	<u>\$ 175,699</u>	<u>\$ 45,316</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Statement
Redevelopment Agency Capital Projects Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Use of money and property:				
Interest	\$ 272	\$ 272	\$ 2,172	\$ 1,900
Charges for current services	-	490	-	(490)
Other revenue	53,389	27,379	1,058	(26,321)
Total revenues	53,661	28,141	3,230	(24,911)
EXPENDITURES:				
Current:				
General government	53,660	38,105	22,714	(15,391)
Cost of issuance	-	-	3,020	3,020
Total expenditures	53,660	38,105	25,734	(12,371)
Excess (deficiency) of revenues over (under) expenditures	1	(9,964)	(22,504)	(12,540)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	33,571	33,571	-
Transfers out	-	(19,648)	(19,648)	-
Bond proceeds	-	99,008	99,008	-
Premium on long-term debt	-	-	2,728	2,728
Proceeds from the sale of capital assets	-	-	35	35
Total other financing sources and (uses)	-	112,931	115,694	2,763
NET CHANGE IN FUND BALANCE	1	102,967	93,190	(9,777)
Fund balance, beginning of year	43,972	43,972	43,972	-
FUND BALANCE, END OF YEAR	\$ 43,973	\$ 146,939	\$ 137,163	\$ (9,776)

NONMAJOR GOVERNMENTAL FUNDS



“ABSTRACT SCULPTURES”
Robert Presley Detention Center
Riverside, CA
Artist: Harold Pastorious

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COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS:				
Cash and investments	\$ 200,949	\$ 26,365	\$ 1,912	\$ 229,226
Accounts receivable	3,218	277	-	3,495
Interest receivable	633	1,309	9	1,951
Taxes receivable	2,031	29,683	60	31,774
Due from other governments	11,510	-	776	12,286
Inventories	847	-	-	847
Due from other funds	600	4,928	-	5,528
Restricted cash and investments	7	61,026	52,935	113,968
Notes receivable	13,450	-	-	13,450
Land held for resale	999	-	-	999
Total assets	<u>234,244</u>	<u>123,588</u>	<u>55,692</u>	<u>413,524</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	11,736	818	204	12,758
Salaries and benefits payable	4,068	-	-	4,068
Due to other governments	1,654	21,188	-	22,842
Due to other funds	7	3,679	600	4,286
Deposits payable	59	-	-	59
Teeter notes payable	-	34,226	-	34,226
Advance from other funds	40	-	-	40
Deferred revenue	24,332	-	-	24,332
Total liabilities	<u>41,896</u>	<u>59,911</u>	<u>804</u>	<u>102,611</u>
Fund balances:				
Reserved	28,369	63,677	53,083	145,129
Unreserved-designated, reported in:				
Special revenue funds	86,593	-	-	86,593
Capital projects funds	-	-	1,805	1,805
Unreserved undesignated, reported in:				
Special revenue funds	77,386	-	-	77,386
Total fund balances	<u>192,348</u>	<u>63,677</u>	<u>54,888</u>	<u>310,913</u>
Total liabilities and fund balances	<u>\$ 234,244</u>	<u>\$ 123,588</u>	<u>\$ 55,692</u>	<u>\$ 413,524</u>

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2005
(Dollar in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES:				
Taxes	\$ 66,084	\$ 30,062	\$ -	\$ 96,146
Licenses, permits and franchise fees	186	-	-	186
Fines, forfeitures and penalties	555	-	-	555
Use of money and property:				
Interest	3,265	4,678	334	8,277
Rents and concessions	6,138	29,345	-	35,483
Aid from other governmental agencies:				
Federal	50,896	-	-	50,896
State	42,617	-	1,317	43,934
Charges for services	38,929	-	1	38,930
Other revenue	24,951	6,303	-	31,254
Total revenues	<u>233,621</u>	<u>70,388</u>	<u>1,652</u>	<u>305,661</u>
EXPENDITURES:				
Current:				
General government	51,983	12,574	-	64,557
Public protection	4,365	-	-	4,365
Public ways and facilities	92,014	-	-	92,014
Health and sanitation	13,558	-	-	13,558
Public assistance	17,452	-	-	17,452
Education	9,468	-	-	9,468
Recreation and culture	11,250	-	-	11,250
Debt service:				
Principal	889	17,155	-	18,044
Interest	2,505	24,223	-	26,728
Cost of issuance	2,039	1,276	-	3,315
Capital outlay	175	-	2,255	2,430
Total expenditures	<u>205,698</u>	<u>55,228</u>	<u>2,255</u>	<u>263,181</u>
Excess (deficiency) of revenues Over (under) expenditures	27,923	15,160	(603)	42,480
OTHER FINANCING SOURCES (USES):				
Transfers in	50,369	8,239	36,331	94,939
Transfers out	(78,419)	(61,538)	(668)	(140,625)
Bond proceeds	75,225	43,926	-	119,151
Issuance of refunding bonds	18,245	34,126	-	52,371
Premium on long-term debt	276	1,823	-	2,099
Redemption of refunded bonds	(19,212)	(34,126)	-	(53,338)
Total other financing sources (uses)	<u>46,484</u>	<u>(7,550)</u>	<u>35,663</u>	<u>74,597</u>
NET CHANGE IN FUND BALANCES	74,407	7,610	35,060	117,077
Fund balances, beginning of year, as previously reported	117,941	65,862	19,828	203,631
Adjustments to beginning fund balances	-	(9,795)	-	(9,795)
Fund balances, beginning of year, as restated	<u>117,941</u>	<u>56,067</u>	<u>19,828</u>	<u>193,836</u>
FUND BALANCES, END OF YEAR	\$ 192,348	\$ 63,677	\$ 54,888	\$ 310,913

SPECIAL REVENUE FUNDS



"DOSAN AHN CHANG-HO MEMORIAL"

Riverside, CA

Artist: Moon Kyung Kim

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COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

These are funds established for the purpose of accounting for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted in expenditure for the specified purposes.

TRANSPORTATION FUNDS

These four funds were established to provide for maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share highway user taxes and are supplemented by Federal funds, vehicle code fines, and fees and reimbursements for engineering services provided.

COMMUNITY SERVICES FUNDS

These fourteen funds provide financing for public services. Community service funds for the County are: HUD Community Services Grant, EDA Administration, Community Action Agency, Job Training Partnership, Office On Aging, USEDA Grant, County Free Library, Structural Fire Protection, Homeless Housing Relief Fund, Home Program Fund, EDA US Department of Agriculture Rural Development, Workforce Development, Healthy Kids and Bio-terrorism Preparedness. The primary source of revenue for these types of funds is from State/Federal Grants.

REDEVELOPMENT AGENCY FUND

This fund was established to account for administration and revenues/expenditures related to the low and moderate income housing set aside program. 20% of the tax increments allocated to the Redevelopment Agency are required to be placed in this fund.

COUNTY SERVICE AREA FUNDS

These sixty-two service area funds were established to provide authorized services such as road, park, lighting maintenance, fire protection, or water to specified areas in the County. They are financed by ad valorem property taxes in the area benefited, or by special assessments levied on specific properties.

REGIONAL PARK AND OPEN-SPACE DISTRICT

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

AIR QUALITY IMPROVEMENT FUND

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

OTHER SPECIAL REVENUE FUNDS

These fifteen funds provide financing to make services available to the public and governmental agencies. At the current time, the other special revenue funds within this County are as follows: Rideshare, AD CFD Administration, Aviation, Ladera Irrigation, National Date Festival, CaHD, Special Aviation, Supervisorial Road Districts, Multi-Species Habitat Conservation Agency, Riverside U.S. Grazing Fees, Mitigation Project Operations, Airport Land Use Commission, Prop 10, IHSS Public Authority, and DNA Identification.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Special Revenue Funds
June 30, 2005
(Dollars in Thousands)

	Transportation	Community Services	Redevelopment Agency	County Service Areas
ASSETS:				
Cash and investments	\$ 60,949	\$ 16,448	\$ 81,938	\$ 14,007
Accounts receivable	2,833	362	-	-
Interest receivable	199	28	236	53
Taxes receivable	40	1,393	-	259
Due from other governments	5,115	4,632	-	-
Inventories	847	-	-	-
Due from other funds	-	-	-	-
Restricted cash and investment	-	-	-	-
Notes receivable	-	-	13,450	-
Land held for resale	-	-	999	-
Total assets	<u>69,983</u>	<u>22,863</u>	<u>96,623</u>	<u>14,319</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	8,670	1,770	182	288
Salaries and benefits payable	2,095	1,368	-	36
Due to other governments	1,236	355	-	42
Due to other funds	-	-	-	-
Deposits payable	-	25	-	34
Advances from other funds	-	40	-	-
Deferred revenue	20,934	715	-	791
Total liabilities	<u>32,935</u>	<u>4,273</u>	<u>182</u>	<u>1,191</u>
Fund balances (Note 14):				
Reserved:	3,280	3,923	19,547	4
Unreserved:				
Designated	32	526	76,894	5
Undesignated	33,736	14,141	-	13,119
Total fund balances	<u>37,048</u>	<u>18,590</u>	<u>96,441</u>	<u>13,128</u>
Total liabilities and fund balances	<u>\$ 69,983</u>	<u>\$ 22,863</u>	<u>\$ 96,623</u>	<u>\$ 14,319</u>

Regional Park and Open-Space	Air Quality Improvement	Other Special Revenue	Total	
\$ 9,103	\$ 1,070	\$ 17,434	\$ 200,949	ASSETS:
12	-	11	3,218	Cash and investments
51	5	61	633	Accounts receivable
323	-	16	2,031	Interest receivable
279	140	1,344	11,510	Taxes receivable
-	-	-	847	Due from other governments
600	-	-	600	Inventories
-	-	7	7	Due from other funds
-	-	-	13,450	Restricted cash and investment
-	-	-	999	Notes receivable
10,368	1,215	18,873	234,244	Land held for resale
				Total assets
				LIABILITIES AND FUND BALANCES:
				Liabilities:
163	-	663	11,736	Accounts payable
327	-	242	4,068	Salaries and benefits payable
6	-	15	1,654	Due to other governments
-	7	-	7	Due to other funds
-	-	-	59	Deposits payable
-	-	-	40	Advances from other funds
253	140	1,499	24,332	Deferred revenue
749	147	2,419	41,896	Total liabilities
				Fund balances (Note 14):
640	-	975	28,369	Reserved:
				Unreserved:
8,979	-	157	86,593	Designated
-	1,068	15,322	77,386	Undesignated
9,619	1,068	16,454	192,348	Total fund balances
\$ 10,368	\$ 1,215	\$ 18,873	\$ 234,244	Total liabilities and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Special Revenue Funds For the Fiscal Year Ended June 30, 2005 (Dollars in Thousands)

	Transportation	Community Services	Redevelopment Agency	County Service Areas
REVENUES:				
Taxes	\$ 11,783	\$ 42,204	\$ 7,552	\$ 896
Licenses, permits and franchise fees	186	-	-	-
Fines, forfeitures and penalties	-	510	-	-
Use of money and property:				
Interest	1,067	126	1,205	247
Rents and concessions	-	1,136	-	6
Aid from other governmental agencies:				
Federal	780	44,247	-	-
State	28,129	7,609	-	16
Charges for services	19,186	860	-	7,591
Other revenue	6,961	16,646	1,114	27
Total revenues	<u>68,092</u>	<u>113,338</u>	<u>9,871</u>	<u>8,783</u>
EXPENDITURES:				
Current:				
General government	-	43,485	3,521	-
Public protection	468	-	-	275
Public ways and facilities	81,224	-	-	3,415
Health and sanitation	-	2,378	-	855
Public assistance	-	17,452	-	-
Education	-	9,468	-	-
Recreation and culture	-	-	-	681
Debt service:				
Principal	-	-	355	-
Interest	392	-	2,113	-
Cost of issuance	-	-	2,039	-
Capital outlay	-	-	-	-
Total expenditures	<u>82,084</u>	<u>72,783</u>	<u>8,028</u>	<u>5,226</u>
Excess (deficiency) of revenues over (under) expenditures	(13,992)	40,555	1,843	3,557
OTHER FINANCING SOURCES (USES):				
Transfers in	22,776	17,030	4,548	1
Transfers out	(9,110)	(58,449)	(2,252)	(1,940)
Bond proceeds	-	-	75,225	-
Issuance of refunding bonds	-	-	18,245	-
Premium on long-term debt	-	-	276	-
Redemption of refunded bonds	-	-	(19,212)	-
Total other financing sources (uses)	<u>13,666</u>	<u>(41,419)</u>	<u>76,830</u>	<u>(1,939)</u>
NET CHANGE IN FUND BALANCES	(326)	(864)	78,673	1,618
Fund balances, beginning of year	<u>37,374</u>	<u>19,454</u>	<u>17,768</u>	<u>11,510</u>
FUND BALANCES, END OF YEAR	<u>\$ 37,048</u>	<u>\$ 18,590</u>	<u>\$ 96,441</u>	<u>\$ 13,128</u>

