

County of Riverside, California



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2006

Prepared by the Office of:

**Robert E. Byrd, CGFM
County Auditor-Controller**

**COUNTY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2006**

TABLE OF CONTENTS

INTRODUCTORY SECTION:	Page
Letter of Transmittal.....	v
Principal County Officials.....	xiii
Organization Chart	xiv
GFOA Certificate of Achievement for Excellence in Financial Reporting for 2005	xv
FINANCIAL SECTION:	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Assets	23
Statement of Activities.....	24
Fund Financial Statements:	
<u>Governmental Funds:</u>	
Balance Sheet.....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets ..	31
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
<u>Budgetary Comparison Statements:</u>	
General Fund.....	36
<u>Proprietary Funds:</u>	
Statement of Net Assets	38
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	39
Statement of Cash Flows.....	40
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Assets.....	42
Statement of Changes in Fiduciary Net Assets	43

COUNTY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2006

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED):	Page
Notes to the Basic Financial Statements:	
(1) Summary of Significant Accounting Policies	45
(2) Stewardship, Compliance and Accountability.....	57
(3) Reconciliation of Government-wide and Fund Financial Statements	58
(4) Restatement of Beginning Fund Balance / Net Assets	60
(5) Cash and Investments	61
(6) Restricted Cash and Investments.....	64
(7) Receivables.....	65
(8) Interfund Transactions.....	66
(9) Capital Assets	68
(10) Landfill Closure and Post-closure Care Costs	71
(11) Operating Leases	72
(12) Short-Term Debt.....	72
(13) Long-Term Obligations.....	73
(14) Fund Balances	86
(15) Risk Management.....	88
(16) Medi-Cal and Medicare Programs.....	89
(17) Jointly Governed Organizations.....	90
(18) Retirement Plan	91
(19) Defined Benefit Pension Plan.....	94
(20) Post-Retirement Benefits.....	95
(21) Commitments and Contingencies.....	95
(22) Subsequent Events.....	96
Required Supplementary Information (other than MD&A):	
Schedules of Funding Progress	99
Combining and Individual Fund Statements and Budgetary Schedules:	
Budgetary Comparison Schedule – Teeter Debt Service Fund	101
Budgetary Comparison Schedule – Public Facilities Improvements Capital Projects Fund.....	102
Budgetary Comparison Schedule – Redevelopment Agency Capital Projects Fund	103
<u>Nonmajor Governmental Funds:</u>	
Combining Balance Sheet	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	106

**COUNTY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2006**

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED):	Page
<i>Special Revenue Funds:</i>	107
Combining Balance Sheet.....	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	112
Budgetary Comparison Schedule – Transportation	114
Budgetary Comparison Schedule – Flood Control	115
Budgetary Comparison Schedule – Community Services	116
Budgetary Comparison Schedule – Redevelopment Agency	117
Budgetary Comparison Schedule – County Service Areas.....	118
Budgetary Comparison Schedule – Regional Park and Open-Space.....	119
Budgetary Comparison Schedule – Air Quality Improvement.....	120
Budgetary Comparison Schedule – In-Home Support Services	121
Budgetary Comparison Schedule – Other Special Revenue	122
 <i>Debt Service Funds:</i>	 123
Combining Balance Sheet.....	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	126
Budgetary Comparison Schedule – Flood Control	128
Budgetary Comparison Schedule – Redevelopment Agency	129
Budgetary Comparison Schedule – Pension Obligation	130
 <i>Capital Projects Funds:</i>	 131
Combining Balance Sheet.....	132
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	134
Budgetary Comparison Schedule – PSEC	136
Budgetary Comparison Schedule – Flood Control	137
Budgetary Comparison Schedule – Regional Park and Open-Space District.....	138
 <u>Nonmajor Enterprise Funds:</u>	 139
Combining Statement of Net Assets	140
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	141
Combining Statement of Cash Flows	142
 <u>Internal Service Funds:</u>	 143
Combining Statement of Net Assets	144
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	146
Combining Statement of Cash Flows	148

**COUNTY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2006**

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED):	Page
Fiduciary Funds:	151
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities.....	152
Combining Statement of Changes in Fiduciary Assets and Liabilities.....	153
 STATISTICAL SECTION (Unaudited):	
Statistical Section Table Index	155
Table 1 Net Assets by Component	157
Table 2 Changes in Net Assets	158
Table 3 Governmental Activities Tax Revenues by Source	160
Table 4 Fund Balances of Governmental Funds.....	161
Table 5 Changes in Fund Balances of Governmental Funds.....	162
Table 6 General Government Tax Revenues by Source.....	163
Table 7 Assessed Value and Estimated Actual Value of Taxable Property	164
Table 8 Property Tax Rates – Direct and Overlapping Governments	165
Table 9 Principal Property Tax Payers	166
Table 10 Property Tax Levies and Collections.....	167
Table 11 Ratios of Outstanding Debt by Type	168
Table 12 Ratios of General Bonded Debt Outstanding	169
Table 13 Direct and Overlapping Governmental Activities Debt	170
Table 14 Legal Debt Margin Information.....	171
Table 15 Pledged Revenue Coverage	172
Table 16 Demographic and Economic Statistics	173
Table 17 Principal Employers	174
Table 18 Full-time Equivalent County Government Employees by Function / Program.....	176
Table 19 Operating Indicators by Function	177
Table 20 Capital Asset Statistics by Function	179

INTRODUCTORY SECTION



Blank Page



OFFICE OF THE
COUNTY AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



AUDITOR-
CONTROLLER

Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, CPA
ASSISTANT AUDITOR-CONTROLLER

December 28, 2006

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

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

The Comprehensive Annual Financial Report of the County of Riverside for the Fiscal Year Ended June 30, 2006 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, 2005.
- 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 and 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 as of June 30, 2006. Also included is other required supplementary information (Retirement Plan Schedules of Funding Progress for the 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 287,820, Moreno Valley with a population of 174,565, and Corona with a population of 144,661.

Total County population was 1,939,814 on January 1, 2006, an increase of 3.3% compared to the revised estimate for 2005 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. 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 2006, while the population increased by 25.5% in the County from January 1, 2000 to January 1, 2006. As of June 2006, unemployment in the PMSA was 5.1% (revised on an annual basis by the Employment Development Department Labor Market Information Division) as compared to 5.0% for the United States.

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. Work is continuing on the CETAP and SAMP. The General Plan was adopted by the Board of Supervisors on October 7, 2003 and requires updates every five years. The next update is due in 2008. The County will be overhauling its land use ordinance (No. 348) to effectively implement the new general plan policies and hold consistency zoning hearings to adopt property-specific zoning that is consistent with the new plan.

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 have been negotiating transfer agreements since July 1, 2003, and will continue through 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 fiscal year ending June 30, 2006, the Moreno Valley Court was transferred. Last year, Larson Justice Center was the first court facility in the County to be transferred and the second 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 Section 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, 2006, the fee, based on an adjusted consumer price index, was \$6,976 and consisted of the following components:

	<u>Development Agreement Fee</u>
Public Facilities	\$ 3,084
Regional Parklands and Trails	569
Habitat Conservation and Open Space Land Bank Offset	423
Public Services Offset	<u>2,900</u>
Total	<u><u>\$ 6,976</u></u>

Based on renegotiated development agreements, fees range from \$3,770 to \$6,976 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, 2006, the total of unexpended and uncommitted development agreement money available in capital project funds is \$1.0 million.

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 the County and cities within the County. Responsibility for accounting has been transferred to the Riverside Conservation Authority. Riverside Conservation Authority is a joint powers authority formed between the County 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. Fees are no longer collected for Ordinance 810.1.

As of June 30, 2006, 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, 2006, the total of unexpended, uncommitted, development mitigation funds related to Ordinance 659 in capital project funds is about \$250,000.

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 20 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, 2006, the total unexpended, uncommitted, development impact fees was about \$66.0 million.

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 to obtain reasonable assurance about whether the County met the compliance requirements of OMB Circular A-133. The single audit for fiscal year ending June 30, 2005, reported that the County complied, in all material respects, with the requirements of OMB Circular A-133 applicable to each of its major federal programs. However, the audit disclosed instances of noncompliance with the requirements for sub-recipient monitoring over one federal program, and one instance of noncompliance with the maintenance of policies and procedures for another program. The single audit for fiscal year ending June 30, 2006 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 2006-07 was adopted on June 27, 2006. 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 \$184.7 million at June 30, 2005 to \$257.1 million at June 30, 2006. This increase is attributable primarily to a favorable real estate market that generated more property tax and related documentary transfer fee revenue, than expected, increase in motor vehicle in-lieu tax and improved yield on investments. The County's general fund fund balance represents the equivalent of 59 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. The weighted average maturity as of June 30, 2006 was .79 years. 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. Securities maturing in less than one year totaled 69%. 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 \$4.2 billion at June 30, 2006, \$2.3 billion relates to the external investment pool participants, which includes mandatory and discretionary depositors.

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 a 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, and some part-time and seasonal benefited County employees are eligible to participate in the system. Generally, temporary hourly employees, and part-time employees working less than 20 hours per week, cannot participate in the system unless 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. 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 5.03% of base earnings (excludes overtime and earnings exceeding the social security base of \$90,000 for calendar year 2005, \$94,200 for calendar year 2006, and \$97,500 for 2007).

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 insurance that includes flood, a level of earthquake, boiler, and machinery 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 prior to FY1998-99. 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 claims-made basis. In addition, the County purchases specialty coverage for aviation and watercraft liabilities, fidelity crime bond and long-term disability benefits.

The County participates in the California State Association of Counties (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, 2006, 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 (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, 2005. 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 eighteen 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 a nineteenth 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 address the challenges of 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, 2006

ELECTED OFFICIALS

Board of Supervisors



JEFF STONE
Third District



BOB BUSTER
Chairman
First District



JOHN F. TAVAGLIONE
Vice Chairman
Second District



ROY WILSON
Fourth District



MARION ASHLEY
Fifth 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

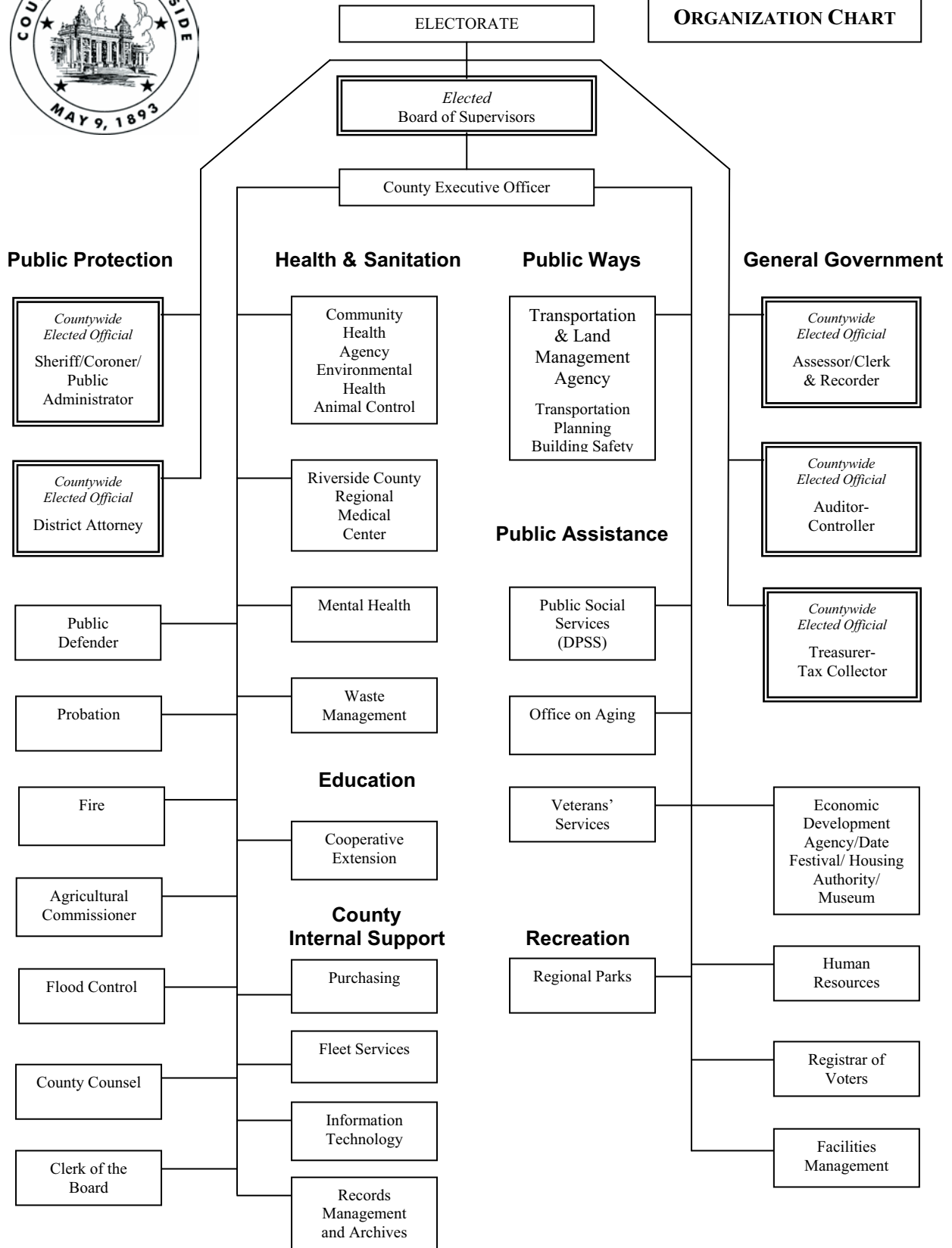
APPOINTED OFFICIALS

LARRY PARRISH
County Executive Officer

JOE S. RANK
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, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald J. Sloan".

President

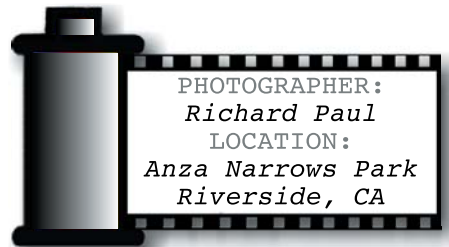
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



(This Page Intentionally Left Blank)

FINANCIAL SECTION



Blank Page



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, 2006, 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	26%	8%
Business-type Activities	7%	15%
Aggregate Remaining Fund Information	9%	1%

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements 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 provides 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006 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.

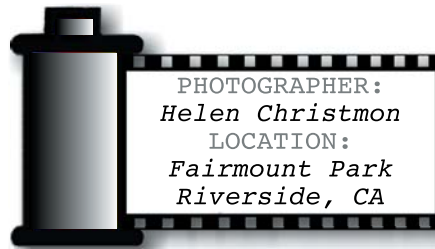
The management's discussion and analysis and schedules of funding progress listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain 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.

Varrinck, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 15, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS



Blank Page

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, 2006. 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 four major funds, twenty-one nonmajor funds, and a representative allocation of the County's internal service funds. The four major Governmental funds are the General Fund, Teeter Debt Service Fund, Public Facilities Improvements Capital Projects Fund and Redevelopment Capital Projects 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 due to the financial benefit/burden relationship with the County.

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 (dissolved in fiscal year 2005-06)
- 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, Teeter Debt Service Fund, Public Facilities Improvements Capital Projects Fund 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, 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 records and archive management, fleet services, information services, printing and mail 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 cannot be used to support the County's programs nor be reflected in the government-wide financial statements. Fiduciary funds maintained by the County include a pension trust fund, investment trust funds, private-purpose trust funds, and agency funds. The fiduciary fund financial statements 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, \$5 billion, exceeded its liabilities, \$2.4 billion, by \$2.6 billion (net assets). Of this amount \$1.1 billion (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors; \$623.3 million (restricted net assets) is restricted by external sources or through enabling legislation for specific purposes and \$971.8 million is invested in capital assets, net of related debt.
- During fiscal year 2005-06 the County's net assets increased \$401.7 million. Of this amount, \$375.9 million was from governmental activities and \$25.8 million was from business-type activities. Countywide expenses of \$2.6 billion were substantially offset by program revenues of \$2.2 billion leaving an operating deficit of \$471.8 million. The operating deficit was offset by general revenues of \$873.5 million resulting in the increase in net assets.
- As of June 30, 2006, the total fund balances of the governmental funds were \$1.4 billion. This represents an increase of 28.8% or \$313.3 million, in comparison with the prior year. Approximately 12.7% or \$178.3 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, 2006, fund balance for the General Fund was \$446.9 million or 23.6% of the total General Fund expenditures. This amount includes \$100.4 million of reserved fund balance and \$277.8 million of designated fund balance.
- The County's long-term debt showed a net increase of 8.5% or \$122.4 million compared to the prior year. These obligations are bonds payable, capital leases, certificates of participation and loans payable.

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 \$2.7 billion.

The County's total net assets increased 17.6%, or \$401.7 million, during fiscal year 2005-06 compared to the prior year's increase of 18.8%, or \$286.4 million. \$375.9 million of the increase in net assets was from governmental activities and \$25.8 million was from business-type activities. For the prior year, \$249.7 million of the increase in net assets was from governmental activities and \$36.8 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** represents 36.3%, or \$971.8 million, of the County's total net assets for fiscal year 2005-06 compared to 24.2%, or \$437.3 million, for fiscal year 2004-05. 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 23.3%, or \$623.3 million, of the County's total net assets for fiscal year 2005-06 compared to 34.9% or \$629.8 million for fiscal year 2004-05. 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 40.5%, or \$1.1 billion of the County total net assets for fiscal year 2005-06 compared to 40.9%, or \$739.4 million, for fiscal year 2004-05. 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 2005-06, \$1.0 billion is from governmental activities and \$86.0 million is for business-type activities compared to \$671.9 million for governmental activities and \$67.5 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, 2006 (in thousands)

	Governmental Activities		Business-type Activities		Total		%
	2006	2005	2006	2005	2006	2005	Variance
Current and other assets	\$ 2,454,916	\$ 2,317,001	\$ 279,401	\$ 240,646	\$ 2,734,317	\$ 2,557,647	7%
Capital assets	2,060,660	1,404,702	249,474	242,390	2,310,134	1,647,092	40%
Total assets	4,515,576	3,721,703	528,875	483,036	5,044,451	4,204,739	20%
Other liabilities	387,261	586,337	34,589	28,974	421,850	615,311	-31%
Long-term liabilities	1,615,486	1,471,246	326,042	311,615	1,941,528	1,782,861	9%
Total liabilities	2,002,747	2,057,583	360,631	340,589	2,363,378	2,398,172	-1%
Net assets:						-	
Invested in capital assets, net of related debt	930,800	407,762	40,986	29,583	971,786	437,345	122%
Restricted	582,037	584,441	41,287	45,362	623,324	629,803	-1%
Unrestricted	999,992	671,917	85,971	67,502	1,085,963	739,419	47%
Total net assets	\$ 2,512,829	\$ 1,664,120	\$ 168,244	\$ 142,447	\$ 2,681,073	\$ 1,806,567	48%

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. These revenues were the largest governmental activities revenue source for fiscal year 2005-06 with a total of \$1.1 billion being earned. Public Assistance received 54.7% of the governmental activity funding for fiscal year 2005-06 compared to 57.9% of the governmental activity funding from this source in the prior year. Public Protection received 23.4% of the governmental activity funding for fiscal year 2005-06, compared with 22.4% for fiscal year 2004-05.
- A total of \$558.7 million was earned as governmental activity charges for services compared to \$445.7 million for fiscal year 2004-05. 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 51.3% of this revenue source, compared to 52.9% from the prior year. General government generated 31.3% compared to 28.3% for prior year.
- Capital Grants and Contributions resulted in the least amount of program revenue from governmental activities with \$31.0 million earned for fiscal year 2005-06 compared to \$64.3 million earned for fiscal year 2004-05. This revenue category accounts for grants and contributions received for the restricted use of capital acquisition. In fiscal year 2005-06, 96.8% of the revenue, or \$30.0 million, as compared to 51.7%, or \$33.2 million, for fiscal year 2004-05, 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 \$396.2 million earned during the year, an increase of 25.9% or \$81.5 million, as compared to the \$314.7 million earned in fiscal year 2004-05. This increase is primarily attributable to higher assessed property values combined with a significant increase in new development. Motor vehicle in-lieu of taxes revenue increased 27.8% from \$172.3 million in fiscal year 2004-05 to \$220.2 million in fiscal year 2005-06.

Expenses: Total program expenses for governmental activities were \$2.2 billion for the current fiscal year as compared to \$2.0 billion for the prior fiscal year, an increase of 11.8% or \$231.9 million. 36.4%, or \$801 million of total governmental activities expenses were for Public Protection; 28.8% or \$634.5 million for Public Assistance; 16% or \$350.5 million for Health and Sanitation and 11.8% or \$260.0 million for General Government.

Business-type Activities

Revenues: The County has two major business-type activities: The Riverside County Regional Medical Center (RMC), 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, 99.9%, \$465.4 million, of business-type activities program revenue was received from charges for services, as compared to 100%, \$480.5 million for the prior fiscal year. The majority of this revenue, \$330.1 million, was received by RMC as compared to \$354.5 million for the prior fiscal year.

Expenses: Total expenses for business-type activities were \$426.3 million for the fiscal year compared to \$479.3 million for the prior fiscal year. This represents a decrease of 11.0% or \$53.0 million. 68.3%, or \$291.0 million, of total expenses were incurred by RMC compared to 74.3%, or \$356.3 million, for the prior fiscal year. In addition, expenses for the Housing Authority were 14.8% of total expenses for business-type activities or \$62.9 million compared to 13.0% or \$62.2 million for the prior year; Waste Management Department was 15.6% or \$66.5 million compared to 11.6% or \$55.6 million the prior year. Flood Control and County Service Areas account for the remaining 1.4% 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, 2006							
(In thousands)							
	Governmental Activities		Business-type Activities		Total		Variance (%)
	2006	2005	2006	2005	2006	2005	
Revenues:							
Program revenues:							
Charges for services	\$ 558,739	\$ 445,711	\$ 465,391	\$ 480,455	\$ 1,024,130	\$ 926,166	11%
Operating grants and	1,100,674	983,290	-	-	1,100,674	983,290	12%
Capital grants and contributions	31,001	64,252	227	-	31,228	64,252	-51%
General revenues:							
Property taxes	396,167	314,666	-	-	396,167	314,666	26%
Sales and use taxes	44,286	33,091	-	-	44,286	33,091	34%
Other taxes	15,603	13,885	-	-	15,603	13,885	12%
Contractual revenue - RDA	16,332	13,281	-	-	16,332	13,281	23%
Motor vehicle in-lieu taxes	220,190	172,265	-	-	220,190	172,265	28%
Fines, forfeitures, and penalties	-	70,578	-	-	-	70,578	-100%
Investment earnings	78,288	39,907	6,381	4,234	84,669	44,141	92%
Proceeds sale of capital assets	-	(18,407)	-	346	-	(18,061)	-100%
Other	96,265	117,737	-	-	96,265	117,737	-18%
Total revenues	2,557,545	2,250,256	471,999	485,035	3,029,544	2,735,291	11%
Expenses:							
General government	259,993	187,911	-	-	259,993	187,911	38%
Public protection	801,044	792,287	-	-	801,044	792,287	1%
Public ways and facilities	61,443	79,649	-	-	61,443	79,649	-23%
Health and sanitation	350,451	290,001	-	-	350,451	290,001	21%
Public assistance	634,522	552,298	-	-	634,522	552,298	15%
Education	11,168	10,112	-	-	11,168	10,112	10%
Recreation and culture	7,188	8,617	-	-	7,188	8,617	-17%
Interest on long-term debt	75,721	48,717	-	-	75,721	48,717	55%
Regional Medical Center	-	-	290,962	356,255	290,962	356,255	-18%
Waste Management Department	-	-	66,453	55,563	66,453	55,563	20%
Housing Authority	-	-	62,909	62,206	62,909	62,206	1%
Flood Control	-	-	5,705	4,928	5,705	4,928	16%
County Service Areas	-	-	285	320	285	320	-11%
Total expenses	2,201,530	1,969,592	426,314	479,272	2,627,844	2,448,864	7%
Excess (deficiency) before transfers	356,015	280,664	45,685	5,763	401,700	286,427	40%
Transfers in (out)	19,888	(31,000)	(19,888)	31,000	-	-	0%
Change in net assets	375,903	249,664	25,797	36,763	401,700	286,427	40%
Net Assets, Beginning of Year, as Restated	2,136,926	1,414,456	142,447	105,684	2,279,373	1,520,140	50%
Net Assets, End of Year	\$ 2,512,829	\$ 1,664,120	\$ 168,244	\$ 142,447	\$ 2,681,073	\$ 1,806,567	48%

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, 2006, the County's governmental funds reported combined fund balances of \$1.4 billion, an increase of \$313.3 million, in comparison with the prior year. Of this total amount, \$790.9 million constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance, \$609.7 million is *reserved* to indicate that it is *not* available for new spending because it has been committed to:

- Specific County program: \$97.2 million
- Outstanding debt service: \$47.5 million
- Liquidation of current contractual commitments: \$361.0 million
- Other smaller restrictions: \$104.0 million

Total governmental fund revenue increased 13.5% or \$304.1 million from the prior fiscal year with \$2.6 billion being earned for the fiscal year-ended June 30, 2006. Expenditures decreased 4.2% or \$106.4 million, from the prior fiscal year with \$2.4 billion being expended for governmental functions during fiscal year 2005-06, compared to \$2.5 billion for the prior fiscal year. Therefore, governmental fund balance increased 28.8% or \$313.3 million. In comparison, fiscal year 2004-05 had an increase in governmental fund balance of 42.3% or \$324.2 million, over fiscal year 2003-04.

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 \$346.5 million, compared to \$231.2 million for the prior fiscal year, while total fund balance was \$446.9 million for the current year and \$352.5 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 18.3% of the total General Fund expenditure of \$1.9 billion for the current year as compared to 13.3% of the prior year total of \$1.74 billion. The total fund balance of the General Fund for the current year is 23.6% of the total General Fund expenditure as compared to 20.2% for the prior year.

Teeter Debt Service fund taxes receivable balance decreased from \$29.7 million in the prior fiscal year to \$21.9 million in the current fiscal year. In the previous fiscal year, current year taxes receivable for County funds participating in the Teeter program were accrued in the Teeter Debt Service fund, but in fiscal year 2005-2006 this amount was accrued in the General Fund. Due to other governments also decreased this year from \$21.2 million to zero because no liabilities were owed to cities participating in the Teeter program. Teeter notes payable increased in the current fiscal year to \$58.4 million compared to \$34.2 million in fiscal year 2004-2005. Each year the Teeter notes payable balance will change depending on the amount of delinquent property taxes incurred by the County.

Public Facilities Improvements Capital Projects fund balance increased from \$175.7 million to \$223.0 million, 26.9%, or \$47.3 million. The change resulted from increases in charges for services, \$42.5 million, other revenue of \$32.3 million, and transfers in, \$38.2 million. This was offset by increases in general government expenditures of \$47.0 million and transfers out, \$23.5 million.

Redevelopment Capital Projects fund had a \$71.5 million increase in fund balance. The increase resulted from the sale of bonds for \$108 million, and an increase in interest revenue of \$7.3 million and offset by expenditures for general government in the amount of \$40.4 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.

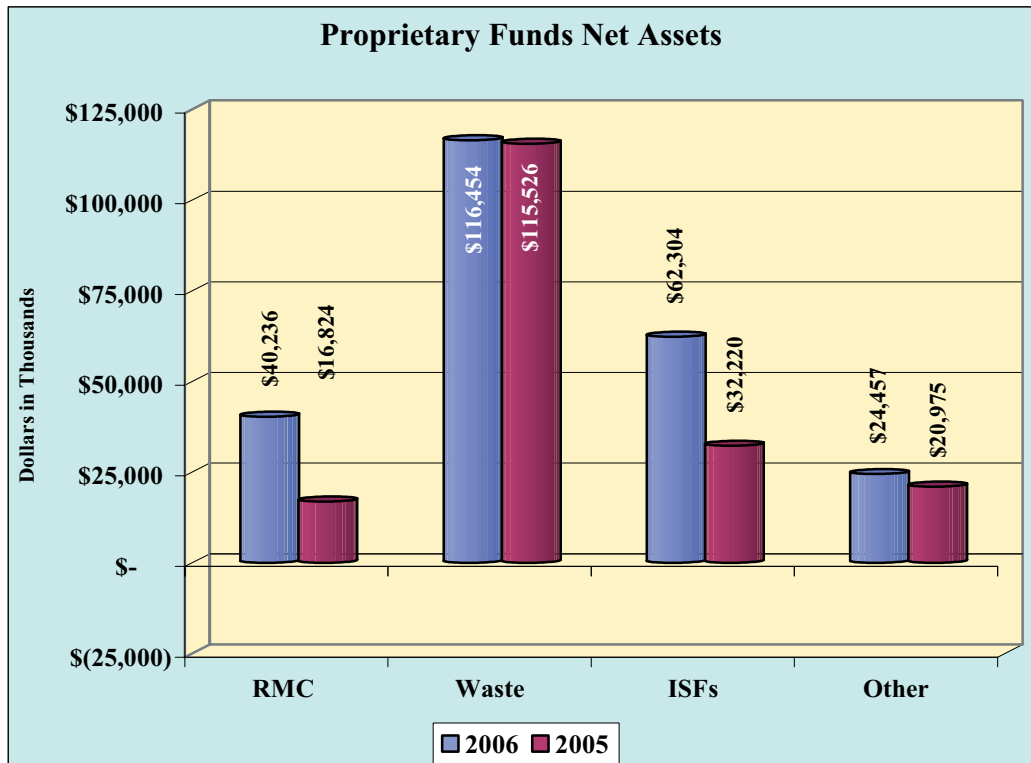
At the end of the fiscal year, total proprietary fund net assets were \$243.5 million, compared to \$185.5 million for prior fiscal year. Total proprietary fund net assets increased 31.2% or \$57.9 million, compared to a 40.2% or \$53.2 million increase for the prior fiscal year.

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

- Riverside County Regional Medical Center: \$42.9 million
- Waste Management: \$45.7 million
- Other enterprise fund activities: \$10.3 million
- Internal service fund activities: \$40.5 million

RMC's net assets increased from \$16.8 million to \$40.2 million, 139.2%, or \$23.4 million. The change resulted from increases in other revenue, \$60.2 million and decreases in supplies, \$39.4 million and other operating expenses, \$6.8 million. This was primarily offset by decreases in net patient revenue, \$266.7 million, transfers in, \$15.7 million and increases in maintenance of building & equipment, \$9.9 million, purchased services, \$56.5 million, rents and leases of equipment \$4.2 million and transfers out, \$35 million.

Waste Management's net assets increased from \$115.5 million to \$116.5 million, 0.8%, or \$0.9 million. The change resulted from increases in charges for services, \$54.0 million, investment income, \$3.8 million, closure/post-closure expenses, \$13.9 million and a decrease in remediation expense, \$.3 million



Management's Discussion & Analysis *(Unaudited)*

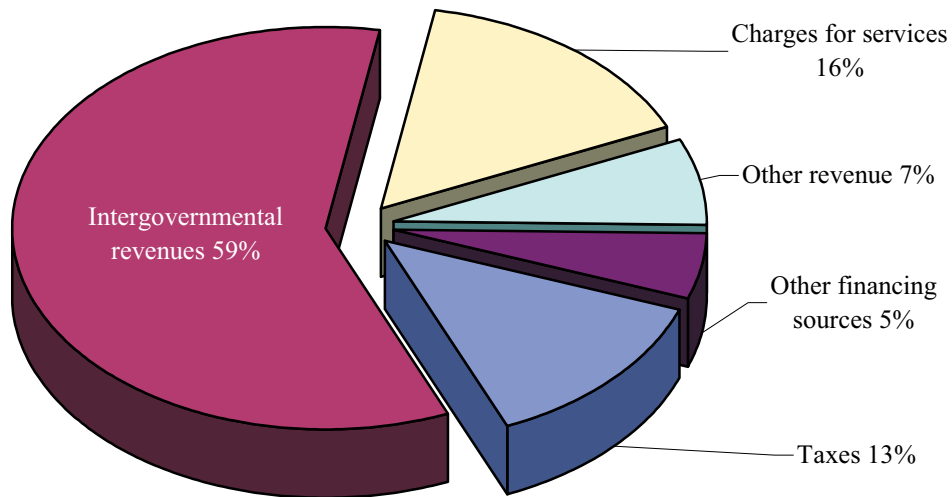
GENERAL FUND FINANCIAL ANALYSIS

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 2005-2006	Percent of Total	Fiscal Year 2004-2005	Percent of Total
Taxes	\$ 273,493	13%	\$ 219,420	12%
Intergovernmental revenues	1,249,537	59%	1,112,077	59%
Charges for services	326,066	16%	293,581	15%
Other revenue	144,767	7%	199,893	10%
Other financing sources	111,711	5%	75,630	4%
Total	\$ 2,105,574	100%	\$ 1,900,601	100%

The increase in tax revenue was attributable to the overall growth in the economy, particularly in higher assessed property values and real estate sales. The increase in intergovernmental revenue was primarily attributable to growth in public safety sales tax from the State, and an increase in realignment revenue due to economic growth, as well as growth in reimbursement based programs. The overall increase in charges for services was primarily the result of increased service contracts and contract rates.

