



COUNTY OF RIVERSIDE, CALIFORNIA

COMPREHENSIVE ANNUAL  
**FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2007

ROBERT E. BYRD, CGFM  
COUNTY AUDITOR-CONTROLLER



# **County of Riverside, California**



## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2007**

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



**COUNTY OF RIVERSIDE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**June 30, 2007**

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# INTRODUCTORY SECTION



Photographer  
**RICHARD PAUL**  
“Brother & Sister”

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**OFFICE OF THE  
COUNTY AUDITOR-CONTROLLER**

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**Robert E. Byrd, CGFM**  
AUDITOR-CONTROLLER  
  
**Bruce Kincaid, CPA**  
ASSISTANT AUDITOR-CONTROLLER

December 17, 2007

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, 2007 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 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.

The management's discussion and analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative, overview, and analysis of the basic financial statements. The MD&A was designed to compliment this letter of transmittal and should be read in conjunction with it.

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

The County has ten 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 7,303 square miles and extends nearly 200 miles across Southern California, from the Arizona border west to within 14 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 291,398, Moreno Valley with a population of 180,466, and Corona with a population of 146,164.

Total County population was 2,031,625 on January 1, 2007, an increase of 4.7% as compared to the revised estimate for 2006 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 26.5% of the residents live in the unincorporated area. The County is part of the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA), which includes all of Riverside and San Bernardino Counties. The MSA has large and rapidly expanding construction, professional and business services, and trade, transportation and utilities industries.

Total nonfarm employment in the MSA rose 28.0% from March 2001 to March 2007, while the population increased by 27.8% in the County from January 1, 2001 to January 1, 2007. As of September 2007, unemployment in the MSA was 6.1% (revised on an annual basis by the California Employment Development Department Labor Market Information Division) as compared to 4.5% for the United States.

## **PLANNING AND GROWTH MANAGEMENT**

### **Economic Perspective**

The economy still appears to be good throughout the United States, California and the County. While growth in the United States economy has slowed, the California economic growth rate was stronger than the United States. Locally, given current markets and trends, our economic perspective for the remainder of 2007 or in 2008 is modest. Impacts from reductions in residential construction and sales are being offset by continued growth in non-resident construction. The permit volume in Building and Safety is trending lower and starting to resemble similar declines experienced in the mid-90's. The Assessor expects next year's construction rate to drop 15 percent. Mortgage delinquencies are on the rise. The County's fiscal foundation is strong, but requires careful management.

### **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 Community and Environmental Transportation Acceptability Plan (CETAP), and a Special Area Management 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. The 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.

### **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 December 31, 2008. The transfer of courthouse facilities to the Judicial Council must be completed by December 31, 2008.

The County transfer plan includes the transfer of the court facilities and associated parking. During fiscal year ending June 30, 2007, the Hall of Justice and Banning Court were transferred. In October 2005, the Moreno Valley Court was transferred. Prior to June 30, 2005, the 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. Since that date, a number of Development Agreements have expired. Effective January 1, 2007, the fee, based on an adjusted consumer price index, was \$3,898 and consisted of the following components:

	Development Agreement Fee
Public Facilities	\$ 3,067
Public Services Offset	831
Total	\$ 3,898

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, 2007, the total of unexpended and uncommitted development agreement money available in capital project funds is \$1.1 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, 2007, the total amount of unexpended, uncommitted, interim open space mitigation funds related to Ordinance 810 and 810.1 is about \$425,000.

## **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, 2007, the total of unexpended, uncommitted, development mitigation funds related to Ordinance 659 in capital project funds is about \$276,000.

## **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 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 \$3,598 to \$7,280 per unit. The range for multiple-family residential development impact fees is \$3,039 to \$5,815 per unit. Commercial development impact fees range from \$20,737 to \$34,873 per acre. The range for industrial development impact fees is from \$10,577 to \$17,440 per unit. The range for surface mining development impact fees is from \$4,195 to \$9,197 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. An update of the development impact fees was approved by the Board of Supervisors on September 12, 2006, resulting in an increase of development impact fees effective November 11, 2006. As of June 30, 2007, the total unexpended, uncommitted, development impact fees is about \$68.0 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 County's internal audit staff.

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, 2006, 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. The single audit for fiscal year ending June 30, 2007, 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 \$257.1 million at June 30, 2006 to \$283.1 million at June 30, 2007. 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 fund balance of the County's general fund represents the equivalent of 69 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, 2007 was 1.14 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 56%. 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 \$5.0 billion at June 30, 2007, \$2.8 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 12 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. 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 5.78% 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 general liability, including auto and workers' compensation, and medical malpractice. Medical malpractice utilized a policy that provided annual coverage on a claims-made basis prior to FY 1998-99. 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, and 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 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, 2007, are reported in these funds. Where certain funds have a retained earnings deficit or insufficient reserves, the County has provided a funding plan or the County may elect to increase charges. However, when funding exceeds the approved confidence level, departments are given a rate holiday or a reduced rate charge. Revenues of these internal service funds primarily originate from user charges to departments/agencies/special districts and are intended to cover self-insured claim liabilities, insurance premiums, and operating expenses.

## **OTHER INFORMATION**

### **Independent Audit**

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

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Riverside for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the nineteenth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another 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 staff 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 21<sup>st</sup> 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



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**COUNTY OF RIVERSIDE**

List of Principal Officials  
As of June 30, 2007

**ELECTED OFFICIALS**

Board of Supervisors



**BOB BUSTER**  
First District



**JOHN F. TAVAGLIONE**  
Chairman  
Second District



**ROY WILSON**  
Vice Chairman  
Fourth District



**JEFF STONE**  
Third District



**MARION ASHLEY**  
Fifth District

**COUNTYWIDE ELECTED OFFICIALS**



**ROD PACHECO**  
District Attorney



**BOB DOYLE**  
Sheriff  
Coroner  
Public Guardian



**ROBERT E. BYRD**  
Auditor – Controller



**LARRY WARD**  
Assessor  
County Clerk  
Recorder



**PAUL MCDONNELL**  
Treasurer  
Tax Collector

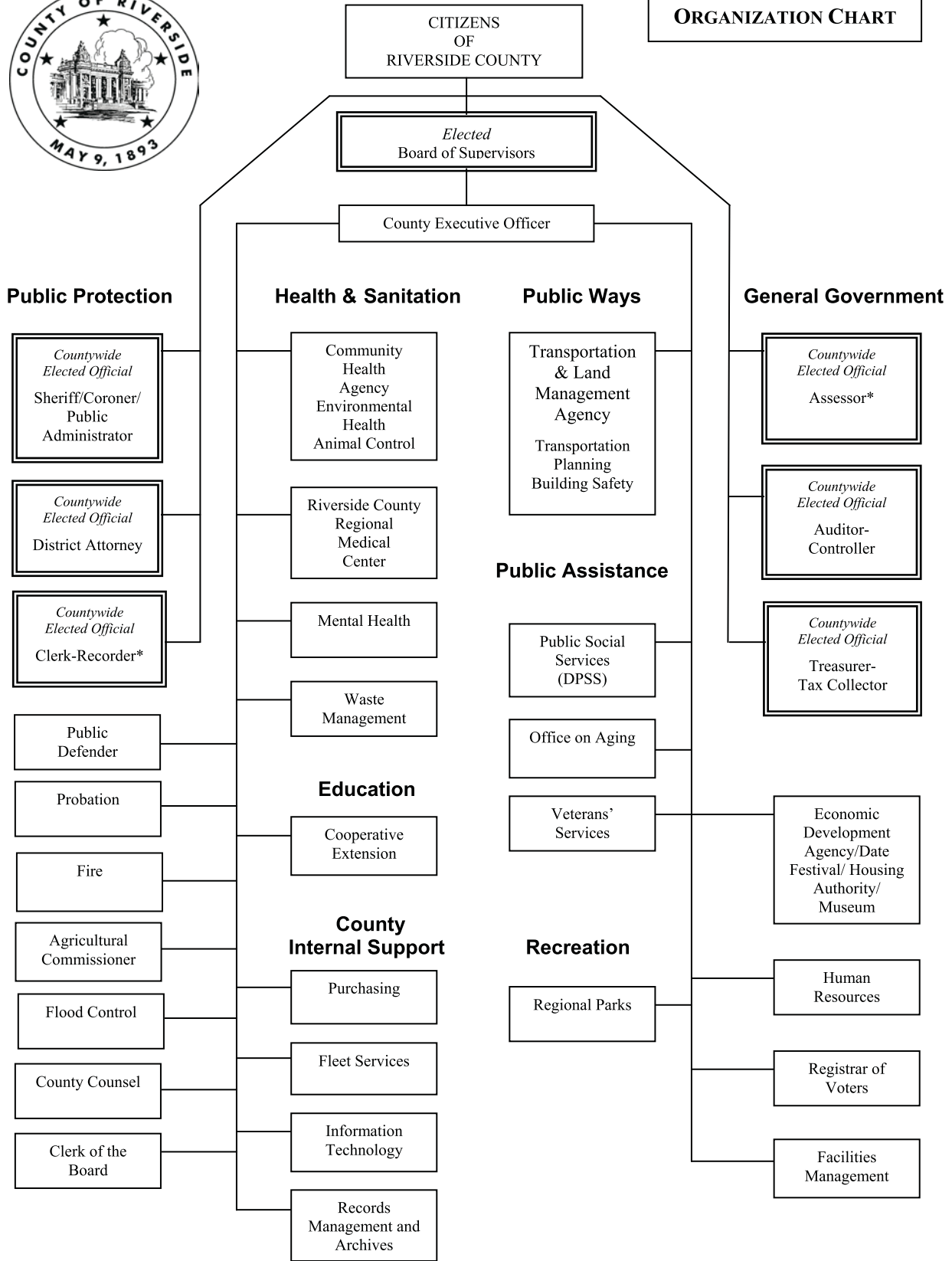
**APPOINTED OFFICIALS**

**LARRY PARRISH**  
County Executive Officer

**JOE S. RANK**  
County Counsel



**COUNTY OF RIVERSIDE  
ORGANIZATION CHART**



\* Assessor/Clerk-Recorder is a single elected position that falls under two functional categories in the County financial statements.

# 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, 2006

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*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director



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# FINANCIAL SECTION



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**INDEPENDENT AUDITORS' REPORT**

Board of Supervisors  
 County of Riverside, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Riverside, California (the County), as of and for the year ended June 30, 2007, 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	28%	9%
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 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2007, 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 14, 2007 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.

Vawrenik, Trine, Day & Co., LLP

Rancho Cucamonga, California  
December 14, 2007

# **Independent Auditor's Report**

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# MANAGEMENT'S DISCUSSION AND ANALYSIS



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FLO RICHARDS  
"Young Dancer – Pow Wow"

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

## Management's Discussion & Analysis (Unaudited)

This section of the County of Riverside's Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2007. 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 Flood Control and Water Conservation District (Flood Control)
- Riverside County Regional Park and Open-Space District
- Riverside County Public Financing Authority (no activity for fiscal year 2006-07)
- 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 fund budgets except for CORAL, District Court Project, and Bankruptcy Court. The budgetary comparison statements have been provided to demonstrate compliance with the budget.

**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:



## Management's Discussion & Analysis (Unaudited)

- *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 current fiscal year, the County's assets of \$5.7 billion exceeded its liabilities of \$2.7 billion, by \$3.0 billion (net assets). Of this amount \$1.5 billion (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors; \$620.1 million (restricted net assets) is restricted by external sources or through enabling legislation for specific purposes and \$956.4 million is invested in capital assets, net of related debt.
- During fiscal year 2006-07, the County's net assets increased by \$363.6 million. Of this amount, \$327.3 million was from governmental activities and \$36.3 million was from business-type activities. Countywide expenses of \$2.9 billion were substantially offset by program revenues of \$2.3 billion leaving an operating deficit of \$558.8 million. The operating deficit was offset by general revenues of \$922.4 million resulting in the increase in net assets.
- As of June 30, 2007, the total fund balances of the governmental funds were \$1.8 billion. This represents an increase of 25.2% or \$352.5 million, in comparison with the prior year. Approximately 16.6% or \$291.3 million of the combined fund balances was available to meet the County's current and future needs (*unreserved-undesignated fund balance*).
- As of June 30, 2007, fund balance for the General Fund was \$571.0 million or 27.6% of the total General Fund expenditures. This amount includes \$88.2 million of reserved fund balance and \$339.8 million of designated fund balance.
- The County's long-term debt showed a net increase of 9.7% or \$188.4 million compared to the prior year. These obligations are bonds payable, capital leases, certificates of participation and loans payable.

## Management's Discussion & Analysis (Unaudited)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**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 \$3.0 billion.

The County's total net assets increased by 13.6%, or \$363.6 million, during fiscal year 2006-07 compared to the prior year's increase of 17.6%, or \$401.7 million. \$327.3 million of the increase in net assets was from governmental activities and \$36.3 million was from business-type activities. For the prior year, \$375.9 million of the increase in net assets was from governmental activities and \$25.8 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 31.4%, or \$956.4 million, of the County's total net assets for fiscal year 2006-07 compared to 36.3%, or \$971.8 million, for fiscal year 2005-06. 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 20.4%, or \$620.1 million of the County's total net assets for fiscal year 2006-07 compared to 23.3% or \$623.3 million for fiscal year 2005-06. This component of net assets represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net assets** account for 48.3%, or \$1.5 billion of the County's total net assets for fiscal year 2006-07 compared to 40.5%, or \$1.1 billion, for fiscal year 2005-06. 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 2006-07, \$1.4 billion is from governmental activities and \$100.6 million is for business-type activities compared to \$1.0 billion for governmental activities and \$86.0 million for business-type activities for the prior year.

The table below provides summarized data from the Statement of Net Assets of the County for June 30, 2007 as compared to the prior year:

#### Statement of Net Assets As of June 30 (in thousands)

	Governmental Activities		Business-type Activities		Total		%
	2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 2,925,165	\$ 2,454,916	\$ 314,998	\$ 279,401	\$ 3,240,163	\$ 2,734,317	18%
Capital assets	2,201,178	2,060,660	257,095	249,474	2,458,273	2,310,134	6%
Total assets	5,126,343	4,515,576	572,093	528,875	5,698,436	5,044,451	13%
Other liabilities	480,284	387,261	40,840	34,589	521,124	421,850	24%
Long-term liabilities	1,803,156	1,615,486	326,736	326,042	2,129,892	1,941,528	10%
Total liabilities	2,283,440	2,002,747	367,576	360,631	2,651,016	2,363,378	12%
Net assets:							
Invested in capital assets, net of related debt	903,076	930,800	53,321	40,986	956,397	971,786	-2%
Restricted	569,477	582,037	50,629	41,287	620,106	623,324	-1%
Unrestricted	1,370,350	999,992	100,567	85,971	1,470,917	1,085,963	35%
Total net assets	\$ 2,842,903	\$ 2,512,829	\$ 204,517	\$ 168,244	\$ 3,047,420	\$ 2,681,073	14%

## Management's Discussion & Analysis (Unaudited)

### 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 2006-07 with a total of \$1.2 billion being earned. Public Assistance received 56.0% of the governmental activity funding for fiscal year 2006-07 compared to 54.7% of the governmental activity funding from this source in the prior year. Public Protection received 20.8% of the governmental activity funding for fiscal year 2006-07, compared with 23.4% for fiscal year 2005-06.
- A total of \$609.2 million was earned as governmental activity charges for services compared to \$558.7 million for fiscal year 2005-06. 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 50.4% of this revenue source, compared to 51.3% from the prior year. General government generated 28.1% compared to 31.3% for prior year.
- Capital Grants and Contributions resulted in the least amount of program revenue from governmental activities with \$48.2 million earned for fiscal year 2006-07 compared to \$31.0 million earned for fiscal year 2005-06. This revenue category accounts for grants and contributions received for the restricted use of capital acquisition. In fiscal year 2006-07, 96.9% of the revenue, or \$46.7 million, as compared to 96.8%, or \$30.0 million, for fiscal year 2005-06, was received for public ways and facilities programs and is primarily related to the construction and acquisition of infrastructure capital assets.
- General revenue related to governmental activities primarily consists of taxes, other revenues, and investment earnings. Property tax revenue is the largest governmental activities general revenue with \$462.8 million earned during the year, an increase of 16.8% or \$66.7 million, as compared to the \$396.2 million earned in fiscal year 2005-06. 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 11.6% from \$220.2 million in fiscal year 2005-06 to \$245.7 million in fiscal year 2006-07.

Expenses: Total program expenses for governmental activities were \$2.4 billion for the current fiscal year as compared to \$2.2 billion for the prior fiscal year, an increase of 10.7% or \$234.8 million. 38.4%, or \$935.6 million of total governmental activities expenses were for Public Protection; 28.3% or \$688.2 million for Public Assistance; 14.4% or \$350.1 million for Health and Sanitation and 12.2% or \$296.9 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%, \$475.6 million, of business-type activities program revenue was received from charges for services, a percentage consistent with the prior fiscal year. The majority of this revenue, \$337.9 million, was received by RMC as compared to \$330.1 million for the prior fiscal year.

Expenses: Total expenses for business-type activities were \$466.7 million for the fiscal year compared to \$426.3 million for the prior fiscal year. This represents an increase of 9.5% or \$40.4 million. 70.5%, or \$329.1 million, of total expenses were incurred by RMC compared to 68.3%, or \$291.0 million, for the prior fiscal year. In addition, expenses for the Housing Authority were 15.1% of total expenses for business-type activities or \$70.2 million compared to 14.8% or \$63.0 million for the prior fiscal year; Waste Management Department was 13.0% or \$60.8 million compared to 15.6% or \$66.5 million the prior fiscal 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 information from the Statement of Activities of the County for the fiscal year 2006-07, as compared to the prior year:

<b>STATEMENT OF ACTIVITIES</b>							
<b>For the Fiscal Year Ended June 30</b>							
<b>(In thousands)</b>							
	Governmental Activities		Business-type Activities		Total		
	2007	2006	2007	2006	2007	2006	Variance (%)
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 609,195	\$ 575,071	\$ 475,611	\$ 465,391	\$ 1,084,806	\$ 1,040,462	4%
Operating grants and	1,210,941	1,100,674	-	-	1,210,941	1,100,674	10%
Capital grants and contributions	48,186	31,001	261	227	48,447	31,228	55%
General revenues:							
Property taxes	462,817	396,167	-	-	462,817	396,167	17%
Sales and use taxes	51,093	44,286	-	-	51,093	44,286	15%
Other taxes	16,865	15,603	-	-	16,865	15,603	8%
Motor vehicle in-lieu taxes	245,723	220,190	-	-	245,723	220,190	12%
Investment earnings	122,517	78,288	10,198	6,381	132,715	84,669	57%
Other	13,191	96,265	-	-	13,191	96,265	-86%
<b>Total revenues</b>	<b>2,780,528</b>	<b>2,557,545</b>	<b>486,070</b>	<b>471,999</b>	<b>3,266,598</b>	<b>3,029,544</b>	<b>8%</b>
<b>Expenses:</b>							
General government	296,917	259,993	-	-	296,917	259,993	14%
Public protection	935,550	801,044	-	-	935,550	801,044	17%
Public ways and facilities	57,578	61,443	-	-	57,578	61,443	-6%
Health and sanitation	350,082	350,451	-	-	350,082	350,451	0%
Public assistance	688,213	634,522	-	-	688,213	634,522	8%
Education	14,847	11,168	-	-	14,847	11,168	33%
Recreation and culture	11,941	7,188	-	-	11,941	7,188	66%
Interest on long-term debt	81,197	75,721	-	-	81,197	75,721	7%
Regional Medical Center	-	-	329,128	290,962	329,128	290,962	13%
Waste Management Department	-	-	60,772	66,453	60,772	66,453	-9%
Housing Authority	-	-	70,218	62,909	70,218	62,909	12%
Flood Control	-	-	6,242	5,705	6,242	5,705	9%
County Service Areas	-	-	329	285	329	285	15%
<b>Total expenses</b>	<b>2,436,325</b>	<b>2,201,530</b>	<b>466,689</b>	<b>426,314</b>	<b>2,903,014</b>	<b>2,627,844</b>	<b>10%</b>
Excess (deficiency) before							
Transfers	344,203	356,015	19,381	45,685	363,584	401,700	-9%
Transfers in (out)	(16,892)	19,888	16,892	(19,888)	-	-	0%
<b>Change in net assets</b>	<b>327,311</b>	<b>375,903</b>	<b>36,273</b>	<b>25,797</b>	<b>363,584</b>	<b>401,700</b>	<b>-9%</b>
<b>Net Assets, Beginning of Year, as Restated</b>							
	2,515,592	2,136,926	168,244	142,447	2,683,836	2,279,373	18%
<b>Net Assets, End of Year</b>	<b>\$ 2,842,903</b>	<b>\$ 2,512,829</b>	<b>\$ 204,517</b>	<b>\$ 168,244</b>	<b>\$ 3,047,420</b>	<b>\$ 2,681,073</b>	<b>14%</b>

## 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, 2007, the County's governmental funds reported combined fund balances of \$1.8 billion, an increase of \$352.5 million, in comparison with the prior year. Of this total amount, \$946.6 million constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance, \$806.4 million is *reserved* to indicate that it is *not* available for new spending because it has been committed to:

- Specific County program: \$86.1 million
- Outstanding debt service: \$44.8 million
- Liquidation of current contractual commitments: \$539.3 million
- Other smaller restrictions: \$136.2 million

Total governmental fund revenue increased by 11.8% or \$301.2 million from the prior fiscal year with \$2.9 billion being earned for the fiscal year-ended June 30, 2007. Expenditures increased by 11.6% or \$281.2 million, from the prior fiscal year with \$2.7 billion being expended for governmental functions during fiscal year 2006-07, compared to \$2.4 billion for the prior fiscal year. Therefore, governmental fund balance increased by 25.1% or \$352.5 million. In comparison, fiscal year 2005-06 had an increase in governmental fund balance of 28.8% or \$313.3 million, over fiscal year 2004-05.

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 \$482.7 million, compared to \$346.5 million for the prior fiscal year, while total fund balance was \$571.0 million for the current year and \$446.9 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 23.4% of the total General Fund expenditure of \$2.1 billion for the current year as compared to 18.3% of the prior year total of \$1.9 billion. The total fund balance of the General Fund for the current year is 27.6% of the total General Fund expenditure as compared to 23.6% for the prior year.

Teeter Debt Service fund taxes receivable balance increased from \$21.9 million in the prior fiscal year to \$37.0 million in the current fiscal year due to higher actual buyout in fiscal year 2006-07. Teeter notes payable increased in the current fiscal year to \$86.2 million compared to \$58.4 million in fiscal year 2005-06 due to increase in actual borrowing based on delinquency property tax analysis. 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 \$223.0 million to \$256.3 million, 15.0%, or \$33.4 million. The change resulted from increase in other revenue, \$35.0 million due to increase in property values over the base year assessed values, increase in interest revenue, \$11.7 million, decrease in charges for services, \$36.5 million due to slower development and project services, and transfers in, \$67.1million. This was offset by increases in general government expenditures of \$82.4 million and transfers out, \$34.6 million.

Redevelopment Capital Projects fund had a \$177.9 million increase in fund balance. The increase resulted from the sale of bonds for \$199.3 million, increases in interest revenue of \$13.0 million due to higher tax increment, charges for services, \$2.2 million, and other revenue of \$2.5 million. This was offset by expenditures for general government in the amount of \$40.6 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.

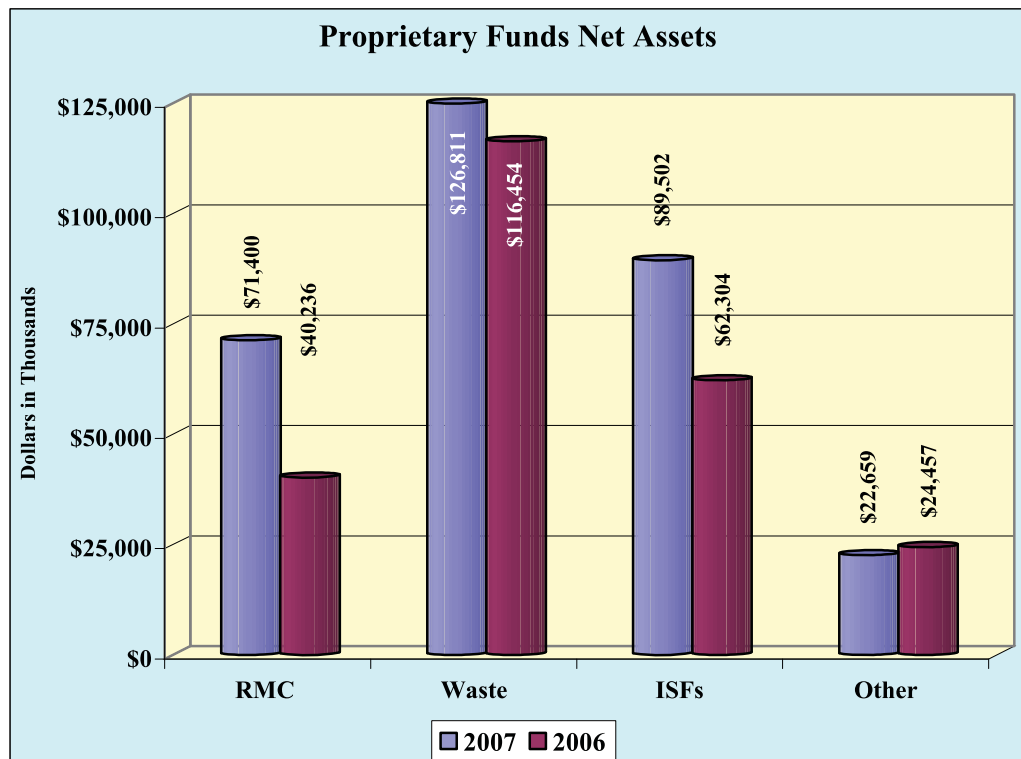
At the end of the fiscal year, total proprietary fund net assets were \$310.4 million, compared to \$243.5 million for prior fiscal year. Total proprietary fund net assets increased 27.5% or \$66.9 million, compared to a 31.2% or \$57.9 million increase for the prior fiscal year.