Regional Park and Open-Space	Air Quality Improvement	Other Special Revenue	Total	
\$ 3,043	\$ -	\$ 606	\$ 66,084	REVENUES:
-	-	-	186	Taxes
-	-	45	555	Licenses, permits and franchise fees
215	20	385	3,265	Fines, forfeitures and penalties
499	-	4,497	6,138	Use of money and property:
-	-	5,869	50,896	Interest
835	881	5,147	42,617	Rents and concessions
2,510	-	8,782	38,929	Aid from other governmental agencies:
114	-	89	24,951	Federal
7,216	901	25,420	233,621	State
				Charges for services
				Other revenue
				Total revenues
				EXPENDITURES:
				Current:
-	112	4,865	51,983	General government
8	-	3,614	4,365	Public protection
-	-	7,375	92,014	Public ways and facilities
-	-	10,325	13,558	Health and sanitation
-	-	-	17,452	Public assistance
-	-	-	9,468	Education
10,545	-	24	11,250	Recreation and culture
-	-	534	889	Debt service:
-	-	-	2,505	Principal
-	-	-	2,039	Interest
175	-	-	175	Cost of issuance
10,728	112	26,737	205,698	Capital outlay
				Total expenditures
(3,512)	789	(1,317)	27,923	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
3,509	-	2,505	50,369	Transfers in
(2,411)	(512)	(3,745)	(78,419)	Transfers out
-	-	-	75,225	Bond proceeds
-	-	-	18,245	Issuance of refunding bonds
-	-	-	276	Premium on long-term debt
-	-	-	(19,212)	Redemption of refunded bonds
1,098	(512)	(1,240)	46,484	Total other financing sources (uses)
(2,414)	277	(2,557)	74,407	NET CHANGE IN FUND BALANCES
12,033	791	19,011	117,941	Fund balances, beginning of year
\$ 9,619	\$ 1,068	\$ 16,454	\$ 192,348	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 14,101	\$ 10,372	\$ 11,783	\$ 1,411
License, permits and franchise fees	254	254	186	(68)
Use of money and property:				
Interest	209	209	1,067	858
Aid from other governmental agencies:				
Federal	15,336	15,233	780	(14,453)
State	25,884	27,396	28,129	733
Charges for current services	50,325	52,808	19,186	(33,622)
Other revenue	21,696	24,385	6,961	(17,424)
Total revenues	127,805	130,657	68,092	(62,565)
EXPENDITURES:				
Public protection	482	489	468	(21)
Public ways and facilities	126,589	158,261	81,224	(77,037)
Debt service:				
Interest	-	392	392	-
Capital outlay	-	-	-	-
Total expenditures	127,071	159,142	82,084	(77,058)
Excess (deficiency) of revenues over (under) expenditures	734	(28,485)	(13,992)	14,493
OTHER FINANCING SOURCES (USES):				
Transfers in	-	22,776	22,776	-
Transfers out	-	(9,110)	(9,110)	-
Total other financing sources and (uses)	-	13,666	13,666	-
NET CHANGE IN FUND BALANCE	734	(14,819)	(326)	14,493
Fund balance, beginning of year	29,699	29,699	37,374	7,675
FUND BALANCE, END OF YEAR	\$ 30,433	\$ 14,880	\$ 37,048	\$ 22,168

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Community Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 36,639	\$ 36,960	\$ 42,204	\$ 5,244
Fines, forfeitures and penalties	420	420	510	90
Use of money and property:				
Interest	48	48	126	78
Rents and concessions	1,868	1,868	1,136	(732)
Aid from other governmental agencies:				
Federal	59,626	62,285	44,247	(18,038)
State	6,531	7,375	7,609	234
Charges for current services	11,021	2,118	860	(1,258)
Other revenue	22,235	17,701	16,646	(1,055)
Total revenues	138,388	128,775	113,338	(15,437)
EXPENDITURES:				
Current:				
General government	30,275	32,049	43,485	11,436
Public protection	43,615	409	-	(409)
Health and sanitation	2,805	2,923	2,378	(545)
Public assistance	56,628	49,662	17,452	(32,210)
Education	10,674	10,494	9,468	(1,026)
Debt service:				
Principal	865	80	-	(80)
Total expenditures	144,862	95,617	72,783	(22,834)
Excess (deficiency) of revenues over (under) expenditures	(6,474)	33,158	40,555	7,397
OTHER FINANCING SOURCES (USES):				
Transfers in	-	17,030	17,030	-
Transfers out	-	(58,449)	(58,449)	-
Total other financing sources and (uses)	-	(41,419)	(41,419)	-
NET CHANGE IN FUND BALANCE	(6,474)	(8,261)	(864)	7,397
Fund balance, beginning of year	24,074	24,074	19,454	(4,620)
FUND BALANCE, END OF YEAR	\$ 17,600	\$ 15,813	\$ 18,590	\$ 2,777

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 6,728	\$ 6,373	\$ 7,552	\$ 1,179
Use of money and property:				
Interest	50	74	1,205	1,131
Other revenue	445	-	1,114	1,114
Total revenues	7,223	6,447	9,871	3,424
EXPENDITURES:				
Current:				
General government	7,223	6,744	3,521	(3,223)
Debt service:				
Principal	-	-	355	355
Interest	-	-	2,113	2,113
Cost of issuance	-	-	2,039	2,039
Total expenditures	7,223	6,744	8,028	1,284
Excess (deficiency) of revenues over (under) expenditures	-	(297)	1,843	2,140
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,548	4,548	-
Transfers out	-	(2,252)	(2,252)	-
Bond proceeds	-	75,225	75,225	-
Issuance of refunding bonds	-	18,245	18,245	-
Premium on long-term debt	-	-	276	276
Redemption of refunded bonds	-	(19,212)	(19,212)	-
Total other financing sources and (uses)	-	76,554	76,830	276
NET CHANGE IN FUND BALANCE	-	76,257	78,673	2,416
Fund balance, beginning of year	17,768	17,768	17,768	-
FUND BALANCE, END OF YEAR	\$ 17,768	\$ 94,025	\$ 96,441	\$ 2,416

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
County Service Areas Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 851	\$ 851	\$ 896	\$ 45
Use of money and property:				
Interest	100	100	247	147
Rents and concessions	7	7	6	(1)
Aid from other governmental agencies:				
State	16	16	16	-
Charges for current services	5,953	5,952	7,591	1,639
Other revenue	112	112	27	(85)
Total revenues	<u>7,039</u>	<u>7,038</u>	<u>8,783</u>	<u>1,745</u>
EXPENDITURES:				
Current:				
Public protection	247	354	275	(79)
Public ways and facilities	6,591	5,665	3,415	(2,250)
Health and sanitation	855	855	855	-
Recreation and cultural services	1,376	1,595	681	(914)
Total expenditures	<u>9,069</u>	<u>8,469</u>	<u>5,226</u>	<u>(3,243)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,030)	(1,431)	3,557	4,988
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1	1	-
Transfers out	-	(1,940)	(1,940)	-
Total other financing sources and (uses)	<u>-</u>	<u>(1,939)</u>	<u>(1,939)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,030)	(3,370)	1,618	4,988
Fund balance, beginning of year	11,257	11,257	11,510	253
FUND BALANCE, END OF YEAR	<u><u>\$ 9,227</u></u>	<u><u>\$ 7,887</u></u>	<u><u>\$ 13,128</u></u>	<u><u>\$ 5,241</u></u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 2,839	\$ 2,839	\$ 3,043	\$ 204
Use of money and property:				
Interest	166	166	215	49
Rents and concessions	446	488	499	11
Aid from other governmental agencies:				
State	925	929	835	(94)
Charges for current services	3,321	2,682	2,510	(172)
Other revenue	1,145	474	114	(360)
Total revenues	8,842	7,578	7,216	(362)
EXPENDITURES:				
Current:				
Public protection	13	21	8	(13)
Recreation and cultural services	9,956	12,119	10,545	(1,574)
Capital outlay	-	175	175	-
Total expenditures	9,969	12,315	10,728	(1,587)
Excess (deficiency) of revenues over (under) expenditures	(1,127)	(4,737)	(3,512)	1,225
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,509	3,509	-
Transfers out	-	(2,411)	(2,411)	-
Total other financing sources and (uses)	-	1,098	1,098	-
NET CHANGE IN FUND BALANCE	(1,127)	(3,639)	(2,414)	1,225
Fund balance, beginning of year.	12,033	12,033	12,033	-
FUND BALANCE, END OF YEAR	\$ 10,906	\$ 8,394	\$ 9,619	\$ 1,225

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 8	\$ 8	\$ 20	\$ 12
Aid from other governmental agencies:				
State	580	580	881	301
Total revenues	<u>588</u>	<u>588</u>	<u>901</u>	<u>313</u>
EXPENDITURES:				
Current:				
General government	750	238	112	(126)
Total expenditures	<u>750</u>	<u>238</u>	<u>112</u>	<u>(126)</u>
Excess (deficiency) of revenues over (under) expenditures	(162)	350	789	439
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(512)	(512)	-
Total other financing sources / (uses)	<u>-</u>	<u>(512)</u>	<u>(512)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(162)	(162)	277	439
Fund balance, beginning of year	791	791	791	-
FUND BALANCE, END OF YEAR	<u>\$ 629</u>	<u>\$ 629</u>	<u>\$ 1,068</u>	<u>\$ 439</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 497	\$ 497	\$ 606	\$ 109
Fines, forfeitures and penalties	-	-	45	45
Use of money and property:				
Interest	125	125	385	260
Rents and concessions	4,063	4,464	4,497	33
Aid from other governmental agencies:				
Federal	9,309	9,309	5,869	(3,440)
State	3,940	5,860	5,147	(713)
Charges for current services	7,821	7,474	8,782	1,308
Other revenue	1,506	1,564	89	(1,475)
Total revenues	27,261	29,293	25,420	(3,873)
EXPENDITURES:				
Current:				
General government	3,798	4,865	4,865	-
Public protection	3,489	4,822	3,614	(1,208)
Public ways and facilities	14,942	7,881	7,375	(506)
Health and sanitation	5,009	10,325	10,325	-
Recreation and cultural services	103	24	24	-
Debt service:				
Principal	-	534	534	-
Interest	-	790	-	(790)
Total expenditures	27,341	29,241	26,737	(2,504)
Excess (deficiency) of revenues over (under) expenditures	(80)	52	(1,317)	(1,369)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,505	2,505	-
Transfers out	-	(3,745)	(3,745)	-
Total other financing sources and (uses)	-	(1,240)	(1,240)	-
NET CHANGE IN FUND BALANCE	(80)	(1,188)	(2,557)	(1,369)
Fund balance, beginning of year	15,430	15,430	19,011	3,581
FUND BALANCE, END OF YEAR	\$ 15,350	\$ 14,242	\$ 16,454	\$ 2,212

DEBT SERVICE FUNDS



“THE DREAMER”
Palm Desert, CA
Artist: David Phelps

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COUNTY OF RIVERSIDE

DEBT SERVICE FUNDS

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

CORAL is a non-profit public benefit corporation established to assist the County of Riverside by acquiring equipment and facilities financed from the proceeds of borrowing and leasing such equipment and facilities to the County.

FLOOD CONTROL

This fund receives revenue to pay principal and interest for flood control bonds. These bonds are legal obligations of Zones 2, 4, 6 and Flood Control and were issued to finance construction of flood control channels within each zone.

REDEVELOPMENT AGENCY

This fund receives tax increment revenue to pay principal and interest for Redevelopment Agency tax allocation bonds. These bonds are legal obligations of the Redevelopment Agency and were issued to finance construction of infrastructure and public facilities with various project areas.

DESERT FACILITIES CORPORATION

Desert Facilities Corporation is a non-profit corporation established for the purpose of financing the construction of a courthouse project for use by the County.

TEETER

This fund receives revenue from collection of delinquent taxes, which is then used to pay principal and interest in association with taxable and tax-exempt commercial paper of the Teeter Plan.

COUNTY OF RIVERSIDE DISTRICT COURT FINANCING CORPORATION (DISTRICT COURT PROJECT)

District Court Project is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction and development of a United States District Courthouse, financed from the proceeds of the sale of certificates.

COUNTY OF RIVERSIDE BANKRUPTCY COURT CORPORATION (BANKRUPTCY COURT)

The Bankruptcy Court is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction and development of a United States Bankruptcy Court financed from the proceeds of the sale of certificates.