COUNTY OF RIVERSIDE
General Fund Revenues and Other Financing Sources
For The Year Ended June 30, 2006 (In Thousands)

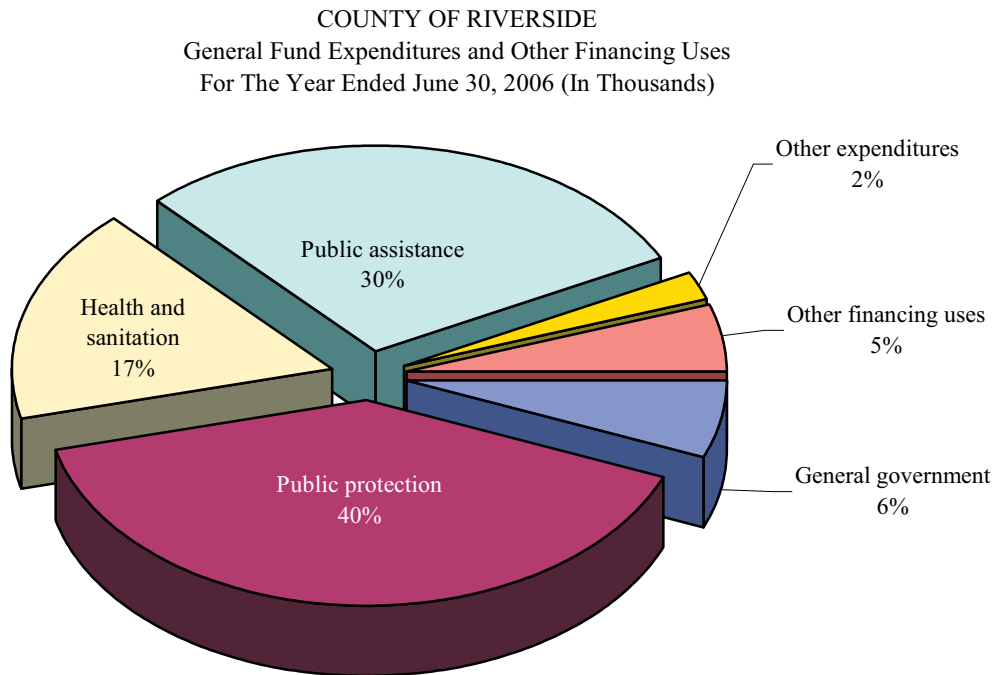


Management's Discussion & Analysis (Unaudited)

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

<u>Expenditures and Other Financing Uses</u>	<u>Fiscal Year 2005-2006</u>	<u>Percent of Total</u>	<u>Fiscal Year 2004-2005</u>	<u>Percent of Total</u>
General government	\$ 123,716	6%	\$ 105,992	6%
Public protection	798,035	40%	742,550	41%
Health and sanitation	337,139	17%	279,472	15%
Public assistance	588,928	30%	569,412	32%
Other expenditures	45,987	2%	46,672	3%
Other financing uses	104,172	5%	53,102	3%
Total	\$ 1,997,977	100%	\$ 1,797,200	100%

The increase of expenditures in general government and public protection was attributable to additional staffing and procurement of equipment needed to more efficiently serve the public. The increase of expenditures in health and sanitation was the result of change in the IGT structure associated with AB855 and SB1255 (Medicare re-programming), as well as growth of contract amounts on reimbursable programs because of population increase. The increase in public assistance was attributable to growth of reimbursable programs, and the implementation costs of the new C-IV Statewide Welfare System. The increase in other financing uses was primarily attributable to bond and interest payments on the pension obligation bond issued in fiscal year 2004-2005 to generate interest savings on pension obligation with CalPERS.



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 by 1.8%, or \$36.3 million, from \$2.0 billion to the final amended revenue budget of \$2.1 billion. The increase represents \$54.7 million from taxes, \$4.7 million from fines, forfeitures and penalties, \$14.9 million from use of money and property, \$115.7 million from aid from other governmental agencies and \$28.8 million from charges for current services. This was all offset by a decrease in other revenue of \$183.0 million.

Taxes

- The budget for property tax had a net increase of \$54.7 million and primarily consisted of the documentary transfer taxes increase by \$8.0 million, sales and use tax increase by \$5.0 million, a \$33.0 million increase in property tax – supplemental, and \$7.0 million increase current secured property taxes.

Fines, Forfeitures and Penalties

- The budget for fines, forfeitures, and penalties had a net increase of \$4.7 million due to transfers from the Teeter Tax Loss Reserve fund to the Teeter Debt Service fund to cover losses incurred from sales of delinquent property.

Use of Money and Property

- The budget for interest had a net increase of \$14.8 million due to higher earning on investments as a result of higher short-term interest rates driven upward by the Federal Open Market Committee (FOMC) rate policies. The FOMC increased overnight lending rates from 3.00% on June 30, 2005 to 5.25% by June 29, 2006.

Aid Received from Other Governmental Agencies

- Aid received from other governmental agencies increased by \$115.7 million and consisted of the following: federal aid increased by \$6.6 million, state aid increased by \$40.5 million and other aid increased by \$68.6 million. Increases in state aid were the result of an increase in motor-vehicle tax of \$29.0 and an increase from the Department of Public Social Services by \$10.0 million due to uncertainty regarding the amount and availability of state revenue to fund realignment program growth. The increase in other governmental aid was the result of a reclassification of Redevelopment contractual revenue from the other revenue account.

Charges for Current Services

- The budget for charges for services had a net increase of \$28.8 million and primarily consisted of the Emergency Medical Services Appropriation (EMSA) increasing by \$2.1 million, the Department of Public Health (DOPH) primary and preventive health services increasing by \$1.4 million, state contracted fire protection services increasing by \$1.3 million, leasing services increasing by \$5.5 million, law enforcement services increasing by \$14.6 million, and fire department supplemental structural fire taxes increasing by \$3.4 million.

Management's Discussion & Analysis (Unaudited)

Other Revenue

- The decrease of \$183.0 million was the result of \$103.6 million from interfund transfers and \$68.6 million from the reclassification of Redevelopment contractual revenue from other revenue into other aid received from other governmental agencies.

Expenditure Appropriation Variances

The original general fund appropriation budget increased \$4.3 million or 0.2%, from \$2.1 billion to the final amended appropriation budget of nearly \$2.2 billion. The significant appropriation increases were \$13.2 million from health and sanitation, \$9.7 million from public protection and \$9.6 million from public assistance. These increases were offset by a decrease in general government of \$28.1 million. The major appropriation variances are described below.

General Government: The appropriation budget decreased 14.3%, or \$28.2 million, from the original budget of \$197.3 million to \$169.2 million. This decrease of \$54.5 million in other charges was the result of interfund transfers. This was offset by an increase of \$21.8 million in services and supplies.

Public Protection: The appropriation budget increased 1.2%, or \$9.7 million, from the original budget of \$815.5 million to \$825.2 million. The increase was a result of \$13.5 million increase from services and supplies and \$5.8 million from capital assets with the offset of \$6.1 million in salaries and employee benefits. The following describe the significant factors for the increases:

- The Sheriff-Coroner-Public Administrator required an appropriation increase of \$3.9 million to provide law enforcement services to contracting cities. In addition, there was an implementation of the County Gang Task Force which resulted in an appropriation increase of \$1.9 million to combat gang activity.
- The Fire Department required an increase in appropriations of \$3.8 million due to a contract with State of California Department of Forestry for fire protection services.

Health and Sanitation: The appropriation budget increased approximately 3.3%, or \$13.2 million, from \$394.3 million to \$407.5 million. Reclassification of salaries and employee benefits resulted in a decrease of \$7.8 million while other charges increased by \$9.3 million and services and supplies increased by \$8.3 million. The major components for these increases are described below.

- The County of Riverside participates in the SB 2132 Emergency Medical Services Appropriation (EMSA) passed by California State Legislature that allowed for an emergency appropriation increase of \$2.1 million for emergency medical services. These funds are for physicians and hospitals providing uncompensated emergency medical services.
- An increase in appropriation of \$5.3 million was needed for Mental Health. Riverside County Board of Supervisor's approved the three-year Mental Health Services Act Community Services and Supports Expenditure Plan on January 10, 2006. The plan is designed to provide new mental health services and supports the community throughout Riverside County.

Public Assistance: The appropriation budget increased 1.5%, or \$9.6 million, from the original budget of \$640.7 million to \$650.2 million. The increase was a result of a \$14.7 million increase in other charges offset against a decrease of \$4.8 million in salaries and employee benefits. The following describe the significant factors for the increases.

- The IHSS (In-Home Supportive Services) programs are continuing to experience growth. The individual provider services hours are increasing. As a result, IHSS required an additional appropriation increase of \$6.3 million.

Management's Discussion & Analysis (Unaudited)

- The Department Public Social Services categorical aid caseloads in the adoptions assistance, emergency assistance and Kin-Gap programs are growing faster than projected. As a result the net increase in assistance expenditures required additional appropriations of \$7.4 million.

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

During the year, the General Fund had a positive budget variance of \$107.8 million resulting from unexpended appropriations of \$198.2 million and overestimated revenue of \$90.4 million. The following contributed to the variance:

Expenditure Variances

General fund actual expenditures of \$1.9 billion were 9.5%, or \$198.2 million, less than the final amended appropriation budget of \$2.1 billion. General government, health and sanitation, public assistance and public protection were the four most significant factors attributing to the unexpended appropriations as follows:

General Government: Actual expenditures of \$123.7 million were less than the final amended budget of \$169.2 million by 26.8%, or \$45.4 million. The most significant factor was due to a decrease for contingencies in the amount of \$25.6. Other charges were also less than budget by \$10.1 million, services and supplies by \$6.3 million and salaries and employee benefits by \$3.0 million.

Public Protection: Actual expenditures of \$798.0 million were less than the final amended budget of \$825.2 million by 3.3%, or \$27.2 million. The most significant factor was due to a decrease in services and supplies of \$12.5 million, salaries and employee benefits by \$9.8 million and capital assets by \$5.5 million.

Health and Sanitation: Actual expenditures of \$337.1 million were less than the final amended budget of \$407.5 million by 17.3%, or \$70.4 million. The most significant factor was due to a decrease in other charges for \$71.6 million as a result of their cost-cutting measures.

Public Assistance: Actual expenditures of \$588.9 million were less than the final amended budget of \$650.2 million by 9.4%, or \$61.3 million. The most significant factor was due to a decrease in other charges of \$31.2 million, salaries and employee benefits by \$18.9 million and services and supplies by \$13.6 million and offset by interfund transfers of \$2.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2006, the County's capital assets for both its governmental and business-type activities amounted to \$2.3 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 by 40.3% or \$663.0 million, from \$1.6 billion in fiscal year 2004/2005 to \$2.3 billion in fiscal year 2005/2006.

Projects currently in construction included the following: The renovation of the 1933 Historic Courthouse for \$12.5 million, the Smith Correctional Facility expansion for \$8.0 million, the Ben Clark Training Center Shooting Range for \$8.1 million, the Smith Correctional Facility Expansion Phase II for \$6.5 million, sixth floor renovations for the Assessor-Clerk-Recorder in the County Administrative Center for \$1.9 million, renovation of the Assessor-Clerk-Recorder administration building for \$5.5 million, the Perris Sheriff Station complex and health clinic for \$27.0 million and the Sycamore Creek fire station for \$3.1 million.

The County currently has several construction projects that are in a design phase including the new Southwest Regional Animal Facility with a projected cost of \$12.0 million, parks headquarters annex for \$4.6 million, three

Management's Discussion & Analysis (Unaudited)

new radio sites for \$4.6 million, a new law building for \$80.0 million, and four fire stations in Cabazon, Lake Riverside, Sun City, and Nuevo with a total projected cost of \$10.4 million.

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

- The June 30, 2006 construction in progress balance of \$213.4 million included retirements of \$0.7 million and additions of \$124.9 million in capital assets comprised of the following projects:
 - Road, bridge, and signal infrastructure: \$117.7 million
 - Channels, storm drains and basins (infrastructure): \$22.2 million
 - Buildings and Structures: \$45.7 million
 - Regional Medical Center: \$7.0 million
 - Waste Management (infrastructure): \$5.1 million
 - Runways: \$4.3 million
 - Parks: \$4.7 million
 - Housing: \$1.5 million
- Construction of \$47.7 million was completed during the fiscal year and transferred from construction-in-progress to the following capital asset accounts:
 - Infrastructures: Channels, Storm Drains and basins: \$33.0 million
 - Infrastructures: Landfills: \$7.3 million
 - Infrastructures: Runways: \$3.2 million
 - Structures and improvements: \$1.8 million
- Depreciable capital asset current year additions were \$137.3 million. Retroactive infrastructure additions totaled \$1.2 billion. The total of \$1.3 billion in capital asset additions were comprised of the following items:
 - Roads: \$1.1 billion
 - Traffic signals: \$8.8 million
 - Bridges: \$95.1 million
 - Flood channels: \$24.6 million
 - Parks trails and improvements: \$1.4 million
 - Buildings and Structures: \$48.7 million
 - Equipment: \$38.5 million
- As of June 30, 2006, significant commitments for capital expenditures include the following:
 - Transportation projects: \$35.5 million
 - Redevelopment projects: \$63.8 million
 - Facilities Management projects: \$35.8 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.

Management's Discussion & Analysis (Unaudited)

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)
	2006	2005	2006	2005	2006	2005	Percent of Change
Infrastructure	\$ 994,455	\$ 447,379	\$ 30,137	\$ 24,826	\$ 1,024,592	\$ 472,205	117%
Land and Easements	320,426	306,654	21,095	21,095	341,521	327,749	4%
Land Improvements	-	99	7,153	7,735	7,153	7,834	-9%
Structures and Improvements	465,921	455,967	155,922	155,001	621,843	610,968	2%
Equipment	84,044	72,154	17,566	19,268	101,610	91,422	11%
Construction in Progress	195,814	122,449	17,601	14,465	213,415	136,914	56%
Total	\$ 2,060,660	\$ 1,404,702	\$ 249,474	\$ 242,390	\$ 2,310,134	\$ 1,647,092	40%

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, 2006, the County had several debt issues outstanding, principally certificates of participation—lease rental obligations.

Net bonded debt per capita equaled \$311 as of June 30, 2006. The calculated legal debt limit for the County is \$2.1 billion. On February 8, 2005, Moody's Investors Service revised the County's outlook from "negative" to "stable" on the credit rating for California counties (Riverside County included) noting it "reflects the County's improved financial position coupled with reduced uncertainty about the level of General Fund support required by the County's medical center." The following are credit ratings maintained by the County:

	<u>Moody's Investors Service, Inc.</u>	<u>Standards & Poor's Corp.</u>	<u>Fitch</u>
Long-term lease debt	A2	AA-	AA-
Issuer credit	A1	AA	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 2005-06, the County, as a participant in the California Statewide Communities Development Authority Pool, issued \$210.0 million in TRANs to satisfy short-term cash flow needs. Included in this amount was the \$84.8 million of taxable notes to pre-pay the County fiscal year 2005-06 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 was accomplished through the sale of County of Riverside Teeter Obligation Tax-Exempt Commercial Paper Notes (The "Notes") in the amount of \$58.4 million. The \$58.4 million was comprised of \$39.0 million representing fiscal year 2005-2006 delinquent property taxes and \$19.4 million representing prior years' delinquent property taxes. Westdeutsche Landesbank Girozentrale and Citibank are the letter of credit providers for the Teeter Notes and the repayment is a pledge of the general fund.

Management's Discussion & Analysis (Unaudited)

The table below provides summarized information (including comparative amounts from the preceding year) for the County's outstanding long-term liabilities at June 30, 2006.

County's Outstanding Debt Obligation (In Thousands)

	Governmental Activities		Business-Type Activities		Total		Variance
	2006	2005	2006	2005	2006	2005	
Loans payable	\$ 113,383	\$ 150,019	\$ -	\$ -	\$ 113,383	\$ 150,019	-24%
Notes payable	-	325	-	-	-	325	-100%
Bonds payable	814,443	678,028	191,142	200,555	1,005,585	878,583	14%
Certificates of participation	348,486	325,572	-	-	348,486	325,572	7%
Capital Leases	83,829	75,845	14,993	13,551	98,822	89,396	11%
Total Outstanding	\$ 1,360,141	\$ 1,229,789	\$ 206,135	\$ 214,106	\$ 1,566,276	\$ 1,443,895	8%

Outstanding Debt: The County of Riverside's total debt increased by 8.5%, \$122.4 million (\$130.0 million in governmental funds less \$7.9 million in business-type), during the current fiscal year. The key factors in this increase were issuance of \$144.1 million in RDA tax allocation revenue bonds and \$34.7 million in Certificates of Participation for CORAL.

During the current fiscal year, the County's RDA refinanced \$33.7 million of its existing debt to take advantage of favorable interest rates that resulted in net savings of \$2.0 million over the next 28 years.

Additional information on the County's long-term debt can be found in Note 13.

Management's Discussion & Analysis (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Riverside County's economic strength was a key factor in compiling the fiscal year 2006-07 budget – Riverside continues to be one of the fastest-growing in the nation. Fiscal discipline and exceptional economic strength have permitted the build up of reserves and eliminated the county's reliance on one-time revenue. The County budget for fiscal year 2006-07 assumed a beginning general fund unreserved-undesignated fund balance of \$22.6 million. Estimated discretionary revenue was \$123.0 million higher than that in the previous year's final budget. The change in total estimated discretionary general fund income represented a 24% increase over last fiscal year.

Summary of Fiscal Year 2006-07 General-Fund Discretionary Revenue (in thousands)

Source	Final Budget Estimate
Property Taxes	\$ 287,700
Motor Vehicle In Lieu	179,100
Interest	51,800
Sales Tax *	38,800
Documentary Transfer Tax	26,800
Fines and Penalties	25,200
Tax Loss Reserve Fund-Overflow	10,000
Franchise Tax	5,600
Other (Prior Year & Miscellaneous)	3,100
Federal In-Lieu Taxes	1,800
El Sobrante	1,800
Transient Occupancy Tax	1,400
Total	<u>\$ 633,100</u>

* Does not include public safety sales tax revenue

Many economic factors indicate that Riverside County's exceptional budget growth will be moderating in fiscal year 2007-08 – real estate and construction trends are slowing. Nevertheless, a soft economic landing is expected, which should allow another year of double-digit growth in discretionary revenue.

The County's employee retirement benefit contribution rate for fiscal year 2006-07 for miscellaneous members is 11.91% and the Safety contribution rate is 18.03%. 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 2007-08 rates are projected at 11.9% (Miscellaneous) and 17.9% (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 19.59% in fiscal year 2005-06 and 22.52% in fiscal year 2006-07 yielding a total assessed property tax roll of \$ 205 billion for fiscal year 2006-07. According to the County Assessor, the \$38 billion increase is attributable to ownership changes, new construction and the 2% annual C.P.I. increase.

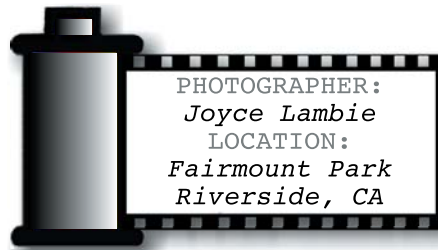
REQUEST FOR INFORMATION

This financial report is designed to provide 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.



(This Page Intentionally Left Blank)

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS



Blank Page

COUNTY OF RIVERSIDE

Statement of Net Assets

June 30, 2006

(Dollars in Thousands)

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Children and Families Commission
ASSETS:				
Cash and investments (Note 5)	\$ 1,269,034	\$ 93,361	\$ 1,362,395	\$ 51,970
Receivables, net (Notes 1 and 7)	283,101	71,908	355,009	5,925
Inventories	6,028	6,059	12,087	-
Internal balances (Note 8)	14,077	(14,077)	-	-
Pension asset, net	387,945	3,686	391,631	-
Prepaid items and deposits	2,022	1,656	3,678	-
Restricted cash and investments (Notes 5 and 6)	382,154	114,620	496,774	-
Other noncurrent receivables (Note 7)	55,784	-	55,784	-
Notes receivable (Note 7)	14,703	-	14,703	-
Land held for resale	26,079	-	26,079	-
Capital assets (Note 9):				
Depreciable assets, net	1,544,420	210,778	1,755,198	142
Nondepreciable assets	516,240	38,696	554,936	-
Bond issuance costs	13,989	2,188	16,177	-
Total assets	4,515,576	528,875	5,044,451	58,037
LIABILITIES:				
Accounts payable	128,379	16,992	145,371	5,258
Salaries and benefits payable	73,285	11,128	84,413	138
Due to other governments	39,548	-	39,548	-
Interest payable	11,107	775	11,882	-
Deposits payable	401	47	448	-
Notes payable (Note 12)	58,394	-	58,394	-
Other liabilities	2,167	5,647	7,814	-
Noncurrent Portion of Long Term Liabilities:				
Unearned revenue (Note 7)	73,980	-	73,980	-
Long-term liabilities (Note 13) :				
Due within one year	145,415	27,784	173,199	95
Due beyond one year	1,470,071	298,258	1,768,329	63
Total liabilities	2,002,747	360,631	2,363,378	5,554
NET ASSETS:				
Invested in capital assets, net of related debt	930,800	40,986	971,786	141
Restricted for:				
Capital projects	274,190	-	274,190	-
Children's programs	-	-	-	52,342
Debt service	211,249	30,873	242,122	-
Program operations	96,598	10,414	107,012	-
Unrestricted	999,992	85,971	1,085,963	-
Total net assets	\$ 2,512,829	\$ 168,244	\$ 2,681,073	\$ 52,483

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, 2006
(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 259,993	\$ 174,781	\$ 37,637	\$ -
Public protection	801,044	286,877	257,437	276
Public ways and facilities	61,443	42,705	11,714	30,004
Health and sanitation	350,451	46,051	190,436	-
Public assistance	634,522	2,220	601,968	-
Education	11,168	608	460	721
Recreation and culture	7,188	5,497	1,022	-
Interest on long-term debt	75,721	-	-	-
Total governmental activities	<u>2,201,530</u>	<u>558,739</u>	<u>1,100,674</u>	<u>31,001</u>
Business-type activities:				
Regional Medical Center	290,962	330,125	-	227
Waste Management Department	66,453	63,658	-	-
Housing Authority	62,909	65,765	-	-
Flood Control	5,705	5,561	-	-
County Service Areas	285	282	-	-
Total business-type activities	<u>426,314</u>	<u>465,391</u>	<u>-</u>	<u>227</u>
Total primary government	<u>\$ 2,627,844</u>	<u>\$ 1,024,130</u>	<u>\$ 1,100,674</u>	<u>\$ 31,228</u>
Component unit:				
Children and Families First Commission	<u>\$ 30,669</u>	<u>\$ -</u>	<u>\$ 26,955</u>	<u>\$ -</u>
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				
Investment earnings				
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
\$ (47,575)	\$ -	\$ (47,575)	
(256,454)	-	(256,454)	
22,980	-	22,980	
(113,964)	-	(113,964)	
(30,334)	-	(30,334)	
(9,379)	-	(9,379)	
(669)	-	(669)	
(75,721)	-	(75,721)	
(511,116)	-	(511,116)	
-	39,390	39,390	
-	(2,795)	(2,795)	
-	2,856	2,856	
-	(144)	(144)	
-	(3)	(3)	
-	39,304	39,304	
(511,116)	39,304	(471,812)	
			\$ (3,714)
396,167	-	396,167	-
44,286	-	44,286	-
15,603	-	15,603	-
16,332	-	16,332	-
220,190	-	220,190	-
78,288	6,381	84,669	1,766
96,265	-	96,265	202
19,888	(19,888)	-	-
887,019	(13,507)	873,512	1,968
375,903	25,797	401,700	(1,746)
2,136,926	142,447	2,279,373	54,229
\$ 2,512,829	\$ 168,244	\$ 2,681,073	\$ 52,483

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:

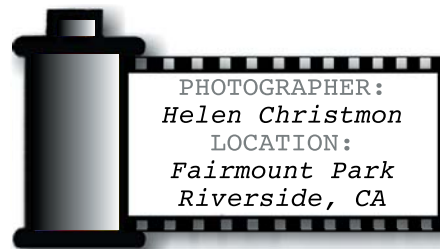
Children and Families First Commission

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



(This Page Intentionally Left Blank)

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS



Blank Page



(This Page Intentionally Left Blank)

COUNTY OF RIVERSIDE

Balance Sheet
Governmental Funds
June 30, 2006
(Dollars in Thousands)

	General	Teeter Debt Service	Public Facilities Improvements Capital Projects
ASSETS:			
Cash and investments (Note 5)	\$ 257,077	\$ -	\$ 227,245
Accounts receivable (Notes 1 and 7)	43,255	-	-
Interest receivable (Note 7)	9,124	223	1,471
Taxes receivable (Note 7)	19,939	21,932	-
Due from other governments (Note 7)	206,270	-	20
Inventories	1,806	-	-
Due from other funds (Note 8)	5,895	-	-
Prepaid items	-	-	-
Restricted cash and investments (Notes 5 and 6)	228,897	39,868	-
Advance to other funds (Note 8)	20	-	-
Notes receivable (Note 7)	-	-	-
Land held for resale	-	-	-
	772,283	62,023	228,736
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	85,857	105	5,069
Salaries and benefits payable	63,119	-	-
Due to other governments	35,017	-	678
Due to other funds (Note 8)	1,189	3,524	-
Deposits payable	82	-	-
Teeter notes payable (Note 12)	-	58,394	-
Noncurrent portion of long term liabilities:			
Advances from other funds	-	-	-
Deferred revenue (Note 7)	140,101	-	6
	325,365	62,023	5,753
Fund balances (Note 14):			
Reserved	100,436	-	222,983
Unreserved, designated, reported in:			
General fund	277,833	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unreserved, undesignated, reported in:			
General fund	68,649	-	-
Special revenue funds	-	-	-
	446,918	-	222,983
Total liabilities and fund balances	\$ 772,283	\$ 62,023	\$ 228,736

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	ASSETS:
\$ 185,492	\$ 411,105	\$ 1,080,919	Cash and investments (Note 5)
-	10,171	53,426	Accounts receivable (Notes 1 and 7)
1,296	3,383	15,497	Interest receivable (Note 7)
-	6,225	48,096	Taxes receivable (Note 7)
-	12,101	218,391	Due from other governments (Note 7)
1,021	868	3,695	Inventories
-	1,178	7,073	Due from other funds (Note 8)
-	1,911	1,911	Prepaid items
-	113,389	382,154	Restricted cash and investments (Notes 5 and 6)
-	-	20	Advance to other funds (Note 8)
-	14,703	14,703	Notes receivable (Note 7)
23,590	2,489	26,079	Land held for resale
<u>211,399</u>	<u>577,523</u>	<u>1,851,964</u>	Total assets
LIABILITIES AND FUND BALANCES:			
Liabilities:			
2,695	23,204	116,930	Accounts payable
-	5,788	68,907	Salaries and benefits payable
-	3,853	39,548	Due to other governments
-	1,186	5,899	Due to other funds (Note 8)
-	319	401	Deposits payable
-	-	58,394	Teeter notes payable (Note 12)
Noncurrent portion of long term liabilities:			
-	20	20	Advances from other funds
-	21,204	161,311	Deferred revenue (Note 7)
<u>2,695</u>	<u>55,574</u>	<u>451,410</u>	Total liabilities
Fund balances (Note 14):			
88,391	197,878	609,688	Reserved
Unreserved, designated, reported in:			
-	-	277,833	General fund
-	212,407	212,407	Special revenue funds
120,313	2,056	122,369	Capital projects funds
Unreserved, undesignated, reported in:			
-	-	68,649	General fund
-	109,608	109,608	Special revenue funds
<u>208,704</u>	<u>521,949</u>	<u>1,400,554</u>	Total fund balances
<u>\$ 211,399</u>	<u>\$ 577,523</u>	<u>\$ 1,851,964</u>	Total liabilities and fund balances

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



(This Page Intentionally Left Blank)

COUNTY OF RIVERSIDE

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

June 30, 2006

(Dollars in Thousands)

Fund balances - total governmental funds (page 29)		\$ 1,400,554
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.		2,017,812
Bond issuance costs are not current financial resources and therefore are not reported in the governmental funds.		13,989
Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		387,945
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.		87,331
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	\$ 814,443	
Capital lease obligations	64,244	
Certificates of participation	348,486	
Loans payable	113,383	
Accrued interest payable	11,107	
Accreted interest payable	1,495	
Compensated absences	116,852	(1,470,010)
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.		75,208
Net assets of governmental activities (page 23)		\$ 2,512,829

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, 2006

(Dollars in Thousands)

	General Fund	Teeter Debt Service	Public Facilities Improvements Capital Projects
REVENUES:			
Taxes	\$ 273,493	\$ -	\$ 179
Licenses, permits and franchise fees	21,569	-	1
Fines, forfeitures and penalties	62,305	-	-
Use of money and property:			
Interest	42,826	573	6,142
Rents and concessions	4,131	-	-
Aid from other governmental agencies:			
Federal	395,105	-	-
State	785,390	-	3
Other	69,042	-	-
Charges for services	326,066	-	42,466
Other revenue	13,936	-	32,344
Total revenues	1,993,863	573	81,135
EXPENDITURES:			
Current:			
General government	123,716	615	46,979
Public protection	798,035	-	-
Public ways and facilities	3,930	-	1,620
Health and sanitation	337,139	-	-
Public assistance	588,928	-	-
Education	349	-	-
Recreation and culture	203	-	-
Debt service:			
Principal	18,432	-	-
Interest	15,144	1,782	-
Cost of issuance	-	29	-
Capital outlay	7,929	-	-
Total expenditures	1,893,805	2,426	48,599
Excess (deficiency) of revenues over (under) expenditures	100,058	(1,853)	32,536
OTHER FINANCING SOURCES (USES):			
Transfers in	103,586	7,012	38,229
Transfers out	(104,172)	(5,159)	(23,481)
Bond proceeds	-	-	-
Premium on long-term debt	-	-	-
Redemption of refunded bonds	-	-	-
Gain (loss) on sale of capital assets	196	-	-
Capital leases	7,929	-	-
Total other financing sources (uses)	7,539	1,853	14,748
NET CHANGE IN FUND BALANCES	107,597	-	47,284
Fund balances, beginning of year	352,454	-	175,699
Adjustments to beginning fund balances (Note 4)	(13,133)	-	-
Fund balances, beginning of year, as restated	339,321	-	175,699
FUND BALANCES, END OF YEAR	\$ 446,918	\$ -	\$ 222,983

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 183,445	\$ 457,117	REVENUES:
-	163	21,733	Taxes
-	679	62,984	Licenses, permits and franchise fees
7,321	16,976	73,838	Fines, forfeitures and penalties
-	37,667	41,798	Use of money and property:
-	55,931	451,036	Interest
-	45,241	830,634	Rents and concessions
-	-	69,042	Aid from other governmental agencies:
-	71,062	439,594	Federal
1,714	62,876	110,870	State
9,035	474,040	2,558,646	Other
			Charges for services
			Other revenue
			Total revenues
			EXPENDITURES:
			Current:
40,393	58,637	270,340	General government
-	57,098	855,133	Public protection
-	135,467	141,017	Public ways and facilities
-	9,599	346,738	Health and sanitation
-	40,625	629,553	Public assistance
-	10,759	11,108	Education
-	12,524	12,727	Recreation and culture
-	27,084	45,516	Debt service:
-	56,781	73,707	Principal
-	4,896	4,925	Interest
-	17,710	25,639	Cost of issuance
40,393	431,180	2,416,403	Capital outlay
			Total expenditures
			Excess (deficiency) of revenues
(31,358)	42,860	142,243	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
8,050	137,958	294,835	Transfers in
(12,321)	(132,547)	(277,680)	Transfers out
107,972	70,778	178,750	Bond proceeds
-	857	857	Premium on long-term debt
-	(35,684)	(35,684)	Redemption of refunded bonds
(801)	2,669	2,064	Gain (loss) on sale of capital assets
-	-	7,929	Capital leases
102,900	44,031	171,071	Total other financing sources (uses)
71,542	86,891	313,314	NET CHANGE IN FUND BALANCES
137,162	435,058	1,100,373	Fund balances, beginning of year
-	-	(13,133)	Adjustments to beginning fund balances (Note 4)
137,162	435,058	1,087,240	Fund balances, beginning of year, as restated
\$ 208,704	\$ 521,949	\$ 1,400,554	FUND BALANCES, END OF YEAR

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



(This Page Intentionally Left Blank)

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, 2006
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 33) \$ 313,314

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	\$ 236,569	
Less loss on sale of capital assets	(3,958)	
Less current year depreciation	<u>(53,739)</u>	178,872

Prepaid pension costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net assets. (8,929)

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. 4,314

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 (124,794)

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. (7,281)

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	(1,494)	
Change in accreted interest	(264)	
Change in long-term compensated absences	<u>(9,943)</u>	(11,701)