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

- Riverside County Regional Medical Center: \$64.9 million
- Waste Management: \$42.2 million
- Other enterprise fund activities: \$9.8 million
- Internal service fund activities: \$71.2 million

RMC's net assets increased from \$40.2 million to \$71.4 million, 77.5%, or \$31.2 million. The change resulted from a 10% increase in patient volume along with one time additional revenues in various third parties programs. The major increases over last year were the Medi-Cal FFS and Waiver Program, \$10.0 million, Private Insurance Payors, \$3.0 million, California Department of Corrections, \$4.0 million, Medicare Cost Report Settlements, \$3.0 million, Section 1011, \$3.0 million, and SB 1732 (Medi-Cal Capital Construction Fund), \$7.0 million.

Waste Management's net assets increased from \$116.5 million to \$126.8 million, 8.9%, or \$10.4 million. The change resulted from a decrease in closure/post-closure expenses, \$10.6 million.



## Management's Discussion & Analysis (Unaudited)

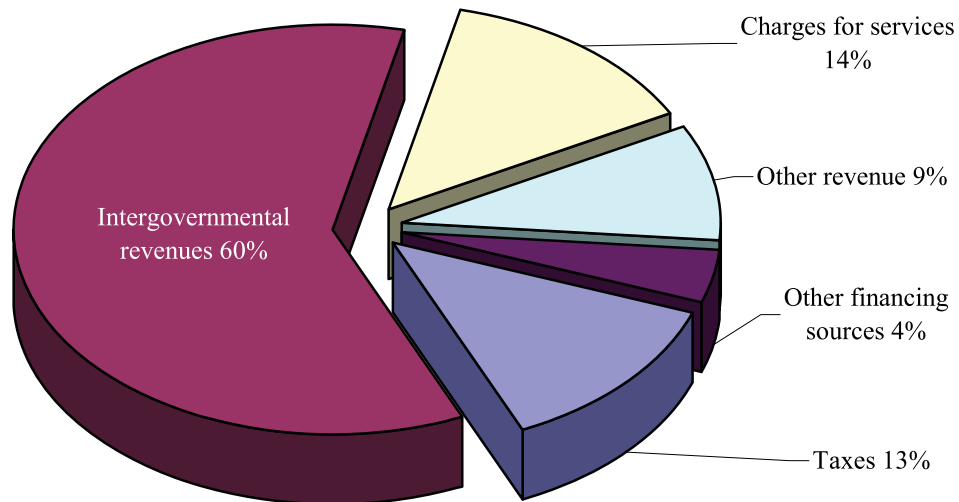
### GENERAL FUND FINANCIAL ANALYSIS

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 2006-07	Percent of Total	Fiscal Year 2005-06	Percent of Total
Taxes	\$ 301,575	13%	\$ 273,493	13%
Intergovernmental revenues	1,405,699	60%	1,249,537	59%
Charges for services	319,198	14%	326,066	15%
Other revenue	211,460	9%	144,767	8%
Other financing sources	98,260	4%	111,711	5%
<b>Total</b>	<b>\$ 2,336,192</b>	<b>100%</b>	<b>\$ 2,105,574</b>	<b>100%</b>

The increase in tax revenue was attributable to collections on penalties and interest on delinquent property taxes tied to all teeter plan participants. This revenue is seasonal, dependent upon economical conditions, and will likely continue into fiscal year 2007-08. The increase in tax revenue is also due to the 22.47% increase in the assessed values of property. The increase in intergovernmental revenue was primarily attributable to growth in public safety sales tax and vehicle license fee revenue from the State, an increase in realignment revenue due to economic growth, and growth in reimbursement based programs. The overall decrease in charges for services was primarily the result of decreased revenue from building permit, recording, and modernization fees due to the real estate market slow down.

COUNTY OF RIVERSIDE  
General Fund Revenues and Other Financing Sources  
For The Year Ended June 30, 2007

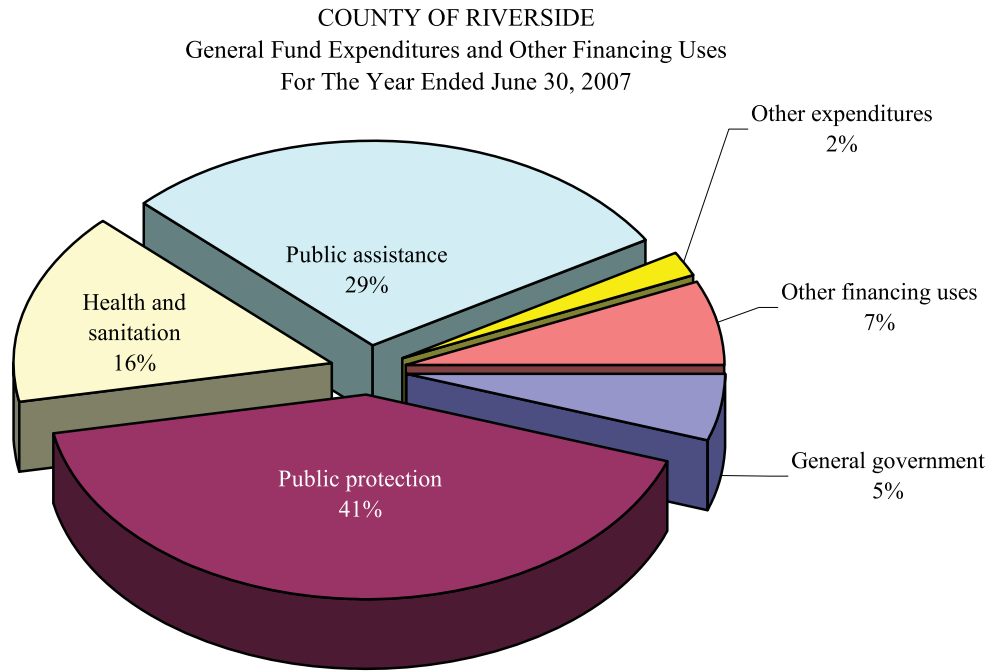


## Management's Discussion & Analysis (Unaudited)

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</u> <u>2006-07</u>	<u>Percent of</u> <u>Total</u>	<u>Fiscal Year</u> <u>2005-06</u>	<u>Percent of</u> <u>Total</u>
General government	\$ 119,365	5%	\$ 123,716	6%
Public protection	916,524	41%	798,035	40%
Health and sanitation	341,467	16%	337,139	18%
Public assistance	644,912	29%	588,928	29%
Other expenditures	43,664	2%	45,987	2%
Other financing uses	146,214	7%	104,172	5%
<b>Total</b>	<b>\$ 2,212,146</b>	<b>100%</b>	<b>\$ 1,997,977</b>	<b>100%</b>

The decrease of expenditures in general government was attributable to CORAL rent and COWCAP expenditures decreasing due to the charges being distributed to more departments outside of the general government and the installment payments for the new Edge II voting equipment were paid for in fiscal year 2005-06. The increase of expenditures in public protection was attributable to additional staffing, increases in salaries and benefits, and the conversion of fire stations to medic stations which were all needed to more efficiently serve the public. The increase of expenditures in health and sanitation was attributable to additional staffing in Mental Health and Public Health departments, increases in administrative cost and TAP services, and increases in computer software and hardware purchases. The increase in public assistance was attributable to caseload growth of reimbursable programs in categorical assistance, increases in salaries and benefits, and increases in COWCAP charges, costs of the new C-IV Statewide Welfare System, computer/equipment upgrades, contractual leases, and service contracts.





## 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 4.5%, or \$104.4 million, from \$2.3 billion to the final amended revenue budget of \$2.4 billion. The increase represents \$38.0 million from taxes, \$5.2 million from fines, forfeitures and penalties, \$1.4 million from use of money and property, \$99.5 million from aid from other governmental agencies, and \$17.4 million from other revenue. Revenue from charges for current services had a decrease of \$57.0 million offsetting other revenue increases.

Taxes: The budget for property tax had a net increase of \$38.0 million, or 13.0%, which primarily consisted of a \$22.6 million increase in current secured property taxes, a \$16.7 million increase in teeter overflow, a \$3.0 million increase in supplemental property tax, and a \$4.3 million decrease in documentary transfer taxes.

Fines, Forfeitures and Penalties: The budget for fines, forfeitures, and penalties had a net increase of \$5.2 million, or 10.7%, primarily due to an increase in AB233 Realignment revenue for trial court funding.

Use of Money and Property: The budget for interest revenue had a net increase of \$1.4 million, or 2.7%, from invested funds. This revenue is based on economist estimates of Federal Reserve activity, the forecasted level of interest rates, and ending balances of the General Fund and its share of pool interest earnings. The original budgeted amount of \$51.8 million was raised by \$1.4 million in May 2007 resulting in a final amended budget of \$53.5 million.

Aid Received from Other Governmental Agencies: Aid received from other governmental agencies increased by \$99.5 million, or 7.9%, and consisted of the following: Federal aid increased by \$26.3 million and State aid increased by \$73.0 million. Increases in Federal aid were the result of Probation having an increase of \$9.8 million for the Temporary Assistance to Needy Families (TANF) program and an increase of \$1.0 million for the National School Lunch program. Mental Health had an increase of \$4.8 million due to the Mental Health Services Act (MHSA) agreement. Federal Grant Revenue increased for the Department of Health by \$3.4 million, the Department of Public Social Services by \$3.3 million, the Fire Department by \$2.0 million, and the Sheriff by \$1.5 million. Increases in State aid were primarily the result of an increase from the Department of Public Social Services by \$27.4 million, Mental Health by \$26.0 million related to the Mental Health Services Act (MHSA), \$9.8 million due to SB90 revenue, and an increase in motor-vehicle tax of \$8.5 million.

Charges for Current Services: The budget for charges for services had a net decrease of \$57.0 million, or 12.8%. The Sheriff's Department had an increase of \$5.6 million mainly due to contract city revenue, the Assessor's Department increased \$5.4 million, the Fire Department increased by \$3.3 million and Facilities Management Department increased by \$3.4 million. The Health Department increased revenue for SB 12 or the School Nutrition Standards by \$3.0 million while Registrar of Voters increased by \$1.5 million. This was all offset by \$72.7 million to account for the allocation related to the increase of intergovernmental activities.

Other Revenue: The increase in other revenue of \$17.4 million, or 12.3%, was primarily the result of an increase in contractual revenue from Redevelopment of \$21.8 million and from the Auditor-Controller of \$7.0 million for secured tax revenue. This was offset by a decrease of \$16.6 million for the allocation related to the increase of intergovernmental activities.

##### Expenditure Appropriation Variances

The original general fund appropriation budget increased by \$30.3 million, or 1.3%, from \$2.31 billion to the final amended appropriation budget of \$2.34 billion. The significant appropriation changes were an increase of \$30.0 million from public protection, an increase of \$40.7 million from health and sanitation, and an increase of \$5.0

## Management's Discussion & Analysis (Unaudited)

million from public assistance. Increases were offset by a decrease of \$44.9 million from general government. The major appropriation variances are described below.

**General Government:** The appropriation budget decreased by \$44.9 million, or 17.9%, from the original budget of \$250.7 million to \$205.8 million. The following describe the significant factors for the variances:

- Salaries and employee benefits decreased by \$4.2 million, or 4.3%, mainly due to the Assessor and Facilities Management. By year-end both departments had vacant budgeted positions therefore cost savings were reclassified to fund increases in operational expenditures. The Assessor decreased budget by \$1.5 million and Facilities decreased budget by \$1.3 million.
- Services and supplies increased by \$19.1 million, or 21.0%, mainly due to Facilities and the Registrar of Voters. Several appropriation transfers totaling \$3.7 million in Facilities were done throughout the year to anticipate higher operational expenditures. Facilities also increased budget by \$2.0 million due to the addition of 23 new leases to accommodate the need for additional space for County departments. In addition, Facilities increased budget by \$3.4 million for anticipated expenditures in consulting, land survey costs, geological contracts, and utility costs. The Registrar of Voters increased budget to cover a \$2.3 million payment for replacement of voting equipment. The Registrar also required a \$0.4 million increase in temporary help and election officers for the increase in precincts.
- Other charges decreased by \$54.0 million, or 49.5%. This was a result of an increase of \$11.4 million to Contribution to non-county agencies, a \$5.4 million increase from the Assessor and an offset of \$70.3 million decrease related to allocation of intergovernmental activities.
- Intrafund transfers increased by \$12.1 million, or 15.0%, mainly due to a Human Resources transfer of \$7.5 million to adjust the collection of estimated revenue.
- Appropriation for contingencies increased by \$4.9 million, or 15.3%, due to the Board of Supervisors, based on Executive Office recommendations, authorizing an increase in appropriations to offset potential liabilities.

**Public Protection:** The appropriation budget increased by \$30.0 million, or 3.2%, from the original budget of \$947.7 million to \$977.7 million. The increase was a result of a \$22.7 million increase from services and supplies, a \$5.5 million increase from capital assets, and a \$3.7 million increase from other charges. The increases were offset by \$1.6 million from salaries and employee benefits. The following describe the significant factors for the variances:

- Salaries and employee benefits decreased by \$1.6 million, or 0.3%, mainly due to Probation, the Fire Department, and Code Enforcement. Probation's final budget was based on 433 authorized positions. However, at year end, Probation only had 383 filled positions, or a 12% vacancy rate. Therefore, appropriation transfers worth \$1.7 million were made to cover expenditures for services and supplies. The Fire department had difficulty recruiting planning and engineering personnel. Anticipated savings of \$1.4 million were transferred to cover services and supplies expenditures in the State contract. Code Enforcement had an increase of \$1.6 million by adding 38 positions to increase code enforcement levels.
- Services and supplies increased by \$22.7 million, or 7.7%, mainly due to the Fire department, Sheriff, Code Enforcement, and Probation. The Fire department added 14 State personnel and other State costs which increased budget by \$2.6 million. Also, to cover the Lawson Dump Fire costs, the Fire department increased budget by \$1.8 million. Other grants increased the Fire department budget by \$1.5 million. The Sheriff budget increased by \$5.9 million as a result of additions to city contract patrol services for \$1.9 million, a records management system upgrade for \$1.6 million, a Taser purchase also for \$1.6 million, and \$0.8 million due to an increase in motor vehicle maintenance, lodging, and radio systems. Code Enforcement increased by \$2.9 million due to expanded supply costs, facilities, and special program expenses for 38 new positions including the illegal dump strike team. Probation increased by \$1.1 million due to the replacement of all computers in the department which was paid by the Temporary Assistance to Needy Families (TANF) block grant.
- Other charges increased by \$3.7 million, or 6.8%, mainly due to Code Enforcement and County Clerk-Recorder. Code Enforcement increased by \$2.1 million in order to support 38 new positions and a new litter removal program. County Clerk-Recorder increased by \$1.9 million due to the Box Springs project receiving construction bids that came in higher than expected. In addition, Facilities anticipated other attached costs for County Clerk-Recorder which would exceed original amounts.

## Management's Discussion & Analysis (Unaudited)

- Capital assets increased by \$5.5 million, or 81.3%, mainly due to the Sheriff receiving \$1.3 million worth of contract additions to communications equipment and receiving \$1.2 million in Cal-METT grant funded equipment.

Health and Sanitation: The appropriation budget increased \$40.7 million, or 10.7%, from \$381.2 million to \$421.8 million. The increase was a result of increases of \$2.0 million in salaries and employee benefits, \$22.3 million from services and supplies, \$15.8 million from other charges, and \$1.3 million from capital assets. The majority of these increases were due to an increase in positions and services for Mental Health in conjunction with the Mental Health Services Act (MHSA).

Public Assistance: The appropriation budget increased by \$5.0 million, or 0.8%, from the original budget of \$663.0 million to \$668.0 million. The increase was mainly a result of an \$11.7 million increase in services and supplies and a decrease of \$7.4 million in salaries and employee benefits. The following describe the significant factors for the variances:

- To fully expend Federal and State allocations during the fiscal year, the Department of Public Social Services had salary and benefit savings of \$7.4 million transferred to supplies and services. The Department of Public Social Services also received additional funding to support various programs and projects including: Foster Child supplies, improvements to Cathedral City Self-Sufficiency facility, small equipment purchases for TAMD, APS, and CWS, information technology office remodeling, new equipment and building modifications for customer service initiative, and infrastructure improvements to CWS case management system.

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

During the year, the General Fund had a positive budget variance of approximately \$114.4 million resulting from unexpended appropriations of \$275.8 million or 11.8% and overestimated revenue of \$161.3 million or 6.7%. The following contributed to the variance:

#### Expenditure Variances

General fund actual expenditures of \$2.1 billion were 11.8%, or \$275.8 million, less than the final amended appropriation budget of \$2.3 billion. General government, public protection, health and sanitation, and public assistance were the four most significant factors attributing to the unexpended appropriations as follows:

General Government: Actual expenditures of \$119.4 million were less than the final amended budget of \$205.8 million by \$86.4 million or 42.0%. The most significant factors were due to a decrease in other charges of \$42.9 million or 77.9% and a decrease in appropriations for contingencies of \$37.0 million or 100%. Services and supplies were less than budget by \$7.8 million or 7.1% and salaries and employee benefits were less by \$3.6 million or 3.8%.

- Salaries and employee benefits were \$3.6 million or 3.8% less than budgeted due to the Assessor, the Treasurer-Tax Collector, and County Counsel showing savings. The Assessor had savings of \$1.0 million mainly attributed from information technology positions' skills pay. The Treasurer-Tax Collector had savings of \$0.7 million because of 16 vacant budgeted positions. County Counsel had a \$0.6 million savings due to 5 vacant budgeted code enforcement positions.
- Services and supplies were \$7.8 million or 7.1% less due to the Assessor and the Executive Office. The Assessor had savings of \$2.4 million because of a decrease in demand in information technology supplies and in building maintenance and other professional services. The Executive Office had a savings of \$1.5 million due to a construction contract with the City of Temecula that was budgeted but not completed by year end and less communication equipment having to be replaced during this fiscal year.
- Other charges were \$42.9 million or 77.9% less than budgeted due to the allocations related to the increase in intergovernmental activities.
- Appropriations for Contingencies are budgeted by the Board of Supervisors based on Executive Office recommendations for potential liabilities from general fund appropriations. The \$37.0 million or 100%

## Management's Discussion & Analysis (Unaudited)

variance is due to expenditures not being reflected in the budget; instead, appropriations are reduced and increased in the department where they are needed.

**Public Protection:** Actual expenditures of \$916.5 million were less than the final amended budget of \$977.7 million by \$61.2 million or 6.3%. The most significant factors were due to a decrease in other charges of \$22.4 million or 39.0%, a decrease in services and supplies of \$19.6 million or 6.1%, a decrease in salaries and employee benefits of \$13.9 million or 2.3%, and a decrease in capital assets of \$5.5 million or 44.7%.

- Salaries and employee benefits were \$13.9 million or 2.3% less than budgeted due to Building and Safety, County Clerk-Recorder, and the Department of Child Support Services. The Building and Safety Department was \$4.1 million less due to unfilled positions. The County Clerk-Recorder was \$2.3 million less due to a slow down in recording fees. The Department of Child Support Services was \$1.2 million less due to the difficulty in hiring experienced staff that are trained in child support activities and a number of employees who retired in the current year.
- Services and supplies were \$19.6 million or 6.1% less than budgeted due to the County Clerk-Recorder, Fire Protection, the Sheriff and Planning Departments. The County Clerk-Recorder was \$7.10 million less than budgeted. From the \$7.1 million, \$4.6 was budgeted for software maintenance and professional service projects but expenditures were deferred to next fiscal year due to the slow down in recording fees. The remaining \$2.5 million budgeted for organizational restructure was not utilized. Fire Protection had a savings of \$2.6 due to contracts with other cities and agencies. The Sheriff had a \$3.6 million savings due the upgrade of a records management system project for \$2.0 million which will be completed in the next fiscal year and a \$1.6 million savings from safety-security supplies. The Planning Department had a \$1.9 million savings due to a decrease in contractor services.
- Other charges were \$22.4 million less than budgeted with the largest variance due to the County Clerk-Recorder Department. The Department had originally budgeted to lease a facility but it did not occur.
- Capital assets were \$5.5 million less than budgeted with a majority of the highest variance from Sheriff-Patrol Department. The department had an increased in budget due to additions in city contracts and the Cal-METT Grant money not fully spent in fiscal year 2006-07.

**Health and Sanitation:** Actual expenditures of \$341.5 million were less than the final amended budget of \$421.8 million by approximately 19.1%, or \$80.4 million. The most significant factors were due to a decrease in other charges of \$56.2 million, a decrease in salaries and employee benefits of \$17.7 million, a decrease in services and supplies of \$10.0 million, and a decrease in capital assets of \$5.4 million. A majority of these changes were from Mental Health and the implementation of the Mental Health Services Act (MHSA). Public Health had an \$8.5 million savings in services and supplies as a result deferring equipment installation, software purchases and the expansion of the Bio-Terrorism program to fiscal year 2007-08.

**Public Assistance:** Actual expenditures of \$644.9 million were less than the final amended budget of \$668.1 million by approximately 3.5%, or \$23.1 million. The most significant factors were due to a decrease in other charges of \$8.9 million or 2.3%, a decrease in salaries and employee benefits of \$8.3 million or 4.1%, and a decrease in services and supplies of \$9.8 million or 10.9%, and an offset of intergovernmental activities of \$3.9 million or 23.6%.

- Salaries and employee benefits were \$8.3 million or 4.1% less than budgeted primarily due to the Department of Public Social Services Administration having \$8.2 million savings from vacant budgeted positions.
- Services and supplies were \$9.8 million or 10.9% less than budgeted primarily due to the Department of Public Social Services who cancelled or postponed facilities projects allowing a \$6.7 million savings and fleet purchases of \$1.8 million were also delayed until the first quarter of fiscal year 2007-08.
- Other charges were \$8.9 million or 2.3% less than budgeted primarily due to the Department of Public Social Services. They experienced a decrease in services for kids in group home and youth offenders requiring services.

## Management's Discussion & Analysis (Unaudited)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

As of June 30, 2007, the County's capital assets for both its governmental and business-type activities amounted to \$2.5 billion (net of accumulated depreciation). The capital assets include land and easements, land improvements, construction in progress, and infrastructure. The County's infrastructure consists of channels, storm drains, levees, basins, roads, traffic signals, bridges, runways, parks, park trails, and landfill liners. The County's capital assets increased by 6.41% or \$148.0 million, from \$2.3 billion in fiscal year 2005-06 to \$2.5 billion in fiscal year 2006-07.

The increase of the County's capital assets was primarily due to construction in progress projects. Construction in progress rose from \$213.4 million in fiscal year 2005-06 to \$356.1 million in fiscal year 2006-07, a 67.0% increase. The 2007 balance includes additions of \$161.5 million, retirements of \$3.3 million, and transferred or completed projects of \$15.5 million. Land and Easement increased by 3.8% as a result of donated land to the Flood Department.

In fiscal year 2006-07, new major projects budgeted for construction and design initiated include the following: construction of the new HUB Jail in Banning was budgeted at \$300 million, the expansion of the Smith Correctional Facility for \$40 million, \$30 million for the Fire and Emergency Operations Center (EOC) Headquarters, \$19 million in additions to the Community Health Administrative Building, a new Wildomar Community Animal Shelter for \$15 million, and a Facility Management Headquarters building for \$4 million in Riverside on Franklin Street. The Riverside Community Regional Medical Center budgeted \$3.6 million for remodeling and expansion, a new Indio Maintenance Facility budgeted \$3.0 million, and the Glen Oaks Fire Station budgeted \$2.5 million for design and construction. A new runway was budgeted for the Jacqueline Cochran Regional Airport with an amount of \$1.9 million.

#### Construction in Progress

##### Additions to Construction in Progress for Fiscal Year 2006-07:

- In fiscal year 2006-07, additions in the amount of \$161.5 million consist of costs related to existing projects for \$142.3 million and new projects for \$13.7 million.

Existing project costs of \$142.3 million include the following:

- Road, bridge and signal infrastructures additions were \$56.2 million.
- Facilities Department incurred \$40.2 million of costs for projects involving the Perris Patrol Station, the Historic Courthouse renovation, and the Nuevo, Cabazon, Lake Perris, and Sun City fire stations.
- The Economic Development Agency incurred \$14.7 million in costs related projects such as the Rubidoux Youth Center and the Rubidoux Health Clinic.
- Waste Management incurred \$12.9 million for the Lamb Canyon Liner in preparation for the expansion of the landfill.
- Parks additions amount to \$10.9 million. There are 41 active County District Park projects. These projects are part of the expansion of public recreation and natural resources.
- Flood incurred \$4.0 million related to Stetson Avenue Channel.
- The Riverside Community Regional Medical Center incurred costs of \$2.3 million, \$1.4 million due to the Cogeneration Plant.

New project costs of \$13.7 million include the following:

- Facilities Department experienced new projects in the amount of \$4.5 million due primarily to the remodeling and construction of buildings and structures, such as the Smith Correctional Facility Expansion, the Wilderness Animal Shelter, and the expansion of the Hemet Community Health Agency.
- Flood incurred new projects costs of \$4.1 million, such as those for the La Sierra MDP Campbell Avenue storm drain of \$1.5 million, the Day Creek Channel for \$1.5 million, and the Wildomar Channel Stage 5 for \$1.1 million.

## Management's Discussion & Analysis (Unaudited)

- Road, bridge and signal infrastructures projects totaled \$2.9 million.
- The Jacqueline Cochran Regional Airport Terminal Runway in the amount of \$1.5 million.

### Retired projects from Construction in Progress:

- Parks had 24 countywide district park projects totaling \$2.2 million of non depreciable assets retire to Infrastructure, Park Trails and Improvements. These projects dealt with the expansion of public recreation and natural resources, such as the playgrounds, campgrounds, and trail expansions.