COUNTY OF RIVERSIDE
Combining Balance Sheet
Debt Service Funds
June 30, 2005
(Dollars in Thousands)

	CORAL	Flood Control	Redevelopment Agency	Desert Facilities Corporation
ASSETS:				
Cash and investments	\$ -	\$ -	\$ 26,365	\$ -
Accounts receivable	-	-	277	-
Interest receivable	154	-	820	-
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Restricted cash and investments	31,171	-	-	122
Total assets	<u>31,325</u>	<u>-</u>	<u>27,462</u>	<u>122</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	176	-	630	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Teeter notes payable	-	-	-	-
Total liabilities	<u>176</u>	<u>-</u>	<u>630</u>	<u>-</u>
Fund balances (Note 14):				
Reserved	31,149	-	26,832	122
Total fund balances	<u>31,149</u>	<u>-</u>	<u>26,832</u>	<u>122</u>
Total liabilities and fund balances	<u>\$ 31,325</u>	<u>\$ -</u>	<u>\$ 27,462</u>	<u>\$ 122</u>

Teeter	District Court Project	Bankruptcy Court	Total	
\$ -	\$ -	\$ -	\$ 26,365	ASSETS: Cash and investments
-	-	-	277	Accounts receivable
326	2	7	1,309	Interest receivable
29,683	-	-	29,683	Taxes receivable
4,928	-	-	4,928	Due from other funds
24,168	745	4,820	61,026	Restricted cash and investments
59,105	747	4,827	123,588	Total assets
				LIABILITIES AND FUND BALANCES:
				Liabilities:
12	-	-	818	Accounts payable
21,188	-	-	21,188	Due to other governments
3,679	-	-	3,679	Due to other funds
34,226	-	-	34,226	Teeter notes payable
59,105	-	-	59,911	Total liabilities
				Fund balances (Note 14):
-	747	4,827	63,677	Reserved
-	747	4,827	63,677	Total fund balances
\$ 59,105	\$ 747	\$ 4,827	\$ 123,588	Total liabilities and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Debt Service Funds

For the Fiscal Year Ended June 30, 2005

(Dollars in Thousands)

	CORAL	Flood Control	Redevelopment Agency	Desert Facilities Corporation
REVENUES:				
Taxes	\$ -	\$ -	\$ 30,062	\$ -
Use of money and property:				
Interest	1,455	-	1,437	202
Rents and concessions	24,686	-	-	146
Other revenue	-	-	2,958	-
Total revenues	<u>26,141</u>	<u>-</u>	<u>34,457</u>	<u>348</u>
EXPENDITURES:				
Current:				
General government	298	-	12,276	-
Debt service:				
Principal	11,605	310	1,470	200
Interest	14,125	24	8,304	153
Cost of issuance	1,276	-	-	-
Total expenditures	<u>27,304</u>	<u>334</u>	<u>22,050</u>	<u>353</u>
Excess (deficiency) of revenues over (under) expenditures	(1,163)	(334)	12,407	(5)
OTHER FINANCING SOURCES (USES):				
Transfers in	402	334	1,636	-
Transfers out	(36,044)	-	(25,494)	-
Bond proceeds	40,149	-	3,777	-
Issuance of refunding bonds	34,126	-	-	-
Premium on long-term debt	1,823	-	-	-
Redemption of refunded bonds	(34,126)	-	-	-
Total other financing sources (uses)	<u>6,330</u>	<u>334</u>	<u>(20,081)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,167	-	(7,674)	(5)
Fund balances, beginning of year, as previously reported	25,982	-	34,506	127
Adjustments to beginning fund balances	-	-	-	-
Fund balances, beginning of year, as restated	<u>25,982</u>	<u>-</u>	<u>34,506</u>	<u>127</u>
FUND BALANCES, END OF YEAR	<u>\$ 31,149</u>	<u>\$ -</u>	<u>\$ 26,832</u>	<u>\$ 122</u>

Teeter	District Court Project	Bankruptcy Court	Total	
				REVENUES:
\$ -	\$ -	\$ -	30,062	Taxes
				Use of money and property:
1,519	37	28	4,678	Interest
-	2,310	2,203	29,345	Rents and concessions
-	-	3,345	6,303	Other revenue
<u>1,519</u>	<u>2,347</u>	<u>5,576</u>	<u>70,388</u>	Total revenues
				EXPENDITURES:
				Current:
-	-	-	12,574	General government
				Debt service:
950	678	1,942	17,155	Principal
-	1,617	-	24,223	Interest
-	-	-	1,276	Cost of issuance
<u>950</u>	<u>2,295</u>	<u>1,942</u>	<u>55,228</u>	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
569	52	3,634	15,160	
				OTHER FINANCING SOURCES (USES):
5,867	-	-	8,239	Transfers in
-	-	-	(61,538)	Transfers out
-	-	-	43,926	Bond proceeds
-	-	-	34,126	Issuance of refunding bonds
-	-	-	1,823	Premium on long-term debt
-	-	-	(34,126)	Redemption of refunded bonds
<u>5,867</u>	<u>-</u>	<u>-</u>	<u>(7,550)</u>	Total other financing sources (uses)
6,436	52	3,634	7,610	NET CHANGE IN FUND BALANCES
3,359	695	1,193	65,862	Fund balances, beginning of year, as previously reported
<u>(9,795)</u>	<u>-</u>	<u>-</u>	<u>(9,795)</u>	Adjustments to beginning fund balances
<u>(6,436)</u>	<u>695</u>	<u>1,193</u>	<u>56,067</u>	Fund balances, beginning of year, as restated
<u>\$ -</u>	<u>\$ 747</u>	<u>\$ 4,827</u>	<u>\$ 63,677</u>	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Flood Control Debt Service Fund
 For the Fiscal Year Ended June 30, 2005
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 334	\$ 334	\$ 310	\$ (24)
Interest	-	-	24	24
Total expenditures	<u>334</u>	<u>334</u>	<u>334</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(334)	(334)	(334)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	334	334	-
Total other financing sources and (uses)	<u>-</u>	<u>334</u>	<u>334</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(334)	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ (334)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Debt Service Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Taxes	\$ 27,215	\$ 29,815	\$ 30,062	\$ 247
Use of money and property:				
Interest	1,260	1,260	1,437	177
Other revenue	18,850	31,802	2,958	(28,844)
Total revenues	<u>47,325</u>	<u>62,877</u>	<u>34,457</u>	<u>(28,420)</u>
EXPENDITURES:				
Current:				
General government	47,325	33,022	12,276	(20,746)
Debt service:				
Principal	-	1,470	1,470	-
Interest	-	8,304	8,304	-
Total expenditures	<u>47,325</u>	<u>42,796</u>	<u>22,050</u>	<u>(20,746)</u>
Excess (deficiency) of revenues over (under) expenditures	-	20,081	12,407	(7,674)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,636	1,636	-
Transfers out	-	(25,494)	(25,494)	-
Bond proceeds	-	3,777	3,777	-
Total other financing sources and (uses)	<u>-</u>	<u>(20,081)</u>	<u>(20,081)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	(7,674)	(7,674)
Fund balance, beginning of year	56,426	56,426	34,506	(21,920)
FUND BALANCE, END OF YEAR	<u>\$ 56,426</u>	<u>\$ 56,426</u>	<u>\$ 26,832</u>	<u>\$ (29,594)</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Teeter Debt Service Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ 1,519	\$ 1,519	\$ -
Other revenue	2,883	-	-	-
Total revenues	2,883	1,519	1,519	-
EXPENDITURES:				
Debt service:				
Principal	2,883	950	950	-
Total expenditures	2,883	950	950	-
Excess (deficiency) of revenues over (under) expenditures	-	569	569	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,297	5,867	2,570
Total other financing sources and (uses)	-	3,297	5,867	2,570
NET CHANGE IN FUND BALANCE	-	3,866	6,436	2,570
Fund balance, beginning of year, as previously reported	3,359	3,359	3,359	-
Adjustments to beginning fund balance	-	-	(9,795)	(9,795)
Fund balance, beginning of year	3,359	3,359	(6,436)	(9,795)
FUND BALANCE, END OF YEAR	\$ 3,359	\$ 7,225	\$ -	\$ (7,225)

CAPITAL PROJECTS FUNDS



“VILLEGAS MEMORIAL”
Staff Sgt. Ysmael R. Villegas
Riverside, CA
Artist: Gary Coutrer

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COUNTY OF RIVERSIDE

CAPITAL PROJECTS FUNDS

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

CORAL is a non-profit public benefit corporation established to assist the County of Riverside by acquiring equipment and facilities financed from the proceeds of borrowing and leasing such equipment and facilities to the County.

FLOOD CONTROL

This fund is used to finance the construction of flood control channels and projects. Revenues are obtained from property taxes, special assessments and proceeds of tax allocation bonds.

DISTRICT COURT PROJECT

District Court Project is a non-profit public benefit corporation established to assist the County of Riverside in the acquisition, construction and development of a United States District Courthouse, financed from the proceeds of the sale of certificates.

REGIONAL PARK AND OPEN-SPACE DISTRICT

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

COUNTY OF RIVERSIDE
Combining Balance Sheet
Capital Projects Funds
June 30, 2005
(Dollars in Thousands)

	CORAL	Flood Control
ASSETS:		
Cash and investments	\$ -	\$ 88
Interest receivable	-	-
Taxes receivable	60	-
Due from other governments	-	-
Restricted cash and investments	52,788	-
Total assets	52,848	88
LIABILITIES AND FUND BALANCES:		
Liabilities:		
Accounts payable	-	-
Due to other funds	-	-
Total liabilities	-	-
Fund balances (Note 14):		
Reserved	52,848	88
Unreserved:		
Designated	-	-
Total fund balances	52,848	88
Total liabilities and fund balances	\$ 52,848	\$ 88

District Court Project	Regional Park and Open-Space	Total	
\$ -	\$ 1,824	\$ 1,912	ASSETS:
-	9	9	Cash and investments
-	-	60	Interest receivable
-	776	776	Taxes receivable
147	-	52,935	Due from other governments
147	2,609	55,692	Restricted cash and investments
			Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
-	204	204	Accounts payable
-	600	600	Due to other funds
-	804	804	Total liabilities
			Fund balances (Note 14):
147	-	53,083	Reserved
-	1,805	1,805	Unreserved:
147	1,805	54,888	Designated
			Total fund balances
\$ 147	\$ 2,609	\$ 55,692	Total liabilities and fund balances

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	CORAL	Flood Control
REVENUES:		
Interest	\$ 278	\$ 2
Aid from other governmental agencies:		
State	-	-
Charges for services	-	1
Total revenues	278	3
EXPENDITURES:		
Capital outlay	853	20
Total expenditures	853	20
Excess (deficiency) of revenues over (under) expenditures	(575)	(17)
OTHER FINANCING SOURCES (USES):		
Transfers in	36,044	-
Transfers out	(176)	-
Total other financing sources (uses)	35,868	-
NET CHANGE IN FUND BALANCES	35,293	(17)
Fund balances, beginning of year	17,555	105
FUND BALANCES, END OF YEAR	\$ 52,848	\$ 88

District Court Project	Regional Park and Open-Space	Total	
\$ 2	\$ 52	\$ 334	REVENUES:
-	1,317	1,317	Interest
-	-	1	Aid from other governmental agencies:
2	1,369	1,652	State
			Charges for services
			Total revenues
			EXPENDITURES:
-	1,382	2,255	Capital outlay
-	1,382	2,255	Total expenditures
2	(13)	(603)	Excess (deficiency) of revenues over (under) expenditures
-	287	36,331	OTHER FINANCING SOURCES (USES):
-	(492)	(668)	Transfers in
-	(205)	35,663	Transfers out
2	(218)	35,060	Total other financing sources (uses)
145	2,023	19,828	NET CHANGE IN FUND BALANCES
\$ 147	\$ 1,805	\$ 54,888	Fund balances, beginning of year
			FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Capital Projects Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 1	\$ 1	\$ 2	\$ 1
Charges for current services	-	-	1	1
Other revenue	407	407	-	(407)
Total revenues	<u>408</u>	<u>408</u>	<u>3</u>	<u>(405)</u>
EXPENDITURES:				
Capital outlay	410	410	20	(390)
Total expenditures	<u>410</u>	<u>410</u>	<u>20</u>	<u>(390)</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(2)</u>	<u>(2)</u>	<u>(17)</u>	<u>(15)</u>
NET CHANGE IN FUND BALANCE	(2)	(2)	(17)	(15)
Fund balance, beginning of year	105	105	105	-
FUND BALANCE, END OF YEAR	<u><u>\$ 103</u></u>	<u><u>\$ 103</u></u>	<u><u>\$ 88</u></u>	<u><u>\$ (15)</u></u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space District Capital Projects Fund
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property:				
Interest	\$ 33	\$ 33	\$ 52	\$ 19
Aid from other governmental agencies:				
State	1,731	1,731	1,317	(414)
Charges for current services	-	4,979	-	(4,979)
Total revenues	<u>1,764</u>	<u>6,743</u>	<u>1,369</u>	<u>(5,374)</u>
EXPENDITURES:				
Current:				
Recreation and cultural services	4,737	9,511	-	(9,511)
Capital outlay	-	1,382	1,382	-
Total expenditures	<u>4,737</u>	<u>10,893</u>	<u>1,382</u>	<u>(9,511)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,973)	(4,150)	(13)	4,137
OTHER FINANCING SOURCES (USES):				
Transfers in	-	287	287	-
Transfers out	-	(492)	(492)	-
Total other financing sources and (uses)	<u>-</u>	<u>(205)</u>	<u>(205)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,973)	(4,355)	(218)	4,137
Fund balance, beginning of year	5,056	5,056	2,023	(3,033)
FUND BALANCE, END OF YEAR	<u>\$ 2,083</u>	<u>\$ 701</u>	<u>\$ 1,805</u>	<u>\$ 1,104</u>



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NONMAJOR ENTERPRISE FUNDS



"HOLOCAUST"
Palm Desert, CA
Artist: Dee Clements

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COUNTY OF RIVERSIDE

NONMAJOR ENTERPRISE FUNDS

These funds account for operations providing goods or services to the general public on a continuing basis. The accounting for these funds is in a manner similar to private enterprises and the intent of the governing body is that all costs are to be financed or recovered primarily through user charges.

COUNTY SERVICE AREA WATER AND SEWER DISTRICT FUNDS

These three funds were established to account for revenues earned, expenses incurred, and the allocation of net income for County Service Areas 62 and 122.

HOUSING AUTHORITY

The Housing Authority was established to provide decent housing in a suitable living environment for families that cannot afford standard private housing.

FLOOD CONTROL

These three funds were established to account for transactions resulting from topographical map sales, subdivision operations and issuance of encroachment permits.