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. 32,108

Change in net assets of governmental activities (page 25) \$ 375,903

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, 2006
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 224,195	\$ 278,920	\$ 273,493	\$ (5,427)
Licenses, permits and fees	23,115	23,532	21,569	(1,963)
Fines, forfeitures and penalties	46,115	50,878	62,305	11,427
Use of money and property:				
Interest	24,328	39,128	42,826	3,698
Rents and concessions	1,326	1,391	4,131	2,740
Aid from other governmental agencies:				
Federal	418,871	425,454	395,105	(30,349)
State	757,864	798,409	785,390	(13,019)
Other	229	68,834	69,042	208
Charges for current services	360,958	389,756	326,066	(63,690)
Other revenue	190,989	7,945	13,936	5,991
Total revenues	<u>2,047,990</u>	<u>2,084,247</u>	<u>1,993,863</u>	<u>(90,384)</u>
EXPENDITURES:				
Current				
General government				
Salaries and employee benefits	85,104	84,467	81,402	(3,065)
Services and supplies	78,363	100,177	93,830	(6,347)
Other charges	74,770	20,324	10,171	(10,153)
Capital assets	1,022	1,072	811	(261)
Intrafund transfers	(61,935)	(62,466)	(62,498)	(32)
Appropriation for contingencies	<u>20,000</u>	<u>25,621</u>	<u>-</u>	<u>(25,621)</u>
Total general government	<u>197,324</u>	<u>169,195</u>	<u>123,716</u>	<u>(45,479)</u>
Public protection:				
Salaries and employee benefits	523,742	517,628	507,795	(9,833)
Services and supplies	251,546	260,594	252,601	(7,993)
Other charges	44,896	45,089	41,436	(3,653)
Capital assets	5,828	11,615	6,127	(5,488)
Intrafund transfers	(10,533)	(9,738)	(9,924)	(186)
Total public protection	<u>815,479</u>	<u>825,188</u>	<u>798,035</u>	<u>(27,153)</u>
Health and sanitation:				
Salaries and employee benefits	158,978	151,161	145,440	(5,721)
Services and supplies	87,515	95,768	90,024	(5,744)
Other charges	258,876	268,250	196,688	(71,562)
Capital assets	1,229	2,670	2,096	(574)
Intrafund transfers	(112,286)	(110,355)	(97,109)	13,246
Total health and sanitation	<u>394,312</u>	<u>407,494</u>	<u>337,139</u>	<u>(70,355)</u>
Public assistance:				
Salaries and employee benefits	203,616	198,836	179,906	(18,930)
Services and supplies	80,883	80,512	66,864	(13,648)
Other charges	372,644	387,346	356,153	(31,193)
Capital assets	100	100	10	(90)
Intrafund transfers	(16,576)	(16,576)	(14,005)	2,571
Total public assistance	<u>\$ 640,667</u>	<u>\$ 650,218</u>	<u>\$ 588,928</u>	<u>\$ (61,290)</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, 2006
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Education:				
Salaries and employee benefits	\$ 208	\$ 198	\$ 198	\$ -
Services and supplies	140	151	151	-
Total education	<u>348</u>	<u>349</u>	<u>349</u>	<u>-</u>
Public ways and facilities:				
Salaries and Employee Benefits	3,446	3,203	3,193	(10)
Services & supplies	467	873	691	(182)
Other Charges	429	16	-	(16)
Capital Assets	105	82	46	(36)
Total public ways and facilities	<u>4,447</u>	<u>4,174</u>	<u>3,930</u>	<u>(244)</u>
Recreation and culture:				
Salaries and employee benefits	68	69	68	(1)
Services and supplies	96	146	135	(11)
Other charges	36	1	-	(1)
Total recreation and culture	<u>200</u>	<u>216</u>	<u>203</u>	<u>(13)</u>
Debt service:				
Principal	14,752	15,037	18,432	3,395
Interest	12,235	12,235	15,144	2,909
Total debt service	<u>26,987</u>	<u>27,272</u>	<u>33,576</u>	<u>6,304</u>
Capital outlay	<u>7,929</u>	<u>7,929</u>	<u>7,929</u>	<u>-</u>
Total expenditures	<u>2,087,693</u>	<u>2,092,035</u>	<u>1,893,805</u>	<u>(198,230)</u>
Excess (deficiency) of revenues over (under) expenditures	(39,703)	(7,788)	100,058	107,846
OTHER FINANCING SOURCES (USES):				
Transfers in	-	103,586	103,586	-
Transfers out	-	(104,882)	(104,172)	710
Gain on sale of assets	-	-	196	196
Capital leases	-	-	7,929	7,929
Total other financing sources (uses)	<u>-</u>	<u>(1,296)</u>	<u>7,539</u>	<u>8,835</u>
NET CHANGE IN FUND BALANCE	(39,703)	(9,084)	107,597	116,681
Fund balance, beginning of year, as previously reported	352,454	352,454	352,454	-
Adjustment to beginning fund balance	-	-	(13,133)	(13,133)
Fund balance, beginning of year	<u>352,454</u>	<u>352,454</u>	<u>339,321</u>	<u>(13,133)</u>
FUND BALANCE, END OF YEAR	\$ 312,751	\$ 343,370	\$ 446,918	\$ 103,548

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, 2006

(Dollars in Thousands)

ASSETS:	Business-type Activities --Enterprise Funds				Governmental
	Regional	Waste	Other	Total	Internal
	Medical	Management	Other	Total	Service
	Center	Management	Other	Total	Funds
Current assets:					
Cash and investments (Note 5)	\$ 37,813	\$ 42,981	\$ 12,567	\$ 93,361	\$ 188,115
Accounts receivable - net (Notes 1 and 7)	48,020	5,041	1,788	54,849	2,334
Interest receivable (Note 7)	475	964	54	1,493	1,141
Taxes receivable (Note 7)	-	-	9	9	-
Due from other governments (Note 7)	15,176	246	135	15,557	-
Advances to other funds (Note 8)	-	-	-	-	200
Inventories	5,720	339	-	6,059	2,333
Pension asset, net	-	3,686	-	3,686	-
Due from other funds (Note 8)	1,189	-	-	1,189	-
Restricted cash and investments (Notes 5 and 6)	33,103	77,543	3,974	114,620	-
Prepaid items and deposits	1,618	-	38	1,656	111
Total current assets	143,114	130,800	18,565	292,479	194,234
Noncurrent assets:					
Capital assets (Note 9):					
Depreciable assets	149,014	46,262	15,502	210,778	42,012
Nondepreciable assets	18,972	14,532	5,192	38,696	836
Bond issuance costs	2,188	-	-	2,188	-
Total noncurrent assets	170,174	60,794	20,694	251,662	42,848
Total assets	313,288	191,594	39,259	544,141	237,082
LIABILITIES					
Current liabilities:					
Accounts payable	12,900	3,774	318	16,992	11,449
Salaries and benefits payable	9,974	1,045	109	11,128	4,378
Due to other funds (Note 8)	2,363	-	-	2,363	-
Interest payable	765	-	10	775	-
Deposits payable	-	-	47	47	-
Other liabilities	109	226	5,312	5,647	2,167
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)	7,926	813	65	8,804	2,668
Capital lease obligations (Note 13)	2,880	-	-	2,880	7,399
Bonds payable (Note 13)	10,530	-	90	10,620	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	37,945
Total current liabilities	47,447	11,338	5,951	64,736	66,006
Noncurrent portion of long-term liabilities					
Compensated absences (Note 13)	3,831	1,728	1,164	6,723	2,666
Advances from other funds (Note 8)	-	-	-	-	200
Accrued closure and post closure care costs (Note 10)	-	46,422	-	46,422	-
Accrued remediation costs (Note 21)	-	15,652	-	15,652	-
Capital lease obligations (Notes 1 and 13)	12,113	-	-	12,113	12,187
Bonds payable (Note 13)	179,630	-	892	180,522	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	92,219
Other long-term liabilities (Note 13)	30,031	-	6,795	36,826	1,500
Total noncurrent liabilities	225,605	63,802	8,851	298,258	108,772
Total liabilities	273,052	75,140	14,802	362,994	174,778
NET ASSETS:					
Invested in capital assets, net of related debt	(33,707)	60,794	13,899	40,986	21,762
Restricted	31,066	9,994	227	41,287	-
Unrestricted	42,877	45,666	10,331	98,874	40,542
Total net assets	\$ 40,236	\$ 116,454	\$ 24,457	181,147	\$ 62,304
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				(12,903)	
Net assets of business-type activities				\$ 168,244	

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, 2006
(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)	\$ 266,731	\$ -	\$ -	\$ 266,731	\$ -
Charges for services	3,229	54,002	7,382	64,613	154,985
Other revenue	60,165	9,656	64,226	134,047	22,912
Total operating revenues	<u>330,125</u>	<u>63,658</u>	<u>71,608</u>	<u>465,391</u>	<u>177,897</u>
OPERATING EXPENSES:					
Cost of materials used	-	225	-	225	1,417
Personnel services	140,871	15,158	10,191	166,220	60,868
Communications	1,784	242	3	2,029	4,393
Insurance	5,150	370	6	5,526	6,023
Maintenance of building and equipment	9,864	2,192	1,846	13,902	9,859
Insurance claims	-	-	-	-	55,706
Supplies	39,418	2,632	44	42,094	22,212
Purchased services	56,466	25,796	3,051	85,313	17,247
Depreciation and amortization	7,994	4,510	1,793	14,297	12,180
Rents and leases of equipment	4,183	116	28	4,327	2,406
Public assistance	-	-	50,429	50,429	-
Utilities	3,143	224	535	3,902	215
Closure and post-closure care costs	-	13,910	-	13,910	-
Remediation costs (recovery)	-	308	-	308	-
Other	6,764	619	1,070	8,453	3,301
Total operating expenses	<u>275,637</u>	<u>66,302</u>	<u>68,996</u>	<u>410,935</u>	<u>195,827</u>
Operating income (loss)	<u>54,488</u>	<u>(2,644)</u>	<u>2,612</u>	<u>54,456</u>	<u>(17,930)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	2,043	3,764	574	6,381	4,451
Interest expense	(13,947)	-	(198)	(14,145)	(520)
Gain (loss) on disposal of capital assets	(30)	154	667	791	348
Total nonoperating revenues (expenses)	<u>(11,934)</u>	<u>3,918</u>	<u>1,043</u>	<u>(6,973)</u>	<u>4,279</u>
Income (loss) before capital contributions, and transfers	42,554	1,274	3,655	47,483	(13,651)
Capital contributions	227	-	-	227	41,002
Transfers in	15,669	-	-	15,669	6,944
Transfers out	(35,038)	(346)	(173)	(35,557)	(4,211)
CHANGE IN NET ASSETS	<u>23,412</u>	<u>928</u>	<u>3,482</u>	<u>27,822</u>	<u>30,084</u>
Net assets, beginning of the year	<u>16,824</u>	<u>115,526</u>	<u>20,975</u>		<u>32,220</u>
NET ASSETS, END OF YEAR	<u>\$ 40,236</u>	<u>\$ 116,454</u>	<u>\$ 24,457</u>		<u>\$ 62,304</u>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	<u>(2,025)</u>
				Change in net assets of business-type activities	<u>\$ 25,797</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, 2006
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
Cash flows from operating activities					
Cash receipts from customers / other funds	\$ 321,825	\$ 64,189	\$ 71,232	\$ 457,246	\$ 177,582
Cash paid to suppliers for goods and services	(115,604)	(36,658)	(50,791)	(203,053)	(117,469)
Cash paid to employees for services	(137,579)	(14,889)	(9,804)	(162,272)	(59,640)
Net cash provided by operating activities	<u>68,642</u>	<u>12,642</u>	<u>10,637</u>	<u>91,921</u>	<u>473</u>
Cash flows from noncapital financing activities					
Pension assets, net	-	434	-	434	-
Advances from other funds	-	-	-	-	(200)
Advances to other funds	-	-	-	-	200
Transfers received	15,669	-	-	15,669	6,944
Transfers paid	(35,038)	(346)	(173)	(35,557)	(4,211)
Net cash provided by (used in) noncapital financing activities	<u>(19,369)</u>	<u>88</u>	<u>(173)</u>	<u>(19,454)</u>	<u>2,733</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	(30)	154	667	791	560
Acquisition and construction of capital assets	(909)	(8,196)	(7,452)	(16,557)	(3,413)
Principal paid on capital leases	(3,382)	-	-	(3,382)	(7,700)
Capital Contributions	227	-	-	227	41,002
Principal paid on bonds payable	(9,398)	-	(15)	(9,413)	-
Interest paid on long-term debt	(13,947)	-	(199)	(14,146)	(520)
Net cash provided by (used in) capital and related financing activities	<u>(27,439)</u>	<u>(8,042)</u>	<u>(6,999)</u>	<u>(42,480)</u>	<u>29,929</u>
Cash flows from investing activities					
Interest received on investments	1,568	3,261	538	5,367	3,765
Net cash provided by investing activities	<u>1,568</u>	<u>3,261</u>	<u>538</u>	<u>5,367</u>	<u>3,765</u>
Net increase in cash and cash equivalents	23,402	7,949	4,003	35,354	36,900
Cash and cash equivalents, beginning of year	47,514	112,575	12,538	172,627	151,215
Cash and cash equivalents, end of year	<u>\$ 70,916</u>	<u>\$ 120,524</u>	<u>\$ 16,541</u>	<u>\$ 207,981</u>	<u>\$ 188,115</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, 2006
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 54,488	\$ (2,644)	\$ 2,612	\$ 54,456	\$ (17,930)
Adjustments to reconcile operating income to net					
Depreciation and amortization	7,994	4,510	1,793	14,297	12,180
Decrease (Increase) accounts receivable	(2,487)	432	(324)	(2,379)	(315)
Decrease (Increase) taxes receivable	-	-	3	3	-
Decrease (Increase) bond issuance cost	417	-	-	417	-
Decrease (Increase) due from other funds	(1,189)	105	-	(1,084)	-
Decrease (Increase) due from other governments	(5,041)	(6)	(55)	(5,102)	-
Decrease (Increase) inventories	(404)	(36)	-	(440)	(203)
Decrease (Increase) prepaid items and deposits	1,631	-	(5)	1,626	-
Increase (Decrease) accounts payable	3,982	(90)	70	3,962	6,426
Increase (Decrease) due to other funds	2,114	-	-	2,114	(4,605)
Increase (Decrease) due to other governments	-	-	(1,765)	(1,765)	(10)
Increase (Decrease) deposits payable	-	(261)	(1)	(262)	-
Increase (Decrease) accrued closure costs	-	11,254	-	11,254	-
Increase (Decrease) accrued remediation costs	-	(692)	-	(692)	-
Increase (Decrease) other liabilities	3,845	(199)	7,922	11,568	281
Increase (Decrease) estimated claims liability	-	-	-	-	3,421
Increase (Decrease) salaries and benefits payable	2,199	143	(3)	2,339	969
Increase (Decrease) compensated absences	1,093	126	390	1,609	259
Net cash provided by operating activities	<u>\$ 68,642</u>	<u>\$ 12,642</u>	<u>\$ 10,637</u>	<u>\$ 91,921</u>	<u>\$ 473</u>
Supplemental disclosure of noncash investing, capital, and financing activities	<u>\$ 358</u>			<u>\$ 358</u>	<u>\$ 13,259</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, 2006
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 5)	\$ -	\$ -	\$ 15,737	\$ 330,889
Federal Agency	6,421	1,473,741	-	-
Cash and Equivalent & MMF	166	38,023	-	-
Commercial Paper	1,681	385,862	-	-
Negotiable CD's	1,723	395,485	-	-
Medium Term Notes	99	22,767	-	-
Municipal Bonds	82	18,777	-	-
Certificates of Deposit	50	11,501	-	-
Local Agency Obligation	4	939	-	-
Accounts receivable	215	9,977	1	-
Interest receivable	33	17,700	68	216
Taxes receivable	-	1	-	57,009
Due from other governments	-	-	-	27,032
Total assets	<u>10,474</u>	<u>2,374,773</u>	<u>15,806</u>	<u>415,146</u>
LIABILITIES:				
Accounts payable	-	-	7,571	213,881
Salaries and benefits payable	-	-	-	7
Due to other governments	-	-	-	201,258
Total liabilities	<u>-</u>	<u>-</u>	<u>7,571</u>	<u>\$ 415,146</u>
NET ASSETS:				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 10,474</u>	<u>\$ 2,374,773</u>	<u>\$ 8,235</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, 2006
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
ADDITIONS:			
Employer contributions	\$ 633	\$ -	\$ -
Employee contributions	1,531	-	-
Contributions to pooled investments	-	18,652,462	-
Contributions to Private-Purpose Trust	-	-	4,204
Investment income	416	66,086	288
Total additions	<u>2,580</u>	<u>18,718,548</u>	<u>4,492</u>
DEDUCTIONS:			
Distribution from Pension Trust	422		
Distributions from pooled investments	-	18,120,536	-
Distributions from Private-Purpose Trust	-	-	3,584
Administrative and other expenses	182	-	-
Total deductions	<u>604</u>	<u>18,120,536</u>	<u>3,584</u>
Change in net assets	1,976	598,012	908
Net Assets Held in Trust, beginning of the year	<u>8,498</u>	<u>1,776,761</u>	<u>7,327</u>
Net Assets Held in Trust, end of the year	<u>\$ 10,474</u>	<u>\$ 2,374,773</u>	<u>\$ 8,235</u>

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



(This Page Intentionally Left Blank)

BASIC FINANCIAL STATEMENTS – NOTES TO THE BASIC FINANCIAL STATEMENTS



Blank Page

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements
June 30, 2006

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, 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, tax rates, 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, contracts, 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) The corporation was dissolved in fiscal year 2006. Remaining balances were transferred to the County of Riverside Asset Leasing Corporation.

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, 2006

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 Support 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 Support 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, 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Governmental Accounting Standards Board Statements and Standards

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 implement GASB No. 47 and no accrual is necessary as of June 30, 2006.

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 implement GASB No. 45 early.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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, 22%, or \$8.3 million, of the County's \$37.1 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 nonexchange transactions or ancillary activities. *Operating* expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as *nonoperating* expenses.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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 *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 issued to finance construction of infrastructure and public facilities for various project areas.

The *Teeter Debt Service fund* accounts for 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.

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, expenses, and the allocation of net income for solid waste projects initiated for the public's benefit. The fund facilitates management and accounting of solid waste projects. Waste Management 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 records management and archives, 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 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, 2006

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 have an accrual basis of accounting but no 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, 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. All other revenue streams are considered available and accrued if they are expected to be received within ninety days after the fiscal year-end. Since revenue from these sources are not available to meet current period liabilities, these sources are financed through proceeds received from Tax and Revenue Anticipation Notes (TRANS) which are outstanding for a twelve month period. General capital assets acquisitions are reported as expenditures in governmental fund 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, 2006

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 on a monthly basis. Repurchase agreements are carried at fair value based on quoted market prices, except for repurchase agreements maturing within 90 days of June 30, 2006, 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, and 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, 2006 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 85.6% of the funds on deposit in the County Treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 14.4% 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 also reviewed investment policies for funds held outside the County Treasury. The pool is not registered with the Securities and Exchange Commission.

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 \$238.1 million and \$626.9 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, 2006

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 the 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 2005-06 gross assessed valuation of the County was \$212.1 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 2005-06, \$10 million was transferred from the TLRF to the General Fund.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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.

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 \$402,043 for the year ended June 30, 2006.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (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 been included in the government-wide financial statements, as of June 30, 2006. The County's infrastructure assets are recorded at historical cost or at estimated 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 Redevelopment Agency, are invested in various programs and are intended primarily for development and subsequent resale. These assets had a fair value of \$26.0 million at June 30, 2006.

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, 2006, the amount of accrued vacation, holiday pay and sick leave reported in the government-wide statement of net assets was \$137.7 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, 2006

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, 2006

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, fund equity may be categorized as reserved and/or designated. Governmental funds report reservations of fund balance for amounts that are not appropriable or that are 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, 2006

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 the following debt service funds: CORAL, Desert Facilities Corporation, District Court Financing Corporation, Bankruptcy Court, or the following capital project funds: CORAL, and District Court Financing Corporation.

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.

A budgetary comparison statement is prepared for the general fund and is part of the basic financial statements. The budgetary comparison statement provides three separate types of information: (1) the original budget; (2) the final amended budget, which included legally authorized changes regardless of when they occurred; and (3) the actual amount of inflows and outflows in the budget-to-actual comparison.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 23)
Assets:					
Cash and investments	\$ 1,080,919	\$ -	\$ 188,115	\$ -	\$ 1,269,034
Receivables:					
Accounts receivable	53,426	-	2,334	-	55,760
Interest	15,497	-	1,141	-	16,638
Taxes	48,096	-	-	-	48,096
Due from other governments	218,391	(55,784)	-	-	162,607
Notes receivable	14,703	-	-	-	14,703
Inventories	3,695	-	2,333	-	6,028
Due from other funds	7,073	-	-	(7,073)	-
Prepaid Items	1,911	-	111	-	2,022
Internal balances	-	-	-	14,077	14,077
Pension asset, net	-	387,945	-	-	387,945
Restricted cash and investments	382,154	-	-	-	382,154
Other noncurrent receivables	-	55,784	-	-	55,784
Advances to other funds	20	-	200	(220)	-
Land held for resale	26,079	-	-	-	26,079
Capital assets:					
Nondepreciable	-	515,404	836	-	516,240
Depreciable, net	-	1,502,408	42,012	-	1,544,420
Bond issuance costs	-	13,989	-	-	13,989
Total assets	<u>\$ 1,851,964</u>	<u>\$ 2,419,746</u>	<u>\$ 237,082</u>	<u>\$ 6,784</u>	<u>\$ 4,515,576</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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

	Total Governmental Funds	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 23)
Liabilities:					
Accounts payable	\$ 116,930	\$ -	\$ 11,449	\$ -	\$ 128,379
Salaries and benefits payable	68,907	-	4,378	-	73,285
Due to other funds	5,899	-	-	(5,899)	-
Due to other governments	39,548	-	-	-	39,548
Interest payable	-	11,107	-	-	11,107
Deposits payable	401	-	-	-	401
Deferred revenue / Unearned revenue	161,311	(87,331)	-	-	73,980
Notes payable	58,394	-	-	-	58,394
Other Liabilities	-	-	2,167	-	2,167
Long-term liabilities due within one year:					
Bonds payable	-	10,165	-	-	10,165
Capital lease obligations	-	5,789	7,399	-	13,188
Certificates of participation	-	12,695	-	-	12,695
Loans payable	-	1,351	-	-	1,351
Compensated absences	-	67,403	2,668	-	70,071
Estimated claims liability	-	-	37,945	-	37,945
Advance from other funds	20	-	200	(220)	-
Long-term liabilities due in more than one year:					
Bonds payable	-	804,278	-	-	804,278
Capital lease obligations	-	58,454	12,187	-	70,641
Certificates of participation	-	335,791	-	-	335,791
Loans payable	-	112,032	-	-	112,032
Accreted interest payable	-	1,495	-	-	1,495
Compensated absences	-	49,449	2,666	-	52,115
Estimated claims liability	-	-	92,219	-	92,219
Other long term liabilities	-	-	1,500	-	1,500
Total liabilities	451,410	1,382,678	174,778	(6,119)	2,002,747
Fund balances/net assets:					
Total fund balances/net assets	1,400,554	1,037,068	62,304	12,903	2,512,829
Total liabilities and fund balances/net assets	\$ 1,851,964	\$ 2,419,746	\$ 237,082	\$ 6,784	\$ 4,515,576

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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. A summary of the restatements as of June 30, 2006 is as follows (in thousands):

Governmental Funds:

Description	General Fund
Fund balances as of June 30, 2005, as previously reported	\$ 352,454
Effect of change in accounting principal: Revenues ⁽¹⁾	(13,133)
Fund balances, as of June 30, 2005, as restated	\$ 339,321

⁽¹⁾ During fiscal year 2006, the County changed its availability period for accruing governmental fund revenues from 12 months to 90 days (exclusive of expenditure driven grants). The change in accounting principal resulted in a net decrease of \$13 million to the general fund's fund balance.

Government-wide restatement to net assets:

	Governmental Activities
Government-wide net assets, as of June 30, 2005, as previously reported	\$ 1,664,120
Effects of GASB 34 Implementation-Reporting of Retroactive Infrastructure (Note 9)	472,806
Net assets as of June 30, 2005, as restated	\$ 2,136,926

NOTE 5 – CASH AND INVESTMENTS

Cash and Investments

As of June 30, 2006, 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	\$ 1,269,034	\$ 93,361	\$ 51,970	\$ 2,703,947	\$ 4,118,312
Restricted cash and investments	382,154	114,620	-	-	496,774
Total cash and investments	\$ 1,651,188	\$ 207,981	\$ 51,970	\$ 2,703,947	\$ 4,615,086

As of June 30, 2006, cash and investments consist of the following (in thousands):

Deposits	\$ 270,718
Investments	4,344,368
Total cash and Investments	\$ 4,615,086

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 5 – CASH AND INVESTMENTS (Continued)

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
California Agency Bonds	3 Years	15% / \$150mm	2.50%
US Treasury	5 Years	100%	None
Riverside Co Local Agency Debt	3 Years	2.5%	1.25%
Federal Agencies	5 Years	None	None
Bills of Exchange	180 Days	30%	None
Commercial Paper	270 Days	40%	\$50mm
Certificate & Time Deposits	1 Year	2%	\$50mm
Repurchase Agreements	45 Days	40% / 25%	None
Reverse Repurchase Agreements	60 Days	10%	10%
Medium Term Notes	2 Years	20%	\$25mm
CalTrust Short Term Fund	Daily Liquidity	1%	1%
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.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 5 – CASH AND INVESTMENTS (Continued)

As of June 30, 2006, the County had the following investments (in thousands):

Investment	Maturity	Fair Value	Weighted Average Maturity (Years)
Treasury investments			
Commercial Paper	07/09 - 11/06	\$ 671,562	0.10
Federal Farm Credit Bank	07/06 - 09/08	280,492	1.00
Federal Home Loan Bank	07/06 - 06/09	792,875	0.85
FHLC - FHLB	09/06 - 06/09	711,336	1.47
Federal Home Loan Disc	08/30/06	2,469	0.17
Federal Nat Mort Assn	07/06 - 06/09	489,977	1.79
FNMA Disc Notes	08/06 - 11/06	171,769	0.23
Federal Home Loan Mort Cp	10/06	51,596	0.33
Local Agency Obligations	07/12 - 06/20	1,735	9.70
Medium Term Notes	09/06 - 01/08	39,699	0.82
Municipal Bonds	08/06 - 08/07	38,809	0.49
Negotiable CDs	07/06 - 11/06	688,007	0.16
Time Deposits	09/06 - 10/06	<u>20,000</u>	0.24
Total treasury investments		<u>3,960,326</u>	
Investments outside the treasury			
Money Market	N/A	165	0.00
Investment Agreements	07/06 - 11/13	105,272	2.00
Investment Agreements	07/06 - 08/19	19,600	0.70
Investment Agreements	09/08	122,167	0.66
Investment Agreements	10/09	110,649	0.94
Investment Agreements	10/33	820	0.06
Investment Agreements	10/35	7,026	0.54
Investment Agreements	10/37	7,340	0.60
Local Agency Investment Funds	N/A	<u>11,003</u>	0.00
Total investments outside the treasury		<u>384,042</u>	
Total investments		<u><u>\$ 4,344,368</u></u>	

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.

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 \$230.7 million. Investment securities are registered and held in the name of Riverside County.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 5 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the County contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. In accordance with GASB 40, Deposits and Investment Risk Disclosures, the County should provide information about the concentration of credit risk associated with their investments in any one issuer that represent 5% or more of total County investments. However, money market and mutual funds are excluded from this disclosure requirement. Instruments in any one issuer that represent 5% or more of County investments are as follows (in thousands):

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency	\$ 277,529
Federal Home Loan Bank	Federal Agency	878,448
FHLC-FHLB Mortgage Certificates	Federal Agency	702,360
Federal National Mortgage Association	Federal Agency	485,060

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, 2006, the County had the following investments (in thousands):

Investment	Maturity	Minimum Legal Rating	Rating June 30, 2006	Fair Value
Treasury Investments				
Commercial Paper	07/09 - 11/06	A1/P1	A1/P1 *	\$ 671,562
Federal Farm Credit Bank	07/06 - 09/08	AAA	AAA	280,492
Federal Home Loan Bank	07/06 - 06/09	AAA	AAA	792,875
FHLC - FHLB	09/06 - 06/09	AAA	AAA	711,336
Federal Home Loan Disc	08/30/06	AAA	AAA	2,469
Federal Nat Mort Assn	07/06 - 06/09	AAA	AAA	489,977
FNMA Disc Notes	08/06 - 11/06	AAA	AAA	171,769
Federal Home Loan Mort Cp	10/06	AAA	AAA	51,596
Local Agency Obligations	07/12 - 06/20	N/A	N/A	1,735
Medium Term Notes	09/06 - 01/08	A	AAA	39,699
Municipal Bonds	08/06 - 08/07	A	AAA	38,809
Negotiable CDs	07/06 - 11/06	A1/P1	A1/P1 *	688,007
Time Deposits	09/06 - 10/06	N/A	N/A	20,000
Total Treasury Investments				3,960,326
Investments Outside the Treasury				
Money Market	N/A	N/A	NR	165
Investment Agreements	08/13	AA	AA/AA+	105,272
Investment Agreements	02/19	AA	AA	19,600
Investment Agreements	09/08	NA	AAA	122,167
Investment Agreements	10/09	NA	Aa	110,649
Investment Agreements	10/33	NA	AAA	820
Investment Agreements	10/35	NA	AAA	7,026
Investment Agreements	10/37	NA	AAA	7,340
Local Agency Investment Funds	N/A	NA	NR	11,003
Total Investments Outside the Treasury				384,042
Total Investments				\$ 4,344,368

* Majority of Commercial Paper and Negotiable CDs are A1+/P1

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 6 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2006 is as follows (in thousands):

	General Fund	Teeter Debt Service	Nonmajor Governmental Funds	Regional Medical Center	Waste Management Department	Nonmajor Enterprise Funds
1985 Certificates	\$ -	\$ -	\$ 23,367	\$ -	\$ -	\$ -
1989/1993 Hospital Bonds	-	-	-	30,844	-	-
1990 Monterey Avenue	-	-	158	-	-	-
1997 B & C Hospital	-	-	-	29	-	-
1997 Family Law Court	-	-	9	-	-	-
1997 Historic Court House	-	-	278	-	-	-
1997 Lease Refunding	-	-	378	-	-	-
1998 Larson Justice Center	-	-	24	-	-	-
2000 Southwest Justice Center	-	-	513	-	-	-
2001 CAC Annex	-	-	2,557	-	-	-
2003 A Historic Courthouse	-	-	6,043	-	-	-
2003 B Capital Facilities	-	-	2,473	-	-	-
2005 A Capital Improvement Family Law	-	-	36,361	-	-	-
2005 B Historic Refunding	-	-	2,164	-	-	-
2006 A Capital Improvements	-	-	30,947	-	-	-
Waste Management	-	-	-	-	77,543	-
Housing Authority Bond	-	-	-	-	-	1,757
District Court Project	-	-	912	-	-	-
Restricted Program Money	228,897	-	1,939	2,230	-	2,217
Teeter Commercial Paper Notes	-	39,868	-	-	-	-
Bankruptcy Courthouse	-	-	5,266	-	-	-
Total Restricted Assets	\$ 228,897	\$ 39,868	\$ 113,389	\$ 33,103	\$ 77,543	\$ 3,974

At June 30, 2006 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, 2006

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	Teeter	Public	Redevelopment	Major
Governmental Activities:	Fund	Debt Service	Facilities	Capital	Governmental
			Improvements	Projects	Funds
Accounts	\$ 43,255	\$ -	\$ -	\$ -	\$ 43,255
Interest	9,124	223	1,471	1,296	12,114
Taxes	19,939	21,932	-	-	41,871
Due from other governments	206,270	-	20	-	206,290
Notes	-	-	-	-	-
Total receivables	<u>\$ 278,588</u>	<u>\$ 22,155</u>	<u>\$ 1,491</u>	<u>\$ 1,296</u>	<u>\$ 303,530</u>

Receivables	Major	Nonmajor	Internal	Total
Governmental Activities:	Governmental	Governmental	Service	Governmental
	Funds	Funds	Funds	Activities
Accounts	\$ 43,255	\$ 10,171	\$ 2,334	\$ 55,760
Interest	12,114	3,383	1,141	16,638
Taxes	41,871	6,225	-	48,096
Due from other governments	206,290	12,101	-	218,391
Notes	-	14,703	-	14,703
Total receivables	<u>\$ 303,530</u>	<u>\$ 46,583</u>	<u>\$ 3,475</u>	<u>\$ 353,588</u>

Receivables	Regional	Waste	Nonmajor	Total Business-
Business-type Activities:	Medical Center	Management	Funds	type Activities
Accounts	\$ 913,111	\$ 5,045	\$ 1,788	\$ 919,944
Interest	475	964	54	1,493
Taxes	-	-	9	9
Due from other governments	15,176	246	135	15,557
Gross receivables	928,762	6,255	1,986	937,003
Less: Allowance for contractals	(626,988)	-	-	(626,988)
Allowance for uncollectibles	(238,103)	(4)	-	(238,107)
Total receivables	<u>\$ 63,671</u>	<u>\$ 6,251</u>	<u>\$ 1,986</u>	<u>\$ 71,908</u>

Of the total governmental receivable of \$353.6 million, \$55.8 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, 2006, the components of deferred/unearned revenue were as follows (in thousands):

Governmental activities:	Unavailable	Unearned
General fund:		
Due from other governments, current portion	\$ 87,237	\$ -
Resources received that do not yet meet the criteria for revenue recognition	-	52,864
Public Facilities Improvement Capital Projects:		
Resources received that do not yet meet the criteria for revenue recognition		6
Nonmajor funds:		
Due from other governments	94	-
Resources received that do not yet meet the criteria for revenue recognition	-	21,110
Total governmental	<u>\$ 87,331</u>	<u>\$ 73,980</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 8 – INTERFUND TRANSACTIONS

Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2006 is as follows (in thousands):

Due to/from other funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Regional Medical Center	\$ 2,363	Medical Services
	Teeter Debt Service Fund	3,524	Delinquent Property Taxes
	Nonmajor Governmental Funds	<u>8</u>	Air Quality Management
		5,895	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,178	Various Interfund Activities
Regional Medical Center	General Fund	<u>1,189</u>	Indigent Healthcare Services
Total		<u>\$ 8,262</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	\$ 20
Total		<u>\$ 20</u>

The balance of \$20 thousand advance to the Community Service fund from the General Fund resulted from loans made to provide for cash flow needs.