### Construction in Progress Transfers:

- Completed construction in progress projects were transferred from construction in progress to other designated capital asset accounts during fiscal year 2006-07 in the amount of \$34.2 million. This was offset by 18.7 million, for a net transfer of \$15.5 million. Projects that were transferred are as follows:
  - Infrastructure incurred transfers of \$2.6 million in flood channels and \$8.4 million in flood storm drains - \$11.0 million.
  - Ben Clark training firing range was transferred to Structures and Improvements - \$8.3 million.
  - Airport Runway projects were completed and transferred to Infrastructure - \$4.1 million.
  - Sycamore Creek Fire Station transferred to Structures - \$2.6 million.
  - Waste Recycling Park development project at Lamb Canyon Sanitary Landfill transferred to Infrastructure - \$2.2 million.
  - County Administrative Center 6<sup>th</sup> floor renovation transferred to Structures and Improvements \$1.7 million.

### Depreciable capital asset

The following will consists of a breakdown of the additions, retirements and transfers that make up the balance of depreciable capital assets:

#### Additions to depreciable assets:

- Total fiscal year 2006-07 Depreciable capital asset current year additions \$161.7 million, which were comprised of the following:
  - Infrastructure in the amount of \$116.7 million:
    - Roads in the amount of \$82 million, for which \$25.3 million consisted of donated assets, flood storm drains and flood channels in the amount of \$34.4 million, and traffic signals in the amount of \$0.3 million.
  - Equipment in the amount of \$42.9 million:
    - Vehicles Leased - \$17.5 million, which includes prisoner transportation buses.
    - Computer and Office Equipment - \$7.2 million.
    - Equipment Leased - \$7.0 million.
    - Equipment Vehicles - \$5.0 million.
    - Miscellaneous Equipment - \$3.4 million.
    - Equipment Field - \$2.8 million.

#### Retirements of depreciable assets:

- Retirement of depreciable assets was composed of \$115.2 million

The \$115.2 million in retired depreciable assets primarily consists of \$95.6 million for Structures and Improvements designated to Court Buildings, such as the Family Law Court and the Justice Courts that were retired then transferred to the State per SB1732- Trial Court Facilities legislation and two fire stations that were donated to the cities of Moreno Valley & Temecula per Board of Supervisors Resolution No. 2005-490. \$18.6 million in equipment was retired, consisting of:

- Equipment Leased- \$5.7 million.
- Computer and Office equipment - \$5.1 million.

## Management's Discussion & Analysis (Unaudited)

- Equipment Vehicles - \$3.1 million, which include police cruisers and patrol vehicles.
- Vehicles Leased - \$2.6 million, which includes two fire trucks and over 100 vehicles.
- Equipment Miscellaneous - \$1.1 million.

### Transfers:

- \$78.0 million was transferred from completed construction in progress projects as noted above.

### Depreciation note:

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. This fiscal year, depreciable capital assets for governmental and business type activities combined incurred \$101.2 million in depreciation.

### Analysis of capital assets from fiscal year 2005-2006 to fiscal year 2006-2007:

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)
							Percent
	2007	2006	2007	2006	2007	2006	of Change
Infrastructure	\$ 1,043,655	\$ 994,455	\$ 31,188	\$ 30,137	\$ 1,074,843	\$ 1,024,592	5%
Land and Easements	333,097	320,426	21,419	21,095	354,516	341,521	4%
Land Improvements	99	-	6,571	7,153	6,670	7,153	-7%
Structures and Improvements	403,199	465,921	150,468	155,922	553,667	621,843	-11%
Equipment	93,147	84,044	19,299	17,566	112,446	101,610	11%
Construction in Progress	327,981	195,814	28,150	17,601	356,131	213,415	67%
Total	<u>\$ 2,201,178</u>	<u>\$ 2,060,660</u>	<u>\$ 257,095</u>	<u>\$ 249,474</u>	<u>\$ 2,458,273</u>	<u>\$ 2,310,134</u>	6%

Additional information on the County's capital assets can be found in Note 9 of this report.

### 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, 2007, the County had several debt issues outstanding, principally certificates of participation—lease rental obligations.

Net bonded debt per capita equaled \$361 as of June 30, 2007. The calculated legal debt limit for the County is \$2.6 billion. On August 2, 2007, Moody's Investors Service upgraded the County's issuer rating to Aa3. The following are credit ratings maintained by the County:

	<u>Moody's Investors Service, Inc.</u>	<u>Standards &amp; Poor's Corp.</u>	<u>Fitch</u>
Long-term lease debt	A2	AA-	AA-
Issuer credit	Aa3	AA	AA

## Management's Discussion & Analysis (Unaudited)

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 2006-07, the County, as a participant in the California Statewide Communities Development Authority Pool, issued \$235.0 million in TRANs to satisfy short-term cash flow needs. Included in this amount was the \$68.0 million of taxable notes to pre-pay the County fiscal year 2006-07 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 \$86.2 million. The \$86.2 million was comprised of \$67.7 million representing fiscal year 2006-07 delinquent property taxes and \$18.5 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.

The table below provides summarized information (including comparative amounts from the preceding year) for the County's outstanding long-term liabilities at June 30, 2007.

### County's Outstanding Debt Obligation (In Thousands)

	Governmental Activities		Business-Type Activities		Total		Variance
	2007	2006	2007	2006	2007	2006	
Loans payable	\$ 310,139	\$ 113,383	\$ -	\$ -	\$ 310,139	\$ 113,383	174%
Bonds payable	806,398	814,443	181,263	191,142	987,661	1,005,585	-2%
Certificates of participation	335,866	348,486	-	-	335,866	348,486	-4%
Capital Leases	87,337	83,829	17,844	14,993	105,181	98,822	6%
<b>Total Outstanding</b>	<b>\$ 1,539,740</b>	<b>\$ 1,360,141</b>	<b>\$ 199,107</b>	<b>\$ 206,135</b>	<b>\$ 1,738,847</b>	<b>\$ 1,566,276</b>	<b>11%</b>

**Outstanding Debt:** The County of Riverside's total debt increased by 10.7%, \$172.6 million (\$179.6 million in governmental funds less \$7.0 million in business-type), during the current fiscal year. The key factors in this increase are as follows:

- The issuance of the RDA's 2007 Loans Payable for \$203.5 million, which refunded and defeased \$11.4 million of the 1998 loans payable. The bonds are payable solely from and secured by an assignment and pledge of certain tax revenues derived from taxes assessed on property within the project areas and other amounts allocated and paid to the Agency.
- The issuance of RDA's 2007 Tax Allocation Refunding Bonds for \$89.9 million as a result of current low interest rates to save money on debt service, which refunded and defeased \$87.9 million of the 2001 Tax Allocation Bonds. The bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture.

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

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The county's economic outlook is cautious as the current national housing-market decline appears to be more extensive than predicted. While the onset of this economic slowdown was anticipated, the length and severity are much more difficult to forecast. The county exercises strong fiscal discipline by controlling service expansion, conservatively estimating revenue, and building up reserves. This strategy should protect the continuity of county services for the next several years. Moody's Investment Services commended the county in mid 2007 for its financial prowess and upgraded its credit rating to high quality.



## Management's Discussion & Analysis (Unaudited)

General fund reserves for fiscal year 2007-08 are expected to exceed \$400 million and will be drawn down selectively to fund high-priority capital projects. The fiscal year 2007-08 budget set aside \$15 million of ongoing discretionary revenue to fund staff for jail expansion now under construction. Fiscal year 2007-08 discretionary revenue is expected to exceed fiscal year 2006-07 by about 7.3 percent (\$88.4 million). Following is a summary depicting the general sources of fiscal year 2007-08 discretionary revenue.

### Summary of Fiscal Year 2007-08 General-Fund Discretionary Revenue (in thousands)

Source	Final Budget Estimate
Property Taxes	\$ 355,800
Motor Vehicle In Lieu	216,600
Interest	50,400
Sales Tax *	42,700
Documentary Transfer Tax	16,000
Fines and Penalties	29,400
Tax Loss Reserve Fund-Overflow	10,000
Franchise Tax	6,400
Other (Prior Year & Miscellaneous)	3,300
Federal In-Lieu Taxes	1,800
Tipping fees (El Sobrante)	1,600
Transient Occupancy Tax	1,500
Total	<u>\$ 735,500</u>

\* Does not include public safety sales tax revenue

The County's employee retirement benefit contribution rate for fiscal year 2007-08 for miscellaneous members is 12.05% and the Safety contribution rate is 18.63%. 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 2008-09 rates are projected at 11.9% (Miscellaneous) and 18.4% (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 22.52% in fiscal year 2006-07 and 16.63% in fiscal year 2007-08 yielding a total assessed property tax roll of \$ 239.5 billion for fiscal year 2007-08. The \$34.1 billion increase reflected the over 920,000 assessments and a growing county population that surpassed 2 million.

### 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 - 11<sup>th</sup> Floor, P.O. Box 1326, Riverside, CA 92502-1326: Phone: (951) 955-3800; Fax: (951) 955-3802; web site: [www.auditorcontroller.org](http://www.auditorcontroller.org).

# **BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**Photographer  
MARIA CHAVEZ  
“Hermano y Hermana”**

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**COUNTY OF RIVERSIDE**

Statement of Net Assets

June 30, 2007

(Dollars in Thousands)

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Children and Families Commission
<b>ASSETS:</b>				
Cash and investments (Note 5)	\$ 1,544,755	\$ 110,374	\$ 1,655,129	\$ 52,595
Receivables, net (Notes 1 and 7)	390,440	83,157	473,597	5,996
Inventories	7,170	7,114	14,284	-
Internal balances (Note 8)	16,918	(16,918)	-	-
Pension asset, net (Note 18)	398,069	3,252	401,321	-
Prepaid items and deposits	12,889	1,192	14,081	8
Restricted cash and investments (Notes 5 and 6)	402,331	125,006	527,337	-
Other noncurrent receivables (Note 7)	65,899	-	65,899	-
Notes receivable (Note 7)	24,983	-	24,983	-
Land held for resale	43,704	-	43,704	-
Capital assets (Note 9):				
Depreciable assets, net	1,540,100	207,526	1,747,626	98
Nondepreciable assets	661,078	49,569	710,647	-
Bond issuance costs	18,007	1,821	19,828	-
Total assets	<u>5,126,343</u>	<u>572,093</u>	<u>5,698,436</u>	<u>58,697</u>
<b>LIABILITIES:</b>				
Accounts payable	133,652	14,996	148,648	2,286
Salaries and benefits payable	81,954	12,645	94,599	138
Due to other governments	44,424	9,180	53,604	261
Interest payable	13,057	778	13,835	-
Deposits payable	169	91	260	-
Notes payable (Note 12)	86,222	-	86,222	-
Other liabilities	1,860	3,150	5,010	-
Unearned revenue (Note 7)	118,946	-	118,946	-
Long-term liabilities (Note 13) :				
Due within one year	164,122	30,140	194,262	120
Due beyond one year	1,639,034	296,596	1,935,630	83
Total liabilities	<u>2,283,440</u>	<u>367,576</u>	<u>2,651,016</u>	<u>2,888</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	903,076	53,321	956,397	98
Restricted for:				
Children's programs	-	-	-	55,711
Community development	390,776	-	390,776	-
Debt service	42,770	36,861	79,631	-
Health and sanitation	9,750	13,335	23,085	-
Public protection	52,510	-	52,510	-
Public ways & facilities	69,988	-	69,988	-
Other programs	3,683	433	4,116	-
Unrestricted	1,370,350	100,567	1,470,917	-
Total net assets	<u>\$ 2,842,903</u>	<u>\$ 204,517</u>	<u>\$ 3,047,420</u>	<u>\$ 55,809</u>

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

**COUNTY OF RIVERSIDE**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2007  
(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 296,917	\$ 171,070	\$ 91,528	\$ -
Public protection	935,550	307,288	252,027	306
Public ways and facilities	57,578	63,603	20,057	46,700
Health and sanitation	350,082	49,650	162,308	-
Public assistance	688,213	2,547	678,597	-
Education	14,847	8,628	451	1,180
Recreation and culture	11,941	6,409	5,973	-
Interest on long-term debt	81,197	-	-	-
Total governmental activities	<u>2,436,325</u>	<u>609,195</u>	<u>1,210,941</u>	<u>48,186</u>
Business-type activities:				
Regional Medical Center	329,128	337,905	-	261
Waste Management Department	60,772	64,031	-	-
Housing Authority	70,218	67,312	-	-
Flood Control	6,242	6,032	-	-
County Service Areas	329	331	-	-
Total business-type activities	<u>466,689</u>	<u>475,611</u>	<u>-</u>	<u>261</u>
Total primary government	<u>\$ 2,903,014</u>	<u>\$ 1,084,806</u>	<u>\$ 1,210,941</u>	<u>\$ 48,447</u>
Component unit:				
Children and Families First Commission	<u>\$ 27,277</u>	<u>\$ -</u>	<u>\$ 27,888</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Other taxes				
Intergovernmental revenue not restricted to programs:				
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			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (34,319)	\$ -	\$ (34,319)	
(375,929)	-	(375,929)	
72,782	-	72,782	
(138,124)	-	(138,124)	
(7,069)	-	(7,069)	
(4,588)	-	(4,588)	
441	-	441	
(81,197)	-	(81,197)	
<u>(568,003)</u>	<u>-</u>	<u>(568,003)</u>	
-	9,038	9,038	
-	3,259	3,259	
-	(2,906)	(2,906)	
-	(210)	(210)	
-	2	2	
<u>-</u>	<u>9,183</u>	<u>9,183</u>	
<u>(568,003)</u>	<u>9,183</u>	<u>(558,820)</u>	
			\$ 611
462,817	-	462,817	-
51,093	-	51,093	-
16,865	-	16,865	-
245,723	-	245,723	-
122,517	10,198	132,715	2,527
13,191	-	13,191	188
(16,892)	16,892	-	-
<u>895,314</u>	<u>27,090</u>	<u>922,404</u>	<u>2,715</u>
327,311	36,273	363,584	3,326
2,515,592	168,244	2,683,836	52,483
<u>\$ 2,842,903</u>	<u>\$ 204,517</u>	<u>\$ 3,047,420</u>	<u>\$ 55,809</u>

FUNCTION/PROGRAM ACTIVITIES:

Primary government:

Governmental activities:

General government  
Public protection  
Public ways and facilities  
Health and sanitation  
Public assistance  
Education  
Recreation and culture  
Interest on long-term debt  
Total governmental activities

Business-type activities:

Regional Medical Center  
Waste Management Department  
Housing Authority  
Flood Control  
County Service Areas  
Total business-type activities

Total primary government

Component unit:

Children and Families First Commission

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



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# BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS



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**COUNTY OF RIVERSIDE**

Balance Sheet  
 Governmental Funds  
 June 30, 2007  
 (Dollars in Thousands)

	General	Teeter Debt Service	Public Facilities Improvements Capital Projects
<b>ASSETS:</b>			
Cash and investments (Note 5)	\$ 283,080	\$ -	\$ 255,605
Accounts receivable (Notes 1 and 7)	60,621	-	2,713
Interest receivable (Note 7)	14,673	394	2,528
Taxes receivable (Note 7)	40,766	37,042	-
Due from other governments (Note 7)	252,411	-	20
Inventories	1,540	-	-
Due from other funds (Note 8)	5,417	-	-
Prepaid items	-	-	-
Restricted cash and investments (Notes 5 and 6)	263,390	53,688	-
Advance to other funds (Note 8)	37	-	-
Notes receivable (Note 7)	-	-	-
Land held for resale	-	-	-
<b>Total assets</b>	<u>921,935</u>	<u>91,124</u>	<u>260,866</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable	82,441	25	3,600
Salaries and benefits payable	70,585	-	-
Due to other governments	41,432	-	678
Due to other funds (Note 8)	288	4,877	-
Deposits payable	70	-	-
Teeter notes payable (Note 12)	-	86,222	-
Advances from other funds	-	-	-
Deferred revenue (Note 7)	156,155	-	250
<b>Total liabilities</b>	<u>350,971</u>	<u>91,124</u>	<u>4,528</u>
Fund balances (Note 14):			
Reserved	88,233	-	256,338
Unreserved, designated, reported in:			
General fund	339,773	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unreserved, undesignated, reported in:			
General fund	142,958	-	-
Special revenue funds	-	-	-
<b>Total fund balances</b>	<u>570,964</u>	<u>-</u>	<u>256,338</u>
<b>Total liabilities and fund balances</b>	<u>\$ 921,935</u>	<u>\$ 91,124</u>	<u>\$ 260,866</u>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ 351,483	\$ 433,568	\$ 1,323,736	<b>ASSETS:</b>
-	9,316	72,650	Cash and investments (Note 5)
3,531	4,495	25,621	Accounts receivable (Notes 1 and 7)
-	10,107	87,915	Interest receivable (Note 7)
-	13,016	265,447	Taxes receivable (Note 7)
1,954	933	4,427	Due from other governments (Note 7)
-	1,776	7,193	Inventories
-	12,878	12,878	Due from other funds (Note 8)
-	85,253	402,331	Prepaid items
-	-	37	Restricted cash and investments (Notes 5 and 6)
-	24,983	24,983	Advance to other funds (Note 8)
34,165	9,539	43,704	Notes receivable (Note 7)
<u>391,133</u>	<u>605,864</u>	<u>2,270,922</u>	Land held for resale
			Total assets
			<b>LIABILITIES AND FUND BALANCES:</b>
			Liabilities:
3,281	34,360	123,707	Accounts payable
-	6,448	77,033	Salaries and benefits payable
-	2,222	44,332	Due to other governments
403	1,190	6,758	Due to other funds (Note 8)
-	99	169	Deposits payable
-	-	86,222	Teeter notes payable (Note 12)
-	37	37	Advances from other funds
-	23,246	179,651	Deferred revenue (Note 7)
<u>3,684</u>	<u>67,602</u>	<u>517,909</u>	Total liabilities
			Fund balances (Note 14):
269,263	192,566	806,400	Reserved
			Unreserved, designated, reported in:
-	-	339,773	General fund
-	187,664	187,664	Special revenue funds
118,186	9,671	127,857	Capital projects funds
			Unreserved, undesignated, reported in:
-	-	142,958	General fund
-	148,361	148,361	Special revenue funds
<u>387,449</u>	<u>538,262</u>	<u>1,753,013</u>	Total fund balances
<u>\$ 391,133</u>	<u>\$ 605,864</u>	<u>\$ 2,270,922</u>	Total liabilities and fund balances

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



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## COUNTY OF RIVERSIDE

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2007 (Dollars in Thousands)

Fund balances - total governmental funds (page 29)		\$ 1,753,013
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.		2,155,180
Bond issuance costs are not current financial resources and therefore are not reported in the governmental funds.		18,007
Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		398,069
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.		60,705
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	\$ 806,398	
Capital lease obligations	61,123	
Certificates of participation	335,866	
Loans payable	310,139	
Accrued interest payable	13,057	
Accreted interest payable	1,780	
Compensated absences	119,563	(1,647,926)
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.		105,855
Net assets of governmental activities (page 23)		<u>\$ 2,842,903</u>

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

## COUNTY OF RIVERSIDE

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

#### Governmental Funds

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	General Fund	Teeter Debt Service	Public Facilities Improvements Capital Projects
<b>REVENUES:</b>			
Taxes	\$ 301,575	\$ -	\$ -
Licenses, permits, and franchise fees	25,803	-	-
Fines, forfeitures, and penalties	81,148	-	-
Use of money and property:			
Interest	62,848	1,330	11,734
Rents and concessions	2,805	-	-
Aid from other governmental agencies:			
Federal	430,606	-	-
State	893,390	-	-
Other	81,703	-	-
Charges for services	319,198	-	36,530
Other revenue	38,856	-	34,961
Total revenues	2,237,932	1,330	83,225
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General government	119,365	735	82,355
Public protection	916,524	-	-
Public ways and facilities	4,505	-	14
Health and sanitation	341,467	-	-
Public assistance	644,912	-	-
Education	394	-	-
Recreation and culture	203	-	-
<b>Debt service:</b>			
Principal	17,659	-	-
Interest	12,092	2,683	-
Cost of issuance	-	-	-
Capital outlay	8,811	-	-
Total expenditures	2,065,932	3,418	82,369
Excess (deficiency) of revenues over (under) expenditures	172,000	(2,088)	856
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	89,449	3,441	71,061
Transfers out	(146,214)	(1,353)	(38,562)
Issuance of debt	-	-	-
Premium on long-term debt	-	-	-
Issuance of refunding bonds	-	-	-
Proceeds from sale of capital assets	-	-	-
Capital leases	8,811	-	-
Total other financing sources (uses)	(47,954)	2,088	32,499
<b>NET CHANGE IN FUND BALANCES</b>	124,046	-	33,355
Fund balances, beginning of year, as previously reported	446,918	-	222,983
Adjustments to beginning fund balances (Note 4)	-	-	-
Fund balances, beginning of year, as restated	446,918	-	222,983
<b>FUND BALANCES, END OF YEAR</b>	\$ 570,964	\$ -	\$ 256,338

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 221,453	\$ 523,028	REVENUES:
-	178	25,981	Taxes
-	1,798	82,946	Licenses, permits, and franchise fees
			Fines, forfeitures, and penalties
12,976	24,901	113,789	Use of money and property:
-	40,366	43,171	Interest
			Rents and concessions
-	66,079	496,685	Aid from other governmental agencies:
-	44,240	937,630	Federal
-	7,408	89,111	State
-	73,700	431,676	Other
2,248	39,554	115,863	Charges for services
2,492			Other revenue
<u>17,716</u>	<u>519,677</u>	<u>2,859,880</u>	Total revenues
			EXPENDITURES:
			Current:
40,606	77,193	320,254	General government
-	55,482	972,006	Public protection
-	152,536	157,055	Public ways and facilities
-	7,454	348,921	Health and sanitation
-	41,383	686,295	Public assistance
-	14,436	14,830	Education
-	11,504	11,707	Recreation and culture
			Debt service:
-	26,563	44,222	Principal
-	63,429	78,204	Interest
-	5,565	5,565	Cost of issuance
-	49,714	58,525	Capital outlay
<u>40,606</u>	<u>505,259</u>	<u>2,697,584</u>	Total expenditures
			Excess (deficiency) of revenues
(22,890)	14,418	162,296	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
16,687	132,406	313,044	Transfers in
(16,106)	(126,389)	(328,624)	Transfers out
199,327	94,446	293,773	Issuance of debt
-	2,876	2,876	Premium on long-term debt
-	(103,396)	(103,396)	Issuance of refunding bonds
916	-	916	Proceeds from sale of capital assets
		8,811	Capital leases
<u>200,824</u>	<u>(57)</u>	<u>187,400</u>	Total other financing sources (uses)
177,934	14,361	349,696	NET CHANGE IN FUND BALANCES
208,704	521,949	1,400,554	Fund balances, beginning of year, as previously reported
811	1,952	2,763	Adjustments to beginning fund balances (Note 4)
<u>209,515</u>	<u>523,901</u>	<u>1,403,317</u>	Fund balances, beginning of year, as restated
<u>\$ 387,449</u>	<u>\$ 538,262</u>	<u>\$ 1,753,013</u>	FUND BALANCES, END OF YEAR

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





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**COUNTY OF RIVERSIDE**  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the  
 Statement of Activities  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

Net change in fund balances - total governmental funds (page 33) \$ 349,696

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	\$ 284,812	
Less loss on sale of capital assets	(75,875)	
Less current year depreciation	<u>(71,569)</u>	137,368

Prepaid pension costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net assets. 10,124

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. 4,018

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 (172,970)

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. (26,626)

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	(1,950)	
Change in accreted interest	(285)	
Change in long-term compensated absences	<u>(2,712)</u>	(4,947)

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. 30,648

Change in net assets of governmental activities (page 25) \$ 327,311

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, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 291,700	\$ 329,678	\$ 301,575	\$ (28,103)
Licenses, permits, and fees	29,741	29,751	25,803	(3,948)
Fines, forfeitures, and penalties	48,264	53,418	81,148	27,730
Use of money and property:				
Interest	52,141	53,541	62,848	9,307
Rents and concessions	22,599	22,649	2,805	(19,844)
Aid from other governmental agencies:				
Federal	418,893	445,222	430,606	(14,616)
State	846,088	919,087	893,390	(25,697)
Other government	372	506	81,703	81,197
Charges for current services	444,579	387,547	319,198	(68,349)
Other revenue	140,524	157,876	38,856	(119,020)
Total revenues	2,294,901	2,399,275	2,237,932	(161,343)
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government				
Salaries and employee benefits	99,031	94,808	91,171	(3,637)
Services and supplies	90,954	110,053	102,253	(7,800)
Other charges	109,061	55,044	12,147	(42,897)
Capital assets	244	1,629	674	(955)
Intrafund transfers	(80,643)	(92,741)	(86,880)	5,861
Appropriation for contingencies	32,081	36,989	-	(36,989)
Total general government	250,728	205,782	119,365	(86,417)
Public protection:				
Salaries and employee benefits	599,548	597,950	584,050	(13,900)
Services and supplies	297,054	319,794	300,209	(19,585)
Other charges	53,586	57,250	34,896	(22,354)
Capital assets	6,809	12,347	6,825	(5,522)
Intrafund transfers	(9,280)	(9,659)	(9,456)	203
Total public protection	947,717	977,682	916,524	(61,158)
Health and sanitation:				
Salaries and employee benefits	176,611	178,595	160,856	(17,739)
Services and supplies	95,412	117,717	107,682	(10,035)
Other charges	216,701	232,507	176,346	(56,161)
Capital assets	4,858	6,164	787	(5,377)
Intrafund transfers	(112,408)	(113,139)	(104,204)	8,935
Total health and sanitation	381,174	421,844	341,467	(80,377)
Public assistance:				
Salaries and employee benefits	208,128	200,731	192,450	(8,281)
Services and supplies	78,583	90,234	80,390	(9,844)
Other charges	392,648	392,873	383,987	(8,886)
Capital assets	100	628	628	-
Intrafund transfers	(16,411)	(16,411)	(12,543)	3,868
Total public assistance	\$ 663,048	\$ 668,055	\$ 644,912	\$ (23,143)