COUNTY OF RIVERSIDE
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2005
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
ASSETS:				
Current assets:				
Cash and investments	\$ 335	\$ 8,818	\$ 522	\$ 9,675
Accounts receivable-net	-	168	1,296	1,464
Interest receivable	1	-	17	18
Taxes receivable	12	-	-	12
Due from other governments	-	80	-	80
Restricted cash and investments	-	1,706	1,157	2,863
Prepaid items and deposits	-	33	-	33
Total current assets	<u>348</u>	<u>10,805</u>	<u>2,992</u>	<u>14,145</u>
Noncurrent Assets:				
Capital assets:				
Depreciable assets	56	9,712	92	9,860
Nondepreciable assets	-	5,175	-	5,175
Total Noncurrent Assets	<u>56</u>	<u>14,887</u>	<u>92</u>	<u>15,035</u>
Total assets	<u>404</u>	<u>25,692</u>	<u>3,084</u>	<u>29,180</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	10	36	202	248
Salaries and benefits payable	21	-	91	112
Due to other governments	-	1,765	-	1,765
Interest payable	-	11	-	11
Deposits payable	48	-	-	48
Other liabilities	-	1,948	1,621	3,569
Compensated absences	2	-	27	29
Bonds payable	-	85	-	85
Total current liabilities	<u>81</u>	<u>3,845</u>	<u>1,941</u>	<u>5,867</u>
Noncurrent portion of long-term liabilities:				
Compensated absences	12	583	215	810
Bonds payable	-	912	-	912
Other long- term liabilities	-	616	-	616
Total noncurrent liabilities	<u>12</u>	<u>2,111</u>	<u>215</u>	<u>2,338</u>
Total liabilities	<u>93</u>	<u>5,956</u>	<u>2,156</u>	<u>8,205</u>
NET ASSETS:				
Invested in capital assets, net of related debt	56	14,887	92	15,035
Restricted	62	158	-	220
Unrestricted	193	4,691	836	5,720
Total net assets	<u>\$ 311</u>	<u>\$ 19,736</u>	<u>\$ 928</u>	<u>\$ 20,975</u>

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
OPERATING REVENUES:				
Charges for services	\$ 239	\$ 60,285	\$ 4,560	\$ 65,084
Other	3	533	64	600
Total operating revenues	<u>242</u>	<u>60,818</u>	<u>4,624</u>	<u>65,684</u>
OPERATING EXPENSES:				
Personnel services	170	7,333	1,841	9,344
Communications	4	-	-	4
Insurance	4	-	-	4
Maintenance of building and equipment	41	1,834	11	1,886
Supplies	4	-	2	6
Purchased services	8	6	2,373	2,387
Depreciation and amortization	6	1,379	34	1,419
Rents and leases of equipment	-	-	276	276
Public assistance	-	49,815	-	49,815
Utilities	61	462	-	523
Other	19	1,126	21	1,166
Total operating expenses	<u>317</u>	<u>61,955</u>	<u>4,558</u>	<u>66,830</u>
Operating income	<u>(75)</u>	<u>(1,137)</u>	<u>66</u>	<u>(1,146)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	8	180	91	279
Interest expense	(3)	(251)	-	(254)
Gain on disposal of capital assets	-	63	-	63
Total nonoperating revenues (expenses)	<u>5</u>	<u>(8)</u>	<u>91</u>	<u>88</u>
CHANGE IN NET ASSETS	(70)	(1,145)	157	(1,058)
Net assets, beginning of year	<u>381</u>	<u>20,881</u>	<u>771</u>	<u>22,033</u>
NET ASSETS, END OF YEAR	<u><u>\$ 311</u></u>	<u><u>\$ 19,736</u></u>	<u><u>\$ 928</u></u>	<u><u>\$ 20,975</u></u>

COUNTY OF RIVERSIDE
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ending June 30, 2005
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
Cash flows from operating activities				
Cash receipts from customers / other funds	\$ 242	\$ 61,691	\$ 3,799	\$ 65,732
Cash paid to suppliers for goods and services	(130)	(51,775)	(1,989)	(53,894)
Cash paid to employees for services	(178)	(7,757)	(1,729)	(9,664)
Net cash provided by (used in) operating activities	<u>(66)</u>	<u>2,159</u>	<u>81</u>	<u>2,174</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	63	-	63
Acquisition and construction of capital assets	-	(563)	-	(563)
Principal paid on bonds payable	-	(983)	-	(983)
Interest paid on long-term debt	(3)	(251)	-	(254)
Net cash used in capital and related financing activities	<u>(3)</u>	<u>(1,734)</u>	<u>-</u>	<u>(1,737)</u>
Cash flows from investing activities				
Interest received on investments	8	180	77	265
Net cash provided by investing activities	<u>8</u>	<u>180</u>	<u>77</u>	<u>265</u>
Net increase (decrease) in cash and cash equivalents	(61)	605	158	702
Cash and cash equivalents, beginning of year	396	9,919	1,521	11,836
Cash and cash equivalents, end of year	<u>\$ 335</u>	<u>\$ 10,524</u>	<u>\$ 1,679</u>	<u>\$ 12,538</u>
Reconciliation of operating income to net cash provided				
Operating income (loss)	\$ (75)	\$ (1,137)	\$ 66	\$ (1,146)
Adjustments to reconcile operating income to net cash				
Depreciation and amortization	6	1,379	34	1,419
Decrease (Increase) accounts receivable	-	(99)	(825)	(924)
Decrease (Increase) bond issuance cost	-	972	-	972
Decrease (Increase) due from other funds	-	23	-	23
Decrease (Increase) due from other governments	-	(23)	-	(23)
Increase (Decrease) accounts payable	10	36	(76)	(30)
Increase (Decrease) due to other funds	-	(23)	-	(23)
Increase (Decrease) due to other governments	-	1,009	-	1,009
Increase (Decrease) deposits payable	1	-	-	1
Increase (Decrease) other liabilities	-	446	770	1,216
Increase (Decrease) salaries and benefits payable	12	(366)	28	(326)
Increase (Decrease) compensated absences	(20)	(58)	84	6
Net cash provided by (used in) operating activities	<u>\$ (66)</u>	<u>\$ 2,159</u>	<u>\$ 81</u>	<u>\$ 2,174</u>

INTERNAL SERVICE FUNDS



"FIREFIGHTER'S MONUMENT"

La Quinta, CA

Artist: John Kinkade

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COUNTY OF RIVERSIDE

INTERNAL SERVICE FUNDS

These funds were established 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.

FLEET SERVICES FUND

This fund finances the operation and maintenance of the Sheriff's department vehicles as well as for other County departments. Revenue is attained from other departments on a cost-reimbursement basis.

INFORMATION SERVICES FUND

This fund is supported by revenues received from County departments for services from the Information Services department for software systems support to computer network and data structure design and organization to County computer systems.

PRINTING SERVICES FUND

This fund accounts for the financing of materials, services and supplies provided to the County departments on a cost-reimbursement basis. This operation also provides such services as paper reclamation program, which collects and sells waste paper collected from County departments for recycling.

SUPPLY SERVICES FUND

The purpose of this fund is to provide financing to support an operation that provides County departments with merchandise and service on a cost-reimbursement basis.

OASIS PROJECT FUND

These funds were established to support the implementation, operation and maintenance of the County's central administrative information system for County departments. Revenue is obtained on a cost-reimbursement basis.

RISK MANAGEMENT FUNDS

These fourteen funds account for the financing of employee benefit insurances and County self-insurances. They include funds for medical, dental, disability, and unemployment insurance for applicable bargaining units, County general liability, medical malpractice and worker's compensation.

TEMPORARY ASSISTANCE POOL

The purpose of this fund is to provide a ready source of temporary workers to County departments with lower overhead charges than are typically levied by outside temporary employment agencies.

FLOOD CONTROL EQUIPMENT FUNDS

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

COUNTY OF RIVERSIDE
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2005
(Dollars in Thousands)

	Fleet Services	Information Services	Printing Services	Supply Services	OASIS Project
ASSETS:					
Current assets:					
Cash and investments	\$ 3,129	\$ 10,410	\$ 1,809	\$ 2,016	\$ 8,436
Accounts receivable-net	69	-	25	-	-
Interest receivable	-	-	-	-	-
Advance to other funds	400	-	-	-	-
Inventories	419	925	347	234	-
Prepaid items and deposits	-	111	-	-	-
Total current assets	<u>4,017</u>	<u>11,446</u>	<u>2,181</u>	<u>2,250</u>	<u>8,436</u>
Noncurrent assets:					
Capital assets:					
Depreciable assets	20,886	11,051	1,306	366	1,899
Non depreciable assets	642	-	-	-	-
Total noncurrent assets	<u>21,528</u>	<u>11,051</u>	<u>1,306</u>	<u>366</u>	<u>1,899</u>
Total assets	<u>25,545</u>	<u>22,497</u>	<u>3,487</u>	<u>2,616</u>	<u>10,335</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	655	2,253	34	156	103
Salaries and benefits payable	183	1,075	94	41	325
Due to other funds	105	4,500	-	-	-
Due to other governments	-	-	-	2	-
Other liabilities	1,885	-	-	-	-
Compensated absences	171	1,124	88	47	449
Capital lease obligation	4,961	1,231	228	-	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	<u>7,960</u>	<u>10,183</u>	<u>444</u>	<u>246</u>	<u>877</u>
Noncurrent portion of long-term liabilities:					
Compensated absences	146	1,170	9	35	415
Advance from other funds	-	-	400	-	-
Capital lease obligation	5,197	2,037	373	-	-
Estimated claims liabilities	-	-	-	-	-
Other long term liabilities	1,500	-	-	-	-
Total noncurrent liabilities	<u>6,843</u>	<u>3,207</u>	<u>782</u>	<u>35</u>	<u>415</u>
Total liabilities	<u>14,803</u>	<u>13,390</u>	<u>1,226</u>	<u>281</u>	<u>1,292</u>
NET ASSETS:					
Invested in capital assets, net of related debt	11,370	7,783	705	366	1,899
Unrestricted (deficit)	(628)	1,324	1,556	1,969	7,144
Total net assets	<u>\$ 10,742</u>	<u>\$ 9,107</u>	<u>\$ 2,261</u>	<u>\$ 2,335</u>	<u>\$ 9,043</u>

Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total
\$ 118,842	\$ 2,537	\$ 4,036	\$ 151,215
1,786	-	139	2,019
441	-	14	455
-	-	-	400
-	-	205	2,130
-	-	-	111
<u>121,069</u>	<u>2,537</u>	<u>4,394</u>	<u>156,330</u>
51	83	2,284	37,926
-	-	-	642
<u>51</u>	<u>83</u>	<u>2,284</u>	<u>38,568</u>
<u>121,120</u>	<u>2,620</u>	<u>6,678</u>	<u>194,898</u>
1,533	132	157	5,023
643	984	64	3,409
-	-	-	4,605
8	-	-	10
1	-	-	1,886
462	182	46	2,569
-	-	-	6,420
<u>38,187</u>	<u>-</u>	<u>-</u>	<u>38,187</u>
<u>40,834</u>	<u>1,298</u>	<u>267</u>	<u>62,109</u>
426	127	178	2,506
-	-	-	400
-	-	-	7,607
88,556	-	-	88,556
-	-	-	1,500
<u>88,982</u>	<u>127</u>	<u>178</u>	<u>100,569</u>
<u>129,816</u>	<u>1,425</u>	<u>445</u>	<u>162,678</u>
51	83	2,284	24,541
<u>(8,747)</u>	<u>1,112</u>	<u>3,949</u>	<u>7,679</u>
<u>\$ (8,696)</u>	<u>\$ 1,195</u>	<u>\$ 6,233</u>	<u>\$ 32,220</u>

ASSETS:

Current assets:

Cash and investments
Accounts receivable-net
Interest receivable
Advance to other funds
Inventories
Prepaid items and deposits
Total current assets

Noncurrent assets:

Capital assets:

Depreciable assets
Non depreciable assets
Total noncurrent assets

Total assets

LIABILITIES:

Current liabilities:

Accounts payable
Salaries and benefits payable
Due to other funds
Due to other governments
Other liabilities
Compensated absences
Capital lease obligation
Estimated claims liability
Total current liabilities

Noncurrent portion of long-term liabilities:

Compensated absences
Advance from other funds
Capital lease obligation
Estimated claims liabilities
Other long term liabilities
Total noncurrent liabilities

Total liabilities

NET ASSETS:

Invested in capital assets,
net of related debt

Unrestricted (deficit)

Total net assets

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Fleet Services	Information Services	Printing Services	Supply Services	OASIS Project
OPERATING REVENUES:					
Charges for services	\$ 22,902	\$ 40,777	\$ 4,165	\$ 7,185	\$ 11,560
Other revenue	208	107	2,837	4,205	-
Total operating revenues	<u>23,110</u>	<u>40,884</u>	<u>7,002</u>	<u>11,390</u>	<u>11,560</u>
OPERATING EXPENSES:					
Cost of materials used	1,239	-	-	-	-
Personnel services	3,192	17,780	1,571	683	5,199
Communications	80	3,758	51	28	215
Insurance	114	103	15	27	14
Maintenance of building and equipment	1,817	4,265	300	15	1,218
Insurance claims	-	-	-	-	-
Supplies	3,439	365	3,394	9,729	122
Purchased services	1,201	3,517	1,278	357	2,497
Depreciation and amortization	6,328	6,660	434	34	1,606
Rents and leases of equipment	1	1,054	36	1	184
Public assistance	-	-	-	-	-
Utilities	9	151	1	-	-
Other	228	658	55	141	159
Total operating expenses	<u>17,648</u>	<u>38,311</u>	<u>7,135</u>	<u>11,015</u>	<u>11,214</u>
Operating income (loss)	<u>5,462</u>	<u>2,573</u>	<u>(133)</u>	<u>375</u>	<u>346</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	-	(4)	(2)	(1)	1
Interest expense	(305)	(187)	(39)	-	-
Gain (loss) on disposal of capital assets	279	(4)	-	-	-
Other nonoperating revenues / (expenses)	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>(26)</u>	<u>(195)</u>	<u>(41)</u>	<u>(1)</u>	<u>1</u>
Income (loss) before capital contributions and transfers	5,436	2,378	(174)	374	347
Capital contributions	-	-	121	-	-
Transfers in	-	-	410	-	-
Transfers out	-	(4,500)	-	-	-
CHANGE IN NET ASSETS	5,436	(2,122)	357	374	347
Net assets, beginning of year	<u>5,306</u>	<u>11,229</u>	<u>1,904</u>	<u>1,961</u>	<u>8,696</u>
NET ASSETS, END OF YEAR	<u>\$ 10,742</u>	<u>\$ 9,107</u>	<u>\$ 2,261</u>	<u>\$ 2,335</u>	<u>\$ 9,043</u>

Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
\$ 44,964	\$ 15,620	\$ 1,296	\$ 148,469	OPERATING REVENUES:
9,185	159	3,967	20,668	Charges for services
54,149	15,779	5,263	169,137	Other revenue
				Total operating revenues
				OPERATING EXPENSES:
-	-	21	1,260	Cost of materials used
8,348	13,982	1,616	52,371	Personnel services
138	17	9	4,296	Communications
5,678	7	-	5,958	Insurance
74	15	524	8,228	Maintenance of building and equipment
53,262	-	-	53,262	Insurance claims
4,292	333	643	22,317	Supplies
2,799	1,598	1,157	14,404	Purchased services
70	24	856	16,012	Depreciation and amortization
606	189	267	2,338	Rents and leases of equipment
4	-	-	4	Public assistance
10	-	-	171	Utilities
731	627	424	3,023	Other
76,012	16,792	5,517	183,644	Total operating expenses
(21,863)	(1,013)	(254)	(14,507)	Operating income (loss)
				NONOPERATING REVENUES (EXPENSES):
2,214	7	68	2,283	Investment income
-	-	-	(531)	Interest expense
-	-	42	317	Gain (loss) on disposal of capital assets
(3)	-	43	40	Other nonoperating revenues / (expenses)
2,211	7	153	2,109	Total nonoperating revenues (expenses)
(19,652)	(1,006)	(101)	(12,398)	Income (loss) before capital contributions and transfers
30,731	-	-	30,852	Capital contributions
1,970	-	314	2,694	Transfers in
(1,970)	(800)	-	(7,270)	Transfers out
11,079	(1,806)	213	13,878	CHANGE IN NET ASSETS
(19,775)	3,001	6,020	18,342	Net assets, beginning of year
\$ (8,696)	\$ 1,195	\$ 6,233	\$ 32,220	NET ASSETS, END OF YEAR

COUNTY OF RIVERSIDE
Combining Statements of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Fleet Service	Information Services	Printing Services	Supply Services	OASIS Project
Cash flows from operating activities					
Cash receipts from internal services provided	\$ 23,107	\$ 40,884	\$ 7,046	\$ 11,394	\$ 11,560
Cash paid to suppliers for goods and services	(10,496)	(11,384)	(5,434)	(10,340)	(4,520)
Cash paid to employees for services	(3,216)	(18,527)	(1,494)	(683)	(5,068)
Net cash provided by (used in)operating activities	<u>9,395</u>	<u>10,973</u>	<u>118</u>	<u>371</u>	<u>1,972</u>
Cash flows from noncapital financing activities					
Advances from (to) other funds	(400)	-	400	-	-
Transfers received	-	-	410	-	-
Transfers paid	-	(4,500)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(400)</u>	<u>(4,500)</u>	<u>810</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	279	(4)	-	-	-
Acquisition and construction of capital assets	(7,545)	(1,654)	(161)	-	(1,061)
Principal paid on capital leases	(1,179)	(2,505)	(216)	-	(431)
Capital contributions	-	-	121	-	-
Interest paid on long-term debt	(305)	(187)	(39)	-	-
Net cash used in capital and related financing activities	<u>(8,750)</u>	<u>(4,350)</u>	<u>(295)</u>	<u>-</u>	<u>(1,492)</u>
Cash flows from investing activities					
Interest received on investments	-	(4)	(2)	(1)	1
Net cash provided by investing activities	<u>-</u>	<u>(4)</u>	<u>(2)</u>	<u>(1)</u>	<u>1</u>
Net increase (decrease) in cash and cash equivalents	245	2,119	631	370	481
Cash and cash equivalents, beginning of year	2,884	8,291	1,178	1,646	7,955
Cash and cash equivalents, end of year	<u>\$ 3,129</u>	<u>\$ 10,410</u>	<u>\$ 1,809</u>	<u>\$ 2,016</u>	<u>\$ 8,436</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 5,462	\$ 2,573	\$ (133)	\$ 375	\$ 346
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation and amortization	6,328	6,660	434	34	1,606
Decrease (Increase) accounts receivable	(3)	-	44	3	-
Decrease (Increase) due from other funds	-	-	-	1	-
Decrease (Increase) inventories	(56)	(490)	(226)	119	-
Decrease (Increase) prepaid items and deposits	-	(17)	6	8	-
Increase (Decrease) accounts payable	274	(1,506)	(84)	(170)	(111)
Increase (Decrease) due to other funds	(85)	4,500	-	-	-
Increase (Decrease) due to other governments	-	-	-	1	-
Increase (Decrease) other liabilities	(2,501)	-	-	-	-
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) salaries and benefits payable	8	(129)	38	3	52
Increase (Decrease) compensated absences	(32)	(618)	39	(3)	79
Net cash provided by operating activities	<u>\$ 9,395</u>	<u>\$ 10,973</u>	<u>\$ 118</u>	<u>\$ 371</u>	<u>\$ 1,972</u>
Supplemental disclosure of noncash investing, capital, and financing activities					
	<u>\$ 5,952</u>	<u>\$ 1,123</u>	<u></u>	<u></u>	<u></u>

Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
\$ 53,637	\$ 15,779	\$ 5,236	\$ 168,643	Cash flows from operating activities
(57,777)	(2,657)	(2,971)	(105,579)	Cash receipts from internal services provided
(8,089)	(13,773)	(1,581)	(52,431)	Cash paid to suppliers for goods and services
(12,229)	(651)	684	10,633	Cash paid to employees for services
				Net cash provided by (used in)operating activities
(3)	-	43	40	Cash flows from noncapital financing activities
1,970	-	314	2,694	Advances from (to) other funds
(1,970)	(800)	-	(7,270)	Transfers received
				Transfers paid
(3)	(800)	357	(4,536)	Net cash provided by (used in) noncapital financing activities
-	-	42	317	Cash flows from capital and related financing activities
(91)	(21)	(638)	(11,171)	Proceeds from sale of capital assets
-	-	-	(4,331)	Acquisition and construction of capital assets
30,731	-	-	30,852	Principal paid on capital leases
-	-	-	(531)	Capital contributions
				Interest paid on long-term debt
30,640	(21)	(596)	15,136	Net cash used in capital and related financing activities
2,025	7	63	2,089	Cash flows from investing activities
2,025	7	63	2,089	Interest received on investments
				Net cash provided by investing activities
20,433	(1,465)	508	23,322	Net increase (decrease) in cash and cash equivalents
98,409	4,002	3,528	127,893	Cash and cash equivalents, beginning of year
\$ 118,842	\$ 2,537	\$ 4,036	\$ 151,215	Cash and cash equivalents, end of year
				Reconciliation of operating income to net cash provided (used) by operating activities
\$ (21,863)	\$ (1,013)	\$ (254)	\$ (14,507)	Operating income (loss)
				Adjustments to reconcile operating income to net cash provided (used) by operating activities
70	24	856	16,012	Depreciation and amortization
(512)	-	(27)	(495)	Decrease (Increase) accounts receivable
-	-	-	1	Decrease (Increase) due from other funds
-	-	67	(586)	Decrease (Increase) inventories
-	-	-	(3)	Decrease (Increase) prepaid items and deposits
331	129	7	(1,130)	Increase (Decrease) accounts payable
-	-	-	4,415	Increase (Decrease) due to other funds
-	-	-	1	Increase (Decrease) due to other governments
1	-	-	(2,500)	Increase (Decrease) other liabilities
9,485	-	-	9,485	Increase (Decrease) estimated claims liability
156	124	9	261	Increase (Decrease) salaries and benefits payable
103	85	26	(321)	Increase (Decrease) compensated absences
\$ (12,229)	\$ (651)	\$ 684	\$ 10,633	Net cash provided by operating activities
			\$ 7,075	Supplemental disclosure of noncash investing, capital, and financing activities



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FIDUCIARY FUNDS



"RIVERSIDE COUNTY'S VETERANS
PAST, PRESENT, FUTURE"
Riverside, CA
Artist: Jeff Crumbacher

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COUNTY OF RIVERSIDE

FIDUCIARY FUNDS

These are funds established for the purpose of accounting for assets held in trustee or agency capacity for others and therefore cannot be used to support the government's own programs and are excluded from the government-wide financial statements.

OTHER AGENCY FUNDS

These 103 funds were established to account for a wide array of fiduciary responsibilities. Some of these responsibilities include: Tax payments clearing, Asset forfeiture, State Controller clearing, child support collections, undistributed bond proceeds and family support clearing.

PAYROLL DEDUCTION AGENCY FUNDS

The purpose of these funds is to collect deductions from employee paychecks. The deductions are owed to a variety of third parties for health insurance, union dues, unemployment insurance, withholding tax, flexible spending accounts and dental insurance.

PROPERTY TAX ASSESSMENT AGENCY FUNDS

The Property Tax Assessment Agency Funds were set up to help Riverside County account for apportioned taxes clearing, delinquent mobile home fees, property tax refunds, special assessments, and Teeter Plan collections.

WARRANT AGENCY FUNDS

These 16 funds were established as clearing funds for various categories of warrants issued by Riverside County.

COUNTY OF RIVERSIDE
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	\$ 74,159	\$ 5,182	\$ 159,413	\$ 65,148	\$ 303,902
Accounts receivable	503	-	-	-	503
Interest receivable	127	1	-	24	152
Taxes receivable	7906	10	32,885	6	40,807
Due from other governments	-	-	15,118	-	15,118
Total assets	<u>82,695</u>	<u>5,193</u>	<u>207,416</u>	<u>65,178</u>	<u>360,482</u>
LIABILITIES:					
Accounts payable	82,688	5,193	80	65,177	153,138
Salaries and benefits payable	7	-	-	-	7
Due to other governments	-	-	206,829	1	206,830
Deposits payable	-	-	507	-	507
Total liabilities	<u>\$ 82,695</u>	<u>\$ 5,193</u>	<u>\$ 207,416</u>	<u>\$ 65,178</u>	<u>\$ 360,482</u>

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

Other	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>Assets</u>				
Cash and investments	\$ 65,060	\$ 2,805,388	\$ 2,796,289	\$ 74,159
Accounts receivable	210	20,738	20,445	503
Interest receivable	72	144	89	127
Taxes receivable	380	7,906	380	7,906
Total Assets	<u>65,722</u>	<u>2,834,176</u>	<u>2,817,203</u>	<u>82,695</u>
<u>Liabilities</u>				
Accounts payable	54,335	545,646	517,293	82,688
Salaries and benefits payable	5	8	6	7
Due to other governments	9,091	2,568,089	2,577,180	-
Advance from other funds	2,291	-	2,291	-
Total Liabilities	<u>\$ 65,722</u>	<u>\$ 3,113,743</u>	<u>\$ 3,096,770</u>	<u>\$ 82,695</u>
<u>Payroll Deductions</u>				
<u>Assets</u>				
Cash and investments	\$ 26,215	\$ 1,120,756	\$ 1,141,789	\$ 5,182
Interest receivable	1	1	1	1
Taxes receivable	7	10	7	10
Total Assets	<u>26,223</u>	<u>1,120,767</u>	<u>1,141,797</u>	<u>5,193</u>
<u>Liabilities</u>				
Accounts payable	26,223	753,307	774,337	5,193
Total Liabilities	<u>\$ 26,223</u>	<u>\$ 753,307</u>	<u>\$ 774,337</u>	<u>\$ 5,193</u>
<u>Property Tax Assessments</u>				
<u>Assets</u>				
Cash and investments	\$ 134,492	\$ 2,833,391	\$ 2,808,470	\$ 159,413
Taxes receivable	-	32,885	-	32,885
Due from other governments	-	15,118	-	15,118
Total Assets	<u>134,492</u>	<u>2,881,394</u>	<u>2,808,470</u>	<u>207,416</u>
<u>Liabilities</u>				
Accounts payable	143	149,109	149,172	80
Due to other governments	134,349	2,922,356	2,849,876	206,829
Deposits payable	-	85,051	84,544	507
Total Liabilities	<u>\$ 134,492</u>	<u>\$ 3,156,516</u>	<u>\$ 3,083,592</u>	<u>\$ 207,416</u>

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<u>Warrants</u>				
<u>Assets</u>				
Cash and investments	\$ 41,201	\$ 4,697,041	\$ 4,673,094	\$ 65,148
Interest receivable	-	42	18	24
Taxes receivable	-	6	-	6
Total Assets	<u>41,201</u>	<u>4,697,089</u>	<u>4,673,112</u>	<u>65,178</u>
<u>Liabilities</u>				
Accounts payable	41,201	4,292,483	4,268,507	65,177
Due to other governments	-	1	-	1
Total Liabilities	<u>\$ 41,201</u>	<u>\$ 4,292,484</u>	<u>\$ 4,268,507</u>	<u>\$ 65,178</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 266,968	\$ 11,456,576	\$ 11,419,642	\$ 303,902
Accounts receivable	210	20,738	20,445	503
Interest receivable	73	187	108	152
Taxes receivable	387	40,807	387	40,807
Due from other governments	-	15,118	-	15,118
Total Assets	<u>267,638</u>	<u>11,533,426</u>	<u>11,440,582</u>	<u>360,482</u>
<u>Liabilities</u>				
Accounts payable	121,902	5,740,545	5,709,309	153,138
Salaries and benefits payable	5	8	6	7
Due to other governments	143,440	5,490,446	5,427,056	206,830
Advance from other funds	2,291	-	2,291	-
Deposits payable	-	85,051	84,544	507
Total Liabilities	<u>\$ 267,638</u>	<u>\$ 11,316,050</u>	<u>\$ 11,223,206</u>	<u>\$ 360,482</u>