Transfers

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

(a) Between Governmental and Business-type Activities:

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Regional Medical Center	\$ 15,669	Reimbursement
Regional Medical Center	General Fund	32,051	Operating Contribution
Regional Medical Center	Nonmajor	<u>2,987</u>	Pension Obligation
		<u>35,038</u>	
Waste Management	Nonmajor Governmental	346	Pension Obligation
Nonmajor Enterprise	Nonmajor Governmental	<u>173</u>	Pension Obligation
	Total	<u>\$ 51,226</u>	

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 8 – INTERFUND TRANSACTIONS (Continued)

(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	\$ 8,128	Overhead reimbursement
	Nonmajor Governmental Funds	9,273	Reimbursement
	Nonmajor Governmental Funds	20,969	Pension Obligation
	Nonmajor Governmental Funds	799	Leases
	Teeter	7,012	Debt service
	Internal Service Funds	4,570	Reimbursement
	Public Facilities	37,720	Capital projects
	Redevelopment Capital Project	32	Capital projects
		<u>88,503</u>	
Teeter	General	5,159	Debt Service
		<u>5,159</u>	
Public Facilities Improvement	Nonmajor Governmental Funds	20,413	Overhead reimbursement
	General Fund	3,068	Capital projects
		<u>23,481</u>	
Redevelopment Capital Project	General Fund	366	Miscellaneous
	Nonmajor Governmental Funds	6,766	Overhead reimbursement
	Nonmajor Governmental Funds	5,189	Administrative support
		<u>12,321</u>	
Nonmajor Governmental Funds	General Fund	4	Overhead reimbursement
	General Fund	50,216	Fire Services
	General Fund	3,725	Administrative support
	General Fund	2,904	Leases
	General Fund	453	Law Enforcement
	General Fund	3,069	Professional services
	General Fund	1,731	Miscellaneous
	Public Facilities Capital Project	509	Capital Projects
	Redevelopment Capital	8,018	Debt Service
	Nonmajor Governmental Funds	14,105	Debt Service
	Nonmajor Governmental Funds	1,582	Pension Obligation
	Nonmajor Governmental Funds	522	CDBG
	Nonmajor Governmental Funds	3,376	Leases
	Nonmajor Governmental Funds	1,183	Miscellaneous
	Nonmajor Governmental Funds	2,190	Overhead reimbursement
	Nonmajor Governmental Funds	8,722	Reimbursement
	Nonmajor Governmental Funds	30,031	Capital projects
	Internal Service	207	Reimbursement
		<u>132,547</u>	
Internal Service Funds	General Fund	840	Business services
	Internal Service Funds	2,167	Reimbursement
	Nonmajor Governmental Funds	1,204	Pension Obligation
		<u>4,211</u>	
	Total	<u>\$ 266,222</u>	

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows (in thousands):

	Balance July 1, 2005	Retroactive Infrastructure	Additions	Retirements	Transfers	Balance June 30, 2006
Governmental activities:						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 306,654	\$ 14	\$ 13,881	\$ (109)	\$ (14)	\$ 320,426
Construction in progress	122,449	-	113,806	(74)	(40,367)	195,814
Total capital assets, not being depreciated	429,103	14	127,687	(183)	(40,381)	516,240
<i>Capital assets, being depreciated:</i>						
Infrastructure						
Flood channels	187,894	-	24,624	-	33,064	245,582
Flood storm drains	189,033	-	-	-	-	189,033
Flood dams and basins	30,404	-	-	-	-	30,404
Roads	96,632	1,070,085	23,929	-	(580)	1,190,066
Traffic signals	9,776	8,807	-	-	-	18,583
Bridges	4,829	95,154	-	-	-	99,983
Runways	3,624	-	-	-	3,169	6,793
Parks trails and improvements	1,476	-	1,447	-	-	2,923
Land improvements	110	-	-	-	(99)	11
Structures and improvements	601,657	-	41,317	(23)	1,755	644,705
Equipment	289,194	-	35,450	(8,976)	(303)	315,364
Total capital assets, being depreciated	1,414,629	1,174,046	126,766	(8,999)	37,006	2,743,448
Less accumulated depreciation for:						
Infrastructure	(76,289)	(701,254)	(11,369)	-	-	(788,912)
Land improvements	(11)	-	-	-	-	(11)
Structures and improvements	(145,690)	-	(33,103)	8	-	(178,785)
Equipment	(217,040)	-	(21,447)	7,629	(463)	(231,320)
Total accumulated depreciation	(439,030)	(701,254)	(65,919)	7,637	(463)	(1,199,028)
Total capital assets, being depreciated, net	975,599	472,792	60,848	(1,362)	36,543	1,544,420
Governmental activities capital assets, net	\$ 1,404,702	\$ 472,806	\$ 188,534	\$ (1,545)	\$ (3,838)	\$ 2,060,660

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 9 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2006 was as follows (in thousands):

	Balance July 1, 2005	Additions	Retirements	Transfers	Balance June 30, 2006
Business-type activities:					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 21,095	\$ -	\$ -	\$ -	\$ 21,095
Construction in progress	14,465	11,072	(630)	(7,306)	17,601
Total capital assets, not being depreciated	<u>35,560</u>	<u>11,072</u>	<u>(630)</u>	<u>(7,306)</u>	<u>38,696</u>
<i>Capital assets, being depreciated:</i>					
Land improvements	11,662	-	-	-	11,662
Infrastructure-landfill liners	27,580	28	-	7,306	34,914
Infrastructure-other	7,246	50	-	-	7,296
Structures and improvements	204,415	7,403	-	-	211,818
Equipment	102,367	3,042	(1,689)	-	103,720
Total capital assets, being depreciated	<u>353,270</u>	<u>10,523</u>	<u>(1,689)</u>	<u>7,306</u>	<u>369,410</u>
Less accumulated depreciation for:					
Land improvements	(3,927)	(582)	-	-	(4,509)
Infrastructure-landfill liners	(8,076)	(1,654)	-	-	(9,730)
Infrastructure-other	(1,924)	(419)	-	-	(2,343)
Structures and improvements	(49,414)	(6,482)	-	-	(55,896)
Equipment	(83,099)	(4,744)	1,689	-	(86,154)
Total accumulated depreciation	<u>(146,440)</u>	<u>(13,881)</u>	<u>1,689</u>	<u>-</u>	<u>(158,632)</u>
Total capital assets, being depreciated, net	<u>206,830</u>	<u>(3,358)</u>	<u>-</u>	<u>7,306</u>	<u>210,778</u>
Business-type activities capital assets, net	<u>\$ 242,390</u>	<u>\$ 7,714</u>	<u>\$ (630)</u>	<u>\$ -</u>	<u>\$ 249,474</u>

Depreciation

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

General government	\$ 12,475
Public protection	30,678
Health and sanitation	634
Public assistance	1,569
Public ways and facilities	7,852
Recreation and culture	531
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>12,180</u>
Total depreciation expense – governmental functions	<u>\$ 65,919</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 9 – CAPITAL ASSETS (Continued)

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

Regional Medical Center	\$ 7,578
Waste Management	4,510
Housing Authority	1,766
County Service Areas	6
Flood Control	<u>21</u>
Total depreciation expense – business-type functions	<u><u>\$ 13,881</u></u>

Capital Leases

	<u>Governmental</u>	<u>Business Type</u>
Structures and Improvements	\$ 1,386	\$ -
Equipment	170,545	8,492
Less: Accumulated amortization	<u>(127,819)</u>	<u>(3,840)</u>
Total leased property, net	<u><u>\$ 44,112</u></u>	<u><u>\$ 4,652</u></u>

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2006, was as follows (in thousands):

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006
Capital assets, being depreciated:				
Equipment	\$ 247	\$ 65	\$ -	\$ 312
Total capital assets, being depreciated	<u>247</u>	<u>65</u>	<u>-</u>	<u>312</u>
Less accumulated depreciation for:				
Equipment	(122)	(48)	-	(170)
Total accumulated depreciation	<u>(122)</u>	<u>(48)</u>	<u>-</u>	<u>(170)</u>
Total capital assets, net	<u><u>\$ 125</u></u>	<u><u>\$ 17</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 142</u></u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Waste Management (Waste) has recorded \$78.9 million as landfill closure and post-closure care expense to date (based on the use of the estimated capacities of the landfill ranging from 26% 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 \$36.8 million as the remaining estimated capacity of 22.5 million tons is filled. Waste expects all currently permitted landfill capacities to be filled by 2032. The total estimate of \$115.8 million is based on what it would cost to perform all closure and post-closure care costs at present value. Actual costs may be different due to inflation, changes in technology or changes in regulations.

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

Facility Name (City)	Cumulative Expense	Capacity Used as of June 30, 2006 %	Estimated Years Remaining
Anza (Anza)	\$ 2,717	100.0	-
Badlands (Moreno Valley)	11,397	40.9	10
Blythe (Blythe)	1,773	29.0	26
Coachella (Coachella)	8,528	100.0	-
Desert Center (Desert Center)	701	69.1	5
Double Butte (Winchester)	9,840	100.0	-
Edom Hill (Cathedral City)	18,808	100.0	-
Highgrove (Riverside)	6,530	100.0	-
Lamb Canyon (Beaumont)	5,178	26.1	17
Mead Valley (Perris)	8,471	100.0	-
Mecca II (Mecca)	2,686	98.2	1
Oasis (Oasis)	2,270	70.0	25
	<u>\$ 78,899</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 \$60.4 million are held for these purposes at June 30, 2006 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, 2006

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, 2006 (in thousands):

<u>Year Ending June 30, 2006</u>	
2007	\$ 29,717
2008	21,356
2009	27,931
2010	15,547
2011	11,706
2012-2016	51,356
2017-2021	<u>3,955</u>
Total Minimum Payments	<u>\$ 161,568</u>

Rental expense was \$40.1 million principally in the General Fund for the year ended June 30, 2006.

NOTE 12 – SHORT TERM DEBT

Tax and Revenue Anticipation Notes

On July 1, 2005, the County issued \$210 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which were repaid June 30, 2006. The Notes yielded an interest rate of 2.62%. In addition, on July 1, 2005, the County issued \$84.8 million Taxable Tax and Revenue Anticipation Notes, maturing on June 30, 2006, and yielding an interest rate of 3.93%. This was 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. Total amount of County TRANs notes issued equals \$294.8 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 Tax-Exempt Commercial Paper Notes (Teeter Notes). During FY 2005-06, the County retired \$34.2 million of the principal amount outstanding at June 30, 2006. The County then issued tax-exempt Series B-1 of \$34.4 and Series B-2 of \$23.9 million in commercial paper notes. The West LB bank provides Letter of Credit (LOC) for the Series B-1 and Citibank for the Series B-2 Teeter Notes. West LB has extended the Series B-1 LOC until 2015 and the Series B-2 LOC will expire on December 7, 2008.

Short-term debt activity for the year ended June 30, 2006, was as follows (in thousands):

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006
FY 2005-06 TRANs	\$ 210,000	\$ 294,845	\$ (504,845)	\$ -
Teeter Notes	34,226	58,394	(34,226)	58,394
Total	<u>\$ 244,226</u>	<u>\$ 353,239</u>	<u>\$ (539,071)</u>	<u>\$ 58,394</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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 \$2.1 billion.

Capital Leases

Capital leases for governmental funds are recorded both as capital expenditures and as other 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, 2006 (in thousands):

<u>Year Ending June 30, 2006</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2007	\$ 20,824	\$ 3,452
2008	15,493	3,258
2009	11,622	2,910
2010	9,276	2,606
2011	7,061	2,057
2012-2016	19,740	2,682
2017-2021	7,424	-
2022-2026	3,441	-
2027-2031	7,784	-
Total minimum payments	<u>102,665</u>	<u>16,965</u>
Less amount representing interest	<u>(18,836)</u>	<u>(1,972)</u>
Present value of net minimum lease payments	<u>\$ 83,829</u>	<u>\$ 14,993</u>

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.

Governmental 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, 2006</u>
<i>Certificates of Participation:</i>					
<u>CORAL</u>					
1985 Certificate:	12/01/06 –12/01/15	Variable	\$4,400 -\$15,100	\$ 169,400	\$ 94,900
Serial Certificates				<u>169,400</u>	<u>94,900</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<i>Certificates of Participation (Continued):</i>					
<u>CORAL</u>					
2005A - Capital Improvement & Family Law Court Refunding					
Serial Certificates	11/01/06 – 11/01/25	3.0% - 5.00%	\$275 - \$2,160	\$ 28,495	\$ 28,220
Term Certificates	11/01/26 – 11/01/33	5.00%	\$9,905	9,905	9,905
Term Certificates	11/01/34 – 11/01/36	5.00%	\$13,265	13,265	13,265
2005-A Family Law				<u>51,665</u>	<u>51,390</u>
<u>CORAL</u>					
2005B - Historic Courthouse Refunding project					
Serial Certificates	11/01/06 – 11/01/25	3.0% - 5.00%	\$325 - \$1,740	18,835	18,510
Term Certificates	11/01/26 – 11/01/27	5.00%	\$3,775	3,775	3,775
2005-B Historic Courthouse				<u>22,610</u>	<u>22,285</u>
<u>CORAL</u>					
1997 Lease Refunding:					
Serial Certificate	11/01/06 – 11/01/12	4.25% - 5.00%	\$2,385 - \$1,830	43,560	11,155
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	7,260	7,260
1997 Lease Refunding				<u>58,070</u>	<u>25,665</u>
<u>CORAL</u>					
1998 Larson Justice Center:					
Serial Certificate	12/01/06 – 12/01/12	3.70% - 4.75%	\$1,065 - \$1,550	18,185	9,520
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	6,860	6,860
1998 Larson Justice Center				<u>36,100</u>	<u>27,435</u>
<u>CORAL</u>					
2001 CAC Annex:					
Serial Certificate	11/01/06 – 11/01/26	5.00% - 5.13%	\$616 - \$1,880	27,120	25,200
Term Certificate	11/01/27 – 11/01/30	5.13%	\$8,540	8,540	8,540
Term Certificate	11/1/31	5.75%	\$2,415	2,415	2,415
2001 CAC Annex				<u>38,075</u>	<u>36,155</u>
<u>CORAL</u>					
2006 Series A - Cap Imp Project					
Serial Certificate	11/01/08 – 11/01/26	3.75% - 5.13%	\$585 - \$1,235	16,425	16,425
Term Certificate	11/01/27 – 11/01/31	4.75%	\$1,295 - \$1,560	7,130	7,130
Term Certificate	11/01/32 – 11/01/35	5.00%	\$1,635 - \$1,895	7,050	7,050
Term Certificate	11/01/36 – 11/01/37	4.63%	\$1,990 - \$2,080	4,070	4,070
2006 A- Cap Improv Proj				<u>\$ 34,675</u>	<u>\$ 34,675</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<i>Certificates of Participation (Continued):</i>					
<u>CORAL</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	11/01/19 – 11/01/23	5.00%	\$420 - \$510	2,320	2,320
Term Certificate	11/01/24 – 11/01/28	5.00%	\$535 - \$650	2,955	2,955
Term Certificate	11/01/29 – 11/01/33	5.13%	\$720 - \$835	3,790	3,790
2003A-Historic Court Project				<u>13,190</u>	<u>13,190</u>
<u>CORAL</u>					
<i>2003B –Capital Facilities Refunding</i>					
Serial Certificate	11/01/06 – 11/01/11	2.00% - 4.20%	\$300 - \$900	8,685	7,060
2003B- Capital Facilities				<u>8,685</u>	<u>7,060</u>
<u>CORAL</u>					
<i>1990 Monterey Ave Project</i>					
Serial Certificate	11/01/06 – 11/01/20	9.00%	\$200 - \$800	8,800	7,000
Monterey Ave				<u>8,800</u>	<u>7,000</u>
<u>Court Financing Corporation</u>					
Bankruptcy Courthouse					
Acquisition Project	11/01/05– 11/01/27	7.50%	\$230 - \$1,420	16,120	14,195
Term Certificate				<u>16,120</u>	<u>14,195</u>
<u>District Court Financing</u>					
U.S. District Court Project					
(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	11,591
Term /Series 2002	6/15/20	3.00%	Variable	925	780
Term certificate				<u>20,725</u>	<u>14,536</u>
Total Certificates of Participation				\$ 478,115	\$ 348,486
<i>Bonds Payable:</i>					
<u>CORAL</u>					
2000 Southwest Justice Center:					
Term Certificate	11/01/05 – 11/01/13	4.88% - 5.40%	\$1,445 - \$2,240	\$ 17,945	\$ 14,990
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>\$ 91,290</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<i>Bonds Payable(Continued):</i>					
<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>
<i>RDA</i>					
2005 Tax Alloc Revenue	10/01/06 – 10/01/37	4.50% - 5.00%	\$1,995 - \$6,490	144,075	144,075
Bonds Payable				<u>144,075</u>	<u>144,075</u>
<i>RDA</i>					
2001 Tax Allocation Bonds	10/01/05 – 10/01/35	3.55% - 5.25%	\$830 - \$6,680	90,025	89,195
Bonds Payable				<u>90,025</u>	<u>89,195</u>
<i>RDA</i>					
2004 A_Tax Alloc Housing	10/01/05 – 10/01/37	4.75% - 5.00%	\$4,700 - \$16,015	38,225	38,225
Bonds Payable				<u>38,225</u>	<u>38,225</u>
<i>RDA</i>					
2004 A-T_Tax Alloc Housing	10/01/05 – 10/01/28	2.90% - 4.87%	\$1,800 - \$7,955	37,000	35,200
Bonds Payable				<u>37,000</u>	<u>35,200</u>
<i>RDA</i>					
2005 Tax Allocation Housing/ Refunding	10/01/05 – 10/01/33	3.00% - 4.50%	\$365 - \$4,120	18,245	17,880
Bonds Payable				<u>18,245</u>	<u>17,880</u>
<i>Taxable Pension Obligation</i>					
Pension Oblig.Bonds (Series 2005-A) PERS contract	8/15/05 – 8/15/35	4.91%	\$3,155 - \$5,530	400,000	396,845
Bonds Payable				<u>400,000</u>	<u>396,845</u>
Total Bonds Payable				<u>\$ 823,548</u>	<u>\$ 814,443</u>
<i>Loans Payable:</i>					
<i>RDA</i>					
1998 Loans Payable	10/01/05 – 10/01/33	3.50% - 7.00%	\$695 - \$11,135	\$ 68,296	\$ 11,595
2000 Loans Payable	01/01/05 – 01/01/15	3.50% - 7.00%	\$56 - \$956	1,329	1,708
2004 Loans Payable (TAB)	10/01/05 – 01/01/37	2.50% - 5.00%	\$2,705 - \$40,300	102,785	100,080
Total Loans Payable				<u>172,410</u>	<u>113,383</u>
Total Governmental Activities				<u>\$ 1,474,073</u>	<u>\$ 1,276,312</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Business-Type Activities

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<i>Bonds Payable:</i>					
<u>Regional Medical Center</u>					
1993 A & B (Hospital):					
Term Bonds (Series A)	06/01/06 – 06/01/12	5.90% - 6.50%	\$7,050 - \$13,870	\$ 81,135	\$ 39,125
Term Bonds (Series B)	06/01/13 – 06/01/14	5.41%	\$7,050 - \$7,475	14,525	14,525
Bond Discount				-	(26)
Loss on Defeasance (net)				-	(2,931)
1993 A & B – bonds				<u>95,660</u>	<u>50,693</u>
<u>Regional Medical Center</u>					
1997A (Hospital): Serial Capital Capital Apprec Bonds (net of future cap apprec of 104,487)					
1997A RCRMC bonds	06/01/13 – 06/01/26	5.70% - 6.01%	\$3,034 - \$3,445	41,170	41,170
				<u>41,170</u>	<u>41,170</u>
<u>Regional Medical Center</u>					
Serial Bonds (Series B)	06/01/05 – 06/01/19	4.10% - 5.50%	\$315 - \$455	4,785	2,775
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	3,265	3,265
Less: Sheriff's Part (Series C)				(1,733)	(1,733)
Bond Discount				-	(21)
Loss on Defeasance (net)				-	(2,439)
1997 B & C (Hospital)				<u>70,252</u>	<u>65,782</u>
<u>Regional Medical Center</u>					
2003 A & B (Hospital):					
Term Bonds (Series A)	06/01/05 – 06/01/09	2.50% - 5.00%	\$ 9,415 - \$11,030	56,140	27,780
Term Bonds (Series B)	06/01/05 – 06/01/07	3.35%	\$4,040	4,040	4,040
Bond Premium				-	894
Loss on Defeasance (net)				-	(199)
2003 A & B – bonds				<u>60,180</u>	<u>32,515</u>
<u>Housing Authority</u>					
1998 Series A:					
Term Bonds	12/01/05-12/01/07	6.25%	\$60 - \$90	780	270
Term Bonds	12/01/08-12/01/18	6.85%	\$100 - \$200	1,625	1,545
Deferred Charges					(833)
Term Bonds				<u>2,405</u>	<u>982</u>
Total Bonds Payable				<u>269,667</u>	<u>191,142</u>
Total Business-type Activities				<u>\$ 269,667</u>	<u>\$ 191,142</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2006, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

Governmental Year ending June 30, 2006:	Loans Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2007	\$ 1,351	\$ 5,647	\$ 12,695	\$ 23,386
2008	1,393	5,587	14,057	22,613
2009	1,449	5,518	15,900	21,442
2010	1,522	5,445	17,122	20,145
2011	1,600	5,387	17,849	18,716
2012-2016	9,136	25,653	112,218	66,768
2017-2021	11,607	22,825	56,416	33,830
2022-2026	14,035	19,405	37,905	20,984
2027-2031	17,950	15,362	34,335	11,717
2032-2036	25,320	9,912	23,430	4,336
2037-2041	28,020	719	6,559	253
Total	\$ 113,383	\$ 121,460	\$ 348,486	\$ 244,190

Governmental Year ending June 30, 2006:	Bonds Payable	
	Principal	Interest
2007	\$ 10,165	\$ 39,475
2008	11,680	38,741
2009	13,040	38,215
2010	14,385	33,354
2011	29,540	64,261
2012-2016	121,730	176,276
2017-2021	172,518	137,619
2022-2026	202,775	88,454
2027-2031	126,545	48,299
2032-2036	99,395	15,006
2037-2041	12,670	958
Total	\$ 814,443	\$ 680,659

As of June 30, 2006, annual debt service requirements of business-type activities to maturity are as follows (in thousands):

Business-type Year ending June 30, 2006:	Bonds Payable	
	Principal	Interest
2007	\$ 10,620	\$ 12,572
2008	11,060	12,397
2009	11,515	12,222
2010	12,735	11,982
2011	13,555	11,469
2012-2016	63,669	49,088
2017-2021	54,065	35,058
2022-2026	19,478	15,190
Total Requirements	196,697	159,978
Bond Premium, net	894	-
Bond Discount	(47)	-
Deferred	(833)	-
Loss on Defeasance (net)	(5,569)	-
Total	\$ 191,142	\$ 159,978

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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, 2006 (in thousands):

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006
<u>Governmental Activities:</u>				
<i>Certificates of Participation:</i>				
Court Financing (US District Court Project)	\$ 1,231	\$ 264	\$ -	\$ 1,495
Total governmental-type activities	\$ 1,231	\$ 264	\$ -	\$ 1,495
<u>Business-type Activities:</u>				
<i>Lease Revenue Bonds:</i>				
Regional Medical Center (1997A Hosp)	\$ 25,983	\$ 4,048	\$ -	\$ 30,031
Total business-type activities	\$ 25,983	\$ 4,048	\$ -	\$ 30,031

The accreted interest payable balances at June 30, 2006 represent accreted interest on the U.S. District Court Project and the 1997 A Hospital Serial Capital Appreciation Bonds. The original issues were \$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 \$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 \$264 thousand and \$4 million, respectively, represent current year's accretion. Accumulation accretion at June 30, 2006 is \$30 million. The U.S. District Court Financing accounts for the remainder of \$1.5 million. The un-accreted balances at June 30, 2006 are \$145.7 million for the 1997-A hospital (RCRMC) project and \$5 million for the U.S. District Court.

Bonds, Certificates of Participation/ Refunding

During fiscal-year 2005-2006, CORAL issued \$34.7 million 2006-Certificates of Participation, Series A (2006 A Capital Improvements Projects). The COPs carried an interest rate of 4.0%. The 2006 Series A were issued to provide funding for certain improvements and construction of capital facilities of the County and to fund capitalized interest costs, fund a reserve fund and pay costs of issuance.

Interest on the 2006 Series A Certificates of Participation (COPs) is payable initially November 1, 2008, and semi-annually thereafter on November 1 and May 1 of each year until November 1, 2037. CORAL's COPs will be repaid through lease agreements with the County that are structured to meet principal and interest requirements when due.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

In addition, during the current fiscal year, the County of Riverside Board of Supervisors approved the dissolution of the Desert Facilities Corporation, and authorized CORAL to assume the outstanding obligations of the Corporation, including \$7 million of the outstanding Certificates and \$125.1 thousand of restricted cash and cash equivalents. The Corporation was established to finance the construction of a courthouse project for use by the County. In 1990, the Corporation issued \$8.8 million of Certificates of Participation to finance the Monterey Avenue Improvement Project. The 1990 Monterey Avenue Project was issued as a series of seven-day variable rate Certificates of Participation. The payments on the bonds are secured by base-rental lease payments from the County of Riverside. The bonds are not the obligation of the County. The base-rental payments are solely available to the extent that the County prepares an annual appropriation for such amounts. The County has covenanted that annual appropriations will be made.

During fiscal year ended June 30, 2006, the Redevelopment Agency issued the 2006 Tax Allocation Revenue Bonds for financing projects in the Agency's five redevelopment project areas. The Redevelopment Agency issued five separate series of bonds and re-sold those bonds to the Authority, to be pooled and sold pursuant to the Marks Roos Act. The Bonds are limited obligations of the Riverside County Public Financing Authority.

The Agency entered into loan agreements, per the above, with the Riverside County Public Financing Authority for \$144 million to assist the Agency in purchasing bonds to refinance long-term debt that was issued in 1997, and for project improvements in the five project areas. The balance outstanding as of June 30, 2006, is \$ 144 million.

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.

Defeasance of Debt

In August 2005, the County Redevelopment Agency received \$144 million in Loans Payable from the Riverside County Public Financing Authority that provide a portion of the proceeds which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 loan payable for \$33.7 million. As a result, the refunding portion of the 1997 loan payable is considered to be defeased and the liability has been removed from the government activities column of the Statement of Net Assets. The advanced refunding resulted in a deferred loss-on-refunding (difference between the reacquisition amount and the net carrying amount of the old debt) of \$674 thousand. This advanced refunding was undertaken to reduce total debt service payments over the next 28 years by \$8.4 million and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$2 million.

In April 2005, CORAL issued \$51.6 million of Certificates of Participation, 2005 Series A (Capital Improvement and Family Law Court Refunding). Eleven million of the proceeds from the sale of the certificates were used to advance refund \$10.7 million of the 1997 Family Law Court Certificates of Participation. The advance refunding resulted in a deferred loss-on-refunding (difference between the reacquisition price and the net carrying amount of the old debt) of approximately \$634 thousand. CORAL completed the advanced refunding and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$351 thousand. 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, 2006, was \$10.5 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

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. The advance refunding resulted in a deferred loss-on-refunding (difference between the reacquisition price and the net carrying amount of the old debt) of approximately \$1.6 million. CORAL completed the advanced refunding and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$670 thousand. 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, 2006, was \$19.3 million.

Single Family and Multi-Family Mortgage Revenue Bonds

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

A total of \$ 69.4 million of Mortgage Revenue Bonds has been issued and \$62.9 million is outstanding as of June 30, 2006. These bonds do not constitute an indebtedness of the County. The bonds are payable solely from payments made on and secured by a pledge of the acquired mortgage loans and certain funds and other monies held for the benefit of the bondholders pursuant to the bond indentures. In the opinion of the County officials, these bonds are not payable from any revenues or assets of the County, and neither the full faith and credit nor the taxing authority of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the basic financial statements.

Special Assessment Bonds

Various special districts in the County reporting entity have issued special assessment bonds, totaling \$205.4 million at June 30, 2006, to provide financing or improvements benefiting certain property owners. Special assessment bonds consist of Community Facilities District Bonds and Assessment District Bonds. The County, including its special districts, is not liable for the payment of principal or interest on the bonds, which are obligations solely of the benefited property owners. Certain debt service transactions relating to certain special assessment bonds are accounted for in the Agency Funds.

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

The Riverside County Flood Control and Water Conservation District (Flood Control) has issued special assessment bonds, totaling \$5.8 million as of June 30, 2006, 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

State Appellate Court Financing

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

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 \$76.3 million. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 5.20%. The Bonds and the related swap agreement mature on November 1, 2032, and the swap's notional amount of \$76.3 million matches the \$76.3 million 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. Under the swap agreement, through June 1, 2003, the County paid Citigroup Financial Products, Inc., (Citigroup) a fixed payment rate of 5.20% and Citigroup paid the County an amount equal to the weighted average variable rate interest payable on the outstanding Revenue Bonds. After June 1, 2003, the County paid the Citigroup (Holding Company) a fixed rate of 5.2% and receives from Citigroup a variable payment (Floating Rate Option) computed on the weighted average rate paid on the Bonds during any calculation period. Conversely, the Bond variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

Fair Value: Because interest rates have increased since the prior year, the swap had a negative fair value of \$(13.3 million) as of June 30, 2006. Because of 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 from Citigroup at June 30, 2006.

Credit /Basis Risks: The swap counterparty was rated Aa1 by Moody's and AA- by Standard & Poor's as of June 30, 2006. 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 converge, changing the synthetic rate on the bonds. As of June 30, 2006, the County's rate was 64% of LIBOR, or 3.4140%, whereas BMA was 3.82%. The synthetic rate on the bonds at June 30, 2006 was 1.7860%.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)
(in thousands):

<u>Fiscal Year</u> <u>Ended June 30, 2006</u>	<u>Variable Rate Bonds</u>		<u>Net Swap</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	
2007	\$ -	\$ 2,605	\$ 1,363	\$ 3,968
2008	-	2,605	1,363	3,968
2009	-	2,605	1,363	3,968
2010	-	2,605	1,363	3,968
2011	-	2,605	1,363	3,968
2012 - 2016	7,500	12,519	6,549	19,068
2017 - 2021	15,600	10,208	5,340	15,548
2022 - 2026	20,400	7,060	3,693	10,754
2027 - 2031	26,600	2,970	1,554	4,524
2032	6,200	-	-	-
	<u>\$ 76,300</u>	<u>\$ 45,782</u>	<u>\$ 23,950</u>	<u>\$ 69,732</u>

Swap Payment and Associated Debt: Using rates as of June 30, 2006, 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.

Termination Risks:

The County always has the right to terminate the swaps. If the swaps are terminated, the variable rate Bonds would no longer carry synthetic fixed-interest rates. Also, if at the time of termination the swaps had negative fair values, the County would be liable to Citigroup for a payment equal to the swaps' fair values.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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, 2006 (in thousands):

	Balance	New	Payments	Balance	Amounts Due
	July 1, 2005	Additions	/ Reclass	June 30, 2006	Within
					One Year
Governmental activities:					
Debt long-term liabilities:					
Bonds payable	\$ 678,028	\$ 144,075	\$ (7,660)	\$ 814,443	\$ 10,165
Capital lease obligations	75,845	25,023	(17,039)	83,829	13,188
Certificates of participation	325,572	34,675	(11,761)	348,486	12,695
Loans payable	150,019	-	(36,636)	113,383	1,351
Notes payable	325	-	(325)	-	-
Total debt long-term liabilities	1,229,789	203,773	(73,421)	1,360,141	37,399
Other long-term liabilities:					
Accreted interest payable	1,231	264	-	1,495	-
Compensated absences*	111,983	10,775	(572)	122,186	70,071
Estimated claims liabilities	126,743	51,127	(47,706)	130,164	37,945
Other long-term liability	1,500	-	-	1,500	-
Total other long-term liabilities	241,457	62,166	(48,278)	255,345	108,016
Total governmental activities – long-term liabilities	\$ 1,471,246	\$ 265,939	\$ (121,699)	\$ 1,615,486	\$ 145,415
Business-type activities:					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses**	\$ 200,555	\$ 6,317	\$ (15,730)	\$ 191,142	\$ 10,620
Capital lease (RCRMC)	13,551	4,824	(3,382)	14,993	2,880
Total debt long-term liabilities	214,106	11,141	(19,112)	206,135	13,500
Other long-term liabilities:					
Accreted interest payable	25,983	4,048	-	30,031	-
Accrued closure and post-closure	39,430	13,910	(2,656)	50,684	4,262
Compensated absences*	13,918	1,934	(325)	15,527	8,804
Accrued remediation costs	17,562	308	(1,000)	16,870	1,218
Other long-term liability	616	6,795	(616)	6,795	-
Total other long-term liabilities	97,509	26,995	(4,597)	119,907	14,284
Total business-type activities – long-term liabilities	\$ 311,615	\$ 38,136	\$ (23,709)	\$ 326,042	\$ 27,784

* Obligations for compensated absences have been paid from the fund associated with the obligation.

** The reduction in bonds payable amount of \$15.7 million includes a bond premium of \$894 thousand, a bond discount amortization of \$47 thousand, deferred charges of \$833 thousand and losses on bond defeasance of \$5.6 million during FY 2005-06.