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, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
<b>Education:</b>				
Salaries and employee benefits	\$ 230	\$ 231	\$ 230	\$ (1)
Services and supplies	161	163	164	1
Total education	391	394	394	-
<b>Public ways and facilities:</b>				
Salaries and employee benefits	4,732	4,551	3,515	(1,036)
Services and supplies	1,414	1,438	863	(575)
Other charges	596	85	-	(85)
Capital assets	141	314	128	(186)
Intrafund transfers	(267)	(266)	(1)	265
Total public ways and facilities	6,616	6,122	4,505	(1,617)
<b>Recreation and culture:</b>				
Salaries and employee benefits	91	81	68	(13)
Services and supplies	141	201	159	(42)
Other charges	75	20	-	(20)
Capital assets	-	105	-	(105)
Intrafund transfers	-	(25)	(24)	1
Total recreation and culture	307	382	203	(179)
<b>Debt service:</b>				
Principal	50,575	41,750	17,659	(24,091)
Interest	10,870	10,870	12,092	1,222
Total debt service	61,445	52,620	29,751	(22,869)
Capital outlay	-	8,811	8,811	-
Total expenditures	2,311,426	2,341,692	2,065,932	(275,760)
Excess (deficiency) of revenues over (under) expenditures	(16,525)	57,583	172,000	114,417
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	89,449	89,449	-
Transfers out	-	(146,214)	(146,214)	-
Capital leases	-	-	8,811	8,811
Total other financing sources (uses)	-	(56,765)	(47,954)	8,811
<b>NET CHANGE IN FUND BALANCE</b>	(16,525)	818	124,046	123,228
Fund balance, beginning of year	446,918	446,918	446,918	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 430,393	\$ 447,736	\$ 570,964	\$ 123,228

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, 2007

(Dollars in Thousands)

ASSETS:	Business-type Activities - Enterprise Funds				Governmental
	Regional	Waste	Other	Total	Internal
	Medical Center	Management			Service Funds
Current assets:					
Cash and investments (Note 5)	\$ 64,778	\$ 38,603	\$ 6,993	\$ 110,374	\$ 221,019
Accounts receivable - net (Notes 1 and 7)	57,221	5,011	2,585	64,817	2,470
Interest receivable (Note 7)	477	1,362	88	1,927	2,114
Taxes receivable (Note 7)	-	-	9	9	-
Due from other governments (Note 7)	12,564	256	3,584	16,404	122
Advances to other funds (Note 8)	-	-	-	-	200
Inventories	6,752	362	-	7,114	2,743
Pension asset, net	-	3,252	-	3,252	-
Due from other funds (Note 8)	-	-	-	-	184
Restricted cash and investments (Notes 5 and 6)	37,054	83,320	4,632	125,006	-
Prepaid items and deposits	1,160	-	32	1,192	11
Total current assets	180,006	132,166	17,923	330,095	228,863
Noncurrent assets:					
Capital assets (Note 9):					
Depreciable assets	147,848	45,457	14,221	207,526	45,648
Nondepreciable assets	18,544	25,785	5,240	49,569	350
Bond issuance costs	1,821	-	-	1,821	-
Total noncurrent assets	168,213	71,242	19,461	258,916	45,998
Total assets	348,219	203,408	37,384	589,011	274,861
LIABILITIES					
Current liabilities:					
Accounts payable	9,166	2,955	2,875	14,996	9,945
Salaries and benefits payable	11,400	1,135	110	12,645	4,921
Due to other funds (Note 8)	565	-	-	565	54
Due to other governments	9,176	4	-	9,180	92
Other liabilities	768	313	2,938	4,019	1,860
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)	8,762	813	96	9,671	2,866
Capital lease obligations (Note 13)	3,929	-	-	3,929	9,761
Bonds payable (Note 13)	10,960	-	100	11,060	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	39,594
Total current liabilities	54,726	10,700	6,119	71,545	69,093
Noncurrent liabilities:					
Compensated absences (Note 13)	4,514	1,728	950	7,192	2,479
Advances from other funds (Note 8)	-	-	-	-	200
Accrued closure and post closure care costs (Note 10)	-	45,638	-	45,638	-
Accrued remediation costs (Note 21)	-	18,531	-	18,531	-
Capital lease obligations (Notes 1 and 13)	13,915	-	-	13,915	16,453
Bonds payable (Note 13)	169,342	-	861	170,203	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	95,634
Other long-term liabilities (Note 13)	34,322	-	6,795	41,117	1,500
Total noncurrent liabilities	222,093	65,897	8,606	296,596	116,266
Total liabilities	276,819	76,597	14,725	368,141	185,359
NET ASSETS:					
Invested in capital assets, net of related debt	(30,587)	71,242	12,666	53,321	18,284
Restricted for debt service	36,861	-	-	36,861	-
Restricted for health and sanitation	-	13,335	-	13,335	-
Restricted other	193	-	240	433	-
Unrestricted	64,933	42,234	9,753	116,920	71,218
Total net assets	\$ 71,400	\$ 126,811	\$ 22,659	220,870	\$ 89,502
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				(16,353)	
Net assets of business-type activities				\$ 204,517	

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, 2007

(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional				Activities
	Medical	Waste			Internal
	Center	Management	Other	Total	Service
					Funds
<b>OPERATING REVENUES:</b>					
Net patient revenue (Notes 1 and 16)	\$ 272,615	\$ -	\$ -	\$ 272,615	\$ -
Charges for services	4,067	61,108	8,663	73,838	166,909
Other revenue	61,223	2,923	65,012	129,158	29,758
Total operating revenues	<u>337,905</u>	<u>64,031</u>	<u>73,675</u>	<u>475,611</u>	<u>196,667</u>
<b>OPERATING EXPENSES:</b>					
Cost of materials used	-	185	-	185	1,785
Personnel services	165,602	17,549	9,609	192,760	68,049
Communications	1,820	324	2	2,146	4,205
Insurance	6,993	578	2	7,573	7,800
Maintenance of building and equipment	6,301	2,220	1,669	10,190	10,258
Insurance claims	-	-	-	-	61,695
Supplies	43,508	2,596	14	46,118	32,033
Purchased services	65,935	22,976	3,361	92,272	16,464
Depreciation and amortization	8,477	4,369	1,844	14,690	15,406
Rents and leases of equipment	3,998	160	21	4,179	2,614
Public assistance	-	-	57,739	57,739	-
Utilities	3,815	251	620	4,686	262
Closure and post-closure care costs	-	3,266	-	3,266	-
Remediation costs (recovery)	-	2,483	-	2,483	-
Other	7,168	3,485	1,041	11,694	3,587
Total operating expenses	<u>313,617</u>	<u>60,442</u>	<u>75,922</u>	<u>449,981</u>	<u>224,158</u>
Operating income (loss)	<u>24,288</u>	<u>3,589</u>	<u>(2,247)</u>	<u>25,630</u>	<u>(27,491)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	3,423	5,973	802	10,198	8,733
Interest expense	(13,366)	-	(191)	(13,557)	(1,043)
Gain (loss) on disposal of capital assets	27	272	-	299	53
Total nonoperating revenues (expenses)	<u>(9,916)</u>	<u>6,245</u>	<u>611</u>	<u>(3,060)</u>	<u>7,743</u>
Income (loss) before capital contributions and transfers	14,372	9,834	(1,636)	22,570	(19,748)
Capital contributions	261	-	-	261	48,258
Transfers in	19,953	763	-	20,716	3,116
Transfers out	<u>(3,422)</u>	<u>(240)</u>	<u>(162)</u>	<u>(3,824)</u>	<u>(4,428)</u>
CHANGE IN NET ASSETS	31,164	10,357	(1,798)	39,723	27,198
Net assets, beginning of the year	<u>40,236</u>	<u>116,454</u>	<u>24,457</u>		<u>62,304</u>
NET ASSETS, END OF YEAR	<u>\$ 71,400</u>	<u>\$ 126,811</u>	<u>\$ 22,659</u>		<u>\$ 89,502</u>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(3,450)</u>
				Change in net assets of business-type activities	<u>\$ 36,273</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, 2007  
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers / other funds	\$ 332,872	\$ 64,051	\$ 69,429	\$ 466,352	\$ 196,225
Cash paid to suppliers for goods and services	(132,286)	(37,180)	(64,337)	(233,803)	(137,614)
Cash paid to employees for services	(162,657)	(17,459)	(9,791)	(189,907)	(67,495)
Net cash provided by (used in) operating activities	<u>37,929</u>	<u>9,412</u>	<u>(4,699)</u>	<u>42,642</u>	<u>(8,884)</u>
<b>Cash flows from noncapital financing activities</b>					
Pension assets, net	-	434	-	434	-
Transfers received	19,953	763	-	20,716	3,116
Transfers paid	(3,422)	(240)	(162)	(3,824)	(4,428)
Net cash provided by (used in) noncapital financing activities	<u>16,531</u>	<u>957</u>	<u>(162)</u>	<u>17,326</u>	<u>(1,312)</u>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sale of capital assets	27	272	-	299	1,430
Acquisition and construction of capital assets	(2,059)	(14,817)	(611)	(17,487)	(6,674)
Principal paid on capital leases	(1,973)	-	-	(1,973)	(6,631)
Capital Contributions	261	-	-	261	48,258
Principal paid on bonds payable	(9,858)	-	(21)	(9,879)	-
Interest paid on long-term debt	(13,363)	-	(191)	(13,554)	(1,043)
Net cash provided by (used in) capital and related financing activities	<u>(26,965)</u>	<u>(14,545)</u>	<u>(823)</u>	<u>(42,333)</u>	<u>35,340</u>
<b>Cash flows from investing activities</b>					
Interest received on investments	3,421	5,575	768	9,764	7,760
Net cash provided by investing activities	<u>3,421</u>	<u>5,575</u>	<u>768</u>	<u>9,764</u>	<u>7,760</u>
Net increase (decrease) in cash and cash equivalents	30,916	1,399	(4,916)	27,399	32,904
Cash and cash equivalents, beginning of year	70,916	120,524	16,541	207,981	188,115
Cash and cash equivalents, end of year	<u>\$ 101,832</u>	<u>\$ 121,923</u>	<u>\$ 11,625</u>	<u>\$ 235,380</u>	<u>\$ 221,019</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, 2007  
(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					
Operating income (loss)	\$ 24,288	\$ 3,589	\$ (2,247)	\$ 25,630	\$ (27,491)
Adjustments to reconcile operating income to net cash					
Depreciation and amortization	8,477	4,369	1,844	14,690	15,406
Decrease (Increase) accounts receivable	(9,201)	30	(797)	(9,968)	(136)
Decrease (Increase) bond issuance cost	367	-	-	367	-
Decrease (Increase) due from other funds	1,189	-	-	1,189	(184)
Decrease (Increase) due from other governments	2,612	(10)	(3,449)	(847)	(122)
Decrease (Increase) inventories	(1,032)	(23)	-	(1,055)	(410)
Decrease (Increase) prepaid items and deposits	458	-	6	464	100
Increase (Decrease) accounts payable	(3,734)	(819)	2,557	(1,996)	(1,504)
Increase (Decrease) due to other funds	(1,798)	-	-	(1,798)	54
Increase (Decrease) due to other governments	9,176	4	-	9,180	92
Increase (Decrease) accrued closure costs	-	(784)	-	(784)	-
Increase (Decrease) accrued remediation costs	-	2,879	-	2,879	-
Increase (Decrease) other liabilities	4,182	87	(2,431)	1,838	(307)
Increase (Decrease) estimated claims liability	-	-	-	-	5,064
Increase (Decrease) salaries and benefits payable	1,426	90	1	1,517	543
Increase (Decrease) compensated absences	1,519	-	(183)	1,336	11
Net cash provided by (used in) operating activities	<u>\$ 37,929</u>	<u>\$ 9,412</u>	<u>\$ (4,699)</u>	<u>\$ 42,642</u>	<u>\$ (8,884)</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, 2007**  
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
<b>ASSETS:</b>				
Cash and investments (Note 5)	\$ -	\$ -	\$ 15,850	\$ 350,245
Federal Agency	7,986	1,630,446	-	-
Cash and Equivalent & MMF	718	146,513	-	-
Commercial Paper	1,906	389,228	-	-
Negotiable CDs	1,994	407,197	-	-
Medium Term Notes	810	165,311	-	-
Municipal Bonds	53	10,781	-	-
Certificates of Deposit	57	11,610	-	-
Local Agency Obligation	16	3,317	-	-
Accounts receivable	210	3,078	1	1
Interest receivable	6	30,806	98	342
Taxes receivable	-	1	-	114,019
Due from other governments	-	-	-	164
Total assets	<u>13,756</u>	<u>2,798,288</u>	<u>15,949</u>	<u>464,771</u>
<b>LIABILITIES:</b>				
Accounts payable	-	-	7,104	183,897
Salaries and benefits payable	-	-	-	10
Due to other governments	-	-	-	280,864
Total liabilities	<u>-</u>	<u>-</u>	<u>7,104</u>	<u>\$ 464,771</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 13,756</u>	<u>\$ 2,798,288</u>	<u>\$ 8,845</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, 2007  
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
<b>ADDITIONS:</b>			
Employer contributions	\$ 1,914	\$ -	\$ -
Employee contributions	1,368	-	-
Contributions to pooled investments	-	19,507,350	-
Contributions to Private-Purpose Trust	-	-	4,552
Investment income	584	128,281	467
Total additions	<u>3,866</u>	<u>19,635,631</u>	<u>5,019</u>
<b>DEDUCTIONS:</b>			
Distribution from Pension Trust	132	-	-
Distributions from pooled investments	-	19,212,116	-
Distributions from Private-Purpose Trust	-	-	4,409
Administrative and other expenses	452	-	-
Total deductions	<u>584</u>	<u>19,212,116</u>	<u>4,409</u>
Change in net assets	3,282	423,515	610
Net Assets Held in Trust, beginning of the year	<u>10,474</u>	<u>2,374,773</u>	<u>8,235</u>
Net Assets Held in Trust, end of the year	<u>\$ 13,756</u>	<u>\$ 2,798,288</u>	<u>\$ 8,845</u>

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



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# BASIC FINANCIAL STATEMENTS – NOTES TO THE BASIC FINANCIAL STATEMENTS



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RICHARD PAUL  
“Dickens Family”

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**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements**  
**June 30, 2007**

**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.

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. As of June 30, 2007, this fund had no activity.

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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 of Record for purposes of collective bargaining 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 (the Commission) The Riverside County Board of Supervisors established First 5 Riverside, also known as Riverside County Children and Families Commission in 1999 under the provisions of the California Children and Families Act of 1998. The Commission was formed to develop, adopt, promote and implement early childhood development programs, which also directly benefits the County Department of Health and the County Department of Mental Health

A governing Board of nine members, that administers the Commission, is appointed by the County Board of Supervisors. The Commission Board includes one member of the County Board of Supervisors. The Commission is a component unit of the County because the County's Board has the ability to impose its will by removing the Commission's governing Board at will. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to 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 - 11<sup>th</sup> 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.

**Current 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 to OPEB trust funds included in the financial reports of plan sponsors or employers, as well as to 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. This statement is not applicable to the County. Note 22, subsequent events, has additional information relevant to this Statement.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Future Governmental Accounting Standards Board 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. Note 22, subsequent events, has additional information relevant to this Statement.

Governmental Accounting Standards Board Statement No. 48

In September of 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*. This Statement is effective for periods beginning after December 15, 2006. This Statement establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability; that a transaction will be reported as a collateralized borrowing unless the criteria indicating that a sale has taken place are met. This Statement includes a provision stipulating that governments should not revalue assets that are transferred between components of the same financial reporting entity, and provides additional guidance for sales of receivables and future revenues within the same financial reporting entity. This Statement also includes guidance to be used for recognizing other assets and liabilities arising from a sale of specific receivables or future revenues, including residual interests and recourse provisions. The County has elected not to implement GASB No. 48 early. Note 22, subsequent events, has additional information relevant to this Statement.

Governmental Accounting Standards Board Statement No. 49

In November of 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement is effective for periods beginning after December 15, 2007. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. For recognized pollution remediation liabilities and recoveries, this Statement requires governments to disclose the nature and source of pollution remediation obligations, the amount of the estimated liability (if not apparent from the financial statements), the methods and assumptions used for the estimate, the potential for changes in estimates, and estimated recoveries that reduce the measurement of the liability. The County has elected not to early implement GASB No. 49 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 50

In May of 2007, GASB issued Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. This Statement is effective for periods beginning after June 15, 2007. This Statement amends statement 25 to require defined benefit pension plans and defined contribution plans to disclose in the notes to financial statements the methods and assumptions used to determine the fair value of investments, if the fair value is based on other than quoted market prices. This Statement amends Statement 27 to require cost-sharing employers to include, in the note disclosure of the required contribution rates of the employer(s) in dollars and the percentage of that amount contributed for the current year and each of the two preceding years, how the contractually required contribution rate is determined (for example, by statute or by contract, or on an actuarially determined basis) or that the cost-sharing plan is financed on a pay-as-you-go basis. This Statement also amends Statement 27 to require that, if a cost-sharing plan does not issue a publicly available stand-alone plan financial report prepared in accordance with the requirements of Statement 25, as amended, and the plan is not included in the financial report of another



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Future Governmental Accounting Standards Board Statements (Continued)**

entity, each employer in that plan should present as RSI the schedules of funding progress and employer contributions for the plan (and notes to these schedules). The County has elected not to early implement GASB No. 50 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 51

In June of 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement is effective for financial statements for periods beginning after June 15, 2009. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to enhance the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. This Statement also establishes guidance specific to intangible assets related to amortization. The County has elected not to early implement GASB No. 51 and has not determined its effect on the County's financial statements.

**Basis of Presentation**

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, excluding fiduciary activities. 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, 43%, or \$23.3 million, of the County's \$54.1 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, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (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 *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 *Public Facilities Improvements Capital Project 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 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.

*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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

*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, pension trust, investment trust, and private-purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, 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.

**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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Investments (Continued)**

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, 2007, 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, 2007 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 83.9% of the funds on deposit in the County Treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 16.1% 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 \$349.9 million and \$546.9 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.

**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 2006-07 gross assessed valuation of the County was \$205.4 billion.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property Taxes (Continued)**

In order to lessen the fiscal impact of the tax increment financing of redevelopment projects on other units of local governments, the RDA has entered into pass-through agreements with various governmental agencies to “pass-through” portions of tax increment funds received by the 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 2006-07, \$26.7 million was transferred from the TLRF to the General Fund.

**Prepaid Items and Inventories**

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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Prepaid Items and Inventories (Continued)**

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; buildings, land and land improvements is \$1; and infrastructure is \$150,000. Betterments result in a more productive, efficient or long-lived assets. Significant betterments are considered capital assets when they result in an improvement of \$2,500 or more. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide 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 \$367,000 for the year ended June 30, 2007.

**Leases**

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

**Restricted Assets**

The County maintains various restricted asset accounts as a result of debt agreements and certain State statutes. The agreements authorizing the issuance of CORAL, and Housing Authority outstanding debt include certain covenants

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 \$43.7 million at June 30, 2007.

**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, 2007, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net assets was \$141.8 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 10% of the current salary for five full years of service, plus two 2% for each additional year to a maximum of 50% 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.

**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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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, laws and regulations of other governments, or 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, 2007**

**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, 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.



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**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

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

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

	Total Governmental Funds (Page 29)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 23)
<b>Assets:</b>					
Cash and investments	\$ 1,323,736	\$ -	\$ 221,019	\$ -	\$ 1,544,755
<b>Receivables:</b>					
Accounts receivable	72,650	-	2,470	-	75,120
Interest	25,621	-	2,114	-	27,735
Taxes	87,915	-	-	-	87,915
Due from other governments	265,447	-	122	-	265,569
Notes receivable	24,983	-	-	-	24,983
Inventories	4,427	-	2,743	-	7,170
Due from other funds	7,193	-	184	(7,377)	-
Prepaid Items	12,878	-	11	-	12,889
Internal balances	-	-	-	16,918	16,918
Pension asset, net	-	398,069	-	-	398,069
Restricted cash and investments	402,331	-	-	-	402,331
Advances to other funds	37	-	200	(237)	-
Land held for resale	43,704	-	-	-	43,704
<b>Capital assets:</b>					
Nondepreciable	-	660,728	350	-	661,078
Depreciable, net	-	1,494,452	45,648	-	1,540,100
Bond issuance costs	-	18,007	-	-	18,007
<b>Total assets</b>	<b>\$ 2,270,922</b>	<b>\$ 2,571,256</b>	<b>\$ 274,861</b>	<b>\$ 9,304</b>	<b>\$ 5,126,343</b>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**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	\$ 123,707	\$ -	\$ 9,945	\$ -	\$ 133,652
Salaries and benefits payable	77,033	-	4,921	-	81,954
Due to other funds	6,758	-	54	(6,812)	-
Due to other governments	44,332	-	92	-	44,424
Interest payable	-	13,057	-	-	13,057
Deposits payable	169	-	-	-	169
Deferred revenue / Unearned revenue	179,651	(60,705)	-	-	118,946
Notes payable	86,222	-	-	-	86,222
Other Liabilities	-	-	1,860	-	1,860
Long-term liabilities due within one year:					
Bonds payable	-	12,025	-	-	12,025
Capital lease obligations	-	11,358	9,761	-	21,119
Certificates of participation	-	14,057	-	-	14,057
Loans payable	-	5,330	-	-	5,330
Compensated absences	-	69,131	2,866	-	71,997
Estimated claims liability	-	-	39,594	-	39,594
Advance from other funds	37	-	200	(237)	-
Long-term liabilities due in more than one year:					
Bonds payable	-	794,373	-	-	794,373
Capital lease obligations	-	49,765	16,453	-	66,218
Certificates of participation	-	321,809	-	-	321,809
Loans payable	-	304,809	-	-	304,809
Accreted interest payable	-	1,780	-	-	1,780
Compensated absences	-	50,432	2,479	-	52,911
Estimated claims liability	-	-	95,634	-	95,634
Other long term liabilities	-	-	1,500	-	1,500
<b>Total liabilities</b>	<b>517,909</b>	<b>1,587,221</b>	<b>185,359</b>	<b>(7,049)</b>	<b>2,283,440</b>
Fund balances/net assets:					
Total fund balances/net assets	1,753,013	984,035	89,502	16,353	2,842,903
<b>Total liabilities and fund balances/net assets</b>	<b>\$ 2,270,922</b>	<b>\$ 2,571,256</b>	<b>\$ 274,861</b>	<b>\$ 9,304</b>	<b>\$ 5,126,343</b>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**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, 2007 is as follows (in thousands):

**Governmental Funds:**

<u>Description</u>	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	Redevelopment Agency Capital Projects Fund	Redevelopment Agency Special Revenue Fund	Redevelopment Agency Debt Service Fund
Fund balances as of June 30, 2006, as previously reported	\$ 208,704	\$ 98,286	\$ 36,543
Prior Period Adjustments:			
Land Held for Resale expensed in prior years	811		
Loan Receivable not recognized in prior years		1,507	
Accounts payable correction from prior years			445
Fund balances, as of June 30, 2006, as restated	<u>\$ 209,515</u>	<u>\$ 99,793</u>	<u>\$ 36,988</u>

**Government-wide:**

	<u>Governmental Activities</u>
Government-wide net assets, as of June 30, 2006, as previously reported	\$ 2,512,829
Restatements:	
Fund financial statements:	
Land Held for Resale expensed in prior years	811
Loan Receivable not recognized in prior years	1,507
Accounts payable correction from prior years	445
Net assets as of June 30, 2006, as restated	<u>\$ 2,515,592</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 5 – CASH AND INVESTMENTS**

**Cash and Investments**

As of June 30, 2007, 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	\$ 1,544,755	\$ 110,374	\$ 52,595	\$ 3,144,038	\$ 4,851,762
Restricted cash and investments	402,331	125,006	-	-	527,337
<b>Total cash and investments</b>	<b>\$ 1,947,086</b>	<b>\$ 235,380</b>	<b>\$ 52,595</b>	<b>\$ 3,144,038</b>	<b>\$ 5,379,099</b>

As of June 30, 2007, cash and investments consist of the following (in thousands):

Deposits	\$ 526,324
Investments	4,852,775
<b>Total cash and Investments</b>	<b>\$ 5,379,099</b>

**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 County 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%	100MM
Certificate & Time Deposits	1 Year	25.0%	50MM
Repurchase Agreements	45 Days	40% / 25%	20%
Reverse Repurchase Agreements	60 Days	10%	10%
Medium Term Notes	2 Years	20%	30MM
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	5 Years	20%	None
Local Agency Investment Funds	3 Years	2.5%	1.25%

**Investments Authorized by Debt Agreements**

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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 5 – CASH AND INVESTMENTS (Continued)**

**Disclosures Relating to Interest Rate Risk**

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

As of June 30, 2007, the County had the following investments (in thousands):

Held by Fiscal Agents:

Investment	Maturity	Fair Market Value	Weighted Average Maturity (Years)
Treasury Investments			
Commercial Paper	07/07 - 10/07	\$ 688,594	0.18
Federal Farm Credit Bank	07/07 - 06/10	259,051	1.33
Federal Home Loan Bank	07/07 - 06/10	830,008	1.66
FHLC - FHLB	07/07 - 06/10	583,165	1.67
Fed Nat Mortg Assoc	07/07 - 06/10	973,591	1.96
Local Agency Obligations	05/08 - 06/20	5,695	3.17
Medium Term Notes	11/07 - 05/09	284,051	0.88
Municipal Bonds	08/07-05/10	18,656	1.36
Negotiable CDs	07/07-05/08	719,003	0.20
Time Deposits	09/07-10/07	20,000	0.23
Total Treasury Investments		4,381,814	
Investments Outside the Treasury			
Money Market	NA	49,952	0.03
Guaranteed Investment Contract	06/20	19,600	6.93
Guaranteed Investment Contract	07/07-11/33	32,255	14.62
Investment Agreements	09/08	70,120	0.22
Investment Agreements	10/09	91,699	0.55
Investment Agreements	10/10	195,630	1.71
Investment Agreements	10/37	7,340	0.60
Local Agency Investment Funds	NA	4,365	0.00
Total Investments Outside the Treasury		470,961	
Total Investments		\$ 4,852,775	

**Custodial Credit Risk**

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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 5 – CASH AND INVESTMENTS (Continued)**

**Custodial Credit Risk (Continued)**

GASB Statement No. 40 Requires that disclosure is made with respect to custodial credit risks relating to deposits. The County has cash deposits with fiscal agents in excess of federal depository insurance limits held in collateralized accounts with securities held by Union Bank of California in the amount \$489.8 million. Investment securities are registered and held in the name of Riverside County.