STATISTICAL SECTION



"SHERIFF'S MONUMENT"

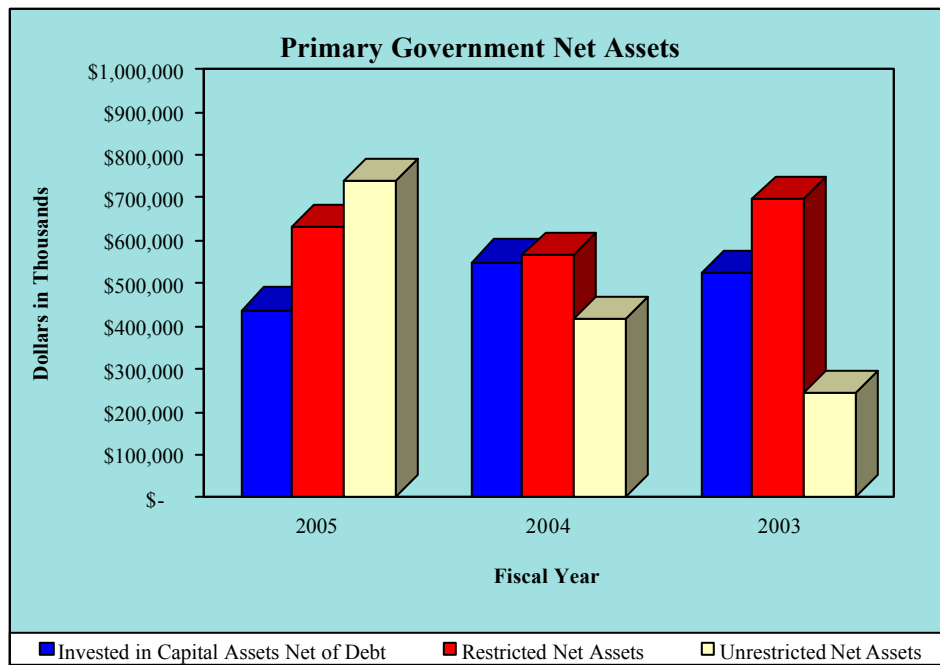
La Quinta, CA
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County of Riverside
Net Assets by Component
Last Three Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

Table 1

	Fiscal Year		
	2005	2004	2003
Governmental Activities			
Invested in capital assets, net of related debt	\$ 407,762	\$ 524,624	\$ 503,294
Restricted	584,441	521,143	662,446
Unrestricted	671,917	387,007	205,952
Governmental Activities, Total net assets	<u>1,664,120</u>	<u>1,432,774</u>	<u>1,371,692</u>
Business-type Activities			
Invested in capital assets, net of related debt	29,583	25,102	19,972
Restricted	45,362	43,232	33,740
Unrestricted	67,502	31,602	40,096
Business-type Activities, Total net assets	<u>142,447</u>	<u>99,936</u>	<u>93,808</u>
Primary Government			
Invested in capital assets, net of related debt	437,345	549,726	523,266
Restricted	629,803	564,375	696,186
Unrestricted	739,419	418,609	246,048
Primary Government, Total net assets	<u>\$ 1,806,567</u>	<u>\$ 1,532,710</u>	<u>\$ 1,465,500</u>



Source: Auditor-Controller, County of Riverside

Table 2

County of Riverside
Changes in Net Assets
Last Three Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	Fiscal Year		
	2005	2004	2003
Program Revenues			
Governmental Activities:			
Charges for Services	\$ 445,711	\$ 424,644	\$ 387,467
Operating Grants and Contributions	983,290	1,086,456	1,050,230
Capital Grants and Contributions	64,252	33,041	32,537
Governmental Activities Program Revenues	<u>1,493,253</u>	<u>1,544,141</u>	<u>1,470,234</u>
Business-type Activities:			
Charges for Services	480,455	385,028	299,419
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	-	125	9,712
Business-type Activities Program Revenues	<u>480,455</u>	<u>385,153</u>	<u>309,131</u>
Primary Government Program Revenues	<u>1,973,708</u>	<u>1,929,294</u>	<u>1,779,365</u>
Expenses			
Governmental Activities:			
General Government	187,911	232,322	183,132
Public Protection	792,287	710,053	620,663
Public Ways and Facilities	79,649	93,529	87,092
Health and Sanitation	290,001	376,338	330,830
Public Assistance	552,298	590,719	588,502
Education	10,112	10,280	8,609
Recreation and Cultural	8,617	9,666	8,842
Interest on Long-Term Debt	48,717	29,890	33,666
Governmental Activities Expenses	<u>1,969,592</u>	<u>2,052,797</u>	<u>1,861,336</u>
Business-type Activities:			
Regional Medical Center	356,255	296,227	228,339
Waste Management Department	55,563	40,056	36,579
Housing Authority	62,206	61,599	57,977
Flood Control	4,928	4,318	2,054
County Service Areas	320	329	294
Business-type Activities Expense	<u>479,272</u>	<u>402,529</u>	<u>325,243</u>
Primary Government Expenses	<u>\$ 2,448,864</u>	<u>\$ 2,455,326</u>	<u>\$ 2,186,579</u>
Net (Expense)/Revenue			
Governmental Activities	(476,339)	(508,656)	(391,102)
Business-type Activities	1,183	(17,376)	(16,112)
Primary Government, net (expense) / revenue	<u>(475,156)</u>	<u>(526,032)</u>	<u>(407,214)</u>

County of Riverside
Changes in Net Assets
Last Three Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

Table 2

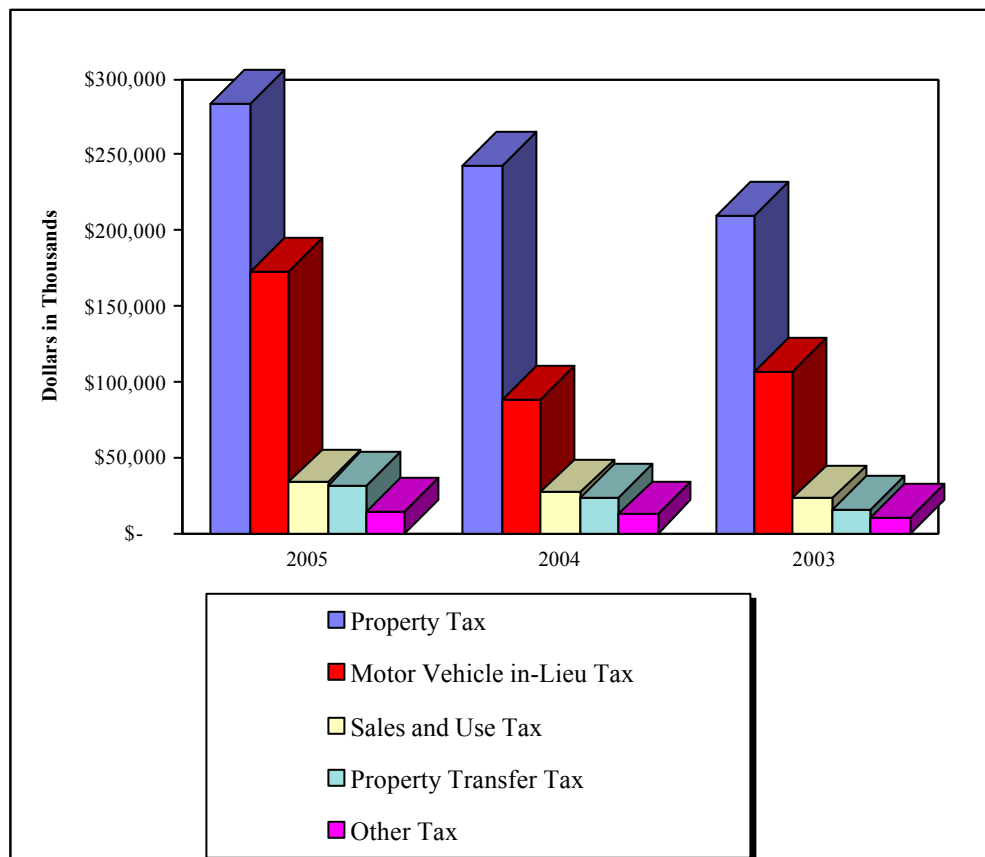
	Fiscal Year		
	2005	2004	2003
Continued: Primary Government, net (expense) / revenue	(475,156)	(526,032)	(407,214)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes:			
Property Taxes	314,666	266,391	225,775
Sales Tax and Use Tax	33,091	26,633	22,444
Other Taxes	13,885	12,108	10,377
Intergovernmental revenue not restricted to programs:			
Contractual Revenue - Redevelopment	13,281	11,385	6,015
Motor Vehicle In-Lieu Taxes	172,265	87,435	106,466
Fines, forfeitures, and penalties	70,578	43,344	37,914
Investment Earnings	39,907	16,835	24,909
Proceeds on Sale of Capital Assets	(18,407)	1,491	504
Other	117,737	146,392	117,706
Transfers	(31,000)	(16,791)	(13,287)
Governmental Activities	<u>726,003</u>	<u>595,223</u>	<u>538,823</u>
Business-type Activities:			
Investment Earnings	4,234	2,505	3,235
Gain on Sale of Capital Assets	346	4,208	754
Transfers	31,000	16,791	13,287
Business-Type Activities	<u>35,580</u>	<u>23,504</u>	<u>17,276</u>
Total Primary Government	<u>761,583</u>	<u>618,727</u>	<u>556,099</u>
Change in Net Assets			
Governmental Activities	249,664	86,567	147,721
Business-Type Activities	36,763	6,128	1,164
Primary Government Change in Net Assets	<u>\$ 286,427</u>	<u>\$ 92,695</u>	<u>\$ 148,885</u>

Source: Auditor-Controller, County of Riverside

Table 3

County of Riverside
Governmental Activities Tax Revenues By Source
Last Three Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

Fiscal Year	Property Tax	Property Transfer Tax	Sales and Use Tax	Motor Vehicle In-Lieu Tax	Other Tax	Total
2005	\$ 283,660	\$ 31,006	\$ 33,091	\$ 172,265	\$ 13,885	\$ 533,907
2004	242,647	23,744	26,633	87,435	12,108	392,567
2003	209,979	15,796	22,444	106,466	10,377	365,062



Source: Auditor-Controller, County of Riverside

County of Riverside
Fund Balances of Governmental Funds
Last Three Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

Table 4

	Fiscal Year		
	2005	2004	2003
General Fund			
Reserved	\$ 121,249	\$ 100,940	\$ 103,489
Unreserved - Designated	185,014	70,361	89,011
Unreserved - Undesignated	46,191	77,752	26,078
Total General fund	<u>352,454</u>	<u>249,053</u>	<u>218,578</u>
Flood Control			
Reserved	3,914	19,051	7,097
Unreserved - Undesignated	120,052	107,482	116,173
Total Flood Control	<u>123,966</u>	<u>126,533</u>	<u>123,270</u>
Pension Obligation			
Reserved	179	-	-
Total Pension Obligation	<u>179</u>	<u>-</u>	<u>-</u>
Public Facilities Improvements			
Reserved	175,699	152,842	146,588
Unreserved - Undesignated	-	184	-
Total Public Facilities Improvements	<u>175,699</u>	<u>153,026</u>	<u>146,588</u>
Redevelopment Capital Projects			
Reserved	61,460	-	-
Unreserved - Designated	75,702	-	-
Total Redevelopment Capital Projects	<u>137,162</u>	<u>-</u>	<u>-</u>
Nonmajor Governmental Funds			
Reserved	145,129	140,362	152,260
Unreserved - Designated Reported in::			
Special Revenue Funds	86,593	13,041	11,929
Capital Projects Funds	1,805	20,353	5,128
Debt Service Funds	-	-	-
Unreserved, Reported in:			
Special Revenue Funds	77,386	82,088	70,791
Capital Projects Funds	-	(8,241)	981
Total Nonmajor Governmental Funds	<u>310,913</u>	<u>247,603</u>	<u>241,089</u>
Total all Governmental Funds	<u>\$ 1,100,373</u>	<u>\$ 776,215</u>	<u>\$ 729,525</u>

Source: Auditor-Controller, County of Riverside

Table 5

County of Riverside
Changes in Fund Balances of Governmental Funds
Last Three Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