(This Page Intentionally Left Blank)

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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, 2006 are as follows (in thousands):

	Major Funds			Total
	General Fund	Public Facilities Improvements	Redevelopment Capital Projects	Major Governmental Funds
Reserved:				
Encumbrances	\$ 7,052	\$ -	\$ 63,780	\$ 70,832
Imprest cash	395	1	-	396
Inventories	1,806	-	1,021	2,827
Advances	20	-	-	20
Program operations	90,813	568	-	91,381
Construction	-	222,414	-	222,414
General	350	-	-	350
Land held for resale	-	-	23,590	23,590
Total reserve fund balance	100,436	222,983	88,391	411,810
Unreserved:				
Unreserved, designated:				
Strategic planning	88,557	-	-	88,557
Public safety	18,844	-	-	18,844
Program operations	55,922	-	120,313	176,235
Capital projects and programs	114,510	-	-	114,510
Total unreserved, designated fund balances	277,833	-	120,313	398,146
Total unreserved, undesignated fund balances	68,649	-	-	68,649
Total fund balances	\$ 446,918	\$ 222,983	\$ 208,704	\$ 878,605

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 14 – FUND BALANCES (Continued)

	<u>Nonmajor Funds</u>			Total Nonmajor Governmental Funds	Total Major Governmental Funds	Total Governmental Funds
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds			
Reserved:						
Encumbrances	\$ 15,637	\$ -	\$ 880	\$ 16,517	\$ 70,832	\$ 87,349
Imprest cash	183	-	-	183	396	579
Inventories	868	-	-	868	2,827	3,695
Notes receivable	14,703	-	-	14,703	-	14,703
Advances	-	-	-	-	20	20
Program operations	5,785	-	-	5,785	91,381	97,166
Construction	243	-	50,964	51,207	222,414	273,621
Receivables	1,354	-	-	1,354	-	1,354
General	51	32,415	24,786	57,252	350	57,602
Debt service	-	47,520	-	47,520	-	47,520
Land held for resale	2,489	-	-	2,489	23,590	26,079
Total reserved fund balances	41,313	79,935	76,630	197,878	411,810	609,688
Unreserved:						
Unreserved, designated:						
Strategic planning	-	-	-	-	88,557	88,557
Public safety	-	-	-	-	18,844	18,844
Program operations	212,407	-	-	212,407	176,235	388,642
Capital projects and programs	-	-	2,056	2,056	114,510	116,566
Total unreserved, designated fund balances	212,407	-	2,056	214,463	398,146	612,609
Total unreserved, undesignated fund balances	109,608	-	-	109,608	68,649	178,257
Total fund balances	\$ 363,328	\$ 79,935	\$ 78,686	\$ 521,949	\$ 878,605	\$ 1,400,554

Net Assets. The government-wide statement of net assets reports \$582 million of restricted net assets for governmental activities, of which \$218.9 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, 2006

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 \$1million 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 \$200 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 \$75million with an additional \$125 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, 2006 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, 2006 plus revenues to be collected during fiscal year 2006-07 are expected to be sufficient to cover all fiscal year 2006-07 payments. The carrying amount of unpaid claim liabilities is \$130.1 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):

	June 30, 2005	June 30, 2006
Unpaid claims, beginning of year	\$ 117,258	\$ 126,743
Increase (decrease) in provision for insured events of prior years	12,399	(808)
Incurred claims for current year	41,013	51,127
Claim payments	(43,927)	(46,898)
Unpaid claims, end of year	<u>\$ 126,743</u>	<u>\$ 130,164</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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 nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Regional Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Regional Medical Center and audit thereof by the Medicare fiscal intermediary. Normal estimation differences between final settlements and amounts accrued in previous years are reflected in net patient service revenue. The fiscal intermediary has audited the Regional Medical Center's Medicare cost reports through June 30, 2003 and through June 30, 2002 for Medi-Cal.

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 \$ 45.6 million from disproportionate Medi-Cal reimbursement under this program for the year ended June 30, 2006. 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, 2006

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 is composed of one representative of each member organization. The County maintains no majority influence or budgetary control over the following entities and County transactions with these jointly governed organizations are not material to the financial statements. The following jointly governed organizations were not included as either blended or discretely presented component units in these financial statements.

A representation of the jointly governed organizations on which the County served at June 30, 2006 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, 2006

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.

Coachella Valley Conservation Commission (CVCC) was formed in October 2005. The CVCC is a Joint Powers Agreement Agency comprised of the cities of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, Riverside, and the Coachella Valley Water District as well as the Imperial Irrigation District. The purpose of the CVCC was to implement the Coachella Valley Multiple Species Habitat Conservation Plan (CVMSHCP). The CVMSHCP goal is to enhance and maintain biological diversity and ecosystem processes while allowing future economic growth.

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). Under GASB 27, County Miscellaneous and Safety, and Flood Control are considered single employer defined benefit pension plans, while Park District and Waste Management are considered multiple employer defined benefit pension plans because of its pooling configuration. 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. Separate financial reports for the various County plans within CalPERS are 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. Prior to October 25, 2005, Miscellaneous prosecution unit member employees hired on or after September 3, 1992, made their own contributions for the first year. Effective October 25, 2005, the County makes the full contribution required of all Miscellaneous prosecution unit member employees. 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

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2006

NOTE 18 – RETIREMENT PLAN (Continued)

and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2005-06, the contribution rates were:

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Miscellaneous	11.751%	14.296%	20.502%	19.951%
Safety	17.013%	-	-	-

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

Annual Pension Cost

For fiscal year 2005-06, 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	\$ 75,534	\$ 1,577	\$ 757	\$ 656
Safety	\$ 29,176	\$ -	\$ -	\$ -

The required contribution for fiscal year 2005-06 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% 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 3.0%. The actuarial value of CalPERS assets was increased from 100% to 110% 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 inflation rates will be revised for the next evaluation period. The remaining amortization periods in years at June 30, 2006 are:

	<u>County</u>	<u>Flood Control</u>	<u>Parks District</u>	<u>Waste Management</u>
Miscellaneous	19	18	17	18
Safety	22	-	-	-

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, 2004	\$ 52,100	100.00%	\$ -
June 30, 2005	\$ 79,036	493.70%	\$ (311,162)
June 30, 2006	\$ 75,534	90.73%	\$ (304,161)

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2006

NOTE 18 – RETIREMENT PLAN (Continued)

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, 2004	\$ 26,076	100.00%	\$ -
June 30, 2005	\$ 36,430	335.28%	\$ (85,713)
June 30, 2006	\$ 29,176	93.39%	\$ (83,784)

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 (Asset)
June 30, 2004	\$ -	-	\$ -
June 30, 2005	\$ 1,192	100.00%	\$ -
June 30, 2006	\$ 1,577	100.00%	\$ -

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 (Asset)
June 30, 2004	\$ 302	100.00%	\$ -
June 30, 2005	\$ 2,238	100.00%	\$ -
June 30, 2006	\$ 757	100.00%	\$ -

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 (Asset)
June 30, 2004	\$ 824	100.00%	\$ -
June 30, 2005	\$ 848	100.00%	\$ (4,120)
June 30, 2006	\$ 656	100.00%	\$ (3,686)

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements
June 30, 2006

NOTE 19 – DEFINED BENEFIT PENSION PLAN

County of Riverside

The County provides a Defined Benefit Pension Plan for part-time and temporary employees who are not eligible for social security or CalPERS retirement benefits through the County. This single-employer pension plan is subject to IRC Section 401(a), 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 5.03%. The contribution level is based on the actuarial valuation in process. A separate audited GAAP-basis pension plan report is not available for this plan.

Annual Pension Cost

Three-Year Trend Information
(Dollar Amounts in Thousands)

Calendar Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2004	\$ 813	100%	\$ -
2005	\$ 616	100%	\$ -
2006	\$ 633	100%	\$ -

As of June 30, 2006, the Fund had a cash balance of \$10.2 million.

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. In August 2002 the prior pension plan was formally terminated and plan assets were distributed to the entitled employees in accordance with written instructions as specified by each current or former employee.

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

Total Authority Gross Salaries:	\$ 5,971
Total Authority Regular Salaries Subject to CalPERS:	\$ 4,460
Total Authority Contributions Required and Paid:	\$ 988

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

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 1,877 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, 2006, CalPERS-administered health plan expenditures amounted to approximately \$326,000 and County-administered health plan expenditures amounted to approximately \$906,000, respectively.

The County of Riverside did obtain an actuarial valuation of its Post-Employment Health Benefits obligations, calculated in accordance with GASB 45 standards as of January 1, 2006. Based on the combination of plans and contribution levels that the County offers, the present value of future benefits, assuming a 4.5% interest rate, was estimated to be \$237 million, while the annual normal cost is \$10 million. If the accrued actuarial liability of \$142 million were amortized over a 30-year period, the total annual required contribution (normal cost plus amortization amount) would be \$16 million. Taking the implicit rate subsidy into account, the County's actual payment obligation would be approximately 30% of the amounts above. Approximately 70% of the liability is attributable to the "implicit subsidy," arising from the combination of "pre-65" retirees with active employees for rate purposes.

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

Compliance examinations for the fiscal year ended June 30, 2005, identified certain items of noncompliance with Federal grants and regulations. The total amount of expenditures that could be disallowed by the granting agencies cannot be determined at this time; however county management does not expect such amounts, if any, to be material to the basic financial statements.

The fiscal year 2005-06 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 30, 2007.

Commitments

At June 30, 2006, the County had various non-cancelable contracts and construction-in-progress with outside contractors. These contracts were financed through either the General Fund or Capital Projects funds. \$177.5 million will be payable upon future performance under the contracts.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 21 – COMMITMENTS AND CONTINGENCIES (Continued)

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 \$ 22.7 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 \$16.9 million. At June 30, 2006, Waste has accrued \$16.9 million for the estimated costs related to the remediation of these landfills. Remediation expense for fiscal year 2006 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 \$16.9 million and \$16.1 million are held for these purposes at June 30, 2006 and 2005, respectively, and are classified as restricted cash and investments in the accompanying statements of net assets.

NOTE 22 – SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS) and CalPERS Pre-payment Note

On July 1, 2006, the County as a participant in the California Statewide Communities Development Authority Pool issued \$235 million of Tax and Revenue Anticipation Notes in the form of Series A-4 Bonds due June 29, 2007. The stated interest rate for the A-4 Bonds is set at 4.5% per annum with a yield of 3.56%.

The issuance is divided into two entities: \$167 million for the Tax and Revenue Anticipation Notes and the other \$68 million to pre-pay a portion of the County's CalPERS contribution for 2006-07. Between the prepayment discount of 3.66%, and earnings on cash flow the County expects to net \$1.9 million in cost savings.

In accordance with California law, the TRANS Bonds are general obligations of the County and are payable only out of the taxes, income, revenues, cash receipts, and other monies of the County attributable to fiscal year 2006-07 and legally available for payment thereof. Proceeds for the Bonds will be used for fiscal year 2006-07 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2006

NOTE 22 – SUBSEQUENT EVENTS (Continued)

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 2006-2007, the State has directed the following ERAF tax shifts: First, a transfer of \$298.5 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 \$80.7 million to the Sales and Use Tax Compensation Fund for distribution of 50% in January and 50% in May. The total ERAF transfer for 2006-2007 is \$379.2 million.

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 the county to the Judicial Council pursuant to an agreement to be negotiated between the 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, Moreno Valley Court, and Family Law Court was transferred to the State in October 2004, October 2005, and December 2006 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	251,250
Family Law Court	December, 2006	<u>269,190</u>
Annual Payment Obligation		<u>\$ 1,080,201</u>

SB1732 provides an exception to such transfers for historic facilities. In November 2006, the Board approved a memorandum of understanding between the County and the Judicial Council of California, stating that the County will retain title, responsibility for funding and operation of the Historic Courthouse, and no payments are required to be paid to the state for this facility as long as it remains a working court facility.

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 2006-07 will be 11.916% and 18.031%, respectively. Fiscal year 2007-08 contribution rates for Miscellaneous and Safety are estimated at 12.051% and 18.625%, respectively. They will be accounted for in fiscal year 2006-07 and future budget years.



(This Page Intentionally Left Blank)

REQUIRED SUPPLEMENTARY INFORMATION



Blank Page

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2006

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, 2003	\$ 1,669,502	\$ 1,998,882	\$ (329,380)	.835	\$ 542,056	(60.80%)
June 30, 2004	\$ 1,834,161	\$ 2,231,624	\$ (397,463)	.822	\$ 571,677	(69.50%)
June 30, 2005	\$ 2,364,565	\$ 2,471,523	\$ (106,958)	.957	\$ 592,531	(18.10%)

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, 2003	\$ 814,074	\$ 907,018	\$ (92,944)	.898	\$ 147,519	(63.00%)
June 30, 2004	\$ 887,401	\$ 1,021,085	\$ (133,684)	.869	\$ 161,598	(82.70%)
June 30, 2005	\$ 1,069,038	\$ 1,127,240	\$ (58,202)	.948	\$ 168,806	(34.50%)

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, 2002	\$ 4,330	\$ 7,103	\$ (2,773)	.610	\$ 18,956	(14.60%)
June 30, 2003	\$ 5,945	\$ 8,466	\$ (2,521)	.702	\$ 31,360	(8.03%)
June 30, 2004	\$ 7,231	\$ 9,338	\$ (2,107)	.774	\$ 29,670	(7.10%)

(Plan data available through June 30, 2004 only)

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, 2003	\$ 59,490	\$ 65,332	\$ (5,842)	.911	\$ 10,019	(58.30%)
June 30, 2004	\$ 62,180	\$ 71,615	\$ (9,435)	.868	\$ 11,324	(83.30%)
June 30, 2005	\$ 69,637	\$ 77,958	\$ (8,321)	.893	\$ 12,072	(68.90%)

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2006

SCHEDULES OF FUNDING PROGRESS (CONTINUED)

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, 2003	\$ 270,887	\$ 335,030	\$ (64,143)	.809	\$ 75,358	(85.10%)
June 30, 2004	\$ 334,956	\$ 426,958	\$ (92,002)	.785	\$ 90,667	(101.50%)
June 30, 2005	\$ 405,481	\$ 499,323	\$ (93,842)	.812	\$ 108,618	(86.40%)

The amounts disclosed above are for the entire pooled risk fund in which Regional Parks participates and not of specific Regional Parks assets and liabilities. CalPERS pooled valuation does not break out specific assets and liabilities.

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, 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	(101.50%)
June 30, 2005	\$ 405,481	\$ 499,323	\$ (93,842)	.812	\$ 108,618	(86.40%)

Waste Management Department (WMD) is in its second year of the pooled risk fund and therefore has not accumulated 3-year trend data to report as of June 30, 2006. The amounts disclosed are for the entire pooled risk fund in which WMD participates and not of specific assets and liabilities. CalPERS pooled valuation does not break out specific assets and liabilities.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES



PHOTOGRAPHER:
Robin Labriola
LOCATION:
*Fairmount Park
Riverside, CA*

Blank Page

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Teeter Debt Service Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 573	\$ 573
Other revenue	2,883	524	-	(524)
Total revenues	2,883	524	573	49
EXPENDITURES:				
Current:				
General government	2,883	2,883	615	(2,268)
Debt service:				
Interest	-	-	1,782	1,782
Cost of issuance	-	-	29	29
Total expenditures	2,883	2,883	2,426	(457)
Excess (deficiency) of revenues over (under) expenditures	-	(2,359)	(1,853)	506
OTHER FINANCING SOURCES (USES):				
Transfers in	-	7,012	7,012	-
Transfers out	-	-	(5,159)	(5,159)
Total other financing sources and (uses)	-	7,012	1,853	(5,159)
NET CHANGE IN FUND BALANCE	-	4,653	-	(4,653)
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 4,653	\$ -	\$ (4,653)

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Public Facilities Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 179	\$ 179
License, permits and franchise fees	1,308	2,508	1	(2,507)
Use of money and property:				
Interest	1,347	1,347	6,142	4,795
Aid from other governmental agencies:				
State	-	-	3	3
Charges for services	43,542	44,073	42,466	(1,607)
Other revenue	44,896	48,902	32,344	(16,558)
Total revenues	91,093	96,830	81,135	(15,695)
EXPENDITURES:				
Current:				
General government	74,829	94,339	46,979	(47,360)
Public ways and facilities	36,299	37,120	1,620	(35,500)
Total expenditures	111,128	131,459	48,599	(82,860)
Excess (deficiency) of revenues over (under) expenditures	(20,035)	(34,629)	32,536	67,165
OTHER FINANCING SOURCES (USES):				
Transfers in	-	38,229	38,229	-
Transfers out	-	(23,481)	(23,481)	-
Total other financing sources and (uses)	-	14,748	14,748	-
NET CHANGE IN FUND BALANCE	(20,035)	(19,881)	47,284	67,165
Fund balance, beginning of year	175,699	175,699	175,699	-
FUND BALANCE, END OF YEAR	\$ 155,664	\$ 155,818	\$ 222,983	\$ 67,165

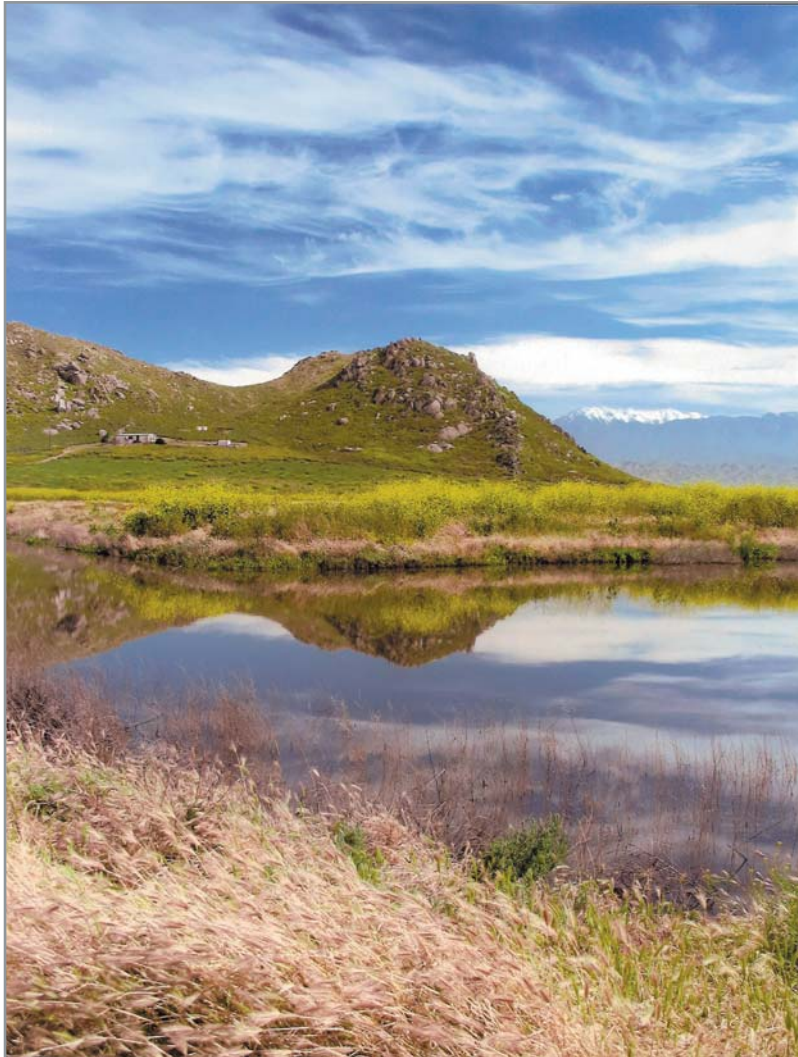
COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Capital Projects Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 1,633	\$ 1,633	\$ 7,321	\$ 5,688
Charges for current services	32	32	-	(32)
Other revenue	42,201	53,151	1,714	(51,437)
Total revenues	<u>43,866</u>	<u>54,816</u>	<u>9,035</u>	<u>(45,781)</u>
EXPENDITURES:				
Current:				
General government	43,867	50,546	40,393	(10,153)
Total expenditures	<u>43,867</u>	<u>50,546</u>	<u>40,393</u>	<u>(10,153)</u>
Excess (deficiency) of revenues over (under) expenditures	(1)	4,270	(31,358)	(35,628)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	8,050	8,050	-
Transfers out	-	(12,321)	(12,321)	-
Bond proceeds	-	107,972	107,972	-
Loss on sale of capital assets	-	-	(801)	(801)
Total other financing sources and (uses)	<u>-</u>	<u>103,701</u>	<u>102,900</u>	<u>(801)</u>
NET CHANGE IN FUND BALANCE	(1)	107,971	71,542	(36,429)
Fund balance, beginning of year	137,162	137,162	137,162	-
FUND BALANCE, END OF YEAR	<u>\$ 137,161</u>	<u>\$ 245,133</u>	<u>\$ 208,704</u>	<u>\$ (36,429)</u>



(This Page Intentionally Left Blank)

NONMAJOR GOVERNMENTAL FUNDS



Blank Page

COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006
(Dollars in Thousands)

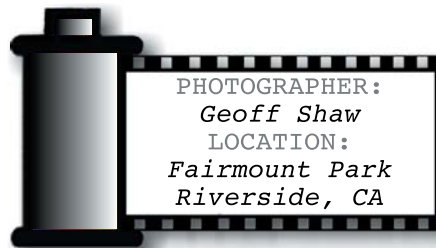
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS:				
Cash and investments	\$ 364,507	\$ 38,626	\$ 7,972	\$ 411,105
Accounts receivable	6,885	3,286	-	10,171
Interest receivable	2,393	930	60	3,383
Taxes receivable	6,090	-	135	6,225
Due from other governments	11,768	-	333	12,101
Inventories	868	-	-	868
Due from other funds	1,178	-	-	1,178
Prepaid items	861	-	1,050	1,911
Restricted cash and investments	1,939	40,183	71,267	113,389
Notes receivable	14,703	-	-	14,703
Land held for resale	2,489	-	-	2,489
Total assets	<u>413,681</u>	<u>83,025</u>	<u>80,817</u>	<u>577,523</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	19,215	3,090	899	23,204
Salaries and benefits payable	5,726	-	62	5,788
Due to other governments	3,853	-	-	3,853
Due to other funds	336	-	850	1,186
Deposits payable	319	-	-	319
Advance from other funds	20	-	-	20
Deferred revenue	20,884	-	320	21,204
Total liabilities	<u>50,353</u>	<u>3,090</u>	<u>2,131</u>	<u>55,574</u>
Fund balances:				
Reserved	41,313	79,935	76,630	197,878
Unreserved, designated, reported in:				
Special revenue funds	212,407	-	-	212,407
Capital projects funds	-	-	2,056	2,056
Unreserved, undesignated, reported in:				
Special revenue funds	109,608	-	-	109,608
Total fund balances	<u>363,328</u>	<u>79,935</u>	<u>78,686</u>	<u>521,949</u>
Total liabilities and fund balances	<u>\$ 413,681</u>	<u>\$ 83,025</u>	<u>\$ 80,817</u>	<u>\$ 577,523</u>

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2006
 (Dollar in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES:				
Taxes	\$ 134,191	\$ 49,254	\$ -	\$ 183,445
Licenses, permits and franchise fees	163	-	-	163
Fines, forfeitures and penalties	679	-	-	679
Use of money and property:				
Interest	10,657	4,055	2,264	16,976
Rents and concessions	6,468	31,199	-	37,667
Aid from other governmental agencies:				
Federal	55,931	-	-	55,931
State	44,849	-	392	45,241
Charges for services	68,555	2,435	72	71,062
Other revenue	58,580	-	4,296	62,876
Total revenues	<u>380,073</u>	<u>86,943</u>	<u>7,024</u>	<u>474,040</u>
EXPENDITURES:				
Current:				
General government	32,586	24,897	1,154	58,637
Public protection	57,098	-	-	57,098
Public ways and facilities	135,467	-	-	135,467
Health and sanitation	9,599	-	-	9,599
Public assistance	40,625	-	-	40,625
Education	10,759	-	-	10,759
Recreation and culture	10,207	-	2,317	12,524
Debt service:				
Principal	3,186	23,898	-	27,084
Interest	1,207	55,574	-	56,781
Cost of issuance	-	4,896	-	4,896
Capital outlay	2,513	-	15,197	17,710
Total expenditures	<u>303,247</u>	<u>109,265</u>	<u>18,668</u>	<u>431,180</u>
Excess (deficiency) of revenues				
Over (under) expenditures	76,826	(22,322)	(11,644)	42,860
OTHER FINANCING SOURCES (USES):				
Transfers in	60,344	40,596	37,018	137,958
Transfers out	(90,762)	(40,209)	(1,576)	(132,547)
Bond proceeds	-	70,778	-	70,778
Premium on long-term debt	-	857	-	857
Redemption of refunded bonds	-	(35,684)	-	(35,684)
Proceeds on sale of capital assets	606	2,063	-	2,669
Total other financing sources (uses)	<u>(29,812)</u>	<u>38,401</u>	<u>35,442</u>	<u>44,031</u>
NET CHANGE IN FUND BALANCES	47,014	16,079	23,798	86,891
Fund balances, beginning of year	316,314	63,856	54,888	435,058
FUND BALANCES, END OF YEAR	<u>\$ 363,328</u>	<u>\$ 79,935</u>	<u>\$ 78,686</u>	<u>\$ 521,949</u>

SPECIAL REVENUE FUNDS



Blank Page

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 FUND

This fund was 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.

FLOOD CONTROL FUND

The Flood Control 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.

COMMUNITY SERVICES FUND

This fund provides financing for public services. Public services provided by this fund group 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, Home Program, EDA US Department of Agriculture Rural Development, Workforce Development, Healthy Kids and Bio-terrorism Preparedness. The primary source of revenue for this fund is from State/Federal Grants.

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 FUND

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

REGIONAL PARK AND OPEN-SPACE 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.

COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

IN-HOME SUPPORT SERVICES FUND

The goal of the IHSS program is to enable elderly and/or disabled persons to remain safely in independent living as long as possible. This in-home assistance is designed to allow persons to remain in their home rather than be placed in an institutional setting. IHSS receives revenue for the following services: meal preparation and clean-up, food shopping, bathing, dressing, personal care, domestic services (cleaning) assistance with medications.

OTHER SPECIAL REVENUE FUND

This fund provides financing to make services available to the public and governmental agencies. At the current time, the other special revenue fund accounts the following services: Rideshare, AD CFD Administration, Aviation, Ladera Irrigation, National Date Festival, Cal-ID, Special Aviation, Supervisorial Road Districts, Multi-Species Habitat Conservation Agency, Riverside U.S. Grazing Fees, Mitigation Project Operations, Airport Land Use Commission, Prop 10, IHSS Public Authority, and DNA Identification.



(This Page Intentionally Left Blank)

COUNTY OF RIVERSIDE

Combining Balance Sheet

Special Revenue Funds

June 30, 2006

(Dollars in Thousands)

	Transportation	Flood Control	Community Services	Redevelopment Agency	County Service Areas
ASSETS:					
Cash and investments	\$ 79,162	\$ 136,596	\$ 26,311	\$ 80,367	\$ 15,425
Accounts receivable	5,615	768	97	357	-
Interest receivable	488	1,040	54	498	117
Taxes receivable	70	2,806	2,469	-	318
Due from other governments	6,902	241	1,648	-	-
Inventories	868	-	-	-	-
Due from other funds	55	-	273	-	-
Prepaid Items	-	861	-	-	-
Restricted cash and investment	-	1,939	-	-	-
Notes receivable	-	-	-	14,703	-
Land held for resale	-	-	-	2,489	-
	<u>93,160</u>	<u>144,251</u>	<u>30,852</u>	<u>98,414</u>	<u>15,860</u>
Total assets					
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	15,655	1,045	1,615	128	56
Salaries and benefits payable	2,309	1,057	1,642	-	42
Due to other governments	1,378	2,315	92	-	42
Due to other funds	55	-	-	-	-
Deposits payable	-	-	-	-	319
Advances from other funds	-	-	20	-	-
Deferred revenue	16,077	1,944	1,186	-	1,240
	<u>35,474</u>	<u>6,361</u>	<u>4,555</u>	<u>128</u>	<u>1,699</u>
Total liabilities					
Fund balances (Note 14):					
Reserved:	4,501	940	3,267	29,953	2
Unreserved:					
Designated	38	133,906	526	68,333	5
Undesignated	53,147	3,044	22,504	-	14,154
Total fund balances	<u>57,686</u>	<u>137,890</u>	<u>26,297</u>	<u>98,286</u>	<u>14,161</u>
Total liabilities and fund balances	<u>\$ 93,160</u>	<u>\$ 144,251</u>	<u>\$ 30,852</u>	<u>\$ 98,414</u>	<u>\$ 15,860</u>

Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Other Special Revenue	Total	
\$ 9,824	\$ 1,051	\$ 724	\$ 15,047	\$ 364,507	ASSETS:
7	-	-	41	6,885	Cash and investments
82	9	1	104	2,393	Accounts receivable
401	-	-	26	6,090	Interest receivable
392	152	916	1,517	11,768	Taxes receivable
-	-	-	-	868	Due from other governments
850	-	-	-	1,178	Inventories
-	-	-	-	861	Due from other funds
-	-	-	-	1,939	Prepaid Items
-	-	-	-	14,703	Restricted cash and investment
-	-	-	-	2,489	Notes receivable
11,556	1,212	1,641	16,735	413,681	Land held for resale
					Total assets
					LIABILITIES AND FUND BALANCES:
					Liabilities:
140	50	45	481	19,215	Accounts payable
354	-	90	232	5,726	Salaries and benefits payable
8	-	1	17	3,853	Due to other governments
-	8	-	273	336	Due to other funds
-	-	-	-	319	Deposits payable
-	-	-	-	20	Advances from other funds
16	152	-	269	20,884	Deferred revenue
518	210	136	1,272	50,353	Total liabilities
					Fund balances (Note 14):
1,442	-	21	1,187	41,313	Reserved:
					Unreserved:
9,596	-	-	3	212,407	Designated
-	1,002	1,484	14,273	109,608	Undesignated
11,038	1,002	1,505	15,463	363,328	Total fund balances
\$ 11,556	\$ 1,212	\$ 1,641	\$ 16,735	\$ 413,681	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, 2006
(Dollars in Thousands)

	Transportation	Flood Control	Community Services	Redevelopment Agency	County Service Areas
REVENUES:					
Taxes	\$ 20,243	\$ 40,103	\$ 55,380	\$ 12,314	\$ 1,245
Licenses, permits and franchise fees	163	-	-	-	-
Fines, forfeitures and penalties	-	-	422	-	-
Use of money and property:					
Interest	1,862	4,455	176	2,862	480
Rents and concessions	-	73	702	-	7
Aid from other governmental agencies:					
Federal	8,466	887	42,982	-	-
State	31,246	606	6,570	-	17
Charges for services	27,869	19,402	1,332	-	7,322
Other revenue	36,577	4,441	15,663	536	48
Total revenues	<u>126,426</u>	<u>69,967</u>	<u>123,227</u>	<u>15,712</u>	<u>9,119</u>
EXPENDITURES:					
Current:					
General government	-	-	21,137	5,544	-
Public protection	1,955	51,831	-	-	21
Public ways and facilities	122,663	-	-	-	4,212
Health and sanitation	-	-	2,308	-	534
Public assistance	-	-	40,625	-	-
Education	-	-	10,759	-	-
Recreation and culture	-	-	-	-	781
Debt service:					
Principal	2,574	-	612	-	-
Interest	1,207	-	-	-	-
Capital outlay	-	2,091	-	-	-
Total expenditures	<u>128,399</u>	<u>53,922</u>	<u>75,441</u>	<u>5,544</u>	<u>5,548</u>
Excess (deficiency) of revenues over (under) expenditures	(1,973)	16,045	47,786	10,168	3,571
OTHER FINANCING SOURCES (USES):					
Transfers in	32,896	30	21,540	1,800	87
Transfers out	(10,531)	(2,151)	(61,619)	(10,123)	(2,625)
Proceeds on sale of capital assets	246	-	-	-	-
Total other financing sources (uses)	<u>22,611</u>	<u>(2,121)</u>	<u>(40,079)</u>	<u>(8,323)</u>	<u>(2,538)</u>
NET CHANGE IN FUND BALANCES	20,638	13,924	7,707	1,845	1,033
Fund balances, beginning of year	37,048	123,966	18,590	96,441	13,128
Adjustments to beginning fund balances	-	-	-	-	-
Fund balances, beginning of year	<u>37,048</u>	<u>123,966</u>	<u>18,590</u>	<u>96,441</u>	<u>13,128</u>
FUND BALANCES, END OF YEAR	<u>\$ 57,686</u>	<u>\$ 137,890</u>	<u>\$ 26,297</u>	<u>\$ 98,286</u>	<u>\$ 14,161</u>

Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Other Special Revenue	Total	
\$ 4,273	\$ -	\$ -	\$ 633	\$ 134,191	REVENUES:
-	-	-	-	163	Taxes
-	-	-	257	679	Licenses, permits and franchise fees
314	38	8	462	10,657	Fines, forfeitures and penalties
505	-	-	5,181	6,468	Use of money and property:
48	-	1,772	1,776	55,931	Interest
568	609	265	4,968	44,849	Rents and concessions
4,225	-	-	8,405	68,555	Aid from other governmental agencies:
172	-	-	1,143	58,580	Federal
10,105	647	2,045	22,825	380,073	State
					Charges for services
					Other revenue
					Total revenues
					EXPENDITURES:
					Current:
-	436	-	5,469	32,586	General government
10	-	-	3,281	57,098	Public protection
-	-	-	8,592	135,467	Public ways and facilities
-	-	1,761	4,996	9,599	Health and sanitation
-	-	-	-	40,625	Public assistance
-	-	-	-	10,759	Education
9,426	-	-	-	10,207	Recreation and culture
-	-	-	-	-	Debt service:
-	-	-	-	3,186	Principal
-	-	-	-	1,207	Interest
422	-	-	-	2,513	Capital outlay
9,858	436	1,761	22,338	303,247	Total expenditures
247	211	284	487	76,826	Excess (deficiency) of revenues over (under) expenditures
1,423	-	734	1,834	60,344	OTHER FINANCING SOURCES (USES):
(251)	(277)	(518)	(2,667)	(90,762)	Transfers in
-	-	-	360	606	Transfers out
1,172	(277)	216	(473)	(29,812)	Proceeds on sale of capital assets
1,419	(66)	500	14	47,014	Total other financing sources (uses)
9,619	1,068	-	16,454	316,314	NET CHANGE IN FUND BALANCES
-	-	1,005	(1,005)	-	Fund balances, beginning of year
9,619	1,068	1,005	15,449	316,314	Adjustments to beginning fund balances
\$ 11,038	\$ 1,002	\$ 1,505	\$ 15,463	\$ 363,328	Fund balances, beginning of year
					FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 11,189	\$ 18,509	\$ 20,243	\$ 1,734
License, permits and franchise fees	155	155	163	8
Use of money and property:				
Interest	263	263	1,862	1,599
Aid from other governmental agencies:				
Federal	27,072	17,256	8,466	(8,790)
State	27,910	30,179	31,246	1,067
Charges for current services	81,807	102,816	27,869	(74,947)
Other revenue	56,886	21,575	36,577	15,002
Total revenues	205,282	190,753	126,426	(64,327)
EXPENDITURES:				
Current:				
Public protection	3,277	3,160	1,955	(1,205)
Public ways and facilities	212,839	230,343	122,663	(107,680)
Debt service:				
Principal	-	-	2,574	2,574
Interest	-	-	1,207	1,207
Total expenditures	216,116	233,503	128,399	(105,104)
Excess (deficiency) of revenues over (under) expenditures	(10,834)	(42,750)	(1,973)	40,777
OTHER FINANCING SOURCES (USES):				
Transfers in	-	32,896	32,896	-
Transfers out	-	(10,531)	(10,531)	-
Gain on sale of assets	-	-	246	246
Total other financing sources and (uses)	-	22,365	22,611	246
NET CHANGE IN FUND BALANCE	(10,834)	(20,385)	20,638	41,023
Fund balance, beginning of year	37,048	37,048	37,048	-
FUND BALANCE, END OF YEAR	\$ 26,214	\$ 16,663	\$ 57,686	\$ 41,023