**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	\$ 259,051
Federal Home Loan Bank	Federal Agency	830,008
FHLC-FHLB Mortgage Certificates	Federal Agency	583,165
Federal National Mortgage Association	Federal Agency	973,591

**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, 2007, the County had the following investments (in thousands):

Investment	Maturity	Minimum Legal Rating	Rating June 30, 2007	Fair Market Value
<b>Treasury Investments</b>				
Commercial Paper	07/06 - 11/06	A1/P1	A1/P1(1)	\$ 688,594
Federal Farm Credit Bank	07/06 - 09/08	N/A	AAA	259,051
Federal Home Loan Bank	07/06 - 06/09	N/A	AAA	830,008
FHLC - FHLB	09/06 - 06/09	N/A	AAA	583,165
Federal Nat Mort Assn	07/06 - 06/09	N/A	AAA	973,591
Local Agency Obligations	07/12 - 06/20	NA	NA	5,695
Medium Term Notes	09/06 - 01/08	A	AA(2)	284,051
Municipal Bonds	08/06 - 08/07	A	AA(2)	18,656
Negotiable CDs	07/06 - 11/06	A1/P1	A1/P1(1)	719,003
Time Deposits	09/06 - 10/06	N/A	N/A	20,000
<b>Total Treasury Investments</b>				<b>4,381,814</b>
<b>Investments Outside the Treasury</b>				
Money Market	NA	AAA	AAA	49,952
Guaranteed Investment Contracts	06/20	AA	AAA	19,600
Guaranteed Investment Contracts	07/07-11-33	AA	AA+	32,255
Investment Agreements	09/08	AA	AAA	70,120
Investment Agreements	10/09	AA	AAA	91,699
Investment Agreements	10/10	AA	AAA	195,630
Investment Agreements	10/37	AA	AAA	7,340
Local Agency Investment Funds	NA	NA	NR	4,365
<b>Total Investments Outside the Treasury</b>				<b>470,961</b>
<b>Total Investments</b>				<b>\$ 4,852,775</b>

(1) Majority of Commercial Paper and Negotiable CD are A1+/P1

(2) All Medium Term Notes with a maturity greater than a year are AAA



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 6 – RESTRICTED CASH AND INVESTMENTS**

The amount of assets restricted by legal and contractual requirements at June 30, 2007 is as follows (in thousands):

	General Fund	Teeter Debt Service	Nonmajor Governmental Funds	Regional Medical Center	Waste Management Department	Nonmajor Enterprise Funds
1985 Certificates	\$ -	\$ -	\$ 23,293	\$ -	\$ -	\$ -
1993 Hospital Bonds	-	-	-	36,001	-	-
1990 Monterey Avenue	-	-	133	-	-	-
1997 B & C Hospital	-	-	-	30	-	-
1997 Historic Court House	-	-	268	-	-	-
1997 Lease Refunding	-	-	402	-	-	-
1998 Larson Justice Center	-	-	27	-	-	-
2000 Southwest Justice Center	-	-	501	-	-	-
2001 CAC Annex	-	-	2,557	-	-	-
2003 A Historic Courthouse	-	-	1,287	-	-	-
2003 B Capital Facilities	-	-	1,128	-	-	-
2005 A Capital Improvement Family Law	-	-	21,451	-	-	-
2005 B Historic Refunding	-	-	2,263	-	-	-
2006 A Capital Improvements	-	-	12,072	-	-	-
Waste Management	-	-	-	-	83,320	-
Housing Authority Bond	-	-	-	-	-	1,954
Restricted Program Money	263,390	-	14,100	1,023	-	2,678
Teeter Commercial Paper Notes	-	53,688	-	-	-	-
Riverside Court Fin Corp	-	-	5,771	-	-	-
<b>Total Restricted Assets</b>	<b>\$ 263,390</b>	<b>\$ 53,688</b>	<b>\$ 85,253</b>	<b>\$ 37,054</b>	<b>\$ 83,320</b>	<b>\$ 4,632</b>

At June 30, 2007 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, 2007**

**NOTE 7 - RECEIVABLES**

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

<b>Receivables</b>	General	Teeter	Public	Redevelopment	Major
<b>Governmental Activities:</b>	Fund	Debt Service	Facilities	Capital	Governmental
			Improvements	Projects	Funds
Accounts	\$ 60,621	\$ -	\$ 2,713	\$ -	\$ 63,334
Interest	14,673	394	2,528	3,531	21,126
Taxes	40,766	37,042	-	-	77,808
Due from other governments	252,411	-	20	-	252,431
Notes	-	-	-	-	-
Total receivables	<u>\$ 368,471</u>	<u>\$ 37,436</u>	<u>\$ 5,261</u>	<u>\$ 3,531</u>	<u>\$ 414,699</u>

<b>Receivables</b>	Major	Nonmajor	Internal	Total
<b>Governmental Activities:</b>	Governmental	Governmental	Service	Governmental
	Funds	Funds	Funds	Activities
Accounts	\$ 63,334	\$ 9,316	\$ 2,470	\$ 75,120
Interest	21,126	4,495	2,114	27,735
Taxes	77,808	10,107	-	87,915
Due from other governments	252,431	13,016	122	265,569
Notes	-	24,983	-	24,983
Total receivables	<u>\$ 414,699</u>	<u>\$ 61,917</u>	<u>\$ 4,706</u>	<u>\$ 481,322</u>

<b>Receivables</b>	Regional	Waste	Nonmajor	Total Business-
<b>Business-type Activities:</b>	Medical Center	Management	Funds	type Activities
Accounts	\$ 954,022	\$ 5,015	\$ 2,585	\$ 961,622
Interest	477	1,362	88	1,927
Taxes	-	-	9	9
Due from other governments	12,564	256	3,584	16,404
Gross receivables	967,063	6,633	6,266	979,962
Less: Allowance for contractals	(546,862)	-	-	(546,862)
Allowance for uncollectibles	(349,939)	(4)	-	(349,943)
Total receivables	<u>\$ 70,262</u>	<u>\$ 6,629</u>	<u>\$ 6,266</u>	<u>\$ 83,157</u>

Of the total governmental receivable of \$481.3 million, \$38.6 million is SB-90 long-term receivable.

Governmental funds report deferred revenue in connection with receivables for revenue not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2007, the components of deferred/unearned revenue were as follows (in thousands):

<b>Governmental activities:</b>	Unavailable	Unearned
General fund:		
Due from other governments, current portion	\$ 56,381	
Resources received that do not yet meet the criteria for revenue recognition		\$ 99,774
Public Facilities Improvement Capital Projects:		
Resources received that do not yet meet the criteria for revenue recognition		250
Nonmajor funds:		
Due from other governments	4,324	
Resources received that do not yet meet the criteria for revenue recognition		18,922
Total governmental	<u>\$ 60,705</u>	<u>\$ 118,946</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 8 – INTERFUND TRANSACTIONS**

**Interfund Receivables/ Payables**

The composition of interfund balances as of June 30, 2007 is as follows (in thousands):

***Due to/from other funds:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Teeter Debt Service Fund	\$ 4,877	Delinquent Property Taxes
	Regional Medical Center	532	Medical Service
	Nonmajor Governmental Funds	8	Air Quality Management
		<u>5,417</u>	
Internal Service Funds	General Fund	97	
	Regional Medical Center	33	
	Internal Service Funds	54	
		<u>184</u>	Healthcare Services
Nonmajor Governmental Funds	General Fund	191	Capital Project
	Redevelopment Capital Projects	403	Transportation
	Nonmajor Government Funds	1,182	Interfund Activities
		<u>1,776</u>	
	Total	<u>\$ 7,377</u>	

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

***Advances to/from other funds:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Fund	\$ 37	(1)
Internal Service Fund	Internal Service Fund	200	(2)
	Total	<u>\$ 237</u>	

- (1) The amount payable to the General Fund relates to advances to Special Revenue Community Services Fund for HUD loans to Valley Restart Shelter. Repayment is expected in February 2008.
- (2) Fleet Services Internal Service Fund advanced Central Mail Internal Service fund \$500,000 in Fiscal Year 2005 or the construction of a facility. As of June 30, 2007, \$200,000 remains outstanding. Repayment is expected in Fiscal Year 2010.

**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):

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 8 – INTERFUND TRANSACTIONS (Continued)**

***Transfers-Continued***

**(a) Between Governmental and Business-type Activities:**

Transfer out	Transfer in	Amount	Purpose
<b><i>Operating or debt subsidy:</i></b>			
General Fund	Regional Medical Center	\$ 3,600	Reimbursement
General Fund	Regional Medical Center	11,353	Operating Contribution
General Fund	Waste Management	<u>763</u>	Reimbursement
		<u>15,716</u>	
Public Facilities Improvement	Regional Medical Center	5,000	Operating Contribution
Regional Medical Center	Nonmajor Governmental Funds	3,422	Pension Obligation
Waste Management	Nonmajor Governmental Funds	240	Pension Obligation
Nonmajor Enterprise	Nonmajor Governmental Funds	<u>162</u>	Pension Obligation
	Total	<u>\$ 24,540</u>	

**(b) Between Funds within the Governmental Activities:<sup>1</sup>**

Transfer out	Transfer in	Amount	Purpose
<b><i>Operating or debt subsidy:</i></b>			
General Fund	Nonmajor Governmental Funds	\$ 3,791	Administrative support
	Nonmajor Governmental Funds	17,059	Reimbursement
	Nonmajor Governmental Funds	22,017	Pension Obligation
	Nonmajor Governmental Funds	915	Leases
	Nonmajor Governmental Funds	685	Professional services
	Nonmajor Governmental Funds	15,999	Capital projects
	Nonmajor Governmental Funds	165	Miscellaneous
	Teeter	3,441	Debt service
	Internal Service Funds	50	Reimbursement
	Public Facilities Capital Project	<u>66,376</u>	Capital projects
		<u>130,498</u>	
Teeter	General Fund	1,353	Debt Service
Public Facilities Improvement	Nonmajor Governmental Funds	2,639	Reimbursement
	Nonmajor Governmental Funds	21,681	Capital projects
	General Fund	2,140	Capital projects
	General Fund	1,085	Leases
	General Fund	17	Professional services
	General Fund	<u>6,000</u>	Reimbursement
		<u>33,562</u>	
Redevelopment Capital Project	General Fund	144	Professional services
	General Fund	344	Reimbursement
	Public Facilities Capital Project	130	Capital projects
	Nonmajor Governmental Funds	10,141	Capital projects
	Nonmajor Governmental Funds	<u>5,347</u>	Reimbursement
		<u>\$ 16,106</u>	

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 8 – INTERFUND TRANSACTIONS (Continued)**

**Transfers-Continued**

**(b) Between Funds within the Governmental Activities (Continued):<sup>1</sup>**

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
Nonmajor Governmental Funds	General Fund	\$ 40	Overhead reimbursement
	General Fund	59,951	Fire Services
	General Fund	2,037	Administrative support
	General Fund	90	CDGB
	General Fund	1,721	Debt Service
	General Fund	4,116	Leases
	General Fund	571	Law Enforcement
	General Fund	3,555	Professional services
	General Fund	5,342	Reimbursement
	General Fund	103	Miscellaneous
	Public Facilities Capital Project	4,555	Capital Projects
	Redevelopment Capital	89	Reimbursement
	Redevelopment Capital	16,598	Capital Projects
	Nonmajor Governmental Funds	3,854	Debt Service
	Nonmajor Governmental Funds	1,801	Pension Obligation
	Nonmajor Governmental Funds	1,902	CDGB
	Nonmajor Governmental Funds	617	Leases
	Nonmajor Governmental Funds	947	Miscellaneous
	Nonmajor Governmental Funds	3,106	Administrative support
	Nonmajor Governmental Funds	113	Professional services
	Nonmajor Governmental Funds	12,848	Reimbursement
	Nonmajor Governmental Funds	1,709	Capital projects
	Internal Service	724	Reimbursement
		<u>126,389</u>	
Internal Service Funds	General Fund	840	Business services
	Internal Service Funds	2,342	Reimbursement
	Nonmajor Governmental Funds	1,246	Pension Obligation
		<u>4,428</u>	
	Total	<u>\$ 312,336</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, 2007**

**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 was as follows (in thousands):

	Balance July 1, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
<b>Governmental activities:</b>					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 320,426	\$ 15,377	\$ (57)	\$ (2,649)	\$ 333,097
Construction in progress	195,814	145,080	(2,343)	(10,570)	327,981
Total capital assets, not being depreciated	516,240	160,457	(2,400)	(13,219)	661,078
<i>Capital assets, being depreciated:</i>					
Infrastructure					
Flood channels	245,582	5,907	-	(30,803)	220,686
Flood storm drains	189,033	28,537	-	30,595	248,165
Flood dams and basins	30,404	-	-	207	30,611
Roads	1,190,067	81,988	-	(592)	1,271,463
Traffic signals	18,583	255	-	(531)	18,307
Bridges	99,983	-	-	(21,523)	78,460
Runways	6,793	-	-	4,144	10,937
Parks trails and improvements	2,923	406	(645)	-	2,684
Land improvements	11	-	-	99	110
Structures and improvements	644,705	804	(95,613)	90,948	640,844
Equipment	315,364	37,729	(16,506)	589	337,176
Total capital assets, being depreciated	2,743,448	155,626	(112,764)	73,133	2,859,443
Less accumulated depreciation for:					
Infrastructure	(788,912)	(50,405)	72	1,587	(837,658)
Land improvements	(11)	-	-	-	(11)
Structures and improvements	(178,785)	(9,421)	17,537	(66,976)	(237,645)
Equipment	(231,320)	(27,149)	15,988	(1,548)	(244,029)
Total accumulated depreciation	(1,199,028)	(86,975)	33,597	(66,937)	(1,319,343)
Total capital assets, being depreciated, net	1,544,420	68,651	(79,167)	6,196	1,540,100
Governmental activities capital assets, net	\$ 2,060,660	\$ 229,108	\$ (81,567)	\$ (7,023)	\$ 2,201,178

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 9 – CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended June 30, 2007 was as follows (in thousands):

	Balance July 1, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
<b><u>Business-type activities:</u></b>					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 21,095	\$ 324	\$ -	\$ -	\$ 21,419
Construction in progress	17,601	16,399	(951)	(4,899)	28,150
Total capital assets, not being depreciated	38,696	16,723	(951)	(4,899)	49,569
<i>Capital assets, being depreciated:</i>					
Land improvements	11,662	-	-	-	11,662
Infrastructure-landfill liners	34,914	-	-	-	34,914
Infrastructure-other	7,296	639	(299)	2,200	9,836
Structures and improvements	211,818	538	-	267	212,623
Equipment	103,720	4,855	(2,111)	2,432	108,896
Total capital assets, being depreciated	369,410	6,032	(2,410)	4,899	377,931
Less accumulated depreciation for:					
Land improvements	(4,509)	(582)	-	-	(5,091)
Infrastructure-landfill liners	(9,730)	(1,411)	-	-	(11,141)
Infrastructure-other	(2,343)	(377)	299	-	(2,421)
Structures and improvements	(55,896)	(6,259)	-	-	(62,155)
Equipment	(86,154)	(5,554)	2,111	-	(89,597)
Total accumulated depreciation	(158,632)	(14,183)	2,410	-	(170,405)
Total capital assets, being depreciated, net	210,778	(8,151)	-	4,899	207,526
Business-type activities capital assets, net	\$ 249,474	\$ 8,572	\$ (951)	\$ -	\$ 257,095

**Depreciation**

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

General government	\$ 8,588
Public protection	13,634
Health and sanitation	600
Public assistance	1,486
Public ways and facilities	46,536
Recreation and culture	725
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>15,406</u>
Total depreciation expense – governmental functions	<u>\$ 86,975</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 9 – CAPITAL ASSETS (Continued)**

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

Regional Medical Center	\$ 8,110
Waste Management	4,229
Housing Authority	1,818
County Service Areas	6
Flood Control	20
Total depreciation expense – business-type functions	<u>\$ 14,183</u>

**Capital Leases**

	<u>Governmental</u>	<u>Business Type</u>
Structures and Improvements	\$ 1,386	\$ -
Equipment	184,022	12,049
Less: Accumulated amortization	(135,036)	(5,558)
Total leased property, net	<u>\$ 50,372</u>	<u>\$ 6,491</u>

**Discretely Presented Component Unit**

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2007, was as follows (in thousands):

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Capital assets, being depreciated:				
Equipment	\$ 312	\$ 9	\$ -	\$ 321
Total capital assets, being depreciated	<u>312</u>	<u>9</u>	<u>-</u>	<u>321</u>
Less accumulated depreciation for:				
Equipment	(170)	(53)	-	(223)
Total accumulated depreciation	<u>(170)</u>	<u>(53)</u>	<u>-</u>	<u>(223)</u>
Total capital assets, net	<u>\$ 142</u>	<u>\$ (44)</u>	<u>\$ -</u>	<u>\$ 98</u>



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

Waste Management (Waste) has recorded \$82.7 million as landfill closure and post-closure care expense to date (based on the use of the estimated capacities of the landfills ranging from 30% 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 \$35.3 million as the remaining estimated capacity of 20.3 million tons is filled. Waste expects all currently permitted landfill capacities to be filled by 2032. The total estimate of \$118 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, 2007 %	Estimated Years Remaining
Anza (Anza)	\$ 2,756	100.0	-
Badlands (Moreno Valley)	12,990	45.3	9
Blythe (Blythe)	1,896	30.2	25
Coachella (Coachella)	8,617	100.0	-
Desert Center (Desert Center)	721	69.0	4
Double Butte (Winchester)	9,921	100.0	-
Edom Hill (Cathedral City)	18,955	100.0	-
Highgrove (Riverside)	6,576	100.0	-
Lamb Canyon (Beaumont)	6,590	32.2	16
Mead Valley (Perris)	8,553	100.0	-
Mecca II (Mecca)	2,798	99.4	-
Oasis (Oasis)	2,336	70.0	24
	<u>\$ 82,709</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 \$63.4 million are held for these purposes at June 30, 2007 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, 2007**

**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, 2007 (in thousands):

<u>Year Ending June 30, 2007</u>	
2008	\$ 24,265
2009	31,138
2010	15,547
2011	11,706
2012	19,537
2013-2017	31,920
2018-2022	1,006
Total Minimum Payments	\$ 135,119

Rental expense was \$43.5 million principally in the General Fund for the year ended June 30, 2007.

**NOTE 12 – SHORT TERM DEBT**

**Tax and Revenue Anticipation Notes (TRANS)**

On July 1, 2006, the County issued \$235 million of tax exempt Tax and Revenue Anticipation Notes (TRANS), which were repaid June 30, 2007. The Notes yielded an interest rate of 3.56%. 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.

**Tax-Exempt Commercial Paper Notes (Teeter)**

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 2006-07, the County retired \$39.9 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 \$51.8 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.

Short-term debt activity for the year ended June 30, 2007, was as follows (in thousands):

	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
FY 2006-07 TRANS	\$ -	\$ 235,000	\$ (235,000)	\$ -
Teeter Notes	58,394	67,728	(39,900)	86,222
Total	\$ 58,394	\$ 302,728	\$ (274,900)	\$ 86,222

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS**

Long-term obligations of the County consist of capital lease obligations, bonds, 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, 2007 (in thousands):

<u>Year Ending June 30, 2007</u>	Governmental Activities	Business-type Activities
2008	\$ 24,328	\$ 4,603
2009	19,821	4,260
2010	15,368	3,958
2011	11,438	3,409
2012	7,717	2,253
2013-2017	18,585	1,311
2018-2022	4,182	-
2023-2027	3,237	-
2028-2032	122	-
Total minimum payments	<u>104,798</u>	<u>19,794</u>
Less amount representing interest	<u>(17,461)</u>	<u>(1,950)</u>
Present value of net minimum lease payments	<u>\$ 87,337</u>	<u>\$ 17,844</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.

The following schedules provide details of all certificates of participation, bonds payable, and notes payable for the County of Riverside that are outstanding as of June 30, 2007 (in thousands):

**Governmental Activities**

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2007
<i>Certificates of Participation:</i>					
<b><u>CORAL</u></b>					
1985 Certificate:	12/01/06 –12/01/15	Variable	\$5,400 - \$15,000	\$ 169,400	\$ 89,300
Serial Certificates				<u>169,400</u>	<u>89,300</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2007
<i>Certificates of Participation (Continued):</i>					
<b><u>CORAL</u></b>					
2005 A - Capital Improvement & Family Law Court Refunding					
Serial Certificates	11/01/06 – 11/01/25	3.0% - 5.00%	\$325 - \$1,740	\$ 28,495	\$ 27,895
Term Certificates	11/01/26 – 11/01/33	5.00%	\$2,255 - \$1,955	9,905	9,905
Term Certificates	11/01/34 – 11/01/36	5.00%	\$2,040 - \$2,490	13,265	13,265
2005-A Family Law				<u>51,665</u>	<u>51,065</u>
<b><u>CORAL</u></b>					
2005 B - Historic Courthouse Refunding project					
Serial Certificates	11/01/06 – 11/01/25	3.0% - 5.00%	\$325 - \$1,740	18,835	18,125
Term Certificates	11/01/26 – 11/01/27	5.00%	\$1,860 - \$1,915	3,775	3,775
2005-B Historic Courthouse				<u>22,610</u>	<u>21,900</u>
<b><u>CORAL</u></b>					
1997 Lease Refunding:					
Serial Certificate	11/01/06 – 11/01/12	4.50% - 5.50%	\$1,375 - \$1,830	43,560	9,780
Term Certificate	11/01/13 – 11/01/17	5.125%	\$1,310 - \$1,595	7,250	7,250
Term Certificate	11/01/18 – 11/01/21	5.125%	\$1,680 - \$1,955	7,260	7,260
1997 Lease Refunding				<u>58,070</u>	<u>24,290</u>
<b><u>CORAL</u></b>					
1998 Larson Justice Center:					
Serial Certificate	12/01/06 – 12/01/12	4.30% - 4.75%	\$1,195 - \$1,550	18,185	8,325
Term Certificate	12/01/13 – 12/01/18	5.00%	\$1,625 - \$2,075	11,055	11,055
Term Certificate	12/01/19 – 12/01/21	5.00%	\$2,175 - \$2,400	6,860	6,860
1998 Larson Justice Center				<u>36,100</u>	<u>26,240</u>
<b><u>CORAL</u></b>					
2001 CAC Annex:					
Serial Certificate	11/01/06 – 11/01/26	5.00% - 5.13%	\$705 - \$1,880	27,120	24,495
Term Certificate	11/01/27 – 11/01/30	5.13%	\$1,980 - \$2,295	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>35,450</u>
<b><u>CORAL</u></b>					
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, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2007
<b><i>Certificates of Participation (Continued):</i></b>					
<b><u>CORAL</u></b>					
2003 A -Historic Court Project					
Serial Certificate	11/01/06 – 11/01/18	3.00% - 5.00%	\$260 - \$400	\$ 4,125	\$ 3,865
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>12,930</u>
<b><u>CORAL</u></b>					
2003 B –Capital Facilities Refunding					
Serial Certificate	11/01/06 – 11/01/11	2.00% - 4.20%	\$300 - \$900	8,685	6,240
2003B- Capital Facilities				<u>8,685</u>	<u>6,240</u>
<b><u>CORAL</u></b>					
1990 Monterey Ave (Desert)					
Serial Certificate	11/01/06 – 11/01/20	Variable	\$200 - \$800	8,800	6,800
Monterey Ave (Desert Fac)				<u>8,800</u>	<u>6,800</u>
<b><u>Court Financing Corporation</u></b>					
Bankruptcy Courthouse					
Acquisition Project	11/01/05– 11/01/27	7.50%	\$230 - \$1,420	16,120	13,450
Term Certificate				<u>16,120</u>	<u>13,450</u>
<b><u>District Court Financing</u></b>					
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	10,621
Term /Series 2002	6/15/20	3.00%	Variable	925	740
Term certificate				<u>20,725</u>	<u>13,526</u>
<b>Total Certificates of Participation</b>				<b><u>\$ 478,115</u></b>	<b><u>\$ 335,866</u></b>
<b>Bonds Payable:</b>					
<b><u>CORAL</u></b>					
2000 Southwest Justice Center:					
Term Certificate	11/01/06 – 11/01/13	4.88% - 5.40%	\$1,585 - \$2,240	\$ 17,945	\$ 13,405
Term Certificate	11/01/14 – 11/01/32	5.20%	\$2,400 - \$6,200	76,300	76,300
Southwest Justice Center				<u>94,245</u>	<u>89,705</u>
<b><u>CORAL (Sheriff Department)</u></b>					
1997 B & C (Hospital):					
Term Bonds (Series C)	6/1/19	5.81%	\$1,733	1,733	1,733
Bonds Payable				<u>1,733</u>	<u>1,733</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2007
<b><u>RDA</u></b>					
2006 Tax Alloc/Lse Revenue Bonds Payable	10/01/06 – 10/01/37	4.50% - 5.00%	\$1,995 - \$6,490	\$ 144,075	\$ 142,080
				<u>144,075</u>	<u>142,080</u>
<b><u>RDA</u></b>					
2004 A Tax Alloc Housing Bonds Payable	10/01/05 – 10/01/37	4.75% - 5.00%	\$4,700 - \$16,015	38,225	38,225
				<u>38,225</u>	<u>38,225</u>
<b><u>RDA</u></b>					
2004 A-T Tax Alloc Housing Bonds Payable	10/01/05 – 10/01/28	2.90% - 4.87%	\$1,800 - \$7,955	37,000	34,255
				<u>37,000</u>	<u>34,255</u>
<b><u>RDA</u></b>					
2005 Tax Allocation Housing/ Refunding Bonds Payable	10/01/05 – 10/01/33	3.00% - 4.50%	\$365 - \$4,120	18,245	17,520
				<u>18,245</u>	<u>17,520</u>
<b><u>RDA</u></b>					
2007 Tax Allocation Revenue Bond (Series A) Bonds Payable	10/01/06 – 09/1/34	3.00% - 4.50%	\$1,725 - \$6,450	89,990	89,990
				<u>89,990</u>	<u>89,990</u>
<b><u>Taxable Pension Obligation</u></b>					
Pension Oblig. Bonds (Series 2005-A) PERS contract Bonds Payable	8/15/05 – 8/15/35	4.91%	\$3,155 - \$5,530	400,000	392,890
				<u>400,000</u>	<u>392,890</u>
<b>Total Bonds Payable</b>				<b><u>\$ 823,513</u></b>	<b><u>\$ 806,398</u></b>
<b>Loans Payable:</b>					
<b><u>RDA</u></b>					
1998 Loans Payable	10/01/05 – 10/01/33	3.50% - 7.00%	\$695 - \$11,135	\$ 68,296	\$ -
2000 Loans Payable	01/01/05 – 01/01/15	3.50% - 7.00%	\$56 - \$956	1,329	1,646
2004 Loans Payable (TAB)	10/01/05 – 01/01/37	2.50% - 5.00%	\$2,705 - \$40,300	102,785	98,980
2007 Loans- Series A (Tab)	10/01/07 – 01/01/37	3.50% - 4.37%	\$3,380 - \$8,925	169,720	169,720
2007 Loans- Series B (Tab)	10/01/07 – 01/01/37	4.00% - 4.75%	\$645 - \$1,955	33,820	33,820
<b><u>CORAL</u></b>					
2007 Monroe Prk Bldg.	12/5/2015	6.50%	\$122 - \$4,621	5,973	5,973
<b>Total Loans Payable</b>				<b><u>381,923</u></b>	<b><u>310,139</u></b>
<b>Total Governmental Activities</b>				<b><u>\$ 1,683,551</u></b>	<b><u>\$ 1,452,403</u></b>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**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, 2007
<b>Bonds Payable:</b>					
<b><u>Regional Medical Center</u></b>					
1993 A & B (Hospital):					
Term Bonds (Series A)	06/01/07 – 06/01/12	5.90% - 6.50%	\$6,420 - \$13,870	\$ 134,535	\$ 39,125
Term Bonds (Series B)	06/01/13 – 06/01/14	5.41%	\$7,050 - \$7,475	14,525	14,525
Bond Discount				-	-
Loss on Defeasance (net)				-	(2,254)
1993 A & B – bonds				<u>149,060</u>	<u>51,396</u>
<b><u>Regional Medical Center</u></b>					
1997 A (Hospital): Serial Capital Cap Apprec. Bonds (net of future cap apprec \$104,487)					
1997A RCRMC bonds	06/01/13 – 06/01/26	5.70% - 6.01%	\$1,081 - \$4,981	41,170	41,170
				<u>41,170</u>	<u>41,170</u>
<b><u>Regional Med Center 1997</u></b>					
Serial Bonds (Series B)	06/01/04 – 06/01/19	4.10% - 5.50%	\$315 - \$455	4,785	2,435
Term Bonds (Series B)	06/01/04 – 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				-	(18)
Loss on Defeasance (net)				-	(2,212)
1997 B & C (Hospital)				<u>70,252</u>	<u>65,672</u>
<b><u>Regional Medical Center</u></b>					
2003 A & B (Hospital):					
Term Bonds (Series A)	06/01/04 – 06/01/09	2.50% - 5.00%	\$ 6,150 - \$11,030	56,140	17,590
Term Bonds (Series B)	06/01/04 – 06/01/07	3.35%	\$4,040	4,040	4,040
Bond Premium				-	446
Loss on Defeasance (net)				-	(12)
2003 A & B – bonds				<u>60,180</u>	<u>22,064</u>
<b><u>Housing Authority</u></b>					
1998 Series A:					
Term Bonds	12/01/05-12/01/07	6.25%	\$60 - \$90	780	180
Term Bonds	12/01/08-12/01/18	6.85%	\$100 - \$200	1,625	1,545
Deferred Charges				-	(764)
Term Bonds				<u>2,405</u>	<u>961</u>
<b>Total Bonds Payable</b>				<b><u>323,067</u></b>	<b><u>181,263</u></b>
<b>Total Business-type Activities</b>				<b><u>\$ 323,067</u></b>	<b><u>\$ 181,263</u></b>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