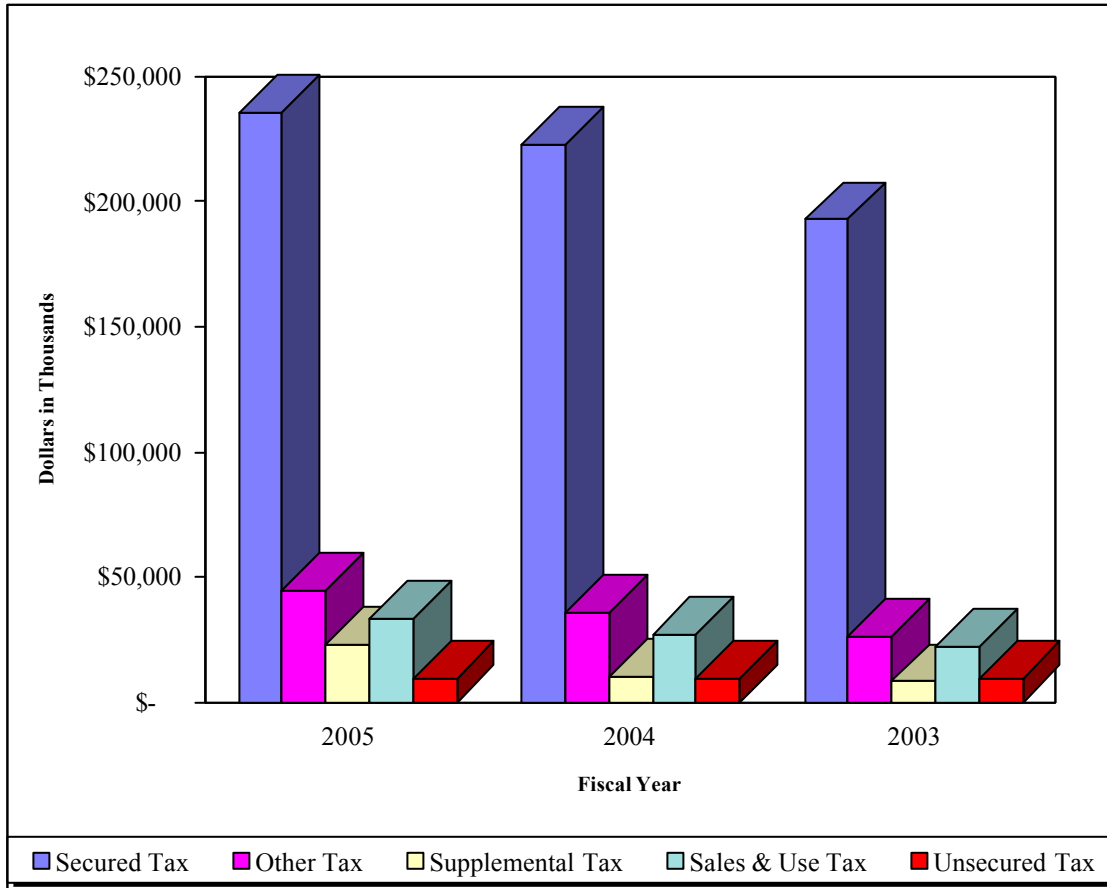
	Fiscal Year		
	2005	2004	2003
Revenues			
Taxes	\$ 346,248	\$ 305,132	\$ 258,596
Licenses, Permits and Franchise Fees	22,343	26,418	25,677
Fines, Forfeitures and Penalties	70,578	43,297	37,241
Use of Money and Property:			
Interest	37,624	16,145	23,331
Rents and concessions	39,831	31,952	39,833
Aid from Other Governmental Agencies:			
Federal	446,628	430,970	428,433
State	705,289	713,146	696,466
Other	55,661	46,750	46,099
Charges for Services	383,497	368,497	327,918
Other Revenue	146,800	100,404	132,900
Total Revenues	<u>2,254,499</u>	<u>2,082,711</u>	<u>2,016,494</u>
Expenditures			
General Government	250,568	217,416	204,861
Public Protection	1,039,822	677,798	613,781
Public Ways and Facilities	111,088	133,973	120,490
Health and Sanitation	339,444	365,727	339,123
Public Assistance	652,069	576,267	570,458
Education	9,889	10,241	9,261
Recreation and Culture	20,058	9,242	10,722
Debt Service:			
Principal	34,452	32,118	37,643
Interest	46,439	24,523	31,220
Cost of Issuance	9,283	504	-
Capital Outlay	9,680	1,604	22,489
Total Expenditures	<u>2,522,792</u>	<u>2,049,413</u>	<u>1,960,048</u>
Revenues Over (Under) Expenditures	(268,293)	33,298	56,446
Other Financing Sources (Uses)			
Transfers In	203,411	163,383	58,661
Transfers Out	(229,835)	(179,701)	(71,879)
Bond Proceeds	618,159	21,645	-
Issuance of Refunding bonds	52,371	-	-
Premium on Long-term Debt	4,827	-	-
Redemption of Refunded Bonds	(53,338)	-	-
Proceeds from the Sale of Capital Assets	35	494	-
Capital Leases	6,616	1,008	8,435
Total Other Financing Sources (Uses)	<u>602,246</u>	<u>6,829</u>	<u>(4,783)</u>
Net Change in Fund Balances	<u>\$ 333,953</u>	<u>\$ 40,127</u>	<u>\$ 51,663</u>
Debt Service as a Percentage of Non-Capital Expenditures	3.59%	2.79%	3.55%

Source: Auditor-Controller, County of Riverside

County of Riverside
General Government Tax Revenues By Source
Last Three Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

Table 6

Fiscal Year	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
2005	\$ 235,636	\$ 9,501	\$ 23,129	\$ 33,091	\$ 44,891	\$ 346,248
2004	222,635	9,600	10,411	26,633	35,853	305,132
2003	192,684	9,112	8,182	22,444	26,174	258,596

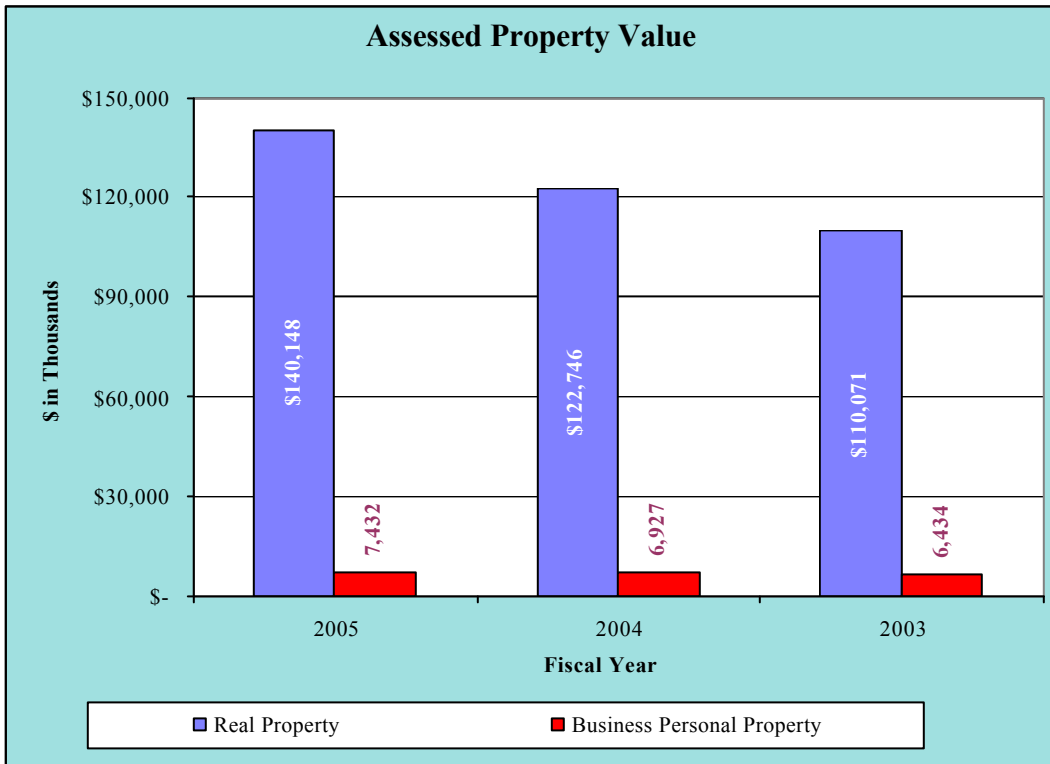


Source: Auditor-Controller, County of Riverside

Table 7

County of Riverside
Assessed Value and Estimated Actual Value of Taxable Property
Last Three Fiscal Years
(Amounts expressed in thousands)

	Fiscal Year		
	2005	2004	2003
Real Property			
Secured Property	\$ 134,299,740	\$ 117,379,593	\$ 105,080,028
Unsecured Property	5,848,602	5,365,993	4,990,478
Business Personal Property			
General Business	5,371,884	4,956,546	4,741,290
Other	2,060,530	1,970,388	1,692,296
Total Gross Assessed Value	<u>147,580,756</u>	<u>129,672,520</u>	<u>116,504,092</u>
Less:			
Tax-Exempt Real Property	4,657,680	4,264,442	3,878,514
Total Taxable Assessed Value	<u>142,923,076</u>	<u>125,408,078</u>	<u>112,625,578</u>
Estimated Actual Taxable Value	\$ 190,564,101	\$ 167,210,771	\$ 150,167,437
Assessed Value as a Percentage of Actual Value	77.44%	77.55%	77.58%



Source: Assessor-Clerk-Recorder, County of Riverside

**County of Riverside
Property Tax Rates
Direct and Overlapping Governments
Last Three Fiscal Years**

Table 8

	Fiscal Year		
	2005	2004	2003
County of Riverside			
Total County Rate	1.00000%	1.00000%	1.00000%
Range of Overlapping Rates			
Total City Rate	.00529% to .01092%	0% to .00608%	0% to .00792%
Total School District Rate	.01192% to .09581%	0% to .09819%	0% to .09750%
Total Special District Rate	0% to .50000%	0% to .72543%	0% to .71888%
Total Direct and Overlapping Rates	1% to 1.50000%	1% to 1.72543%	1% to 1.71888%

Source: Auditor-Controller, County of Riverside

Table 9

**County of Riverside
Principal Property Tax Payers
(Amounts expressed in thousands)**

Tax Payer	Fiscal Year						
	2005			2004		2003	
	Rank	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Rank	Taxable Assessed Value	Rank	Taxable Assessed Value
Verizon California Inc.	1	\$ 7,460	0.43%	2	\$ 6,631	2	\$ 5,253
So. California Edison Co.	2	7,276	0.42%	1	6,911	1	7,486
Centex Homes	3	5,251	0.30%				
KB Home Costal Inc.	4	3,924	0.22%	3	3,506	3	3,144
So. California Gas Co.	5	3,621	0.21%	5	3,461	5	2,555
Pulte Home Corp.	6	3,221	0.18%	8	2,548	8	1,936
Blythe Energy, LLC	7	3,099	0.18%	4	3,462	4	2,694
P.G.C.C.	8	2,906	0.17%				
KSL Desert Resorts, Inc.	9	2,448	0.14%	7	2,554	7	2,294
Murdy S.P.	10	2,338	0.13%				
DS Hotel				6	2,741	6	2,545
Norco Ridge Ranch				9	2,391	9	1,894
Tyler Mall LTD, Partnership				10	2,185	10	1,582
Total		<u>\$ 41,544</u>			<u>\$ 36,390</u>		<u>\$ 31,383</u>

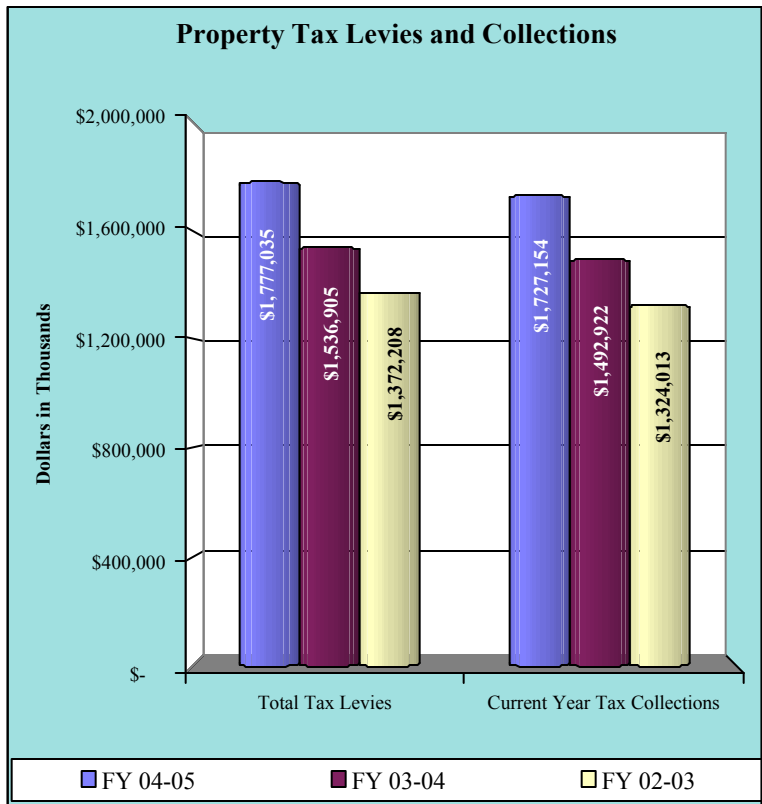
Note: P.G.C.C. = Pardee Grossman Cottonwood Canyon

Source: Treasurer-Tax Collector, County of Riverside

**County of Riverside
Property Tax Levies and Collections
Last Three Fiscal Years
(Amounts expressed in thousands)**

Table 10

Fiscal Year	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections as of 6/30	
		Amount	Percentage of Levy	Delinquent Tax Collections	Amount	Percentage of Levy
2005	\$ 1,777,035	\$ 1,727,154	97.19%	\$ 61,220	\$ 1,788,374	100.64%
2004	1,536,905	1,492,922	97.14%	67,284	1,560,206	101.52%
2003	1,372,208	1,324,013	96.49%	53,120	1,377,133	100.36%