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 28,328	\$ 28,828	\$ 40,103	\$ 11,275
Use of money and property:				
Rents and concessions	104	104	73	(31)
Interest	1,594	1,594	4,455	2,861
Aid from other governmental agencies:				
Federal	-	-	887	887
State	540	540	606	66
Charges for services	12,351	12,776	19,402	6,626
Other revenue	5,764	5,734	4,441	(1,293)
Total revenues	<u>48,681</u>	<u>49,576</u>	<u>69,967</u>	<u>20,391</u>
EXPENDITURES:				
Current:				
Public protection	98,093	97,099	51,831	(45,268)
Capital outlay	-	-	2,091	2,091
Total expenditures	<u>98,093</u>	<u>97,099</u>	<u>53,922</u>	<u>(43,177)</u>
Excess (deficiency) of revenues over (under) expenditures	(49,412)	(47,523)	16,045	63,568
OTHER FINANCING SOURCES (USES):				
Transfers in	-	30	30	-
Transfers out	-	(2,151)	(2,151)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,121)</u>	<u>(2,121)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(49,412)	(49,644)	13,924	63,568
Fund balance, beginning of year	123,966	123,966	123,966	-
FUND BALANCE, END OF YEAR	<u>\$ 74,554</u>	<u>\$ 74,322</u>	<u>\$ 137,890</u>	<u>\$ 63,568</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Community Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2006
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 45,309	\$ 52,371	\$ 55,380	\$ 3,009
Fines, forfeitures and penalties	472	472	422	(50)
Use of money and property:				
Interest	48	48	176	128
Rents and concessions	854	854	702	(152)
Aid from other governmental agencies:				
Federal	53,184	53,808	42,982	(10,826)
State	6,285	6,940	6,570	(370)
Charges for current services	14,235	14,969	1,332	(13,637)
Other revenue	25,488	6,120	15,663	9,543
Total revenues	145,875	135,582	123,227	(12,355)
EXPENDITURES:				
Current:				
General government	22,467	30,748	21,137	(9,611)
Public protection	44,906	913	-	(913)
Health and sanitation	2,093	2,835	2,308	(527)
Public assistance	64,384	48,551	40,625	(7,926)
Education	12,240	12,226	10,759	(1,467)
Debt service:				
Principal	1,456	1,305	612	(693)
Total expenditures	147,546	96,578	75,441	(21,137)
Excess (deficiency) of revenues over (under) expenditures	(1,671)	39,004	47,786	8,782
OTHER FINANCING SOURCES (USES):				
Transfers in	-	21,540	21,540	-
Transfers out	-	(61,619)	(61,619)	-
Total other financing sources and (uses)	-	(40,079)	(40,079)	-
NET CHANGE IN FUND BALANCE	(1,671)	(1,075)	7,707	8,782
Fund balance, beginning of year	18,590	18,590	18,590	-
FUND BALANCE, END OF YEAR	\$ 16,919	\$ 17,515	\$ 26,297	\$ 8,782

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 8,355	\$ 11,655	\$ 12,314	\$ 659
Use of money and property:				
Interest	1,240	1,240	2,862	1,622
Other revenue	4,082	4,282	536	(3,746)
Total revenues	<u>13,677</u>	<u>17,177</u>	<u>15,712</u>	<u>(1,465)</u>
EXPENDITURES:				
Current:				
General government	<u>13,677</u>	<u>8,854</u>	<u>5,544</u>	<u>(3,310)</u>
Total expenditures	<u>13,677</u>	<u>8,854</u>	<u>5,544</u>	<u>(3,310)</u>
Excess (deficiency) of revenues over (under) expenditures	-	8,323	10,168	1,845
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,800	1,800	-
Transfers out	-	(10,123)	(10,123)	-
Total other financing sources and (uses)	<u>-</u>	<u>(8,323)</u>	<u>(8,323)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	1,845	1,845
Fund balance, beginning of year	<u>96,441</u>	<u>96,441</u>	<u>96,441</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 96,441</u></u>	<u><u>\$ 96,441</u></u>	<u><u>\$ 98,286</u></u>	<u><u>\$ 1,845</u></u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
County Service Areas Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 976	\$ 976	\$ 1,245	\$ 269
Use of money and property:				
Interest	105	105	480	375
Rents and concessions	11	11	7	(4)
Aid from other governmental agencies:				
State	16	16	17	1
Charges for current services	6,386	6,299	7,322	1,023
Other revenue	27	77	48	(29)
Total revenues	<u>7,521</u>	<u>7,484</u>	<u>9,119</u>	<u>1,635</u>
EXPENDITURES:				
Current:				
Public protection	260	234	21	(213)
Public ways and facilities	5,867	5,166	4,212	(954)
Health and sanitation	898	898	534	(364)
Recreation and cultural services	1,583	1,625	781	(844)
Total expenditures	<u>8,608</u>	<u>7,923</u>	<u>5,548</u>	<u>(2,375)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,087)	(439)	3,571	4,010
OTHER FINANCING SOURCES (USES):				
Transfers in	-	87	87	-
Transfers out	-	(2,625)	(2,625)	-
Total other financing sources and (uses)	<u>-</u>	<u>(2,538)</u>	<u>(2,538)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,087)	(2,977)	1,033	4,010
Fund balance, beginning of year	13,128	13,128	13,128	-
FUND BALANCE, END OF YEAR	<u>\$ 12,041</u>	<u>\$ 10,151</u>	<u>\$ 14,161</u>	<u>\$ 4,010</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
REVENUES:				
Taxes	\$ 3,250	\$ 3,250	\$ 4,273	\$ 1,023
Use of money and property:				
Interest	165	165	314	149
Rents and concessions	493	493	505	12
Aid from other governmental agencies:				
Federal	-	-	48	48
State	100	983	568	(415)
Charges for current services	4,053	3,278	4,225	947
Other revenue	1,162	1,231	172	(1,059)
Total revenues	<u>9,223</u>	<u>9,400</u>	<u>10,105</u>	<u>705</u>
EXPENDITURES:				
Current:				
Public protection	9	11	10	(1)
Recreation and cultural services	10,758	12,210	9,426	(2,784)
Capital outlay	-	-	422	422
Total expenditures	<u>10,767</u>	<u>12,221</u>	<u>9,858</u>	<u>(2,363)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,544)	(2,821)	247	3,068
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,423	1,423	-
Transfers out	-	(251)	(251)	-
Total other financing sources and (uses)	<u>-</u>	<u>1,172</u>	<u>1,172</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,544)	(1,649)	1,419	3,068
Fund balance, beginning of year	9,619	9,619	9,619	-
FUND BALANCE, END OF YEAR	<u>\$ 8,075</u>	<u>\$ 7,970</u>	<u>\$ 11,038</u>	<u>\$ 3,068</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 10	\$ 10	\$ 38	\$ 28
Aid from other governmental agencies:				
State	585	585	609	24
Total revenues	<u>595</u>	<u>595</u>	<u>647</u>	<u>52</u>
EXPENDITURES:				
Current:				
General government	700	503	436	(67)
Total expenditures	<u>700</u>	<u>503</u>	<u>436</u>	<u>(67)</u>
Excess (deficiency) of revenues over (under) expenditures	(105)	92	211	119
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(277)	(277)	-
Total other financing sources / (uses)	<u>-</u>	<u>(277)</u>	<u>(277)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(105)	(185)	(66)	119
Fund balance, beginning of year	1,068	1,068	1,068	-
FUND BALANCE, END OF YEAR	<u>\$ 963</u>	<u>\$ 883</u>	<u>\$ 1,002</u>	<u>\$ 119</u>

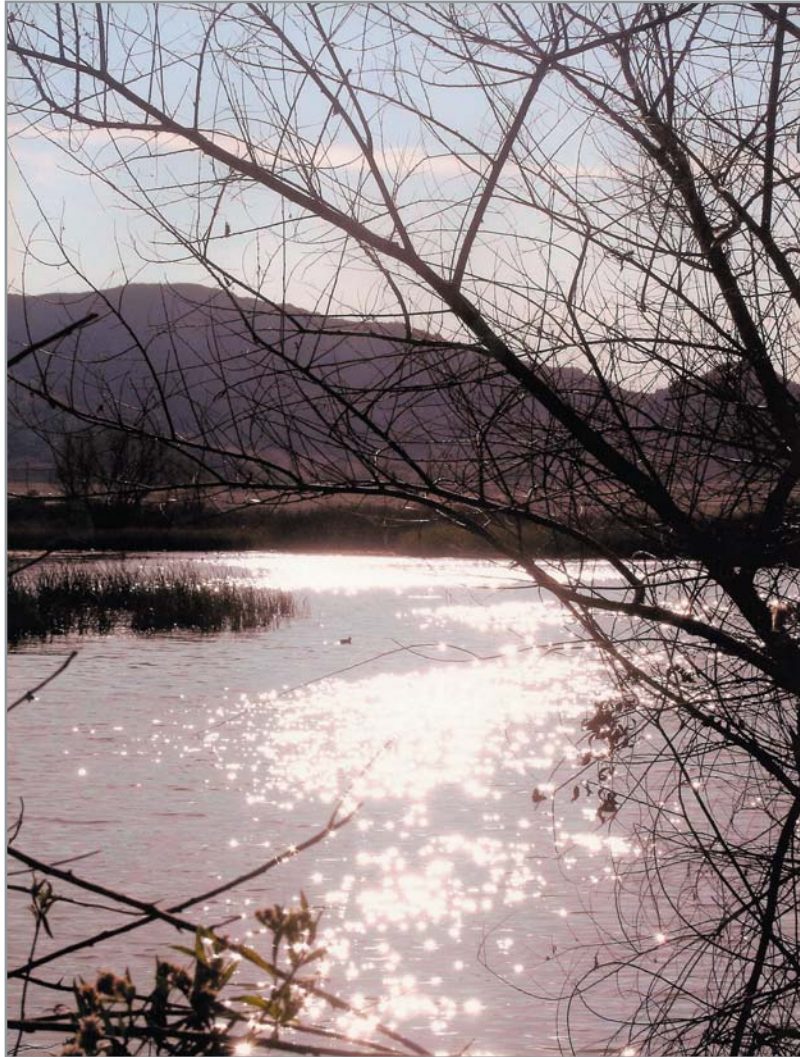
COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
In-Home Support Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 8	\$ 8
Aid from other governmental agencies:				
Federal	1,183	1,183	1,772	589
State	1,125	1,125	265	(860)
Other revenue	734	-	-	-
Total revenues	<u>3,042</u>	<u>2,308</u>	<u>2,045</u>	<u>(263)</u>
EXPENDITURES:				
Current:				
Health and sanitation	3,042	2,524	1,761	(763)
Total expenditures	<u>3,042</u>	<u>2,524</u>	<u>1,761</u>	<u>(763)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(216)	284	500
OTHER FINANCING SOURCES (USES):				
Transfers in	-	734	734	-
Transfers out	-	(518)	(518)	-
Total other financing sources / (uses)	<u>-</u>	<u>216</u>	<u>216</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	500	500
Fund balance, beginning of year, previously reported	-	-	-	-
Adjustments to beginning fund balance	-	-	1,005	1,005
Fund balance, beginning of year, restated	<u>-</u>	<u>-</u>	<u>1,005</u>	<u>1,005</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,505</u>	<u>\$ 1,505</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 713	\$ 615	\$ 633	\$ 18
Fines, forfeitures and penalties	-	-	257	257
Use of money and property:				
Interest	98	104	462	358
Rents and concessions	4,428	5,629	5,181	(448)
Aid from other governmental agencies:				
Federal	5,908	5,908	1,776	(4,132)
State	5,908	5,906	4,968	(938)
Charges for current services	9,409	9,338	8,405	(933)
Other revenue	470	2,332	1,143	(1,189)
Total revenues	26,934	29,832	22,825	(7,007)
EXPENDITURES:				
Current:				
General government	3,912	7,335	5,469	(1,866)
Public protection	3,575	4,225	3,281	(944)
Public ways and facilities	13,377	13,299	8,592	(4,707)
Health and sanitation	5,354	5,702	4,996	(706)
Recreation and cultural services	100	-	-	-
Total expenditures	26,318	30,561	22,338	(8,223)
Excess (deficiency) of revenues over (under) expenditures	616	(729)	487	1,216
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,834	1,834	-
Transfers out	-	(2,667)	(2,667)	-
Gain on sale of assets	-	-	360	360
Total other financing sources and (uses)	-	(833)	(473)	360
NET CHANGE IN FUND BALANCE	616	(1,562)	14	1,576
Fund balance, beginning of year, as previously reported	16,454	16,454	16,454	-
Adjustments to beginning fund balance	-	-	(1,005)	(1,005)
Fund balance, beginning of year, restated	16,454	16,454	15,449	(1,005)
FUND BALANCE, END OF YEAR	\$ 17,070	\$ 14,892	\$ 15,463	\$ 571

DEBT SERVICE FUNDS



Blank Page

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. The corporation was dissolved in fiscal year 2006. Remaining balances were transferred to the County of Riverside Asset Leasing Corporation.

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.

TAXABLE PENSION OBLIGATION BONDS (PENSION OBLIGATION)

This fund is used to account for Series 2005 bonds that were issued to satisfy a portion of Riverside County's unfunded accrued actuarial liability for the California Public Employee's Retirement System (CalPERS).

COUNTY OF RIVERSIDE
 Combining Balance Sheet
 Debt Service Funds
 June 30, 2006
 (Dollars in Thousands)

	CORAL	Flood Control	Redevelopment Agency	Desert Facilities Corporation
ASSETS:				
Cash and investments	\$ -	\$ -	\$ 37,509	\$ -
Accounts receivable	-	-	1,331	-
Interest receivable	194	-	525	-
Restricted cash and investments	34,157	-	-	-
Total assets	<u>34,351</u>	<u>-</u>	<u>39,365</u>	<u>-</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	268	-	2,822	-
Total liabilities	<u>268</u>	<u>-</u>	<u>2,822</u>	<u>-</u>
Fund balances (Note 14):				
Reserved	34,083	-	36,543	-
Total fund balances	<u>34,083</u>	<u>-</u>	<u>36,543</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 34,351</u>	<u>\$ -</u>	<u>\$ 39,365</u>	<u>\$ -</u>

District Court Financing Corporation	Bankruptcy Court	Pension Obligation	Total	
\$ -	\$ -	\$ 1,117	\$ 38,626	ASSETS:
-	-	1,955	3,286	Cash and investments
3	19	189	930	Accounts receivable
760	5,266	-	40,183	Interest receivable
763	5,285	3,261	83,025	Restricted cash and investments
				Total assets
				LIABILITIES AND FUND BALANCES:
-	-	-	3,090	Liabilities:
-	-	-	3,090	Accounts payable
763	5,285	3,261	79,935	Total liabilities
763	5,285	3,261	79,935	Fund balances (Note 14):
\$ 763	\$ 5,285	\$ 3,261	\$ 83,025	Reserved
				Total fund balances
				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, 2006

(Dollars in Thousands)

	CORAL	Flood Control	Redevelopment Agency	Desert Facilities Corporation
REVENUES:				
Taxes	\$ -	\$ -	\$ 49,254	\$ -
Use of money and property:				
Interest	1,568	-	1,287	203
Rents and concessions	26,445	-	-	205
Charges for services	-	-	-	-
Total revenues	<u>28,013</u>	<u>-</u>	<u>50,541</u>	<u>408</u>
EXPENDITURES:				
Current:				
General Government	378	-	18,199	-
Debt service:				
Principal	12,435	325	6,111	200
Interest	16,591	8	18,231	205
Cost of issuance	894	-	4,002	-
Total expenditures	<u>30,298</u>	<u>333</u>	<u>46,543</u>	<u>405</u>
Excess (deficiency) of revenues over (under) expenditures	(2,285)	(333)	3,998	3
OTHER FINANCING SOURCES (USES):				
Transfers in	532	333	12,470	-
Transfers out	(30,036)	-	(10,048)	(125)
Bond proceeds	34,675	-	36,103	-
Premium on long-term debt	48	-	809	-
Redemption of refunded bonds	-	-	(35,684)	-
Proceeds on sale of capital assets	-	-	2,063	-
Total other financing sources (uses)	<u>5,219</u>	<u>333</u>	<u>5,713</u>	<u>(125)</u>
NET CHANGE IN FUND BALANCES	2,934	-	9,711	(122)
Fund balances, beginning of year	31,149	-	26,832	122
FUND BALANCES, END OF YEAR	<u>\$ 34,083</u>	<u>\$ -</u>	<u>\$ 36,543</u>	<u>\$ -</u>

District Court Financing Corporation	Bankruptcy Court	Pension Obligation	Total	
\$ -	\$ -	\$ -	\$ 49,254	REVENUES:
58	191	748	4,055	Taxes
2,328	2,221	-	31,199	Use of money and property:
-	-	2,435	2,435	Interest
2,386	2,412	3,183	86,943	Rents and concessions
				Charges for services
				Total revenues
				EXPENDITURES:
580	495	5,245	24,897	Current:
				General government
942	730	3,155	23,898	Debt service:
848	729	18,962	55,574	Principal
-	-	-	4,896	Interest
2,370	1,954	27,362	109,265	Cost of issuance
				Total expenditures
				Excess (deficiency) of revenues
16	458	(24,179)	(22,322)	over (under) expenditures
				OTHER FINANCING SOURCES (USES):
-	-	27,261	40,596	Transfers in
-	-	-	(40,209)	Transfers out
-	-	-	70,778	Bond proceeds
-	-	-	857	Premium on long-term debt
-	-	-	(35,684)	Redemption of refunded bonds
-	-	-	2,063	Proceeds on sale of capital assets
-	-	27,261	38,401	Total other financing sources (uses)
16	458	3,082	16,079	NET CHANGE IN FUND BALANCES
747	4,827	179	63,856	Fund balances, beginning of year
\$ 763	\$ 5,285	\$ 3,261	\$ 79,935	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Debt Service Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance with</u> Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Debt service:				
Principal	\$ 333	\$ 333	\$ 325	\$ (8)
Interest	-	-	8	8
Total expenditures	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(333)	(333)	(333)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Total other financing sources and (uses)	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

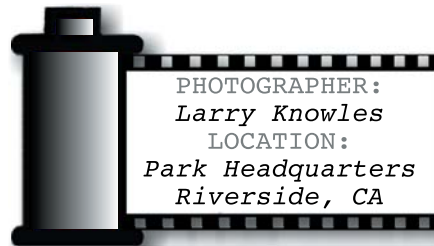
COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Redevelopment Agency Debt Service Fund
 For the Fiscal Year Ended June 30, 2006
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 33,015	\$ 47,015	\$ 49,254	\$ 2,239
Use of money and property:				
Interest	975	975	1,287	312
Total revenues	33,990	47,990	50,541	2,551
EXPENDITURES:				
Current:				
General government	40,747	90,699	18,199	(72,500)
Debt service:				
Principal	-	-	6,111	6,111
Interest	-	-	18,231	18,231
Cost of issuance	-	-	4,002	4,002
Total expenditures	40,747	90,699	46,543	(44,156)
Excess (deficiency) of revenues over (under) expenditures	(6,757)	(42,709)	3,998	46,707
OTHER FINANCING SOURCES (USES):				
Transfers in	-	12,470	12,470	-
Transfers out	-	(10,048)	(10,048)	-
Premium on long-term debt	-	809	809	-
Redemption of refunded bonds	-	-	(35,684)	(35,684)
Bond proceeds	6,757	37,415	36,103	(1,312)
Gain on sale of capital assets	-	2,063	2,063	-
Total other financing sources and (uses)	6,757	42,709	5,713	(36,996)
NET CHANGE IN FUND BALANCE	-	-	9,711	9,711
Fund balance, beginning of year	26,832	26,832	26,832	-
FUND BALANCE, END OF YEAR	\$ 26,832	\$ 26,832	\$ 36,543	\$ 9,711

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Pension Obligation Bond Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ 250	\$ 748	\$ 498
Charges for current services	22,117	856	2,435	1,579
Total revenues	22,117	1,106	3,183	2,077
EXPENDITURES:				
Current:				
General government	22,117	28,367	5,245	(23,122)
Debt service:				
Principal	-	-	3,155	3,155
Interest	-	-	18,962	18,962
Total expenditures	22,117	28,367	27,362	(1,005)
Excess (deficiency) of revenues over (under) expenditures	-	(27,261)	(24,179)	3,082
OTHER FINANCING SOURCES (USES):				
Transfers in	-	27,261	27,261	-
Total other financing sources and (uses)	-	27,261	27,261	-
NET CHANGE IN FUND BALANCE	-	-	3,082	3,082
Fund balance, beginning of year	179	179	179	-
FUND BALANCE, END OF YEAR	\$ 179	\$ 179	\$ 3,261	\$ 3,082

CAPITAL PROJECTS FUNDS



PHOTOGRAPHER:
Larry Knowles
LOCATION:
Park Headquarters
Riverside, CA

Blank Page

COUNTY OF RIVERSIDE

CAPITAL PROJECTS FUNDS

EMERGENCY SERVICES COMMUNICATION (PSEC)

The Emergency Services Communication fund is a multi-agency undertaking to address the County of Riverside 800 MHz public safety radio coverage and operational problems. The multi-year project will result in either a massive upgrade or a complete replacement of the existing radio system.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

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

FLOOD CONTROL

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

DISTRICT COURT FINANCING CORPORATION

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, 2006

(Dollars in Thousands)

	<u>PSEC</u>	<u>CORAL</u>	<u>Flood Control</u>
ASSETS:			
Cash and investments	\$ 959	\$ -	\$ 470
Interest receivable	-	-	5
Taxes receivable	-	135	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Restricted cash and investments	-	71,115	-
Total assets	<u>959</u>	<u>71,250</u>	<u>475</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	55	510	234
Salaries and benefits payable	62	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>117</u>	<u>510</u>	<u>234</u>
Fund balances (Note 14):			
Reserved	842	70,740	241
Unreserved:			
Designated	-	-	-
Total fund balances	<u>842</u>	<u>70,740</u>	<u>241</u>
Total liabilities and fund balances	<u>\$ 959</u>	<u>\$ 71,250</u>	<u>\$ 475</u>

District Court Financing Corporation	Regional Park and Open-Space	Total	
\$ -	\$ 6,543	\$ 7,972	ASSETS:
1	54	60	Cash and investments
-	-	135	Interest receivable
-	333	333	Taxes receivable
-	1,050	1,050	Due from other governments
152	-	71,267	Prepaid items
			Restricted cash and investments
<u>153</u>	<u>7,980</u>	<u>80,817</u>	Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
-	100	899	Accounts payable
-	-	62	Salaries and benefits payable
-	850	850	Due to other funds
-	320	320	Deferred revenue
<u>-</u>	<u>1,270</u>	<u>2,131</u>	Total liabilities
			Fund balances (Note 14):
153	4,654	76,630	Reserved
			Unreserved:
-	2,056	2,056	Designated
<u>153</u>	<u>6,710</u>	<u>78,686</u>	Total fund balances
<u>\$ 153</u>	<u>\$ 7,980</u>	<u>\$ 80,817</u>	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, 2006
(Dollars in Thousands)

	PSEC	CORAL	Flood Control
REVENUES:			
Use of money and property:			
Interest	\$ -	\$ 2,025	\$ 8
Aid from other governmental agencies:			
State	-	-	-
Charges for services	-	-	-
Other revenue	996	-	-
Total revenues	<u>996</u>	<u>2,025</u>	<u>8</u>
EXPENDITURES:			
Current:			
General government	1,154	-	-
Recreation and culture	-	-	-
Capital outlay	-	13,760	1,437
Total expenditures	<u>1,154</u>	<u>13,760</u>	<u>1,437</u>
Excess (deficiency) of revenues over (under) expenditures	(158)	(11,735)	(1,429)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,000	30,035	1,582
Transfers out	-	(408)	-
Total other financing sources (uses)	<u>1,000</u>	<u>29,627</u>	<u>1,582</u>
NET CHANGE IN FUND BALANCES	842	17,892	153
Fund balances, beginning of year	-	52,848	88
FUND BALANCES, END OF YEAR	<u>\$ 842</u>	<u>\$ 70,740</u>	<u>\$ 241</u>

District Court Financing Corporation	Regional Park and Open-Space	Total	
			REVENUES:
			Use of money and property:
\$ 6	\$ 225	\$ 2,264	Interest
			Aid from other governmental agencies:
-	392	392	State
-	72	72	Charges for services
-	3,300	4,296	Other revenue
<u>6</u>	<u>3,989</u>	<u>7,024</u>	Total revenues
			EXPENDITURES:
			Current:
-	-	1,154	General government
-	2,317	2,317	Recreation and culture
-	-	15,197	Capital outlay
<u>-</u>	<u>2,317</u>	<u>18,668</u>	Total expenditures
			Excess (deficiency) of revenues
6	1,672	(11,644)	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
-	4,401	37,018	Transfers in
-	(1,168)	(1,576)	Transfers out
<u>-</u>	<u>3,233</u>	<u>35,442</u>	Total other financing sources (uses)
			NET CHANGE IN FUND BALANCES
6	4,905	23,798	
147	1,805	54,888	Fund balances, beginning of year
<u>\$ 153</u>	<u>\$ 6,710</u>	<u>\$ 78,686</u>	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
PSEC Capital Project Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Other revenue	\$ -	\$ -	\$ 996	\$ 996
Total revenues	-	-	996	996
EXPENDITURES:				
Current:				
General government	-	2,084	1,154	(930)
Total expenditures	-	2,084	1,154	(930)
Excess (deficiency) of revenues over(under) expenditures	-	(2,084)	(158)	1,926
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,000	1,000	-
Total other financing sources and (uses)	-	1,000	1,000	-
NET CHANGE IN FUND BALANCE	-	(1,084)	842	1,926
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ (1,084)	\$ 842	\$ 1,926

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Capital Projects Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 1	\$ 1	\$ 8	\$ 7
Charges for current services	3	3	-	(3)
Other revenue	2,020	438	-	(438)
Total revenues	<u>2,024</u>	<u>442</u>	<u>8</u>	<u>(434)</u>
EXPENDITURES:				
Capital outlay	2,085	2,085	1,437	(648)
Total expenditures	<u>2,085</u>	<u>2,085</u>	<u>1,437</u>	<u>(648)</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(61)</u>	<u>(1,643)</u>	<u>(1,429)</u>	<u>214</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,582	1,582	-
Total other financing sources and (uses)	<u>-</u>	<u>1,582</u>	<u>1,582</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(61)	(61)	153	214
Fund balance, beginning of year	88	88	88	-
FUND BALANCE, END OF YEAR	<u><u>\$ 27</u></u>	<u><u>\$ 27</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 214</u></u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space District Capital Projects Fund
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property:				
Interest	\$ 115	\$ 115	\$ 225	\$ 110
Aid from other governmental agencies:				
State	4,730	4,730	392	(4,338)
Charges for current services	5,567	6,000	72	(5,928)
Other revenue	3,300	2,284	3,300	1,016
Total revenues	<u>13,712</u>	<u>13,129</u>	<u>3,989</u>	<u>(9,140)</u>
EXPENDITURES:				
Current:				
Recreation and cultural services	14,934	17,584	2,317	(15,267)
Total expenditures	<u>14,934</u>	<u>17,584</u>	<u>2,317</u>	<u>(15,267)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,222)	(4,455)	1,672	6,127
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,401	4,401	-
Transfers out	-	(1,168)	(1,168)	-
Total other financing sources and (uses)	<u>-</u>	<u>3,233</u>	<u>3,233</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,222)	(1,222)	4,905	6,127
Fund balance, beginning of year	1,805	1,805	1,805	-
FUND BALANCE, END OF YEAR	<u>\$ 583</u>	<u>\$ 583</u>	<u>\$ 6,710</u>	<u>\$ 6,127</u>

NONMAJOR ENTERPRISE FUNDS



PHOTOGRAPHER:
Delia Fosdick
LOCATION:
*Fairmount Park
Riverside, CA*

Blank Page

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

This fund was 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

This fund was 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, 2006
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
ASSETS:				
Current assets:				
Cash and investments	\$ 319	\$ 11,430	\$ 818	\$ 12,567
Accounts receivable-net	-	174	1,614	1,788
Interest receivable	3	-	51	54
Taxes receivable	9	-	-	9
Due from other governments	-	92	43	135
Restricted cash and investments	-	1,757	2,217	3,974
Prepaid items and deposits	-	38	-	38
Total current assets	<u>331</u>	<u>13,491</u>	<u>4,743</u>	<u>18,565</u>
Noncurrent Assets:				
Capital assets:				
Depreciable assets	50	15,381	71	15,502
Nondepreciable assets	-	5,192	-	5,192
Total Noncurrent Assets	<u>50</u>	<u>20,573</u>	<u>71</u>	<u>20,694</u>
Total assets	<u>381</u>	<u>34,064</u>	<u>4,814</u>	<u>39,259</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	-	-	318	318
Salaries and benefits payable	7	-	102	109
Interest payable	-	10	-	10
Deposits payable	47	-	-	47
Other liabilities	-	2,570	2,742	5,312
Compensated absences	2	-	63	65
Bonds payable	-	90	-	90
Total current liabilities	<u>56</u>	<u>2,670</u>	<u>3,225</u>	<u>5,951</u>
Noncurrent portion of long-term liabilities:				
Compensated absences	9	933	222	1,164
Bonds payable	-	892	-	892
Other long- term liabilities	-	6,795	-	6,795
Total noncurrent liabilities	<u>9</u>	<u>8,620</u>	<u>222</u>	<u>8,851</u>
Total liabilities	<u>65</u>	<u>11,290</u>	<u>3,447</u>	<u>14,802</u>
NET ASSETS:				
Invested in capital assets, net of related debt	50	13,778	71	13,899
Restricted	62	165	-	227
Unrestricted	204	8,831	1,296	10,331
Total net assets	<u>\$ 316</u>	<u>\$ 22,774</u>	<u>\$ 1,367</u>	<u>\$ 24,457</u>

COUNTY OF RIVERSIDE

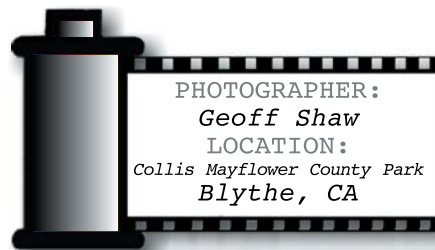
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended June 30, 2006
 (Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
OPERATING REVENUES:				
Charges for services	\$ 270	\$ 1,655	\$ 5,457	\$ 7,382
Other	12	64,110	104	64,226
Total operating revenues	<u>282</u>	<u>65,765</u>	<u>5,561</u>	<u>71,608</u>
OPERATING EXPENSES:				
Personnel services	132	7,867	2,192	10,191
Communications	3	-	-	3
Insurance	6	-	-	6
Maintenance of building and equipment	37	1,802	7	1,846
Supplies	5	-	39	44
Purchased services	25	-	3,026	3,051
Depreciation and amortization	6	1,766	21	1,793
Rents and leases of equipment	-	-	28	28
Public assistance	-	50,429	-	50,429
Utilities	65	470	-	535
Other	3	1,047	20	1,070
Total operating expenses	<u>282</u>	<u>63,381</u>	<u>5,333</u>	<u>68,996</u>
Operating income (loss)	<u>-</u>	<u>2,384</u>	<u>228</u>	<u>2,612</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	10	353	211	574
Interest expense	(3)	(195)	-	(198)
Proceeds on sale of capital assets	-	667	-	667
Total nonoperating revenues (expenses)	<u>7</u>	<u>825</u>	<u>211</u>	<u>1,043</u>
Income (loss) before capital contribution, transfers, and special items	7	3,209	439	3,655
Transfers out	<u>(2)</u>	<u>(171)</u>	<u>-</u>	<u>(173)</u>
CHANGE IN NET ASSETS	5	3,038	439	3,482
Net assets, beginning of year	<u>311</u>	<u>19,736</u>	<u>928</u>	<u>20,975</u>
NET ASSETS, END OF YEAR	<u><u>\$ 316</u></u>	<u><u>\$ 22,774</u></u>	<u><u>\$ 1,367</u></u>	<u><u>\$ 24,457</u></u>

COUNTY OF RIVERSIDE
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ending June 30, 2006
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
Cash flows from operating activities				
Cash receipts from customers / other funds	\$ 285	\$ 65,747	\$ 5,200	\$ 71,232
Cash paid to suppliers for goods and services	(155)	(48,753)	(1,883)	(50,791)
Cash paid to employees for services	(149)	(7,517)	(2,138)	(9,804)
Net cash provided by (used in) operating activities	<u>(19)</u>	<u>9,477</u>	<u>1,179</u>	<u>10,637</u>
Cash flows from noncapital financing activities				
Transfers paid	(2)	(171)	-	(173)
Net cash provided by (used in) noncapital financing activities	<u>(2)</u>	<u>(171)</u>	<u>-</u>	<u>(173)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	667	-	667
Acquisition and construction of capital assets	-	(7,452)	-	(7,452)
Principal paid on bonds payable	-	(15)	-	(15)
Interest paid on long-term debt	(3)	(196)	-	(199)
Net cash used in capital and related financing activities	<u>(3)</u>	<u>(6,996)</u>	<u>-</u>	<u>(6,999)</u>
Cash flows from investing activities				
Interest received on investments	8	353	177	538
Net cash provided by investing activities	<u>8</u>	<u>353</u>	<u>177</u>	<u>538</u>
Net increase (decrease) in cash and cash equivalents	(16)	2,663	1,356	4,003
Cash and cash equivalents, beginning of year	335	10,524	1,679	12,538
Cash and cash equivalents, end of year	<u>\$ 319</u>	<u>\$ 13,187</u>	<u>\$ 3,035</u>	<u>\$ 16,541</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ 2,384	\$ 228	\$ 2,612
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	6	1,766	21	1,793
Decrease (Increase) accounts receivable	-	(6)	(318)	(324)
Decrease (Increase) taxes receivable	3	-	-	3
Decrease (Increase) due from other governments	-	(12)	(43)	(55)
Decrease (Increase) prepaid items and deposits	-	(5)	-	(5)
Increase (Decrease) accounts payable	(10)	(36)	116	70
Increase (Decrease) due to other governments	-	(1,765)	-	(1,765)
Increase (Decrease) deposits payable	(1)	-	-	(1)
Increase (Decrease) other liabilities	-	6,801	1,121	7,922
Increase (Decrease) salaries and benefits payable	(14)	-	11	(3)
Increase (Decrease) compensated absences	(3)	350	43	390
Net cash provided by (used in) operating activities	<u>\$ (19)</u>	<u>\$ 9,477</u>	<u>\$ 1,179</u>	<u>\$ 10,637</u>

INTERNAL SERVICE FUNDS



Blank Page

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.