As of June 30, 2007, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

<b>Governmental</b> Year ending June 30, 2007:	<b>Loans Payable</b>		<b>Certificates of Participation</b>	
	Principal	Interest	Principal	Interest
2008	\$ 5,330	\$ 9,257	\$ 14,057	\$ 22,613
2009	4,759	14,106	15,900	21,442
2010	4,948	13,910	17,122	20,145
2011	5,320	13,728	17,849	18,716
2012	11,619	13,530	19,382	16,950
2013-2017	35,975	63,806	103,509	57,761
2018-2022	39,064	56,087	55,907	30,875
2023-2027	48,720	46,104	35,405	19,049
2028-2032	65,560	34,056	33,210	10,029
2033-2037	77,965	18,349	21,445	3,176
2038-2042	10,879	849	2,080	48
<b>Total</b>	<b>\$ 310,139</b>	<b>\$ 283,782</b>	<b>\$ 335,866</b>	<b>\$ 220,804</b>

<b>Governmental</b> Year ending June 30, 2007:	<b>Bonds Payable</b>		<b>Other Long-term Liabilities</b>	
	Principal	Interest	Principal	Interest
2008	\$ 12,025	\$ 37,658	\$ -	\$ -
2009	13,395	37,572	-	-
2010	14,750	37,051	-	-
2011	17,990	44,005	-	-
2012	32,445	33,852	-	-
2013-2017	130,930	165,191	1,500	-
2018-2022	188,823	130,949	-	-
2023-2027	180,875	80,289	-	-
2028-2032	124,280	44,788	-	-
2033-2037	79,950	11,735	-	-
2038-2042	10,935	162	-	-
<b>Total</b>	<b>\$ 806,398</b>	<b>\$ 623,252</b>	<b>\$ 1,500</b>	<b>\$ -</b>



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

As of June 30, 2007, annual debt service requirements of business-type activities to maturity are as follows (in thousands):

<b>Business-type</b> Year ending June 30, 2007:	<b>Bonds Payable</b>		<b>Other Long-term Liabilities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2008	\$ 11,060	\$ 12,397	\$ -	\$ -
2009	11,515	12,222	-	-
2010	12,735	11,982	-	-
2011	13,555	11,469	-	-
2012	14,430	10,921	-	-
2013-2017	64,004	46,307	6,795	-
2018-2022	43,676	31,844	-	-
2023-2027	15,102	10,264	-	-
<b>Total Requirements</b>	<b>186,077</b>	<b>147,406</b>	<b>\$ 6,795</b>	<b>\$ -</b>
Bond Premium, net	446	-		
Bond Discount	(18)	-		
Deferred Chrgs (Housing)	(764)	-		
Loss on Defeasance (net)	(4,478)	-		
<b>Total</b>	<b>\$ 181,263</b>	<b>\$ 147,406</b>		

**Accreted Interest Payable**

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2007 (in thousands):

	<b>Balance</b>		<b>Balance</b>	
	<b>July 1, 2006</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2007</b>
<b>Governmental Activities:</b>				
<i>Certificates of Participation:</i>				
Court Financing (US District Court Project)	\$ 1,495	\$ 285	\$ -	\$ 1,780
Total governmental-type activities	\$ 1,495	\$ 285	\$ -	\$ 1,780
<b>Business-type Activities:</b>				
<i>Lease Revenue Bonds:</i>				
Regional Medical Center (1997A Hosp)	\$ 30,031	\$ 4,291	\$ -	\$ 34,322
Total business-type activities	\$ 30,031	\$ 4,291	\$ -	\$ 34,322

The accreted interest payable balances at June 30, 2007 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 \$285 thousand and \$4.2 million, respectively, represent current year's accretion. Accumulated accretion is \$34.3 million at June 30, 2007. The U.S. District Court Financing accounts for the remainder of \$1.8 million. The un-accreted balances at June 30, 2007 are \$96.1 million for the 1997-A Hospital (RCRMC) project and \$5 million for the U.S. District Court.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

**Bonds, Certificates of Participation/ Refunding**

During fiscal year ended June 30, 2007, CORAL issued \$4 million in Capital Anticipation Notes (2006 CANS) to provide funding for the construction of Woodcrest Library. CORAL also assumed a \$5.9 million loan associated with the purchase of the Monroe Park Building in Indio.

The mortgage loan assumed by CORAL carries 6.6% interest and early payment penalties apply. Interest escalates to the prime rate plus 1 basis point after December 2012. However, prepayment without any penalty is allowed after December 2010. It is CORAL's intention to pay off the note in December 2010.

During the fiscal year ended June 30, 2007, the Redevelopment Agency (RDA) issued \$89.9 million of Tax Allocation Refunding Bonds as a result of current low interest rates to save money on debt service, to refund the 2001 Tax Allocation Bonds of RDA and to provide funds for the various debt obligations of the RDA within the various project areas. The Bonds are special obligations of RDA and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the indenture. The Bonds were used to (i) refund all of RDA's \$90.0 million 2001 Tax Allocation Bonds, (ii) fund projects of benefit to RDA's Jurupa Valley Redevelopment Project Area; (iii) purchase a reserve policy; and (iv) pay the costs of issuing the bonds. The reserve requirement is covered by a bond insurance policy.

The RDA entered into loan agreements with the Riverside County Public Financing Authority for \$203.5 million, which refunded and defeased approximately \$11.4 million of the 1998 loans payable. The purpose intended was for financing projects in RDA's five redevelopment project areas.

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 October 2006, the Riverside County Public Financing Authority issued \$169.7 million in Tax Allocation Refunding Bonds to provide proceeds (a portion of the 2007 Loans Payable) to RDA that were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the remaining portion of the 1997 Loans Payable for \$11.4 million. As a result, the refunding portion of the 1997 Loans Payable is considered to be defeased and the liability has been removed from the government activities column of the Statement of Net Assets. This advanced refunding was undertaken to reduce total debt service payments over the next 26 years by \$3.7 million and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$692.5 thousand.

In April 2007, RDA issued \$89.9 million in Tax Allocation Refunding Bonds to provide proceeds that were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2001 Tax Allocation Bond for \$87.9 million. As a result, the refunding portion of the 2001 Tax Allocation Bond is considered to be defeased and the liability has been removed from the government activities column of the Statement of Net Assets. This advance refunding was undertaken to reduce total debt service payments over the next 28 years by \$22.6 million and resulted in an economic gain of \$2.6 million.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

**Defeasance of Debt (Continued)**

In April 2005, CORAL issued \$51.6 million of Certificates of Participation, 2005 Series A (Capital Improvement and Family Law Court Refunding). Eleven million dollars 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. 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, 2007, was \$10.7 million.

In April 2005, CORAL issued \$22.6 million of Certificates of Participation, 2005 Series B (Historic Courthouse Refunding). The proceeds from the sale of the certificates were used to advance refund \$21.2 million of the 1997 Historic Courthouse Certificates of Participation. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates have been included in the financial statements. The amount of the defeased debt outstanding at June 30, 2007, was \$21.2 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 \$62.0 million is outstanding as of June 30, 2007. 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 \$165.7 million at June 30, 2007, 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

**Special Assessment Bonds (Continued)**

The Riverside County Flood Control and Water Conservation District (Flood Control) has issued special assessment bonds, totaling \$4.7 million as of June 30, 2007, for the construction of flood control facilities. The bonds are to be repaid through special assessment revenue and are not considered obligations of Flood Control. In accordance with bond covenants, Flood Control has established a reserve for potential delinquencies. If a delinquency occurs in the payment of any assessment installment, Flood Control has the duty to transfer the amount of such delinquent installment from the Reserve Fund into the Redemption Fund assessment installment. Flood Control's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

**State Appellate Court Financing**

In November 1997, the Public Finance Authority of the County of Riverside issued \$13.5 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 (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 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 Bonds variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

**Fair Value:** The swap had a negative fair value of \$ 13.3 million as of June 30, 2007. The fair value is the market price quoted by Citigroup on June, 30 2007.

**Credit Risks:** The swap counterparty was rated Aa1 by Moody's and AA- by Standard & Poor's as of June 30, 2007. 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.

**Basis Risks:** As of June 30, 2007, the County's rate was 64% of LIBOR, or 3.4048%, and BMA was 3.63%. The synthetic rate on the bonds at June 30, 2007 was 1.7952%.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 13 – LONG-TERM OBLIGATIONS (Continued)**

**Interest Rate Swap (Continued)**

*Swap Payment and Associated Debt:* Using rates as of June 30, 2007, 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, (in thousands):

<b>Fiscal Year Ending June 30</b>	<b>Variable Rate Bonds</b>		<b>Net Swap Payments</b>	<b>Total Interest</b>
	<b>Principal</b>	<b>Interest</b>		
2008	\$ -	\$ 2,598	\$ 1,370	\$ 3,968
2009	-	2,598	1,370	3,968
2010	-	2,598	1,370	3,968
2011	-	2,598	1,370	3,968
2012	-	2,598	1,370	3,968
2013 - 2017	4,900	12,485	6,583	19,068
2018 - 2022	14,700	10,180	5,368	15,548
2023 - 2028	19,400	7,041	3,712	10,753
2029 - 2033	25,200	3,095	1,631	4,726
2034 - 2038	12,100	269	142	411
	<u>\$ 76,300</u>	<u>\$ 46,060</u>	<u>\$ 24,286</u>	<u>\$ 70,346</u>

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

*Termination Risks:*

The County retains 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, 2007**

**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, 2007 (in thousands):

	<b>Balance</b>	<b>New</b>	<b>Payments</b>	<b>Balance</b>	<b>Amounts Due</b>
	<b>July 1, 2006</b>	<b>Additions</b>	<b>/ Reclass</b>	<b>June 30, 2007</b>	<b>Within</b>
					<b>One Year</b>
<b>Governmental activities:</b>					
Debt long-term liabilities:					
Bonds payable	\$ 814,443	\$ 89,990	\$ (98,035)	\$ 806,398	\$ 12,025
Capital lease obligations	83,829	24,659	(21,151)	87,337	21,119
Certificates of participation	348,486	-	(12,620)	335,866	14,057
Loans payable	113,383	209,513	(12,757)	310,139	5,330
Total debt long-term liabilities	1,360,141	324,162	(144,563)	1,539,740	52,531
<b>Other long-term liabilities:</b>					
Accreted interest payable	1,495	285	-	1,780	-
Compensated absences*	122,186	3,355	(633)	124,908	71,997
Estimated claims liabilities	130,164	64,293	(59,229)	135,228	39,594
Other long-term liabilities (a)	1,500	-	-	1,500	-
Total other long-term liabilities	255,345	67,933	(59,862)	263,416	111,591
Total governmental activities – long-term liabilities	\$ 1,615,486	\$ 392,095	\$ (204,425)	\$ 1,803,156	\$ 164,122

	<b>Balance</b>		<b>Payments</b>	<b>Balance</b>	<b>Amounts Due</b>
	<b>July 1, 2006</b>	<b>Additions</b>	<b>/ Reclass</b>	<b>June 30, 2007</b>	<b>Within</b>
					<b>One Year</b>
<b>Business-type activities:</b>					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses**	\$ 191,142	\$ 5,555	\$ (15,434)	\$ 181,263	\$ 11,060
Capital lease (RCRMC)	14,993	6,122	(3,271)	17,844	3,929
Total debt long-term liabilities	206,135	11,677	(18,705)	199,107	14,989
<b>Other long-term liabilities:</b>					
Accreted interest payable	30,031	4,291	-	34,322	-
Accrued closure and post-closure	50,684	3,810	(4,594)	49,900	4,262
Compensated absences*	15,527	1,525	(189)	16,863	9,671
Accrued remediation costs	16,870	2,879	-	19,749	1,218
Other long-term liabilities (b)	6,795	-	-	6,795	-
Total other long-term liabilities	119,907	12,505	(4,783)	127,629	15,151
Total business-type activities – long-term liabilities	\$ 326,042	\$ 24,182	\$ (23,488)	\$ 326,736	\$ 30,140

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

\*\* The reduction in bonds payable amount of \$15.4 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 2006-07.

- (a) Fleet & Purchasing (ISF fund) has \$1.5 million in “Other Long-term liabilities” (Govt-type) for a Note Payable authorized by the Board.
- (b) The Housing Authority (Business-type Activity) has two notes payable, totaling \$6.8 million, under “Other Long-term liabilities.”

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**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, 2007 are as follows (in thousands):

	<b>Major Funds</b>			<b>Total</b>
	<b>General Fund</b>	<b>Public Facilities Improvements</b>	<b>Redevelopment Capital Projects</b>	<b>Major Governmental Funds</b>
<b><u>Reserved:</u></b>				
Encumbrances	\$ 16,259	\$ 606	\$ 55,208	\$ 72,073
Imprest cash	377	1	-	378
Inventories	1,540	-	1,954	3,494
Notes receivable	-	-	-	-
Advances	37	-	-	37
Program operations	69,376	5,214	-	74,590
Construction	-	250,517	177,936	428,453
Receivables	-	-	-	-
General	350	-	-	350
Debt service	294	-	-	294
Land held for resale	-	-	34,165	34,165
Prepays	-	-	-	-
Total reserved fund balances	<u>88,233</u>	<u>256,338</u>	<u>269,263</u>	<u>613,834</u>
<b><u>Unreserved:</u></b>				
Unreserved, designated:				
Strategic planning	101,320	-	-	101,320
Program operations	131,885	-	118,186	250,071
Capital projects and programs	106,568	-	-	106,568
Total unreserved, designated fund balances	<u>339,773</u>	<u>-</u>	<u>118,186</u>	<u>457,959</u>
Total unreserved, undesignated fund balances	<u>142,958</u>	<u>-</u>	<u>-</u>	<u>142,958</u>
Total fund balances	<u>\$ 570,964</u>	<u>\$ 256,338</u>	<u>\$ 387,449</u>	<u>\$ 1,214,751</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 14 – FUND BALANCES (Continued)**

	<u>Nonmajor Funds</u>			<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>		
<b>Reserved:</b>					
Encumbrances	\$ 25,994	\$ -	\$ 565	\$ 26,559	\$ 98,632
Imprest cash	151	-	-	151	529
Inventories	933	-	-	933	4,427
Notes receivable	24,983	-	-	24,983	24,983
Advances	-	-	-	-	37
Program operations	11,541	-	-	11,541	86,131
Construction	391	-	11,732	12,123	440,576
Receivables	833	-	-	833	833
General	51	32,415	16,030	48,496	48,846
Debt service	-	39,009	5,521	44,530	44,824
Land held for resale	9,539	-	-	9,539	43,704
Prepays	-	1,884	10,994	12,878	12,878
Total reserved fund balances	74,416	73,308	44,842	192,566	806,400
<b>Unreserved:</b>					
Unreserved, designated:					
Strategic planning	-	-	-	-	101,320
Program operations	187,664	-	-	187,664	437,735
Capital projects and programs	-	-	9,671	9,671	116,239
Total unreserved, designated fund balances	187,664	-	9,671	197,335	655,294
Total unreserved, undesignated fund balances	148,361	-	-	148,361	291,319
Total fund balances	\$ 410,441	\$ 73,308	\$ 54,513	\$ 538,262	\$ 1,753,013

**Net Assets.** The government-wide statement of net assets reports \$569.4 million of restricted net assets for governmental activities, of which \$239.5 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, 2007**

**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 (IBNR) at fiscal year end. The funding of these estimates is based on actuarial experience and projections. The County fully self-insures short-term disability and unemployment insurance. Life insurance and long-term disability programs are fully insured. Depending on the plan, group health, dental, and vision may be either self-insured or fully insured.

The County supplements its self-insurance for general liability, medical malpractice, and workers' compensation with catastrophic excess insurance coverage. General liability utilizes a policy providing coverage on a per occurrence basis. Limits under the policy are \$10 million, subject to a self-insured retention (SIR) of \$1 million for each occurrence. A self insured retention is a form of a deductible. The County also purchases an additional \$15 million per occurrence excess of the \$10 million for a total of \$25 million in limits. Medical malpractice utilizes an excess policy providing coverage on claims made basis. 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 above the medical malpractice policy 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 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 \$60 million with an additional \$232.5 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 \$100 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, 2007 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, 2007 plus revenues to be collected during fiscal year 2007-08 are expected to be sufficient to cover all fiscal year 2007-08 payments. The carrying amount of unpaid claim liabilities is \$135.2 million. The liabilities are discounted at 4%.

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

	<u>June 30, 2006</u>	<u>June 30, 2007</u>
Unpaid claims, beginning of year	\$ 126,743	\$ 130,164
Increase (decrease) in provision for insured events of prior years	(808)	(5,000)
Incurred claims for current year	51,127	64,293
Claim payments	<u>(46,898)</u>	<u>(54,229)</u>
Unpaid claims, end of year	<u>\$ 130,164</u>	<u>\$ 135,228</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**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, 2005 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 \$21.6 million from disproportionate Medi-Cal reimbursement under this program for the year ended June 30, 2007. The continuation of government reimbursement programs is contingent upon Federal, State, and County government policies.

**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, 2007 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.

**COUNTY OF RIVERSIDE**  
**Notes to Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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, Orange, and Riverside 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, stabilization of water elevation, and to enhance recreational and economic development potential of the Salton Sea and other beneficial uses.

Coachella Valley Regional Airport Authority was formed in April 1994 with the cities of Coachella, Indian Wells, Indio, La Quinta, and Palm Desert for the purpose of acting as a planning commission for the continued growth and development of Thermal Airport and the surrounding area.

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

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

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

Coachella Valley Conservation Commission (CVCC) was formed in October 2005. The CVCC is a Joint Powers Agreement Agency comprised of the cities of Coachella, Cathedral City, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, 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.

Southern California Regional Airport Authority (SCRAA) was originally founded in 1985 by the joint powers authority to begin the process of regionalizing aviation. It has been reactivated in an attempt to reduce projected future passenger loads at Los Angeles International Airport (LAX), by spreading the growth in commercial air traffic to other regional airports. The Southern California Association of Governments (SCAG) has also coordinated dispersal planning for the significant new MAP (million air passengers) that would have to be absorbed at other airports if LAX's future MAP is reduced.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**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. The County does receive annually a valuation report which summarizes assets, liabilities, and rates. 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 and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2006-07, the contribution rates were:

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Miscellaneous	11.879%	12.891%	14.268%	14.121%
Safety	17.989%	-	-	-

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 and Net Pension Obligation (Assets)**

For fiscal year 2006-07, 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	\$ 73,628	\$ 1,746	\$ 524	\$ 1,119
Safety	\$ 32,986	-	-	-

**COUNTY OF RIVERSIDE**  
**Notes to Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 18 – RETIREMENT PLAN (Continued)**

The required contribution for fiscal year 2006-07 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, 2007 are:

	County	Flood Control	Parks District	Waste Management
Miscellaneous	30	15	16	16
Safety	30			

The County's annual pension cost and net pension obligation (asset) for CalPERS for the current year were as follows:

	Governmental Activities	Business- Type Activities	Total
Annual required contribution	\$ 116,368	\$ 685	\$ 117,053
Interest on net pension obligation (asset)	(30,066)	-	(30,066)
Adjustment to annual required contribution	22,582	434	23,016
Annual pension cost	108,884	1,119	110,003
Contributions made	(116,368)	(685)	(117,053)
Increase(decrease) in net pension obligation (asset)	(7,484)	434	(7,050)
Net pension obligation (asset) beginning of year	(390,585)	(3,686)	(394,271)
Net pension obligation (asset) end of year	\$ (398,069)	\$ (3,252)	\$ (401,321)

**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, 2005	\$ 79,036	493.70%	\$ (311,162)
June 30, 2006	75,534	90.73	(304,161)
June 30, 2007	73,628	108.12	(310,138)

**COUNTY OF RIVERSIDE**  
**Notes to Basic Financial Statements (Continued)**  
**June 30, 2007**

**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, 2005	\$ 36,430	335.28%	\$ (85,713)
June 30, 2006	29,176	93.39	(83,784)
June 30, 2007	32,986	104.99	(85,430)

**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, 2005	\$ 1,192	333.00%	\$ (2,779)
June 30, 2006	1,577	100.00	(2,640)
June 30, 2007	1,746	100.00	(2,501)

**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, 2005	\$ 2,238	100.00%	\$ -
June 30, 2006	757	100.00	-
June 30, 2007	524	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, 2005	\$ 848	485.90%	\$ (4,120)
June 30, 2006	656	100.00	(3,686)
June 30, 2007	1,119	100.00	(3,252)

**COUNTY OF RIVERSIDE**  
**Notes to Basic Financial Statements**  
**June 30, 2007**

**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 5.78%. The contribution level is based on the actuarial valuation report for the year beginning June 30, 2006. A separate audited GAAP-basis pension plan report is not available for this plan. As of June 30, 2007, the Fund had a cash balance of \$13.5 million.

**Housing Authority**

The Authority contributes through the County of Riverside to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public agencies within the State of California.

All full-time, part-time, and seasonal benefited County employees are eligible to participate in the system. Benefits are vested after five years of service. Eligible County employees who retire at or after fifty years of age with five years of credited service are entitled to an annual retirement benefit, payable monthly for life. The County makes the contribution required of County employees hired prior to January 9, 1992 on their behalf and for their account. Miscellaneous County employees hired after the above date make their own contributions for the first five years.

On May 22, 2001 the County Board of Supervisors approved and authorized action to transition employees of the Authority to become County employees retroactive to May 3, 2001. These employees became subject to the provisions of the PERS retirement plan with no carry over vesting in years of service from the prior retirement plan. On May 17, 2006, employees of the Housing Authority who were hired prior to May 31, 2001 were 100% vested in the PERS retirement plan after 5 years of uninterrupted service.