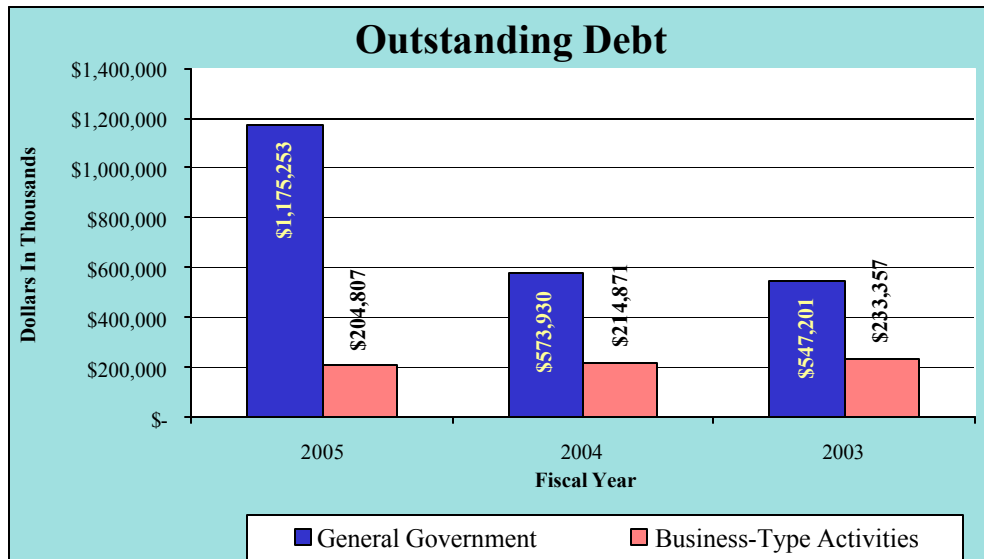


Source: Auditor-Controller, County of Riverside

Table 11

County of Riverside
Ratios of Outstanding Debt by Type
Last Three Fiscal Years
 (Amounts expressed in thousands, except per capita amount)

	Fiscal Year		
	2005	2004	2003
General Government			
Bonds	\$ 678,028	\$ 91,758	\$ 91,758
Certificates of Participation	325,572	387,869	357,855
Note and Loans	150,344	67,010	68,060
Capital Leases	21,309	27,293	29,528
Business-Type Activities			
Bonds	201,458	210,558	228,392
Certificates of Participation	1,040	2,040	3,000
Capital Leases	2,309	2,273	1,965
Total Primary Government	<u>\$ 1,380,060</u>	<u>\$ 788,801</u>	<u>\$ 780,558</u>
Percentage of Personal Income	1.56%	0.98%	1.04%
Per Capita	\$ 735	\$ 444	\$ 454



Note: Per Capita for 2005 and 2004 are estimates

Source: California State Department of Finance and Auditor-Controller, County of Riverside

County of Riverside
Ratios of General Bonded Debt Outstanding
Last Three Fiscal Years
(Amounts expressed in thousands, except per capita amount)

Table 12

	Fiscal Year		
	2005	2004	2003
Bonds	\$ 678,028	\$ 91,758	\$ 91,758
Less:			
Amounts Available in Debt Service Fund	61,941	72,798	133,049
Total Net Obligation Bonds Outstanding	<u>\$ 616,087</u>	<u>\$ 18,960</u>	<u>\$ (41,291)</u>
Percentage of Estimated			
Actual Taxable Value of Property	0.32%	0.46%	0.44%
Per Capita	\$ 328	\$ 11	\$ (24)

Note: Details regarding the county's outstanding debt can be found in the notes to the basic financial statements

Source: California State Department of Finance

Table 13

County of Riverside
Direct and Overlapping Governmental Activities Debt
As of June 30, 2005
(Amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes: County	\$ 5,244,878	80.53%	<u>\$ 4,223,528</u>
Subtotal, Overlapping Debt			4,223,528
County of Riverside Direct Debt			<u>1,021,350</u>
Total Direct and Overlapping Debt			<u><u>\$ 5,244,878</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is born by the residents and businesses of the County of Riverside. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden born by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

County of Riverside
Legal Debt Margin Information
Last Three Fiscal Years
(Amounts expressed in thousands)

Table 14

	Fiscal Year		
	2005	2004	2003
Debt Limit	1,735,525	\$ 1,511,307	\$ 1,353,391
Total Net Debt Applicable to Limit	(616,087)	(635,290)	(620,202)
Legal Debt Margin	\$ 1,119,438	\$ 876,017	\$ 733,189
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	35.5%	42.0%	45.8%

Legal Debt Margin Calculated for Fiscal Year 2005

Assessed Value	\$ 140,852,260
Less: Homeowners Exemptions	(2,010,251)
Total Assessed Value	138,842,009
Debt Limit (1.25% of Total Assessed Value)	1,735,525
Debt Applicable to Limit:	
General Obligation Bonds	678,028
Less: Amount Set Aside for Repayment of General Obligation Debt	61,941
Total Net Debt Applicable to Limit	616,087
Legal Debt Margin	\$ 1,119,438

Source: Auditor-Controller, County of Riverside

Table 15

**County of Riverside
Pledged-Revenue Coverage
Last Three Fiscal Years
(amounts expressed in thousands)**

Fiscal Year	Lease Revenue Bonds					Coverage
	Revenue from	Less:	Net	Debt Service		
	Lease Payments	Operating Expenses	Available Revenue	Principal	Interest	
2005	\$ 21,601	\$ 676	\$ 20,925	\$ 11,175	\$ 17,551	0.7284
2004	20,715	5,586	15,129	9,490	9,418	0.8001
2003	17,008	1,273	15,735	8,300	11,474	0.7957

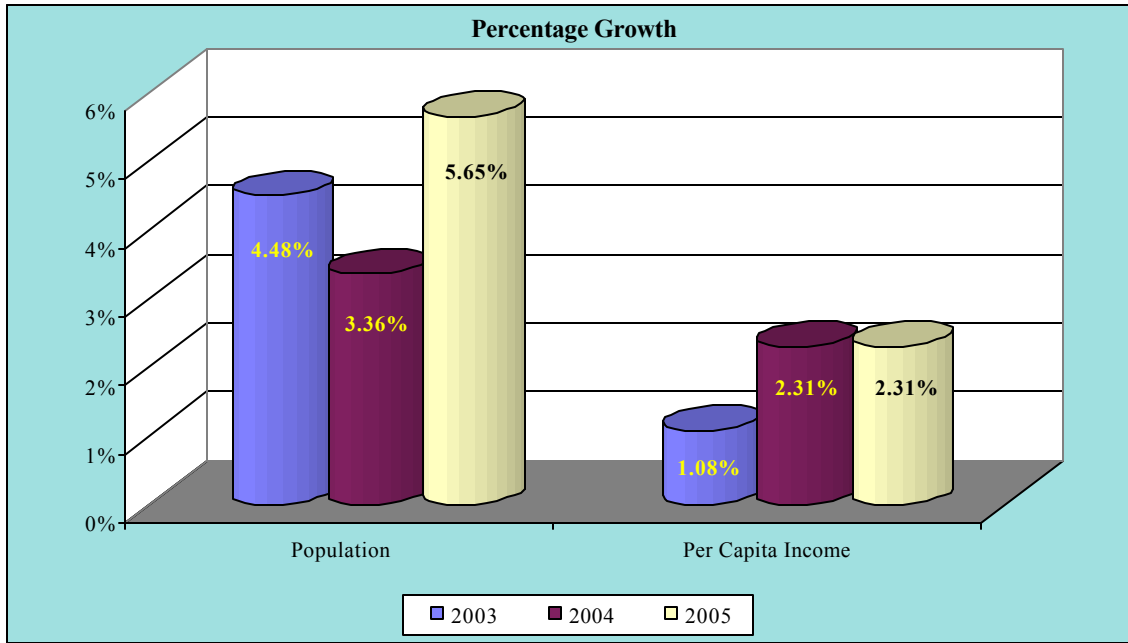
Source: Auditor-Controller, County of Riverside

Note: Details regarding the county's outstanding debt can be found in the notes to the basic financial statements.

**County of Riverside
Demographic and Economic Statistics
Last Three Fiscal Years**

Table 16

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2005	1,877,000	\$45,451,000 ¹	\$ 25,972 ¹	33 ²	12.2 ²	380,267	5.20%
2004	1,776,700	43,737,000 ¹	25,386 ¹	33 ²	12.2 ²	364,857	5.80%
2003	1,719,000	42,655,266	24,814	33 ²	12.2 ²	349,607	6.20%



¹ Projection based on 11 year running average

² Median age and education level based on census 2000

Sources:

- California State Department of Finance
- Riverside County Superintendent of Schools
- State of California, Employment Development Department
- State Department of Commerce and Labor

Table 17

**County of Riverside
Principal Employers
Last Three Fiscal Years**

<u>Employer</u>	<u>Fiscal Year</u>					
	<u>Rank</u>	<u>2005 Employees</u>	<u>Rank</u>	<u>2004 Employees</u>	<u>Rank</u>	<u>2003 Employees</u>
The County of Riverside	1	16,907	1	17,124	1	16,926
Stater Brothers	2	5,600	2	5,600	2	5,600
Kaiser Permanente	3	2,893	3	2,893	3	2,893
Fleetwood Enterprises Inc.	4	2,386	4	2,125	4	2,125
Eisenhower Medical Center	5	1,972	5	1,972	5	1,972
Valley Health System	6	1,756	6	1,756	6	1,756
Riverside Community Hospital	7	1,641	7	1,641	7	1,641
KSL Desert Resorts Inc.	8	1,600	8	1,600	8	1,600
Ralph's Grocery Co.	9	1,500				
Desert Regional Medical Center			9	1,500	9	1,500
Vons			10	1,500	10	1,500
The Press Enterprise Co.	10	1,168				

Source: The Business Press, Riverside, California

County of Riverside
Full-time Equivalent County Government Employees by Function/Program
Last Three Fiscal Years

Table 18

Function/Program	Full-time Equivalent Employees		
	2005	2004	2003
General government			
Legislative and Administrative	87	92	93
Finance	424	445	449
Counsel	52	50	50
Personnel	160	153	144
Elections	34	36	39
Communication	-	11	10
Property Management	305	312	306
Promotion	126	121	110
Other General	1	1	1
Public Protection			
Judicial	1,150	1,213	1,260
Police Protection	1,926	1,914	1,902
Detention and Correction	1,748	1,803	1,832
Fire Protection	126	135	122
Protection/Inspection	233	216	206
Other Protection	441	446	419
Administration	36	37	35
Public Ways and Facilities			
Public Ways	488	491	476
Health and Sanitation			
Health	1,862	1,901	1,929
Hospital Care	30	32	31
California Children's Services	143	127	119
Public Assistance			
Aid programs	2,796	2,744	2,720
Veterans' Services	10	10	11
Other Assistance	309	338	452
Education, Recreation and Culture			
Library Services	1	1	1
Agricultural Extension	4	4	5
Cultural Services	2	2	-
County Business-Type Functions			
Hospital Care	1,589	1,526	1,538
Sanitation	149	130	94
Internal Service	2,147	2,305	2,058
Special Districts	528	528	514
Total	16,907	17,124	16,926

Source: County of Riverside

Table 19

**County of Riverside
Operating Indicators by Function
Last Three Fiscal Years**

Function/Program	Fiscal Year		
	2005	2004	2003
Sheriff			
Number of Bookings	53,869	52,497	49,617
Coroner Case Load	8,199	7,826	7,772
Calls for Services - Unincorporated Areas	230,189	219,145	206,122
Fire			
Medical Assistance	80,484	76,601	70,851
Fires Extinguished	14,696	14,816	14,714
Other Services	10,870	10,786	10,689
Communities Served	78	78	78
Probation			
Adults on Probation	13,937	13,282	11,618
Juveniles in Secure Detention	310	367	355
Juveniles in Treatment Facilities	98	107	98
Juveniles in Detention Facilities	12,405	14,435	13,708
Waste Management			
Landfill Tonnage	1,328,935	1,231,767	1,148,312
Recycling Tonnage	2,619	2,850	2,066
County Library			
Total Circulation - books	2,324,539	2,222,575	2,293,424
Reference Questions Answered	430,226	423,925	461,598
Patrons	2,226,360	1,447,505	1,621,147
Programs Offered	2,274	3,759	3,588
Program Attendance	45,605	68,437	61,921
Assessor-Clerk-Recorder			
Assessments	859,413	831,610	791,348
Official Records Recorded	1,039,166	1,019,271	794,257
Vital Records Copies Issued	73,379	68,892	70,071
Official Records Copies Issued	36,480	36,231	33,506
County Regional Medical Center			
Emergency Room Treatments	68,105	66,411	66,136
Clinic Visits	109,568	113,171	118,477
Admissions	21,723	20,587	19,690
Patient Days	96,820	92,643	91,114
Discharges	21,741	20,554	19,705
Community Health Agency			
Facilities Inspections	40,642	38,105	36,546
Patient Visits	135,539	125,936	123,230
Patient Services	339,095	376,534	336,909
Animal Impounds	20,467	21,307	21,661
Spays and Neuters	2,401	3,080	2,372
Public social Services			
CalWORKs Clients	20,846	20,296	19,908
Food Stamp Clients	27,992	24,796	23,026
Medi-Cal Clients	110,994	105,598	99,332
In-Home Support Services	12,171	11,314	10,201
Foster Care Placements	5,088	4,418	4,215
Child Welfare Services	11,153	9,411	10,467

Source: County of Riverside

**County of Riverside
Capital Asset Statistics by Function
Last Three Fiscal Years**

Table 20

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Sheriff			
Patrol Stations	10	10	10
Patrol Vehicles	583	576	550
Fire			
Stations	48	48	48
Trucks	125	126	117
Waste Management			
Landfills	7	8	8
Capacity in Tons	50,948,302	50,872,281	42,712,387
Parks and Recreation			
Regional Parks	13	13	13
Historic Sites	6	6	6
Nature Centers	5	5	5
Archaeological Sites	7	7	7
Wildlife Reserves	16	16	16
County Libraries			
Branch Libraries	29	28	27
Book Mobiles	2	2	2
Books in Collection	1,477,670	1,098,082	1,029,424
County Regional Medical Center			
Major Clinics	4	4	4
Routine and Specialty Clinics	30	30	30
Beds Licensed	439	439	439

Source: Various County Departments



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