RECORDS MANAGEMENT FUND

This fund was established to support the operations of the Records Management & Archives Program. The program provides consistent standards and support services that promote responsible recordkeeping countywide. Sources of revenue include records storage, reformatting, preservation and consulting services.

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 printing and central mail services provided to 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

This fund was 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 FUND

This fund accounts for the financing of employee benefit insurances and County self-insurances. They include funding 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 FUND

This fund was 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, 2006
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	\$ 443	\$ 5,898	\$ 11,644	\$ 2,188	\$ 3,197
Accounts receivable-net	-	64	-	29	1
Interest receivable	3	-	-	-	-
Advance to other funds	-	200	-	-	-
Inventories	-	469	1,000	324	308
Prepaid items and deposits	-	-	111	-	-
Total current assets	446	6,631	12,755	2,541	3,506
Noncurrent assets:					
Capital assets:					
Depreciable assets	84	27,268	9,017	929	333
Non depreciable assets	-	836	-	-	-
Total noncurrent assets	84	28,104	9,017	929	333
Total assets	530	34,735	21,772	3,470	3,839
LIABILITIES:					
Current liabilities:					
Accounts payable	15	3,934	2,321	101	861
Salaries and benefits payable	93	212	1,284	110	57
Other liabilities	-	2,072	-	4	90
Compensated absences	74	178	1,092	82	47
Capital lease obligation	-	5,719	1,441	239	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	182	12,115	6,138	536	1,055
Noncurrent portion of long-term liabilities:					
Compensated absences	56	146	1,137	23	43
Advance from other funds	-	-	-	200	-
Capital lease obligation	-	10,035	2,020	132	-
Estimated claims liabilities	-	-	-	-	-
Other long term liabilities	-	1,500	-	-	-
Total noncurrent liabilities	56	11,681	3,157	355	43
Total liabilities	238	23,796	9,295	891	1,098
NET ASSETS:					
Invested in capital assets, net of related debt	84	10,850	5,556	558	333
Unrestricted (deficit)	208	89	6,921	2,021	2,408
Total net assets	\$ 292	\$ 10,939	\$ 12,477	\$ 2,579	\$ 2,741

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
					ASSETS:
					Current assets:
\$ 8,595	\$ 149,094	\$ 2,594	\$ 4,462	\$ 188,115	Cash and investments
-	2,221	-	19	2,334	Accounts receivable-net
-	1,110	-	28	1,141	Interest receivable
-	-	-	-	200	Advance to other funds
-	-	-	232	2,333	Inventories
-	-	-	-	111	Prepaid items and deposits
8,595	152,425	2,594	4,741	194,234	Total current assets
					Noncurrent assets:
					Capital assets:
2,024	23	63	2,271	42,012	Depreciable assets
-	-	-	-	836	Non depreciable assets
2,024	23	63	2,271	42,848	Total noncurrent assets
10,619	152,448	2,657	7,012	237,082	Total assets
					LIABILITIES:
					Current liabilities:
886	2,777	153	401	11,449	Accounts payable
380	853	1,326	63	4,378	Salaries and benefits payable
-	1	-	-	2,167	Other liabilities
374	558	211	52	2,668	Compensated absences
-	-	-	-	7,399	Capital lease obligation
-	37,945	-	-	37,945	Estimated claims liability
1,640	42,134	1,690	516	66,006	Total current liabilities
					Noncurrent portion of long-term liabilities:
439	457	179	186	2,666	Compensated absences
-	-	-	-	200	Advance from other funds
-	-	-	-	12,187	Capital lease obligation
-	92,219	-	-	92,219	Estimated claims liabilities
-	-	-	-	1,500	Other long term liabilities
439	92,676	179	186	108,772	Total noncurrent liabilities
2,079	134,810	1,869	702	174,778	Total liabilities
					NET ASSETS:
					Invested in capital assets, net of related debt
2,024	23	63	2,271	21,762	
6,516	17,615	725	4,039	40,542	Unrestricted (deficit)
\$ 8,540	\$ 17,638	\$ 788	\$ 6,310	\$ 62,304	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, 2006

(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
OPERATING REVENUES:					
Charges for services	\$ 2,439	\$ 19,590	\$ 35,378	\$ 5,351	\$ 7,967
Other revenue	8	297	15	2,956	4,922
Total operating revenues	2,447	19,887	35,393	8,307	12,889
OPERATING EXPENSES:					
Cost of materials used	-	1,383	-	-	-
Personnel services	1,542	3,188	17,829	1,592	616
Communications	12	79	3,818	32	28
Insurance	49	139	145	19	26
Maintenance of building and equipment	26	2,320	4,749	335	16
Insurance claims	-	-	-	-	-
Supplies	121	4,767	559	3,746	11,195
Purchased services	84	1,117	3,356	1,667	455
Depreciation and amortization	19	6,381	3,545	424	30
Rents and leases of equipment	264	1	1,119	43	1
Utilities	36	9	147	-	-
Other	46	124	685	61	103
Total operating expenses	2,199	19,508	35,952	7,919	12,470
Operating income (loss)	248	379	(559)	388	419
NONOPERATING REVENUES (EXPENSES):					
Investment income	10	(17)	(19)	(4)	(8)
Interest expense	(3)	(392)	(98)	(27)	-
Gain (loss) on disposal of capital assets	-	308	3	-	10
Total nonoperating revenues (expenses)	7	(101)	(114)	(31)	2
Income (loss) before capital contributions and transfers	255	278	(673)	357	421
Capital contributions	-	-	-	-	-
Transfers in	70	-	4,500	-	-
Transfers out	(33)	(81)	(457)	(39)	(15)
CHANGE IN NET ASSETS	292	197	3,370	318	406
Net assets, beginning of year	-	10,742	9,107	2,261	2,335
NET ASSETS, END OF YEAR	\$ 292	\$ 10,939	\$ 12,477	\$ 2,579	\$ 2,741

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
\$ 13,087	\$ 47,551	\$ 22,392	\$ 1,230	\$ 154,985	OPERATING REVENUES:
-	10,169	7	4,538	22,912	Charges for services
13,087	57,720	22,399	5,768	177,897	Other revenue
					Total operating revenues
-	-	-	34	1,417	OPERATING EXPENSES:
5,426	9,944	18,948	1,783	60,868	Cost of materials used
239	142	42	1	4,393	Personnel services
24	5,607	14	-	6,023	Communications
1,831	52	5	525	9,859	Insurance
-	55,706	-	-	55,706	Maintenance of building and equipment
171	536	161	956	22,212	Insurance claims
4,539	2,772	1,900	1,357	17,247	Supplies
905	23	33	820	12,180	Purchased services
185	635	155	3	2,406	Depreciation and amortization
-	13	10	-	215	Rents and leases of equipment
114	1,077	525	566	3,301	Utilities
13,434	76,507	21,793	6,045	195,827	Other
(347)	(18,787)	606	(277)	(17,930)	Total operating expenses
					Operating income (loss)
(11)	4,383	(3)	120	4,451	NONOPERATING REVENUES (EXPENSES):
-	-	-	-	(520)	Investment income
-	(1)	-	28	348	Interest expense
(11)	4,382	(3)	148	4,279	Gain (loss) on disposal of capital assets
(358)	(14,405)	603	(129)	(13,651)	Total nonoperating revenues (expenses)
-	41,002	-	-	41,002	Income (loss) before capital contributions and transfers
-	2,168	-	206	6,944	Capital contributions
(145)	(2,431)	(1,010)	-	(4,211)	Transfers in
(503)	26,334	(407)	77	30,084	Transfers out
9,043	(8,696)	1,195	6,233	32,220	CHANGE IN NET ASSETS
\$ 8,540	\$ 17,638	\$ 788	\$ 6,310	\$ 62,304	Net assets, beginning of year
					NET ASSETS, END OF YEAR

COUNTY OF RIVERSIDE
Combining Statements of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

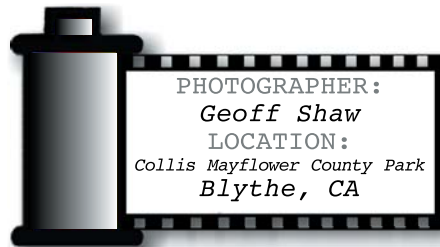
	Record Mgt and Archive	Fleet Service	Information Services	Printing Services	Supply Services
Cash flows from operating activities					
Cash receipts from internal services provided	\$ 2,447	\$ 19,892	\$ 35,393	\$ 8,303	\$ 12,888
Cash paid to suppliers for goods and services	(623)	(6,628)	(19,085)	(5,809)	(11,105)
Cash paid to employees for services	(1,319)	(3,152)	(17,685)	(1,568)	(592)
Net cash provided by (used in) operating activities	<u>505</u>	<u>10,112</u>	<u>(1,377)</u>	<u>926</u>	<u>1,191</u>
Cash flows from noncapital financing activities					
Advances from other funds	-	-	-	(200)	-
Advances to other funds	-	200	-	-	-
Transfers received	70	-	4,500	-	-
Transfers paid	(33)	(81)	(457)	(39)	(15)
Net cash provided by (used in) noncapital financing activities	<u>37</u>	<u>119</u>	<u>4,043</u>	<u>(239)</u>	<u>(15)</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	308	207	-	13
Acquisition and construction of capital assets	(103)	(1,413)	-	(47)	-
Principal paid on capital leases	-	(5,948)	(1,522)	(230)	-
Capital contributions	-	-	-	-	-
Interest paid on long-term debt	(3)	(392)	(98)	(27)	-
Net cash used in capital and related financing activities	<u>(106)</u>	<u>(7,445)</u>	<u>(1,413)</u>	<u>(304)</u>	<u>13</u>
Cash flows from investing activities					
Interest received on investments	7	(17)	(19)	(4)	(8)
Net cash provided by investing activities	<u>7</u>	<u>(17)</u>	<u>(19)</u>	<u>(4)</u>	<u>(8)</u>
Net increase (decrease) in cash and cash equivalents	443	2,769	1,234	379	1,181
Cash and cash equivalents, beginning of year	-	3,129	10,410	1,809	2,016
Cash and cash equivalents, end of year	<u>\$ 443</u>	<u>\$ 5,898</u>	<u>\$ 11,644</u>	<u>\$ 2,188</u>	<u>\$ 3,197</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 248	\$ 379	\$ (559)	\$ 388	\$ 419
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation and amortization	19	6,381	3,545	424	30
Decrease (Increase) accounts receivable	-	5	-	(4)	(1)
Decrease (Increase) inventories	-	(50)	(75)	23	(74)
Increase (Decrease) accounts payable	15	3,279	68	67	705
Increase (Decrease) due to other funds	-	(105)	(4,500)	-	-
Increase (Decrease) due to other governments	-	-	-	-	(2)
Increase (Decrease) other liabilities	-	187	-	4	90
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) salaries and benefits payable	93	29	209	16	16
Increase (Decrease) compensated absences	130	7	(65)	8	8
Net cash provided by operating activities	<u>\$ 505</u>	<u>\$ 10,112</u>	<u>\$ (1,377)</u>	<u>\$ 926</u>	<u>\$ 1,191</u>
Supplemental disclosure of noncash investing, capital, and financing activities		<u>\$ 11,544</u>	<u>\$ 1,715</u>		

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
\$ 13,087	\$ 57,285	\$ 22,399	\$ 5,888	\$ 177,582	Cash flows from operating activities
(6,320)	(61,883)	(2,791)	(3,225)	(117,469)	Cash receipts from internal services provided
(5,422)	(9,607)	(18,525)	(1,770)	(59,640)	Cash paid to suppliers for goods and services
					Cash paid to employees for services
1,345	(14,205)	1,083	893	473	Net cash provided by (used in) operating activities
					Cash flows from noncapital financing activities
-	-	-	-	(200)	Advances from other funds
-	-	-	-	200	Advances to other funds
-	2,168	-	206	6,944	Transfers received
(145)	(2,431)	(1,010)	-	(4,211)	Transfers paid
					Net cash provided by (used in) noncapital financing activities
(145)	(263)	(1,010)	206	2,733	
					Cash flows from capital and related financing activities
-	4	-	28	560	Proceeds from sale of capital assets
(1,030)	-	(13)	(807)	(3,413)	Acquisition and construction of capital assets
-	-	-	-	(7,700)	Principal paid on capital leases
-	41,002	-	-	41,002	Capital contributions
-	-	-	-	(520)	Interest paid on long-term debt
(1,030)	41,006	(13)	(779)	29,929	Net cash used in capital and related financing activities
					Cash flows from investing activities
(11)	3,714	(3)	106	3,765	Interest received on investments
(11)	3,714	(3)	106	3,765	Net cash provided by investing activities
159	30,252	57	426	36,900	Net increase (decrease) in cash and cash equivalents
8,436	118,842	2,537	4,036	151,215	Cash and cash equivalents, beginning of year
\$ 8,595	\$ 149,094	\$ 2,594	\$ 4,462	\$ 188,115	Cash and cash equivalents, end of year
					Reconciliation of operating income to net cash provided (used) by operating activities
\$ (347)	\$ (18,787)	\$ 606	\$ (277)	\$ (17,930)	Operating income (loss)
					Adjustments to reconcile operating income to net cash provided (used) by operating activities
905	23	33	820	12,180	Depreciation and amortization
-	(435)	-	120	(315)	Decrease (Increase) accounts receivable
-	-	-	(27)	(203)	Decrease (Increase) inventories
783	1,244	21	244	6,426	Increase (Decrease) accounts payable
-	-	-	-	(4,605)	Increase (Decrease) due to other funds
-	(8)	-	-	(10)	Increase (Decrease) due to other governments
-	-	-	-	281	Increase (Decrease) other liabilities
-	3,421	-	-	3,421	Increase (Decrease) estimated claims liability
55	210	342	(1)	969	Increase (Decrease) salaries and benefits payable
(51)	127	81	14	259	Increase (Decrease) compensated absences
\$ 1,345	\$ (14,205)	\$ 1,083	\$ 893	\$ 473	Net cash provided by operating activities
				\$ 13,259	Supplemental disclosure of noncash investing, capital, and financing activities



(This Page Intentionally Left Blank)

FIDUCIARY FUNDS



Blank Page

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 FUND

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

PAYROLL DEDUCTION AGENCY FUND

The purpose of this fund 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 FUND

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

WARRANT AGENCY FUND

This fund was established as a clearing fund for various categories of warrants issued by Riverside County.

COUNTY OF RIVERSIDE
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	\$ 126,666	\$ 7,683	\$ 133,295	\$ 63,245	\$ 330,889
Interest receivable	185	26	-	5	216
Taxes receivable	69	11	56,918	11	57,009
Due from other governments	14,676	-	12,356	-	27,032
Total assets	<u>\$ 141,596</u>	<u>\$ 7,720</u>	<u>\$ 202,569</u>	<u>\$ 63,261</u>	<u>\$ 415,146</u>
LIABILITIES:					
Accounts payable	\$ 141,504	\$ 7,720	\$ 1,396	\$ 63,261	\$ 213,881
Salaries and benefits payable	7	-	-	-	7
Due to other governments	85	-	201,173	-	201,258
Total liabilities	<u>\$ 141,596</u>	<u>\$ 7,720</u>	<u>\$ 202,569</u>	<u>\$ 63,261</u>	<u>\$ 415,146</u>

COUNTY OF RIVERSIDE

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2006

(Dollars in Thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>Other</u>				
<u>Assets</u>				
Cash and investments	\$ 74,159	\$ 3,350,132	\$ 3,297,625	\$ 126,666
Accounts receivable	503	14,773	15,276	-
Interest receivable	127	194	136	185
Taxes receivable	7,906	69	7,906	69
Due from other governments	-	14,676	-	14,676
Total Assets	\$ 82,695	\$ 3,379,844	\$ 3,320,943	\$ 141,596
<u>Liabilities</u>				
Accounts payable	\$ 82,688	\$ 525,451	\$ 466,635	\$ 141,504
Salaries and benefits payable	7	6	6	7
Due to other governments	-	3,162,725	3,162,640	85
Total Liabilities	\$ 82,695	\$ 3,688,182	\$ 3,629,281	\$ 141,596
<u>Payroll Deductions</u>				
<u>Assets</u>				
Cash and investments	\$ 5,182	\$ 1,232,866	\$ 1,230,365	\$ 7,683
Interest receivable	1	26	1	26
Taxes receivable	10	11	10	11
Total Assets	\$ 5,193	\$ 1,232,903	\$ 1,230,376	\$ 7,720
<u>Liabilities</u>				
Accounts payable	\$ 5,193	\$ 793,950	\$ 791,423	\$ 7,720
Total Liabilities	\$ 5,193	\$ 793,950	\$ 791,423	\$ 7,720
<u>Property Tax Assessments</u>				
<u>Assets</u>				
Cash and investments	\$ 159,413	\$ 2,695,220	\$ 2,721,338	\$ 133,295
Taxes receivable	32,885	56,918	32,885	56,918
Due from other governments	15,118	12,356	15,118	12,356
Total Assets	\$ 207,416	\$ 2,764,494	\$ 2,769,341	\$ 202,569
<u>Liabilities</u>				
Accounts payable	\$ 80	\$ 201,257	\$ 199,941	\$ 1,396
Due to other governments	206,829	2,680,177	2,685,833	201,173
Deposits payable	507	13,263	13,770	-
Total Liabilities	\$ 207,416	\$ 2,894,697	\$ 2,899,544	\$ 202,569

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
<u>Warrants</u>				
<u>Assets</u>				
Cash and investments	\$ 65,148	\$ 5,048,664	\$ 5,050,567	\$ 63,245
Interest receivable	24	23	42	5
Taxes receivable	6	11	6	11
Total Assets	<u>\$ 65,178</u>	<u>\$ 5,048,698</u>	<u>\$ 5,050,615</u>	<u>\$ 63,261</u>
<u>Liabilities</u>				
Accounts payable	\$ 65,177	\$ 4,820,613	\$ 4,822,529	\$ 63,261
Due to other governments	1	-	1	-
Total Liabilities	<u>\$ 65,178</u>	<u>\$ 4,820,613</u>	<u>\$ 4,822,530</u>	<u>\$ 63,261</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 303,902	\$ 12,326,882	\$ 12,299,895	\$ 330,889
Accounts receivable	503	14,773	15,276	-
Interest receivable	152	243	179	216
Taxes receivable	40,807	57,009	40,807	57,009
Due from other government	15,118	27,032	15,118	27,032
Total Assets	<u>\$ 360,482</u>	<u>\$ 12,425,939</u>	<u>\$ 12,371,275</u>	<u>\$ 415,146</u>
<u>Liabilities</u>				
Accounts payable	\$ 153,138	\$ 6,341,271	\$ 6,280,528	\$ 213,881
Salaries and benefits payable	7	6	6	7
Due to other government	206,830	5,842,902	5,848,474	201,258
Deposits payable	507	13,263	13,770	-
Total Liabilities	<u>\$ 360,482</u>	<u>\$ 12,197,442</u>	<u>\$ 12,142,778</u>	<u>\$ 415,146</u>

STATISTICAL SECTION



Blank Page

Statistical Section

This section of the Riverside County Comprehensive Annual Financial Report presents additional detail, historical perspective, and context to assist the annual financial report users in understanding the financial statements, note disclosures, and required supplementary information, and to assist report users in assessing the County's financial condition.

Contents

Table(s)

Financial Trends Information

T1 – T5

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

- Net Assets by Component
- Changes in Net Assets
- Governmental Activities Tax Revenues by Source
- Fund Balance of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity Information

T6 – T10

These tables contain information to assist readers in understanding and assessing the factors affecting the County's local revenue sources, property tax, sales tax, and other taxes.

- General Government Tax Revenues by source
- Assessed Value and Estimated Actual Value of Taxable Property
- Property Tax Rates, Direct and Overlapping Governments
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity Information

T11 – T15

These tables contain information to assist readers in understanding and assessing the County's current level of outstanding debt and the County's ability to issue additional debt.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information
- Pledged-Revenue Coverage

Economic and Demographic Information

T16 – T17

These tables provide economic and demographic information to assist readers in understanding the socioeconomic environment within which the County operates, and to facilitate the comparisons of financial information over time.

- Demographic and Economic Statistics
- Principal employers

Operating Information

T18 – T20

These tables provide contextual information about the County's operations and resources to assist readers in understanding and assessing the County's financial condition as it relates to the services that the County provides.

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

Source: Unless otherwise noted, the information in these tables is derived from Riverside County's Comprehensive Annual Financial Reports for the relevant years. The County implemented GASB Statement 34 in FY 2001-2002. Statistical Tables present information for the last four years beginning with the first year after GASB Statement 34 implementation.

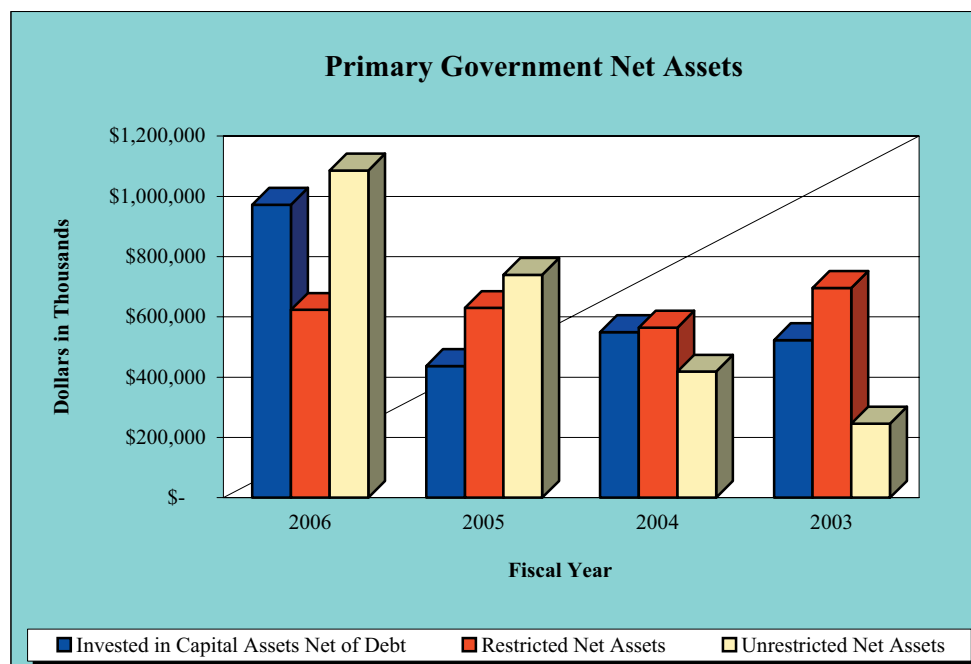


(This Page Intentionally Left Blank)

Table 1

County of Riverside
Net Assets by Component
Last Four Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	Fiscal Year			
	2006	2005	2004	2003
Governmental Activities				
Invested in capital assets, net of related debt	\$ 930,800	\$ 407,762	\$ 524,624	\$ 503,294
Restricted	582,037	584,441	521,143	662,446
Unrestricted	999,992	671,917	387,007	205,952
Governmental Activities, Total net assets	<u>2,512,829</u>	<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	40,986	29,583	25,102	19,972
Restricted	41,287	45,362	43,232	33,740
Unrestricted	85,971	67,502	31,602	40,096
Business-type Activities, Total net assets	<u>168,244</u>	<u>142,447</u>	<u>99,936</u>	<u>93,808</u>
Primary Government				
Invested in capital assets, net of related debt	971,786	437,345	549,726	523,266
Restricted	623,324	629,803	564,375	696,186
Unrestricted	1,085,963	739,419	418,609	246,048
Primary Government, Total net assets	<u>\$ 2,681,073</u>	<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 Four Fiscal Years
(Accrual basis of accounting)
(Amounts expressed in thousands)

	Fiscal Year			
	2006	2005	2004	2003
Program Revenues				
Governmental Activities:				
Charges for Services	\$ 558,739	\$ 445,711	\$ 424,644	\$ 387,467
Operating Grants and Contributions	1,100,674	983,290	1,086,456	1,050,230
Capital Grants and Contributions	31,001	64,252	33,041	32,537
Governmental Activities Program Revenues	<u>1,690,414</u>	<u>1,493,253</u>	<u>1,544,141</u>	<u>1,470,234</u>
Business-type Activities:				
Charges for Services	465,391	480,455	385,028	299,419
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	227	-	125	9,712
Business-type Activities Program Revenues	<u>465,618</u>	<u>480,455</u>	<u>385,153</u>	<u>309,131</u>
Primary Government Program Revenues	<u>2,156,032</u>	<u>1,973,708</u>	<u>1,929,294</u>	<u>1,779,365</u>
Expenses				
Governmental Activities:				
General Government	259,993	187,911	232,322	183,132
Public Protection	801,044	792,287	710,053	620,663
Public Ways and Facilities	61,443	79,649	93,529	87,092
Health and Sanitation	350,451	290,001	376,338	330,830
Public Assistance	634,522	552,298	590,719	588,502
Education	11,168	10,112	10,280	8,609
Recreation and Cultural	7,188	8,617	9,666	8,842
Interest on Long-Term Debt	75,721	48,717	29,890	33,666
Governmental Activities Expenses	<u>2,201,530</u>	<u>1,969,592</u>	<u>2,052,797</u>	<u>1,861,336</u>
Business-type Activities:				
Regional Medical Center	290,962	356,255	296,227	228,339
Waste Management Department	66,453	55,563	40,056	36,579
Housing Authority	62,909	62,206	61,599	57,977
Flood Control	5,705	4,928	4,318	2,054
County Service Areas	285	320	329	294
Business-type Activities Expense	<u>426,314</u>	<u>479,272</u>	<u>402,529</u>	<u>325,243</u>
Primary Government Expenses	<u>\$ 2,627,844</u>	<u>\$ 2,448,864</u>	<u>\$ 2,455,326</u>	<u>\$ 2,186,579</u>
Net (Expense)/Revenue				
Governmental Activities	(511,116)	(476,339)	(508,656)	(391,102)
Business-type Activities	39,304	1,183	(17,376)	(16,112)
Primary Government, net (expense) / revenue	<u>(471,812)</u>	<u>(475,156)</u>	<u>(526,032)</u>	<u>(407,214)</u>

Table 2

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

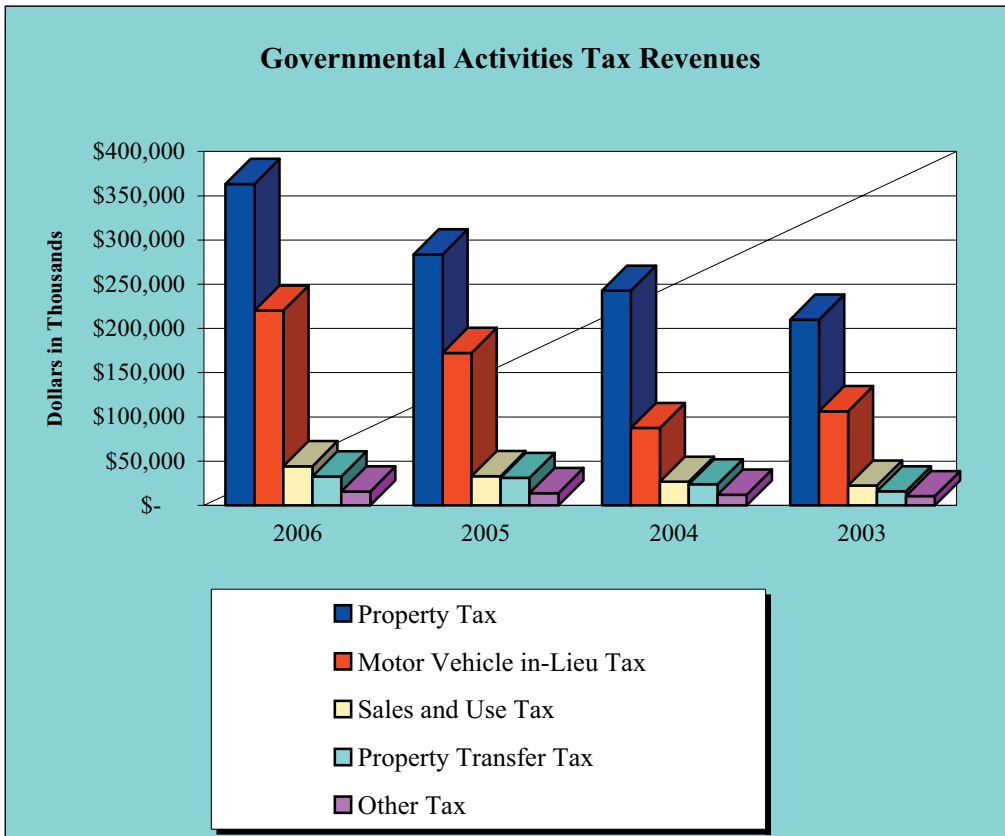
	Fiscal Year			
	2006	2005	2004	2003
Continued:				
Primary Government, net (expense)/ revenue	(471,812)	(475,156)	(526,032)	(407,214)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	396,167	314,666	266,391	225,775
Sales Tax and Use Tax	44,286	33,091	26,633	22,444
Other Taxes	15,603	13,885	12,108	10,377
Intergovernmental revenue not restricted to programs:				
Contractual Revenue - Redevelopment	16,332	13,281	11,385	6,015
Motor Vehicle In-Lieu Taxes	220,190	172,265	87,435	106,466
Fines, forfeitures, and penalties	-	70,578	43,344	37,914
Investment Earnings	78,288	39,907	16,835	24,909
Proceeds on Sale of Capital Assets	-	(18,407)	1,491	504
Other	96,265	117,737	146,392	117,706
Transfers	19,888	(31,000)	(16,791)	(13,287)
Governmental Activities	<u>887,019</u>	<u>726,003</u>	<u>595,223</u>	<u>538,823</u>
Business-type Activities:				
Investment Earnings	6,381	4,234	2,505	3,235
Gain on Sale of Capital Assets	-	346	4,208	754
Transfers	(19,888)	31,000	16,791	13,287
Business-Type Activities	<u>(13,507)</u>	<u>35,580</u>	<u>23,504</u>	<u>17,276</u>
Total Primary Government	<u>873,512</u>	<u>761,583</u>	<u>618,727</u>	<u>556,099</u>
Change in Net Assets				
Governmental Activities	375,903	249,664	86,567	147,721
Business-Type Activities	25,797	36,763	6,128	1,164
Primary Government Change in Net Assets	<u>\$ 401,700</u>	<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 Four 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
2006	\$ 363,407	\$ 32,760	\$ 44,286	\$ 220,190	\$ 15,603	\$ 676,246
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

Table 4

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

	Fiscal Year			
	2006	2005	2004	2003
General Fund				
Reserved	\$ 100,436	\$ 121,249	\$ 100,940	\$ 103,489
Unreserved - Designated	277,833	185,014	70,361	89,011
Unreserved - Undesignated	68,649	46,191	77,752	26,078
Total General fund	<u>446,918</u>	<u>352,454</u>	<u>249,053</u>	<u>218,578</u>
Public Facilities Improvements				
Reserved	222,983	175,699	152,842	146,588
Unreserved - Undesignated	-	-	184	-
Total Public Facilities Improvements	<u>222,983</u>	<u>175,699</u>	<u>153,026</u>	<u>146,588</u>
Redevelopment Capital Projects				
Reserved	88,391	61,460	-	-
Unreserved - Designated	120,313	75,702	-	-
Total Redevelopment Capital Projects	<u>208,704</u>	<u>137,162</u>	<u>-</u>	<u>-</u>
Nonmajor Governmental Funds				
Reserved	197,878	149,222	159,413	159,357
Unreserved - Designated Reported in::				
Special Revenue Funds	212,407	86,593	13,041	11,929
Capital Projects Funds	2,056	1,805	20,353	5,128
Debt Service Funds	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	109,608	197,438	189,570	186,964
Capital Projects Funds	-	-	(8,241)	981
Total Nonmajor Governmental Funds	<u>521,949</u>	<u>435,058</u>	<u>374,136</u>	<u>364,359</u>
Total all Governmental Funds	<u>\$1,400,554</u>	<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 Four Fiscal Years
(Modified accrual basis of accounting)
(Amounts expressed in thousands)