The following information summarizes plan activity for the current fiscal year:

Total Authority Gross Salaries:	\$ 5,985,143
Total Authority Regular Salaries Subject to PERS:	4,513,153
Total Authority Contributions Required and Paid:	980,355

Before Authority employees became County employees, the Authority fully funded a defined contribution pension plan on behalf of qualified employees and for their account. During the current fiscal year, the Authority participated in the PERS 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**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 5 years who are at least 50 years of age at retirement qualify to receive the post-retirement benefits. Approximately 1,896 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 have been 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, 2007, CalPERS-administered health plan expenditures amounted to approximately \$361 thousand and County-administered health plan expenditures amounted to approximately \$1 million, respectively. Effective with FY2007-08, the Board of Supervisors has authorized establishment of a trust fund through CalPERS, which will be initially funded with \$10 million.

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, 2007. Based on the combination of plans and contribution levels that the County offers, the present value of future benefits, assuming a 7.24% interest rate, was estimated to be \$58.8 million, while the annual normal cost is \$1.6 million. If the accrued actuarial liability of \$48.6 million were amortized over a 30-year period, the total annual required contribution (normal cost plus amortization amount) would be \$4.4 million.

**NOTE 21 – COMMITMENTS AND CONTINGENCIES**

**Lawsuits and Other Claims**

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

**Federal Grant Revenue**

Compliance examinations for the fiscal year ended June 30, 2006, 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 2006-07 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 30, 2008.

**Commitments**

At June 30, 2007, 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. \$46.1 million will be payable upon future performance under the contracts.



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 21 – COMMITMENTS AND CONTINGENCIES**

**Landfill Construction and Consulting Contracts**

The Waste Management Department (Waste) entered into various construction and consulting contracts to facilitate its landfill operations and is in the process of installing landfill liners at Lamb Canyon in accordance with State and Federal laws and regulations. Waste expects to complete the installation of several landfill liners over the next five years and estimates additional future costs to be \$19.7 million. These additional costs will be capitalized as the costs are incurred.

**Remediation Contingencies**

Waste is presently aware of groundwater contamination at nine of its landfills, six 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 \$19.7 million. At June 30, 2007, Waste has accrued \$19.7 million for the estimated costs related to the remediation of these landfills. Remediation expense for fiscal year 2007 results from 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 \$19.7 million and \$16.9 million are held for these purposes at June 30, 2007 and 2006, 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 2, 2007, the County as a participant in the California Statewide Communities Development Authority Pool issued \$320 million of Tax and Revenue Anticipation Notes in the form of Series A-3 Bonds due June 30, 2008. The stated interest rate for the A-3 Bonds is set at 4.5% per annum with a yield of 3.62%.

The issuance is divided into two entities: \$247 million for the Tax and Revenue Anticipation Notes and the other \$73 million to pre-pay a portion of the County's CalPERS contribution for 2007-08. Between the prepayment discount of 3.66%, and earnings on cash flow the County expects to net \$2.0 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 2007-08 and legally available for payment thereof. Proceeds for the Bonds will be used for fiscal year 2007-08 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

**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 2007-2008, the State has directed the following ERAF tax shifts: First, a transfer of \$348.9 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 \$73 million to the Sales and Use Tax Compensation Fund for distribution of 50% in January and 50% in May. The total ERAF transfer for 2007-2008 is \$421.9 million.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 22 – SUBSEQUENT EVENTS (Continued)**

**Trial Court Facilities Act of 2002 (SB 1732)**

The bill provides for the transfer of the responsibility of a county to provide necessary and suitable court facilities by authorizing the transfer of that responsibility from 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. At the time of this report, a bill to extend the deadline to December 31, 2008, SB 145, was still pending approval at the state level.

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, Banning Court, and Hall of Justice was transferred to the State in October 2004, October 2005, April 2007, and May 2007 respectively. Twenty 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
Banning Court	April, 2007	112,373
Hall of Justice	May, 2007	<u>684,765</u>
Annual Payment Obligation		<u>\$ 1,608,149</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 2007-08 will be 12.05% and 18.63%, respectively. Fiscal year 2008-09 contribution rates for Miscellaneous and Safety are estimated at 11.9% and 18.4%, respectively. They will be accounted for in fiscal year 2007-08 and future budget years.

**OPEB Trust Agreement**

In accordance with GASB 45, on October 23, 2007, the County's Board of Supervisors approved a trust agreement and elected to pre-fund Other Post Employment Benefits (OPEB) with the California Public Employees Retirement System (CalPERS). The trust will be initially funded with \$10 million in previously designated general fund balance.

**Tobacco Settlement Revenues**

On July 17, 2007, the County's Board of Supervisors approved the formation of the Inland Empire Tobacco Securitization Corporation (the Corporation), the Joint Powers Agreement with the County of San Bernardino creating the Inland Empire Tobacco Securitization Authority (the JPA), and authorized the execution of a purchase and sale agreement of a portion of the County's tobacco settlement revenues.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2007**

**NOTE 22 – SUBSEQUENT EVENTS (Continued)**

**Tobacco Settlement Revenues (Continued)**

Subsequently, the JPA issued \$294 million in Tobacco Settlement Asset-Backed Bonds. The bond proceeds were used to make a loan to the Corporation on August 1, 2007. The Corporation, in turn used the proceeds of the loan to purchase a portion of Riverside County's tobacco settlement revenues. The County will use the proceeds to fund certain County capital projects.

**CORAL 2007 Certificates of Participation**

On August 9, 2007, CORAL authorized the issuance of \$111.1 million in Certificate of Participation Bonds, 2007 Series A – Fixed Rate Certificates (\$73.7 million), and 2007 Series B – Auction Rate Certificates (\$37.4 million). Proceeds will be used to finance the acquisition, construction, and installation of an enhancement of the public safety communications system for the County of Riverside; to refund prior certificates (1997 Lease Refunding Project); to fund a reserve fund; to pay the premium for a debt service reserve surety bond to provide the balance of the reserve requirement for the certificates; and to pay for cost associated with executing and delivering the Certificates.

The interest rates on the 2007 Series A Certificates range from 3.85% to 5.00% and the maturity date is November 1, 2017. The 2007 Series B Certificates mature (subject to prior prepayment) on November 1, 2021. The interest rates on the 2007 Series B Certificates will be determined by the Auction Agent during each Auction Period given the 2007 Series B are being issued as Auction Rate Certificates.

# REQUIRED SUPPLEMENTARY INFORMATION



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“Indonesian Lady”

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**COUNTY OF RIVERSIDE**  
**Required Supplementary Information**  
**June 30, 2007**

**SCHEDULES OF FUNDING PROGRESS**

The tables below show a three 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 (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, 2004	\$ 1,834,161	\$ 2,231,624	\$ (397,463)	.822	\$ 571,677	(69.5%)
June 30, 2005	2,364,565	2,471,523	(106,958)	.957	592,531	(18.1%)
June 30, 2006	2,599,592	2,741,753	(142,161)	.948	659,274	(21.6%)

***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, 2004	\$ 887,401	\$ 1,021,085	\$ (133,684)	.869	\$ 161,598	(82.7%)
June 30, 2005	1,069,038	1,127,240	(58,202)	.948	168,806	(34.5%)
June 30, 2006	1,170,093	1,231,954	(61,862)	.950	189,606	(32.6%)

***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, 2004	\$ 62,180	\$ 71,615	\$ (9,435)	.868	\$ 11,324	(83.3%)
June 30, 2005	69,637	77,958	(8,321)	.893	12,072	(68.9%)
June 30, 2006	75,422	84,198	(8,775)	.896	13,041	(67.3%)

***Regional Park and Open-Space District***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2004	\$ 334,956	\$ 426,958	\$ (92,002)	.785	\$ 90,667	(101.5%)
June 30, 2005	405,481	499,323	(93,842)	.812	108,618	(86.4%)
June 30, 2006	501,707	620,492	(118,785)	.855	126,050	(94.2%)

The amounts disclosed are for the entire Risk Pool fund in which Parks participates and not solely of its specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities.

**COUNTY OF RIVERSIDE**  
**Required Supplementary Information**  
**June 30, 2007**

**SCHEDULES OF FUNDING PROGRESS (CONTINUED)**

***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, 2004	\$ 334,956	\$ 426,958	\$ (92,002)	.785	\$ 90,667	(101.5%)
June 30, 2005	405,481	499,323	(93,842)	.812	108,618	(86.4%)
June 30, 2006	501,707	620,492	(118,785)	.855	126,050	(94.2%)

The amounts disclosed are for the entire Risk Pool fund in which WMD participates and not solely of its specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities.

***Riverside County – Part-time and Temporary Help***

Six -Year Trend Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Asset Value in Excess (Deficit) of AAL (a-b)	Funded Ratio (a/b)	Covered Payroll ( c )	Assets in Excess (Deficit) of AAL As a Percentage of Covered Payroll (a-b)/c
June 30, 2001	\$ 3,000	\$ 4,579	\$ (1,579)	.655	\$ 26,258	(6.0%)
June 30, 2002	4,330	7,103	(2,773)	.610	18,956	(14.6%)
June 30, 2003	5,945	8,454	(2,509)	.703	31,360	(8.0%)
June 30, 2004	7,352	9,338	(1,986)	.787	29,670	(6.7%)
June 30, 2005	8,534	11,020	(2,486)	.774	31,360	(9.1%)
June 30, 2006	10,520	13,673	(3,153)	.769	29,124	(10.8%)

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

***Riverside County – Part-time and Temporary Help – Employer Contribution Trend Data***

Six -Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2002	\$ 680	100%	\$ -
2003	921	100	-
2004	813	100	-
2005	616	100	-
2006	633	100	-
2007	1,914	100	-

# COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES



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RICHARD PAUL  
"Indonesian Dancers"



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**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Teeter Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 250	\$ 242	\$ 1,330	\$ 1,088
Total revenues	250	242	1,330	1,088
<b>EXPENDITURES:</b>				
Current:				
General government	3,683	1,000	735	(265)
Debt service:				
Interest	-	2,683	2,683	-
Total expenditures	3,683	3,683	3,418	(265)
Excess (deficiency) of revenues over (under) expenditures	(3,433)	(3,441)	(2,088)	1,353
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,433	3,441	3,441	-
Transfers out	-		(1,353)	(1,353)
Total other financing sources and (uses)	3,433	3,441	2,088	(1,353)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Public Facilities Improvements Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 157	\$ 157	\$ -	\$ (157)
License, permits, and franchise fees	2,628	2,628	-	(2,628)
Use of money and property:				
Interest	3,722	3,722	11,734	8,012
Aid from other governmental agencies:				
State	2	2	-	(2)
Charges for services	66,820	60,880	36,530	(24,350)
Other revenue	57,129	52,607	34,961	(17,646)
Total revenues	130,458	119,996	83,225	(36,771)
<b>EXPENDITURES:</b>				
Current:				
General government	106,444	137,051	82,355	(54,696)
Public ways and facilities	24,033	17,018	14	(17,004)
Total expenditures	130,477	154,069	82,369	(71,700)
Excess (deficiency) of revenues over (under) expenditures	(19)	(34,073)	856	34,929
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	71,061	71,061	-
Transfers out	-	(38,562)	(38,562)	-
Total other financing sources and (uses)	-	32,499	32,499	-
<b>NET CHANGE IN FUND BALANCE</b>	(19)	(1,574)	33,355	34,929
Fund balance, beginning of year	222,983	222,983	222,983	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 222,964	\$ 221,409	\$ 256,338	\$ 34,929

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Redevelopment Agency Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 4,300	\$ 4,300	\$ 12,976	\$ 8,676
Charges for current services	32	32	2,248	2,216
Other revenue	73,529	56,842	2,492	(54,350)
Total revenues	<u>77,861</u>	<u>61,174</u>	<u>17,716</u>	<u>(43,458)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	77,862	61,960	40,606	(21,354)
Total expenditures	<u>77,862</u>	<u>61,960</u>	<u>40,606</u>	<u>(21,354)</u>
Excess (deficiency) of revenues over (under) expenditures	(1)	(786)	(22,890)	(22,104)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	16,687	16,687	-
Transfers out	-	(16,106)	(16,106)	-
Issuance of debt	-	-	199,327	199,327
Proceeds from sale of capital assets	-	-	916	916
Total other financing sources and (uses)	<u>-</u>	<u>581</u>	<u>200,824</u>	<u>200,243</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1)	(205)	177,934	178,139
Fund balance, beginning of year, as previously reported	208,704	208,704	208,704	-
Adjustments to beginning fund balance	-	-	811	811
Fund balance, beginning of year, as restated	<u>208,704</u>	<u>208,704</u>	<u>209,515</u>	<u>811</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 208,703</u>	<u>\$ 208,499</u>	<u>\$ 387,449</u>	<u>\$ 178,950</u>



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# NONMAJOR GOVERNMENTAL FUNDS



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"Mexican Folklorico Dancer"

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**COUNTY OF RIVERSIDE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2007**  
**(Dollars in Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>ASSETS:</b>				
Cash and investments	\$ 390,584	\$ 32,053	\$ 10,931	\$ 433,568
Accounts receivable	5,223	4,093	-	9,316
Interest receivable	3,634	744	117	4,495
Taxes receivable	9,965	-	142	10,107
Due from other governments	10,927	-	2,089	13,016
Inventories	933	-	-	933
Due from other funds	1,776	-	-	1,776
Prepaid items	1,884	-	10,994	12,878
Restricted cash and investments	14,100	37,603	33,550	85,253
Notes receivable	24,983	-	-	24,983
Land held for resale	9,539	-	-	9,539
	<u>473,548</u>	<u>74,493</u>	<u>57,823</u>	<u>605,864</u>
Total assets				
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts payable	31,189	1,185	1,986	34,360
Salaries and benefits payable	6,274	-	174	6,448
Due to other governments	2,222	-	-	2,222
Due to other funds	340	-	850	1,190
Deposits payable	99	-	-	99
Advance from other funds	37	-	-	37
Deferred revenue	22,946	-	300	23,246
	<u>63,107</u>	<u>1,185</u>	<u>3,310</u>	<u>67,602</u>
Total liabilities				
<b>Fund balances:</b>				
Reserved	74,416	73,308	44,842	192,566
Unreserved, designated, reported in:				
Special revenue funds	187,664	-	-	187,664
Capital projects funds	-	-	9,671	9,671
Unreserved, undesignated, reported in:				
Special revenue funds	148,361	-	-	148,361
Total fund balances	<u>410,441</u>	<u>73,308</u>	<u>54,513</u>	<u>538,262</u>
Total liabilities and fund balances	<u>\$ 473,548</u>	<u>\$ 74,493</u>	<u>\$ 57,823</u>	<u>\$ 605,864</u>



**COUNTY OF RIVERSIDE**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2007  
(Dollar in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>REVENUES:</b>				
Taxes	\$ 158,250	\$ 63,203	\$ -	\$ 221,453
Licenses, permits and franchise fees	178	-	-	178
Fines, forfeitures and penalties	1,798	-	-	1,798
Use of money and property:				
Interest	16,920	4,988	2,993	24,901
Rents and concessions	7,842	32,524	-	40,366
Aid from other governmental agencies:				
Federal	66,079	-	-	66,079
State	38,885	-	5,355	44,240
Other	7,408	-	-	7,408
Charges for services	72,194	1,506	-	73,700
Other revenue	39,540	-	14	39,554
Total revenues	<u>409,094</u>	<u>102,221</u>	<u>8,362</u>	<u>519,677</u>
<b>EXPENDITURES:</b>				
Current:				
General government	45,910	27,479	3,804	77,193
Public protection	55,482	-	-	55,482
Public ways and facilities	152,536	-	-	152,536
Health and sanitation	7,454	-	-	7,454
Public assistance	41,383	-	-	41,383
Education	14,436	-	-	14,436
Recreation and culture	11,343	-	161	11,504
Debt service:				
Principal	2,890	23,673	-	26,563
Interest	204	63,225	-	63,429
Cost of issuance	-	5,565	-	5,565
Capital outlay	67	385	49,262	49,714
Total expenditures	<u>331,705</u>	<u>120,327</u>	<u>53,227</u>	<u>505,259</u>
Excess (deficiency) of revenues				
Over (under) expenditures	77,389	(18,106)	(44,865)	14,418
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	69,139	36,667	26,600	132,406
Transfers out	(101,165)	(19,316)	(5,908)	(126,389)
Issuance of debt	243	94,203	-	94,446
Premium on long-term debt	-	2,876	-	2,876
Issuance of refunding bonds	-	(103,396)	-	(103,396)
Total other financing sources (uses)	<u>(31,783)</u>	<u>11,034</u>	<u>20,692</u>	<u>(57)</u>
<b>NET CHANGE IN FUND BALANCES</b>	45,606	(7,072)	(24,173)	14,361
Fund balances, beginning of year,				
as previously reported	363,328	79,935	78,686	521,949
Adjustments to beginning fund balances	1,507	445	-	1,952
Fund balances, beginning of year, as restated	<u>364,835</u>	<u>80,380</u>	<u>78,686</u>	<u>523,901</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 410,441</u>	<u>\$ 73,308</u>	<u>\$ 54,513</u>	<u>\$ 538,262</u>

# SPECIAL REVENUE FUNDS



Photographer  
**OTIS ALEXANDER**  
"Jazzy J"

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# COUNTY OF RIVERSIDE

## SPECIAL REVENUE FUNDS

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

### **TRANSPORTATION 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 of 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 Partnership, 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), and 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, and DNA Identification.



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**COUNTY OF RIVERSIDE**  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2007  
(Dollars in Thousands)

	<u>Transportation</u>	<u>Flood Control</u>	<u>Community Services</u>	<u>Redevelopment Agency</u>	<u>County Service Areas</u>
<b>ASSETS:</b>					
Cash and investments	\$ 90,757	\$ 162,383	\$ 26,696	\$ 64,885	\$ 15,842
Accounts receivable	4,481	596	103	-	-
Interest receivable	860	1,747	56	515	163
Taxes receivable	123	3,564	5,019	-	624
Due from other governments	7,791	4	1,942	-	-
Inventories	933	-	-	-	-
Due from other funds	926	-	-	-	-
Prepaid Items	-	1,804	80	-	-
Restricted cash and investment	-	14,100	-	-	-
Notes receivable	-	-	-	24,983	-
Land held for resale	-	-	-	9,539	-
Total assets	<u>105,871</u>	<u>184,198</u>	<u>33,896</u>	<u>99,922</u>	<u>16,629</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	13,481	15,334	855	442	493
Salaries and benefits payable	2,582	1,068	1,798	-	61
Due to other governments	1,403	567	232	-	2
Due to other funds	-	-	-	-	332
Deposits payable	-	-	-	-	99
Advances from other funds	-	-	37	-	-
Deferred revenue	19,442	109	2,705	-	19
Total liabilities	<u>36,908</u>	<u>17,078</u>	<u>5,627</u>	<u>442</u>	<u>1,006</u>
<b>Fund balances (Note 14):</b>					
Reserved:	11,927	-	3,098	56,832	2
Unreserved:					
Designated	38	134,396	526	42,648	5
Undesignated	56,998	32,724	24,645	-	15,616
Total fund balances	<u>68,963</u>	<u>167,120</u>	<u>28,269</u>	<u>99,480</u>	<u>15,623</u>
Total liabilities and fund balances	<u>\$ 105,871</u>	<u>\$ 184,198</u>	<u>\$ 33,896</u>	<u>\$ 99,922</u>	<u>\$ 16,629</u>

Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Other Special Revenue	Total	
\$ 11,401	\$ 1,107	\$ 870	\$ 16,643	\$ 390,584	ASSETS:
-	-	-	43	5,223	Cash and investments
125	11	6	151	3,634	Accounts receivable
585	-	-	50	9,965	Interest receivable
135	158	479	418	10,927	Taxes receivable
-	-	-	-	933	Due from other governments
850	-	-	-	1,776	Inventories
-	-	-	-	1,884	Due from other funds
-	-	-	-	14,100	Prepaid Items
-	-	-	-	24,983	Restricted cash and investment
-	-	-	-	9,539	Notes receivable
-	-	-	-	-	Land held for resale
<u>13,096</u>	<u>1,276</u>	<u>1,355</u>	<u>17,305</u>	<u>473,548</u>	Total assets
					LIABILITIES AND FUND BALANCES:
					Liabilities:
14	11	-	559	31,189	Accounts payable
402	-	103	260	6,274	Salaries and benefits payable
6	-	-	12	2,222	Due to other governments
-	8	-	-	340	Due to other funds
-	-	-	-	99	Deposits payable
-	-	-	-	37	Advances from other funds
51	-	-	620	22,946	Deferred revenue
<u>473</u>	<u>19</u>	<u>103</u>	<u>1,451</u>	<u>63,107</u>	Total liabilities
					Fund balances (Note 14):
985	-	5	1,567	74,416	Reserved:
					Unreserved:
10,051	-	-	-	187,664	Designated
1,587	1,257	1,247	14,287	148,361	Undesignated
<u>12,623</u>	<u>1,257</u>	<u>1,252</u>	<u>15,854</u>	<u>410,441</u>	Total fund balances
<u>\$ 13,096</u>	<u>\$ 1,276</u>	<u>\$ 1,355</u>	<u>\$ 17,305</u>	<u>\$ 473,548</u>	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, 2007  
(Dollars in Thousands)

	Transportation	Flood Control	Community Services	Redevelopment Agency	County Service Areas
<b>REVENUES:</b>					
Taxes	\$ 25,126	\$ 49,233	\$ 60,673	\$ 15,801	\$ 1,628
Licenses, permits, and franchise fees	157	-	-	-	-
Fines, forfeitures, and penalties	742	-	623	-	-
Use of money and property:					
Interest	4,191	7,621	387	2,727	772
Rents and concessions	-	188	859	-	38
Aid from other governmental agencies:					
Federal	14,149	4,920	43,734	-	-
State	27,563	643	5,538	-	19
Other	7,408	-	-	-	-
Charges for services	35,589	12,646	1,581	-	8,547
Other revenue	13,848	3,476	20,208	230	178
Total revenues	<u>128,773</u>	<u>78,727</u>	<u>133,603</u>	<u>18,758</u>	<u>11,182</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	26,772	13,964	-
Public protection	2,329	48,464	201	-	8
Public ways and facilities	138,342	-	-	-	4,851
Health and sanitation	-	-	2,176	-	1,095
Public assistance	-	-	41,383	-	-
Education	-	-	14,436	-	-
Recreation and culture	-	-	-	-	745
Debt service:					
Principal	2,657	-	233	-	-
Interest	204	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>143,532</u>	<u>48,464</u>	<u>85,201</u>	<u>13,964</u>	<u>6,699</u>
Excess (deficiency) of revenues over (under) expenditures	(14,759)	30,263	48,402	4,794	4,483
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	38,170	30	26,485	-	251
Transfers out	(12,134)	(1,063)	(72,915)	(5,350)	(3,272)
Issuance of debt	-	-	-	243	-
Total other financing sources (uses)	<u>26,036</u>	<u>(1,033)</u>	<u>(46,430)</u>	<u>(5,107)</u>	<u>(3,021)</u>
<b>NET CHANGE IN FUND BALANCES</b>	11,277	29,230	1,972	(313)	1,462
Fund balances, beginning of year, as previously reported	57,686	137,890	26,297	98,286	14,161
Adjustments to beginning fund balances	-	-	-	1,507	-
Fund balances, beginning of year, as restated	<u>57,686</u>	<u>137,890</u>	<u>26,297</u>	<u>99,793</u>	<u>14,161</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 68,963</u>	<u>\$ 167,120</u>	<u>\$ 28,269</u>	<u>\$ 99,480</u>	<u>\$ 15,623</u>

	Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Other Special Revenue	Total	
\$	4,877	\$ -	\$ -	\$ 912	\$ 158,250	REVENUES:
-	-	-	-	21	178	Taxes
-	-	-	-	433	1,798	Licenses, permits, and franchise fees
458	55	18	691	16,920	Fines, forfeitures, and penalties	
504	-	-	6,253	7,842	Use of money and property:	
					Interest	
					Rents and concessions	
					Aid from other governmental agencies:	
11	-	1,571	1,694	66,079	Federal	
623	785	652	3,062	38,885	State	
-	-	-	-	-	Other	
4,897	-	-	8,934	72,194	Charges for services	
190	1	-	1,409	39,540	Other revenue	
<u>11,560</u>	<u>841</u>	<u>2,241</u>	<u>23,409</u>	<u>409,094</u>	Total revenues	
					EXPENDITURES:	
					Current:	
-	304	-	4,870	45,910	General government	
139	-	-	4,341	55,482	Public protection	
304	-	-	9,039	152,536	Public ways and facilities	
-	-	1,955	2,228	7,454	Health and sanitation	
-	-	-	-	41,383	Public assistance	
-	-	-	-	14,436	Education	
10,598	-	-	-	11,343	Recreation and culture	
-	-	-	-	-	Debt service:	
-	-	-	-	2,890	Principal	
-	-	-	-	204	Interest	
67	-	-	-	67	Capital outlay	
<u>11,108</u>	<u>304</u>	<u>1,955</u>	<u>20,478</u>	<u>331,705</u>	Total expenditures	
452	537	286	2,931	77,389	Excess (deficiency) of revenues over (under) expenditures	
					OTHER FINANCING SOURCES (USES):	
1,471	-	-	2,732	69,139	Transfers in	
(338)	(282)	(539)	(5,272)	(101,165)	Transfers out	
-	-	-	-	243	Issuance of debt	
<u>1,133</u>	<u>(282)</u>	<u>(539)</u>	<u>(2,540)</u>	<u>(31,783)</u>	Total other financing sources (uses)	
1,585	255	(253)	391	45,606	NET CHANGE IN FUND BALANCES	
					Fund balances, beginning of year, as previously reported	
11,038	1,002	1,505	15,463	363,328		
-	-	-	-	1,507	Adjustments to beginning fund balances	
<u>11,038</u>	<u>1,002</u>	<u>1,505</u>	<u>15,463</u>	<u>364,835</u>	Fund balances, beginning of year, as restated	
<u>\$ 12,623</u>	<u>\$ 1,257</u>	<u>\$ 1,252</u>	<u>\$ 15,854</u>	<u>\$ 410,441</u>	FUND BALANCES, END OF YEAR	