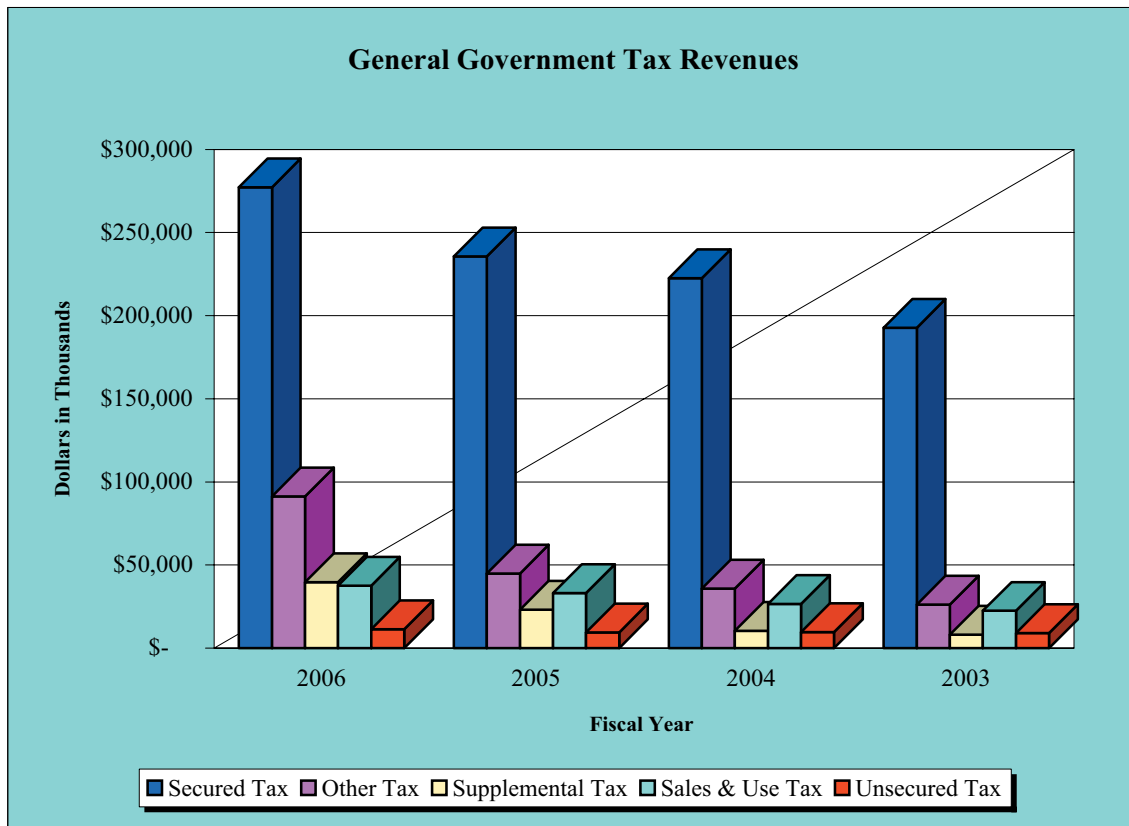
	Fiscal Year			
	2006	2005	2004	2003
Revenues				
Taxes	\$ 457,117	\$ 346,248	\$ 305,132	\$ 258,596
Licenses, Permits and Franchise Fees	21,733	22,343	26,418	25,677
Fines, Forfeitures and Penalties	62,984	70,578	43,297	37,241
Use of Money and Property:				
Interest	73,838	37,624	16,145	23,331
Rents and concessions	41,798	39,831	31,952	39,833
Aid from Other Governmental Agencies:				
Federal	451,036	446,628	430,970	428,433
State	830,634	705,289	713,146	696,466
Other	69,042	55,661	46,750	46,099
Charges for Services	439,594	383,497	368,497	327,918
Other Revenue	110,870	146,800	100,404	132,900
Total Revenues	<u>2,558,646</u>	<u>2,254,499</u>	<u>2,082,711</u>	<u>2,016,494</u>
Expenditures				
General Government	270,340	250,568	217,416	204,861
Public Protection	855,133	1,039,822	677,798	613,781
Public Ways and Facilities	141,017	111,088	133,973	120,490
Health and Sanitation	346,738	339,444	365,727	339,123
Public Assistance	629,553	652,069	576,267	570,458
Education	11,108	9,889	10,241	9,261
Recreation and Culture	12,727	20,058	9,242	10,722
Debt Service:				
Principal	45,516	34,452	32,118	37,643
Interest	73,707	46,439	24,523	31,220
Cost of Issuance	4,925	9,283	504	-
Capital Outlay	25,639	9,680	1,604	22,489
Total Expenditures	<u>2,416,403</u>	<u>2,522,792</u>	<u>2,049,413</u>	<u>1,960,048</u>
Revenues Over (Under) Expenditures	142,243	(268,293)	33,298	56,446
Other Financing Sources (Uses)				
Transfers In	294,835	203,411	163,383	58,661
Transfers Out	(277,680)	(229,835)	(179,701)	(71,879)
Bond Proceeds	178,750	618,159	21,645	-
Issuance of Refunding bonds	-	52,371	-	-
Premium on Long-term Debt	857	4,827	-	-
Redemption of Refunded Bonds	(35,684)	(53,338)	-	-
Proceeds from the Sale of Capital Assets	2,064	35	494	-
Capital Leases	7,929	6,616	1,008	8,435
Total Other Financing Sources (Uses)	<u>171,071</u>	<u>602,246</u>	<u>6,829</u>	<u>(4,783)</u>
Net Change in Fund Balances	<u>\$ 313,314</u>	<u>\$ 333,953</u>	<u>\$ 40,127</u>	<u>\$ 51,663</u>
Debt Service as a Percentage of Non-Capital Expenditures	5.19%	3.59%	2.79%	3.55%

Source: Auditor-Controller, County of Riverside

Table 6

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

Fiscal Year	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
2006	\$ 277,266	\$ 11,405	\$ 39,661	\$ 37,532	\$ 91,253	\$ 457,117
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

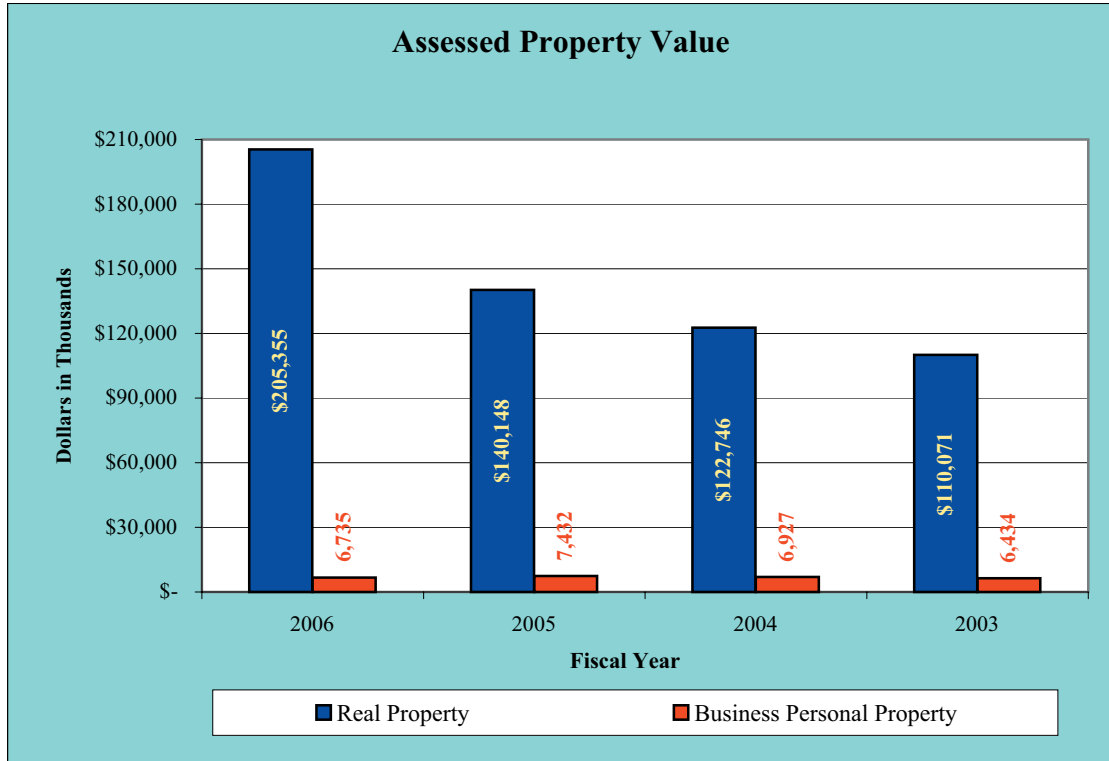


Source: Auditor-Controller, County of Riverside

Table 7

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

	Fiscal Year			
	2006	2005	2004	2003
Real Property				
Secured Property	\$ 198,619,682	\$ 134,299,740	\$ 117,379,593	\$105,080,028
Unsecured Property	6,735,421	5,848,602	5,365,993	4,990,478
Business Personal Property				
General Business	4,648,399	5,371,884	4,956,546	4,741,290
Other	2,087,022	2,060,530	1,970,388	1,692,296
Total Gross Assessed Value	<u>212,090,524</u>	<u>147,580,756</u>	<u>129,672,520</u>	<u>116,504,092</u>
Less:				
Tax-Exempt Real Property	<u>5,109,756</u>	<u>4,657,680</u>	<u>4,264,442</u>	<u>3,878,514</u>
Total Taxable Assessed Value	<u><u>206,980,768</u></u>	<u><u>142,923,076</u></u>	<u><u>125,408,078</u></u>	<u><u>112,625,578</u></u>
Total Direct Tax Rate	\$ 1.0805	\$ 1.0866	\$ 1.0771	\$ 1.0787
Estimated Actual Taxable Value	\$275,974,357	\$ 190,564,101	\$ 167,210,771	\$150,167,437
Assessed Value as a Percentage of Actual Value	76.85%	77.44%	77.55%	77.58%



Source: Assessor-Clerk-Recorder, County of Riverside

Table 8

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

	Fiscal Year			
	2006	2005	2004	2003
County of Riverside				
Total County Rate	1.00000%	1.00000%	1.00000%	1.00000%
Range of Overlapping Rates				
Total City Rate	.00426% to .00861%	.00529% to .01092%	0% to .00608%	0% to .00792%
Total School District Rate	.01435% to .10210%	.01192% to .09581%	0% to .09819%	0% to .09750%
Total Special District Rate	0% to .50997%	0% to .50000%	0% to .72543%	0% to .71888%
Total Direct and Overlapping Rates	1% to 1.50997%	1% to 1.50000%	1% to 1.72543%	1% to 1.71888%

Note: Overlapping governments in the context of the statistical section, all local governments located wholly or in part within the geographic boundaries of the reporting government.

Overlapping rate in the context of the statistical section, an amount or percentage applied to a unit of a specific revenue base by governments that overlap geographically, at least in part, with the government preparing the statistical section information.

Source: Auditor-Controller, County of Riverside

Table 9

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

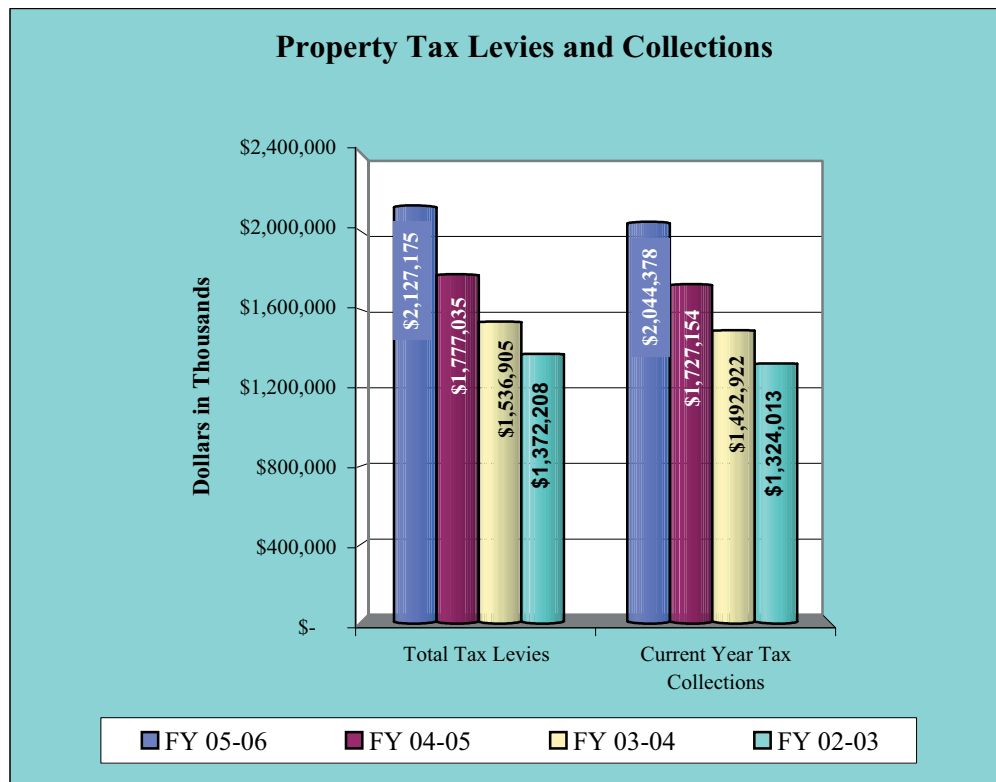
Tax Payer	Fiscal Year							
	2006		2005		2004		2003	
	% of		% of		% of		% of	
	Total	County	Total	County	Total	County	Total	County
Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable	
Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	Assessed	
Value	Value	Value	Value	Value	Value	Value	Value	
So. California Edison Co.	\$ 8,679	0.41%	\$ 7,276	0.42%	\$ 6,911	0.45%	\$ 5,253	0.55%
Verizon California Inc.	7,242	0.34%	7,460	0.43%	6,631	0.43%	7,486	0.38%
Centex Homes	7,057	0.33%	5,251	0.30%				
Pulte Home Corp.	5,400	0.25%	3,221	0.18%	2,548	0.17%		
KB Home Costal Inc.	3,743	0.18%	3,924	0.22%	3,506	0.23%		
So. California Gas Co.	3,737	0.18%	3,621	0.21%	3,461	0.23%	3,144	0.23%
Ryland Homes of California Inc.	3,558	0.17%						
Western Pacific Housing Inc.	3,266	0.15%						
Blythe Energy, LLC	3,008	0.14%	3,099	0.18%	3,462	0.23%	1,894	0.14%
Wolf Creek Development	2,567	0.12%						
P.G.C.C.			2,906	0.17%				
KSL Desert Resorts, Inc.			2,448	0.14%	2,554	0.17%	2,555	0.19%
Murdy S.P.			2,338	0.13%				
DS Hotel					2,741	0.18%		
Norco Ridge Ranch					2,391	0.16%		
Tyler Mall LTD, Partnership					2,185	0.14%		
Desert Springs Marriott Ltd Partnership							2,694	0.20%
Pacific Bell							2,545	0.19%
OTR							2,294	0.17%
Woodside Glenoaks Inc.							1,936	0.14%
Overland Moreno Valley							1,582	0.12%
Total	<u>\$ 48,257</u>		<u>\$ 34,268</u>		<u>\$ 36,390</u>		<u>\$ 20,332</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 Four Fiscal Years
(Amounts expressed in thousands)**

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
2006	\$ 2,127,175	\$ 2,044,378	96.11%	\$ 66,977	\$ 2,111,356	99.26%
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%

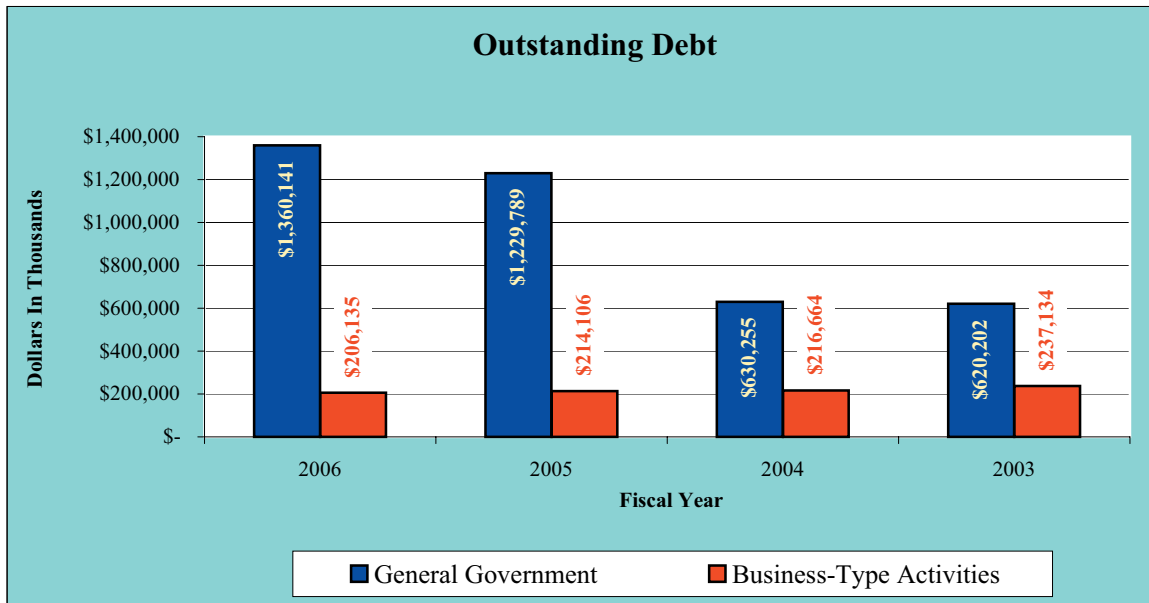


Source: Auditor-Controller, County of Riverside

Table 11

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

	Fiscal Year			
	2006	2005	2004	2003
General Government				
Bonds	\$ 814,443	\$ 678,028	\$ 91,758	\$ 91,758
Certificates of Participation	348,486	325,572	387,869	357,855
Note and Loans	113,383	150,344	67,010	68,060
Capital Leases	83,829	75,845	83,618	102,529
Business-Type Activities				
Bonds	191,142	200,555	210,558	228,392
Certificates of Participation	-	1,040	2,040	3,000
Capital Leases	14,993	12,511	4,066	5,742
Total Primary Government	<u>\$ 1,566,276</u>	<u>\$ 1,443,895</u>	<u>\$ 846,919</u>	<u>\$ 857,336</u>
Percentage of Personal Income	2.94%	2.92%	1.88%	2.01%
Per Capita	\$ 807	\$ 769	\$ 477	\$ 499



Note: Per Capita for 2006 is an estimate

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

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

	Fiscal Year			
	2006	2005	2004	2003
Bonds	\$ 814,443	\$ 678,028	\$ 91,758	\$ 91,758
Less:				
Amounts Available in Debt Service Fund	<u>211,249</u>	<u>61,941</u>	<u>72,798</u>	<u>133,049</u>
Total Net Obligation Bonds Outstanding	<u><u>\$ 603,194</u></u>	<u><u>\$ 616,087</u></u>	<u><u>\$ 18,960</u></u>	<u><u>\$ (41,291)</u></u>
Percentage of Estimated				
Actual Taxable Value of Property	0.22%	0.32%	0.46%	0.44%
Per Capita	\$ 311	\$ 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, 2006
(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	\$ 6,328,657	83.77%	<u>\$ 5,301,286</u>
Subtotal, Overlapping Debt			5,301,286
County of Riverside Direct Debt			<u>1,027,371</u>
Total Direct and Overlapping Debt			<u><u>\$ 6,328,657</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 Four Fiscal Years
(Amounts expressed in thousands)

	Fiscal Year			
	2006	2005	2004	2003
Debt Limit*	\$ 2,125,832	\$ 1,735,525	\$ 1,511,307	\$ 1,353,391
Total Net Debt Applicable to Limit	<u>(603,194)</u>	<u>(616,087)</u>	<u>(635,290)</u>	<u>(620,202)</u>
Legal Debt Margin**	<u>\$ 1,522,638</u>	<u>\$ 1,119,438</u>	<u>\$ 876,017</u>	<u>\$ 733,189</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.0%	35.5%	42.0%	45.8%

Legal Debt Margin Calculated for Fiscal Year 2006

Assessed Value	\$ 167,993,839
Less: Homeowners Exemptions	<u>2,072,688</u>
Total Assessed Value	<u>170,066,527</u>
Debt Limit (1.25% of Total Assessed Value)	<u>2,125,832</u>
Debt Applicable to Limit:	
General Obligation Bonds	814,443
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>211,249</u>
Total Net Debt Applicable to Limit	<u>603,194</u>
Legal Debt Margin	<u>\$ 1,522,638</u>

* Debt limit in the context of the statistical section is the maximum amount of outstanding gross or net debt legally permitted.

** Debt margin in the context of the statistical section is the difference between debt limit and existing debt.

Table 15

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

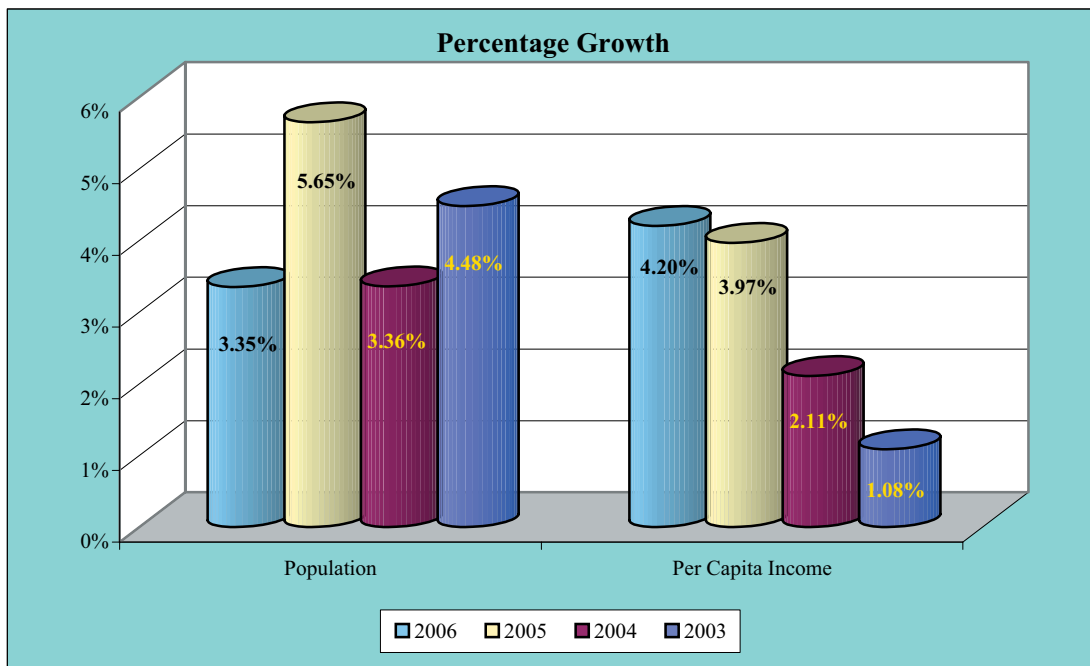
Fiscal Year	Lease Revenue Bonds					Coverage
	Revenue from	Less:	Net	Debt Service		
	Lease Payments	Operating Expenses	Available Revenue	Principal	Interest	
2006	\$ 25,371	\$ 785	\$ 24,586	\$ 11,600	\$ 17,355	0.8491
2005	21,601	676	20,925	11,175	17,551	0.7284
2004	20,715	5,586	15,129	9,490	9,418	0.8001
2003	17,008	1,273	15,735	8,300	11,474	0.7957

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

Source: Auditor-Controller, County of Riverside

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2006	1,939,814	\$53,246,505 ¹	\$27,449 ¹	33 ²	12.2 ²	394,687	5.10%
2005	1,877,000	49,443,185	26,342	33 ²	12.2 ²	380,267	5.20%
2004	1,776,700	45,016,790	25,337	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%



Notes: Projection based on 13 year running average
Median age and education level based on census 2000

Sources: U.S. Department of Commerce
California State Department of Finance
Riverside County Superintendent of Schools
State of California, Employment Development Department
State Department of Commerce and Labor
Riverside County Progressive Report

Table 17

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

	Fiscal Year							
	2006		2005		2004		2003	
	Employees	% of Total County Employment	Employees	% of Total County Employment	Employees	% of Total County Employment	Employees	% of Total County Employment
Employer - Commercial								
Stater Brothers	6,000	0.74%	5,600	0.70%	5,600	0.73%	5,600	0.77%
Pechanga Resort & Casino	4,600	0.57%						
Kaiser Permanente	3,025	0.37%	2,893	0.36%	2,893	0.38%	2,893	0.40%
Guidant Corp.	3,000	0.37%						
Morongo Casino, Resort & Spa	2,500	0.31%						
Fleetwood Enterprises Inc.	2,452	0.30%	2,386	0.30%	2,125	0.28%	2,125	0.29%
Riverside Community Hospital	1,511	0.19%	1,641	0.20%	1,641	0.21%	1,641	0.23%
La Quinta Resort & Club	1,450	0.18%						
Corona Regional Medical Center	1,011	0.12%						
The Press Enterprise Co.	972	0.12%	1,168	0.15%				
Eisenhower Medical Center			1,972	0.25%	1,972	0.26%	1,972	0.27%
Valley Health System			1,756	0.22%	1,756	0.23%	1,756	0.24%
KSL Desert Resorts Inc.			1,600	0.20%	1,600	0.21%	1,600	0.22%
Ralph's Grocery Co.			1,500	0.19%				
Desert Regional Medical Center					1,500	0.19%	1,500	0.21%
Vons					1,500	0.19%	1,500	0.21%
SBC Communications Inc.			1,100	0.14%	1,100	0.14%	1,100	0.15%

Note: Only the top ten employers that provided data to the Business Press annual census are listed for each year.

Source: The Business Press, Riverside, California

Table 17

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

Employer - Public*	Fiscal Year							
	2006		2005		2004		2003	
	Employees	% of Total County Employment	Employees	% of Total County Employment	Employees	% of Total County Employment	Employees	% of Total County Employment
The County of Riverside	18,035	2.22%	16,907	2.11%	17,124	2.22%	16,926	2.33%
University of California Riverside	6,856	0.84%					9,822	1.35%
March Air Reserve Base	3,901	0.48%						
Riverside Unified School District	3,869	0.48%	4,000	0.50%	4,000	0.52%	3,906	0.54%
Temecula Valley USD	2,651	0.33%			2,145	0.28%	1,888	0.26%
Hemet USD	2,473	0.30%					2,000	0.28%
City of Riverside	2,470	0.30%	2,690	0.34%			2,600	0.36%
Riverside Community College	2,356	0.29%	3,350	0.42%	3,350	0.43%	3,350	0.46%
Alvord USD	2,000	0.25%	1,669	0.21%				
Riverside County OoE	2,000	0.25%	1,856	0.23%	1,790	0.23%		
Jurupa USD			1,794	0.22%	1,794	0.23%		
Coachella USD			1,500	0.19%				
Perris Union High School Dist.			542	0.07%				
State Dept. of Transportation			250	0.03%				
Corona-Norco USD					5,000	0.65%	4,800	0.66%
Moreno Valley USD					3,162	0.41%	2,836	0.39%
Desert Sands USD					2,184	0.28%		
Lake Elsinore USD					1,950	0.25%		
Murrieta Valley USD							2,305	0.32%

Note: Only the top ten employers that provided data to the Business Press annual census are listed for each year.

* USD denotes Unified School District and OoE denotes Office of Education

Source: The Business Press, Riverside, California

Table 18

County of Riverside				
Full-time Equivalent County Government Employees by Function/Program				
Last Four Fiscal Years				
Function/Program	Full-time Equivalent Employees			
	2006	2005	2004	2003
General government				
Legislative and Administrative	93	87	92	93
Finance	445	424	445	449
Counsel	58	52	50	50
Personnel	179	160	153	144
Elections	31	34	36	39
Communication	-	-	11	10
Property Management	323	305	312	306
Promotion	142	126	121	110
Other General	-	1	1	1
Public Protection				
Judicial	1,204	1,150	1,213	1,260
Police Protection	2,113	1,926	1,914	1,902
Detention and Correction	1,811	1,748	1,803	1,832
Fire Protection	145	126	135	122
Protection/Inspection	254	233	216	206
Other Protection	523	441	446	419
Administration	39	36	37	35
Public Ways and Facilities				
Public Ways	497	488	491	476
Health and Sanitation				
Health	1,939	1,862	1,901	1,929
Hospital Care	28	30	32	31
California Children's Services	152	143	127	119
Public Assistance				
Aid programs	2,841	2,796	2,744	2,720
Veterans' Services	11	10	10	11
Other Assistance	283	309	338	452
Education, Recreation and Culture				
Library Services	1	1	1	1
Agricultural Extension	5	4	4	5
Cultural Services	2	2	2	-
County Business-Type Functions				
Hospital Care	1,680	1,589	1,526	1,538
Sanitation	158	149	130	94
Internal Service	2,538	2,147	2,305	2,058
Special Districts	540	528	528	514
Total	18,035	16,907	17,124	16,926

Source: County of Riverside

Table 19

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

Function/Program	Fiscal Year			
	2006	2005	2004	2003
Sheriff				
Number of Bookings	56,926	55,375	52,497	49,617
Coroner Case Load	8,943	8,558	7,826	7,772
Calls for Services - Unincorporated Areas	250,000	240,182	219,145	206,122
Fire				
Medical Assistance	86,129	80,484	76,601	70,851
Fires Extinguished	5,060	14,696	14,816	14,714
Other Services	19,035	10,870	10,786	10,689
Communities Served	78	78	78	78
Probation				
Adults on Probation (avg. monthly)	16,051	13,937	13,282	11,618
Juveniles in Secure Detention (avg. daily)	322	310	367	355
Juveniles in Treatment Facilities (avg. daily)	113	98	107	98
Juveniles in Detention Facilities (avg. monthly)	13,218	12,405	14,435	13,708
Waste Management				
Landfill Tonnage	1,423,469	1,328,935	1,231,767	1,148,312
Recycling Tonnage	3,758	2,619	2,850	2,066
County Library				
Total Circulation - books	2,051,276	2,324,539	2,222,575	2,293,424
Reference Questions Answered	454,590	430,226	423,925	461,598
Patrons	2,433,646	2,226,360	1,447,505	1,621,147
Programs Offered	2,353	2,274	3,759	3,588
Program Attendance	84,994	45,605	68,437	61,921
Assessor-Clerk-Recorder				
Assessments	896,998	859,413	831,610	791,348
Official Records Recorded	1,082,688	1,039,166	1,019,271	794,257
Vital Records Copies Issued	82,015	73,379	68,892	70,071
Official Records Copies Issued	35,691	36,480	36,231	33,506
County Regional Medical Center				
Emergency Room Treatments	73,448	68,105	66,411	66,136
Clinic Visits	106,943	109,568	113,171	118,477
Admissions	22,262	21,723	20,587	19,690
Patient Days	105,203	96,820	92,643	91,114
Discharges	22,244	21,741	20,554	19,705
Community Health Agency				
Facilities Inspections	32,000	40,642	38,105	36,546
Patient Visits	123,843	135,539	125,936	123,230
Patient Services	369,041	339,095	376,534	336,909
Animal Impounds	29,206	20,467	21,307	21,661
Spays and Neuters	5,806	2,401	3,080	2,372

Table 19

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

Function/Program	Fiscal Year			
	2006	2005	2004	2003
Public Social Services				
CalWORKs Clients	19,880	20,846	20,296	19,908
Food Stamp Clients	28,749	27,992	24,796	23,026
Medi-Cal Clients	108,887	110,994	105,598	99,332
In-Home Support Services	12,590	12,171	11,314	10,201
Foster Care Placements	5,175	5,088	4,418	4,215
Child Welfare Services	11,639	11,153	9,411	10,467
Community Action Partnership				
Utility Assistance (households)	10,944	11,783	12,846	14,706
Weatherization (households)	801	795	711	857
Energy Education Attendees	10,389	11,508	1,953	37,445 c
Disaster Relief (residents)	8,605	1,514	- b	- b
Income Tax Returns Prepared	2,651	- a	- b	- b
After School Programs (students)	537	51	271	51
Homeless Program (bed nights)	31,328	40,245	30,316	63,703
Homeless Program (meals)	142,578	372,048	170,937	453,238
Leadership Program Enrollment	113	11	- b	- b
Registrar of Voters				
Voting Precincts	976	2,012	1,574	2,087
Polling Places	486	1,090	815	1,136
Voters	934,940	1,481,719	1,302,252	1,335,785
Poll Workers	1,908	4,675	3,306	4,668
Agricultural Commissioner				
Export Phytosanitary Certificates	21,746	20,037	14,692	- b
Pesticide Use Inspections	1,199	1,105	1,366	- b
Weights and Measures Regulated	118,064	112,249	102,780	- b
Agriculture Quality Inspections	541	1,067	1,251	- b
Plant Pest Inspections	4,975	5,933	6,296	- b
Nursery Acreage Inspected	7,382	7,431	5,355	- b

Notes: a & b - Program not yet started / not tracked
c - Number of pamphlets mailed

Phytosanitary = Plant pest cleanliness
Pesticide Use Inspections = Environmental monitoring

Source: County of Riverside

Table 20

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

Function/Program	Fiscal Year			
	2006	2005	2004	2003
Sheriff				
Patrol Stations	10	10	10	10
Patrol Vehicles	598	583	576	550
Fire				
Stations	48	48	48	48
Trucks	135	125	126	117
Waste Management				
Landfills	7	7	8	8
Capacity in Tons	52,392,284	50,948,302	50,872,281	42,712,387
Parks and Recreation				
Regional Parks	13	13	13	13
Historic Sites	6	6	6	6
Nature Centers	5	5	5	5
Archaeological Sites	7	7	7	7
Wildlife Reserves	16	16	16	16
County Libraries				
Branch Libraries	29	29	28	27
Book Mobiles	2	2	2	2
Books in Collection	1,221,744	1,477,670	1,098,082	1,029,424
County Regional Medical Center				
Major Clinics	4	4	4	4
Routine and Specialty Clinics	30	30	30	30
Beds Licensed	439	439	439	439

Source: Various County Departments



(This Page Intentionally Left Blank)