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Transportation Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2007**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 13,561	\$ 24,412	\$ 25,126	\$ 714
License, permits, and franchise fees	191	191	157	(34)
Fines, forfeitures, and penalties	-	-	742	742
Use of money and property:				
Interest	775	775	4,191	3,416
Aid from other governmental agencies:				
Federal	23,557	31,764	14,149	(17,615)
State	39,688	31,282	27,563	(3,719)
Other	16,619	16,948	7,408	(9,540)
Charges for current services	100,866	97,985	35,589	(62,396)
Other revenue	77,010	36,569	13,848	(22,721)
Total revenues	272,267	239,926	128,773	(111,153)
<b>EXPENDITURES:</b>				
Current:				
Public protection	3,144	3,262	2,329	(933)
Public ways and facilities	275,397	283,258	138,342	(144,916)
Debt service:				
Principal	-	2,657	2,657	-
Interest	-	204	204	-
Total expenditures	278,541	289,381	143,532	(145,849)
Excess (deficiency) of revenues over (under) expenditures	(6,274)	(49,455)	(14,759)	34,696
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	38,170	38,170	-
Transfers out	-	(12,134)	(12,134)	-
Total other financing sources and (uses)	-	26,036	26,036	-
<b>NET CHANGE IN FUND BALANCE</b>	(6,274)	(23,419)	11,277	34,696
Fund balance, beginning of year	57,686	57,686	57,686	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 51,412	\$ 34,267	\$ 68,963	\$ 34,696

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Flood Control Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2007**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 34,045	\$ 34,545	\$ 49,233	\$ 14,688
Use of money and property:				
Interest	2,838	2,838	7,621	4,783
Rents and concessions	72	72	188	116
Aid from other governmental agencies:				
Federal	-	-	4,920	4,920
State	590	590	643	53
Charges for services	13,343	13,343	12,646	(697)
Other revenue	6,160	6,130	3,476	(2,654)
Total revenues	57,048	57,518	78,727	21,209
<b>EXPENDITURES:</b>				
Current:				
Public protection	95,798	95,235	48,464	(46,771)
Total expenditures	95,798	95,235	48,464	(46,771)
Excess (deficiency) of revenues over (under) expenditures	(38,750)	(37,717)	30,263	67,980
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	30	30	-
Transfers out	-	(1,063)	(1,063)	-
Total other financing sources (uses)	-	(1,033)	(1,033)	-
<b>NET CHANGE IN FUND BALANCE</b>	(38,750)	(38,750)	29,230	67,980
Fund balance, beginning of year	137,890	137,890	137,890	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 99,140	\$ 99,140	\$ 167,120	\$ 67,980

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Community Services Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 58,780	\$ 59,913	\$ 60,673	\$ 760
Fines, forfeitures, and penalties	440	520	623	103
Use of money and property:				
Interest	53	53	387	334
Rents and concessions	763	763	859	96
Aid from other governmental agencies:				
Federal	52,366	55,226	43,734	(11,492)
State	7,005	8,155	5,538	(2,617)
Charges for current services	21,243	2,172	1,581	(591)
Other revenue	30,138	23,577	20,208	(3,369)
Total revenues	170,788	150,379	133,603	(16,776)
<b>EXPENDITURES:</b>				
Current:				
General government	37,205	34,877	26,772	(8,105)
Public protection	61,160	2,915	201	(2,714)
Health and sanitation	2,526	3,387	2,176	(1,211)
Public assistance	57,816	51,539	41,383	(10,156)
Education	16,646	17,129	14,436	(2,693)
Debt service:				
Principal	1,923	1,218	233	(985)
Total expenditures	177,276	111,065	85,201	(25,864)
Excess (deficiency) of revenues over (under) expenditures	(6,488)	39,314	48,402	9,088
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	26,485	26,485	-
Transfers out	-	(72,915)	(72,915)	-
Total other financing sources and (uses)	-	(46,430)	(46,430)	-
<b>NET CHANGE IN FUND BALANCE</b>	(6,488)	(7,116)	1,972	9,088
Fund balance, beginning of year	26,297	26,297	26,297	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 19,809	\$ 19,181	\$ 28,269	\$ 9,088

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Redevelopment Agency Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 12,987	\$ 12,987	\$ 15,801	\$ 2,814
Use of money and property:				
Interest	2,300	2,300	2,727	427
Other revenue	2,964	30,221	230	(29,991)
Total revenues	18,251	45,508	18,758	(26,750)
<b>EXPENDITURES:</b>				
Current:				
General government	18,251	40,401	13,964	(26,437)
Total expenditures	18,251	40,401	13,964	(26,437)
Excess (deficiency) of revenues over (under) expenditures	-	5,107	4,794	(313)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(5,350)	(5,350)	-
Issuance of debt	-	243	243	-
Total other financing sources and (uses)	-	(5,107)	(5,107)	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(313)	(313)
Fund balance, beginning of year, as previously reported	98,286	98,286	98,286	-
Adjustments to beginning fund balance	-	-	1,507	1,507
Fund balance, beginning of year, as restated	98,286	98,286	99,793	1,507
<b>FUND BALANCE, END OF YEAR</b>	\$ 98,286	\$ 98,286	\$ 99,480	\$ 1,194

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**County Service Areas Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2007**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 996	\$ 1,015	\$ 1,628	\$ 613
Use of money and property:				
Interest	216	216	772	556
Rents and concessions	12	12	38	26
Aid from other governmental agencies:				
State	16	16	19	3
Charges for current services	6,618	6,800	8,547	1,747
Other revenue	28	30	178	148
Total revenues	<u>7,886</u>	<u>8,089</u>	<u>11,182</u>	<u>3,093</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	259	368	8	(360)
Public ways and facilities	7,213	7,330	4,851	(2,479)
Health and sanitation	800	1,095	1,095	-
Recreation and cultural services	1,482	1,118	745	(373)
Total expenditures	<u>9,754</u>	<u>9,911</u>	<u>6,699</u>	<u>(3,212)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,868)	(1,822)	4,483	6,305
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	251	251	-
Transfers out	-	(3,272)	(3,272)	-
Total other financing sources and (uses)	<u>-</u>	<u>(3,021)</u>	<u>(3,021)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,868)	(4,843)	1,462	6,305
Fund balance, beginning of year	14,161	14,161	14,161	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 12,293</u>	<u>\$ 9,318</u>	<u>\$ 15,623</u>	<u>\$ 6,305</u>

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Regional Park and Open-Space Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,816	\$ 3,816	\$ 4,877	\$ 1,061
Use of money and property:				
Interest	232	236	458	222
Rents and concessions	505	505	504	(1)
Aid from other governmental agencies:				
Federal	10	10	11	1
State	478	556	623	67
Charges for current services	5,406	4,073	4,897	824
Other revenue	1,265	1,615	190	(1,425)
Total revenues	11,712	10,811	11,560	749
<b>EXPENDITURES:</b>				
Current:				
Public protection	9	102	139	37
Public ways and facilities	-	304	304	-
Recreation and cultural services	12,536	12,691	10,598	(2,093)
Capital outlay	-	67	67	-
Total expenditures	12,545	13,164	11,108	(2,056)
Excess (deficiency) of revenues over (under) expenditures	(833)	(2,353)	452	2,805
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	1,471	1,471	-
Transfers out	-	(338)	(338)	-
Total other financing sources and (uses)	-	1,133	1,133	-
<b>NET CHANGE IN FUND BALANCE</b>	(833)	(1,220)	1,585	2,805
Fund balance, beginning of year	11,038	11,038	11,038	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 10,205	\$ 9,818	\$ 12,623	\$ 2,805



**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Air Quality Improvement Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2007**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 15	\$ 15	\$ 55	\$ 40
Aid from other governmental agencies:				
State	600	600	785	185
Other revenue	-	-	1	1
Total revenues	615	615	841	226
<b>EXPENDITURES:</b>				
Current:				
General government	715	443	304	(139)
Total expenditures	715	443	304	(139)
Excess (deficiency) of revenues over (under) expenditures	(100)	172	537	365
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(282)	(282)	-
Total other financing sources / (uses)	-	(282)	(282)	-
<b>NET CHANGE IN FUND BALANCE</b>	(100)	(110)	255	365
Fund balance, beginning of year	1,002	1,002	1,002	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 902	\$ 892	\$ 1,257	\$ 365

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 In-Home Support Services Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ -	\$ -	\$ 18	\$ 18
Aid from other governmental agencies:				
Federal	1,183	1,458	1,571	113
State	1,125	1,410	652	(758)
Other revenue	734	911	-	(911)
Total revenues	<u>3,042</u>	<u>3,779</u>	<u>2,241</u>	<u>(1,538)</u>
<b>EXPENDITURES:</b>				
Current:				
Health and sanitation	3,042	3,256	1,955	(1,301)
Total expenditures	<u>3,042</u>	<u>3,256</u>	<u>1,955</u>	<u>(1,301)</u>
Excess (deficiency) of revenues over (under) expenditures	-	523	286	(237)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(539)	(539)	-
Total other financing sources / (uses)	<u>-</u>	<u>(539)</u>	<u>(539)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(16)	(253)	(237)
Fund balance, beginning of year	1,505	1,505	1,505	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,505</u>	<u>\$ 1,489</u>	<u>\$ 1,252</u>	<u>\$ (237)</u>

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 720	\$ 720	\$ 912	\$ 192
License, permits, and franchise fees	19	19	21	2
Fines, forfeitures, and penalties	-	-	433	433
Use of money and property:				
Interest	122	122	691	569
Rents and concessions	4,494	7,561	6,253	(1,308)
Aid from other governmental agencies:				
Federal	6,983	6,983	1,694	(5,289)
State	3,286	3,940	3,062	(878)
Charges for current services	11,017	10,831	8,934	(1,897)
Other revenue	1,061	627	1,409	782
Total revenues	<u>27,702</u>	<u>30,803</u>	<u>23,409</u>	<u>(7,394)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	4,441	6,335	4,870	(1,465)
Public protection	5,493	5,279	4,341	(938)
Public ways and facilities	15,576	16,138	9,039	(7,099)
Health and sanitation	2,783	3,393	2,228	(1,165)
Total expenditures	<u>28,293</u>	<u>31,145</u>	<u>20,478</u>	<u>(10,667)</u>
Excess (deficiency) of revenues over (under) expenditures	(591)	(342)	2,931	3,273
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	2,732	2,732	-
Transfers out	-	(5,272)	(5,272)	-
Total other financing sources and (uses)	<u>-</u>	<u>(2,540)</u>	<u>(2,540)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(591)</b>	<b>(2,882)</b>	<b>391</b>	<b>3,273</b>
Fund balance, beginning of year	15,463	15,463	15,463	-
<b>FUND BALANCE, END OF YEAR</b>	<b><u>\$ 14,872</u></b>	<b><u>\$ 12,581</u></b>	<b><u>\$ 15,854</u></b>	<b><u>\$ 3,273</u></b>

# DEBT SERVICE FUNDS



Photographer  
SUZY JACKSON  
"Samoan Dancers"

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# COUNTY OF RIVERSIDE

## DEBT SERVICE FUNDS

These funds are used to account for the accumulation of resources and payment of long-term debt principal and interest.

### **COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)**

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

### **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.

### **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, 2007  
(Dollars in Thousands)

	CORAL	Redevelopment Agency	District Court Financing Corporation	Bankruptcy Court
<b>ASSETS:</b>				
Cash and investments	\$ -	\$ 28,190	\$ 693	\$ -
Accounts receivable	-	2,120	-	-
Interest receivable	209	271	4	22
Restricted cash and investments	31,832	-	-	5,771
Total assets	<u>32,041</u>	<u>30,581</u>	<u>697</u>	<u>5,793</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	81	632	-	-
Total liabilities	<u>81</u>	<u>632</u>	<u>-</u>	<u>-</u>
<b>Fund balances (Note 14):</b>				
Reserved	31,960	29,949	697	5,793
Total fund balances	<u>31,960</u>	<u>29,949</u>	<u>697</u>	<u>5,793</u>
Total liabilities and fund balances	<u>\$ 32,041</u>	<u>\$ 30,581</u>	<u>\$ 697</u>	<u>\$ 5,793</u>

Pension Obligation	Total	
\$ 3,170	\$ 32,053	ASSETS:
1,973	4,093	Cash and investments
238	744	Accounts receivable
-	37,603	Interest receivable
<u>5,381</u>	<u>74,493</u>	Restricted cash and investments
		Total assets
		LIABILITIES AND FUND BALANCES:
		Liabilities:
<u>472</u>	<u>1,185</u>	Accounts Payable
<u>472</u>	<u>1,185</u>	Total liabilities
		Fund balances (Note 14):
<u>4,909</u>	<u>73,308</u>	Reserved
<u>4,909</u>	<u>73,308</u>	Total fund balances
<u>\$ 5,381</u>	<u>\$ 74,493</u>	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, 2007

(Dollars in Thousands)

	CORAL	Redevelopment Agency	District Court Financing Corporation	Bankruptcy Court
<b>REVENUES:</b>				
Taxes	\$ -	\$ 63,203	\$ -	\$ -
Use of money and property:				
Interest	1,780	1,715	70	272
Rents and concessions	27,947	-	2,338	2,239
Charges for services	-	-	-	-
Total revenues	<u>29,727</u>	<u>64,918</u>	<u>2,408</u>	<u>2,511</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	343	18,937	670	550
Principal	12,067	5,915	992	744
Interest	18,268	24,473	812	709
Cost of issuance	-	5,565	-	-
Capital outlay	385	-	-	-
Total expenditures	<u>31,063</u>	<u>54,890</u>	<u>2,474</u>	<u>2,003</u>
Excess (deficiency) of revenues over (under) expenditures	(1,336)	10,028	(66)	508
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	829	6,950	-	-
Transfers out	(1,616)	(17,700)	-	-
Issuance of debt	-	94,203	-	-
Premium on long-term debt	-	2,876	-	-
Issuance of refunding bonds	-	(103,396)	-	-
Total other financing sources (uses)	<u>(787)</u>	<u>(17,067)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,123)</b>	<b>(7,039)</b>	<b>(66)</b>	<b>508</b>
Fund balances, beginning of year, as previously reported	34,083	36,543	763	5,285
Adjustments to beginning fund balances	-	445	-	-
Fund balances, beginning of year, as restated	<u>34,083</u>	<u>36,988</u>	<u>763</u>	<u>5,285</u>
<b>FUND BALANCES, END OF YEAR</b>	<b><u>\$ 31,960</u></b>	<b><u>\$ 29,949</u></b>	<b><u>\$ 697</u></b>	<b><u>\$ 5,793</u></b>

Pension Obligation	Total	
\$ -	\$ 63,203	REVENUES:
		Taxes
1,151	4,988	Use of money and property:
-	32,524	Interest
1,506	1,506	Rents and concessions
<u>2,657</u>	<u>102,221</u>	Charges for services
		Total revenues
		EXPENDITURES:
		Current:
6,979	27,479	General government
3,955	23,673	Principal
18,963	63,225	Interest
-	5,565	Cost of issuance
-	385	Capital outlay
<u>29,897</u>	<u>120,327</u>	Total expenditures
		Excess (deficiency) of revenues
(27,240)	(18,106)	over (under) expenditures
		OTHER FINANCING SOURCES (USES):
28,888	36,667	Transfers in
-	(19,316)	Transfers out
-	94,203	Issuance of debt
-	2,876	Premium on long-term debt
-	(103,396)	Issuance of refunding bonds
<u>28,888</u>	<u>11,034</u>	Total other financing sources (uses)
1,648	(7,072)	NET CHANGE IN FUND BALANCES
		Fund balances, beginning of year,
3,261	79,935	as previously reported
-	445	Adjustments to beginning fund balances
<u>3,261</u>	<u>80,380</u>	Fund balances, beginning of year, as restated
<u>\$ 4,909</u>	<u>\$ 73,308</u>	FUND BALANCES, END OF YEAR

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Redevelopment Agency Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 48,505	\$ 56,505	\$ 63,203	\$ 6,698
Use of money and property:				
Interest	1,000	1,000	1,715	715
Other revenue	17,322	23,293	-	(23,293)
Total revenues	66,827	80,798	64,918	(15,880)
<b>EXPENDITURES:</b>				
Current:				
General government	66,827	27,778	18,937	(8,841)
Debt service:				
Principal	-	5,915	5,915	-
Interest	-	24,473	24,473	-
Cost of issuance	-	5,565	5,565	-
Total expenditures	66,827	63,731	54,890	(8,841)
Excess (deficiency) of revenues over (under) expenditures	-	17,067	10,028	(7,039)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	6,950	6,950	-
Transfers out	-	(17,700)	(17,700)	-
Issuance of debt	-	94,203	94,203	-
Premium on long-term debt	-	2,876	2,876	-
Issuance of refunding bonds	-	(103,396)	(103,396)	-
Total other financing sources and (uses)	-	(17,067)	(17,067)	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(7,039)	(7,039)
Fund balance, beginning of year, as previously reported	36,543	36,543	36,543	-
Adjustments to beginning fund balance	-	-	445	445
Fund balance, beginning of year, as restated	36,543	36,543	36,988	445
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 36,543</b>	<b>\$ 36,543</b>	<b>\$ 29,949</b>	<b>\$ (6,594)</b>

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Pension Obligation Bond Debt Service Fund  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 250	\$ 250	\$ 1,151	\$ 901
Charges for current services	28,918	30	1,506	1,476
Total revenues	<u>29,168</u>	<u>280</u>	<u>2,657</u>	<u>2,377</u>
<b>EXPENDITURES:</b>				
Current:				
General government	29,168	6,250	6,979	729
Debt service:				
Principal	-	3,955	3,955	-
Interest	-	18,963	18,963	-
Total expenditures	<u>29,168</u>	<u>29,168</u>	<u>29,897</u>	<u>729</u>
Excess (deficiency) of revenues over (under) expenditures	-	(28,888)	(27,240)	1,648
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	28,888	28,888	-
Total other financing sources and (uses)	<u>-</u>	<u>28,888</u>	<u>28,888</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	1,648	1,648
Fund balance, beginning of year	3,261	3,261	3,261	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,261</u>	<u>\$ 3,261</u>	<u>\$ 4,909</u>	<u>\$ 1,648</u>



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# CAPITAL PROJECTS FUNDS



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RICHARD PAUL  
"Color Choices"

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# COUNTY OF RIVERSIDE

## CAPITAL PROJECTS FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Fund Types.

### **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 ENTERPRISE SOLUTIONS FOR PROPERTY TAXATION (CREST)**

The Assessor, Auditor, and Tax Collector teamed up to collectively develop a new integrated property tax management system. The project begins with a Business Process Re-engineering phase that documents the integrated roles of the three departments. This phase identifies the current system's capabilities, strengths, and weaknesses. A second phase of the project builds on this re-engineering initiative to implement a replacement Property Tax System based on new technology.



**COUNTY OF RIVERSIDE**  
**Combining Balance Sheet**  
**Capital Projects Funds**  
**June 30, 2007**  
**(Dollars in Thousands)**

	<u>PSEC</u>	<u>CORAL</u>	<u>Flood Control</u>	<u>District Court Financing Corporation</u>
<b>ASSETS:</b>				
Cash and investments	\$ 1,077	\$ -	\$ 107	\$ 160
Interest receivable	-	-	2	1
Taxes receivable	-	142	-	-
Due from other governments	-	-	-	-
Prepaid items	10,444	-	-	-
Restricted cash and investments	-	33,550	-	-
	<u>11,521</u>	<u>33,692</u>	<u>109</u>	<u>161</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	75	1,397	5	-
Salaries and benefits payable	174	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
	<u>249</u>	<u>1,397</u>	<u>5</u>	<u>-</u>
Fund balances (Note 14):				
Reserved	11,272	32,295	104	161
Unreserved:				
Designated	-	-	-	-
	<u>11,272</u>	<u>32,295</u>	<u>104</u>	<u>161</u>
Total fund balances	<u>11,272</u>	<u>32,295</u>	<u>104</u>	<u>161</u>
Total liabilities and fund balances	<u>\$ 11,521</u>	<u>\$ 33,692</u>	<u>\$ 109</u>	<u>\$ 161</u>

Regional Park and Open-Space	CREST	Total	
\$ 9,131	\$ 456	\$ 10,931	ASSETS:
110	4	117	Cash and investments
-	-	142	Interest receivable
2,089	-	2,089	Taxes receivable
550	-	10,994	Due from other governments
-	-	33,550	Prepaid items
<u>11,880</u>	<u>460</u>	<u>57,823</u>	Restricted cash and investments
			Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
509	-	1,986	Accounts payable
-	-	174	Salaries and benefits payable
850	-	850	Due to other funds
<u>300</u>	<u>-</u>	<u>300</u>	Deferred revenue
<u>1,659</u>	<u>-</u>	<u>3,310</u>	Total liabilities
			Fund balances (Note 14):
550	460	44,842	Reserved
			Unreserved:
<u>9,671</u>	<u>-</u>	<u>9,671</u>	Designated
<u>10,221</u>	<u>460</u>	<u>54,513</u>	Total fund balances
<u>\$ 11,880</u>	<u>\$ 460</u>	<u>\$ 57,823</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, 2007

(Dollars in Thousands)

	<u>PSEC</u>	<u>CORAL</u>	<u>Flood Control</u>	<u>District Court Financing Corporation</u>
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ -	\$ 2,591	\$ 8	\$ 8
Aid from other governmental agencies:				
State	-	-	-	-
Other revenue	6	-	-	-
Total revenues	<u>6</u>	<u>2,591</u>	<u>8</u>	<u>8</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,804	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	41,824	453	-
Total expenditures	<u>3,804</u>	<u>41,824</u>	<u>453</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,798)	(39,233)	(445)	8
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	15,230	1,045	308	-
Transfers out	<u>(1,002)</u>	<u>(257)</u>	-	-
Total other financing sources (uses)	<u>14,228</u>	<u>788</u>	<u>308</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	10,430	(38,445)	(137)	8
Fund balances, beginning of year	<u>842</u>	<u>70,740</u>	<u>241</u>	<u>153</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 11,272</u></u>	<u><u>\$ 32,295</u></u>	<u><u>\$ 104</u></u>	<u><u>\$ 161</u></u>

Regional Park and Open-Space	CREST	Total	
			REVENUES:
			Use of money and property:
\$ 382	\$ 4	\$ 2,993	Interest
			Aid from other governmental agencies:
5,355	-	5,355	State
8	-	14	Other revenue
<u>5,745</u>	<u>4</u>	<u>8,362</u>	Total revenues
			EXPENDITURES:
			Current:
-	-	3,804	General government
161	-	161	Recreation and culture
6,849	136	49,262	Capital outlay
<u>7,010</u>	<u>136</u>	<u>53,227</u>	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
(1,265)	(132)	(44,865)	OTHER FINANCING SOURCES (USES):
			Transfers in
9,425	592	26,600	Transfers out
(4,649)	-	(5,908)	Total other financing sources (uses)
<u>4,776</u>	<u>592</u>	<u>20,692</u>	NET CHANGE IN FUND BALANCES
3,511	460	(24,173)	Fund balances, beginning of year
<u>6,710</u>	<u>-</u>	<u>78,686</u>	FUND BALANCES, END OF YEAR
<u>\$ 10,221</u>	<u>\$ 460</u>	<u>\$ 54,513</u>	

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 PSEC Capital Projects Fund  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Other revenue	\$ 5,900	\$ 1,114	\$ 6	\$ (1,108)
Total revenues	<u>5,900</u>	<u>1,114</u>	<u>6</u>	<u>(1,108)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	5,900	16,124	3,804	(12,320)
Total expenditures	<u>5,900</u>	<u>16,124</u>	<u>3,804</u>	<u>(12,320)</u>
Excess (deficiency) of revenues over(under) expenditures	<u>-</u>	<u>(15,010)</u>	<u>(3,798)</u>	<u>11,212</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	15,230	15,230	-
Transfers out	-	(1,002)	(1,002)	-
Total other financing sources and (uses)	<u>-</u>	<u>14,228</u>	<u>14,228</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(782)</b>	<b>10,430</b>	<b>11,212</b>
Fund balance, beginning of year	842	842	842	-
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 842</u></u>	<u><u>\$ 60</u></u>	<u><u>\$ 11,272</u></u>	<u><u>\$ 11,212</u></u>

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Flood Control Capital Projects Fund  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 1	\$ 1	\$ 8	\$ 7
Other revenue	1,401	1,093	-	(1,093)
Total revenues	<u>1,402</u>	<u>1,094</u>	<u>8</u>	<u>(1,086)</u>
<b>EXPENDITURES:</b>				
Capital outlay	1,655	1,655	453	(1,202)
Total expenditures	<u>1,655</u>	<u>1,655</u>	<u>453</u>	<u>(1,202)</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(253)</u>	<u>(561)</u>	<u>(445)</u>	<u>116</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	308	308	-
Total other financing sources and (uses)	<u>-</u>	<u>308</u>	<u>308</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(253)</b>	<b>(253)</b>	<b>(137)</b>	<b>116</b>
Fund balance, beginning of year	241	241	241	-
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ (12)</u></u>	<u><u>\$ (12)</u></u>	<u><u>\$ 104</u></u>	<u><u>\$ 116</u></u>

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Regional Park and Open-Space District Capital Projects Fund  
 For the Fiscal Year Ended June 30, 2007  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 198	\$ 198	\$ 382	\$ 184
Aid from other governmental agencies:				
State	8,196	8,683	5,355	(3,328)
Other revenue	7,148	4,584	8	(4,576)
Total revenues	<u>15,542</u>	<u>13,465</u>	<u>5,745</u>	<u>(7,720)</u>
<b>EXPENDITURES:</b>				
Current:				
Recreation and cultural services	19,993	17,311	161	(17,150)
Capital outlay	-	4,849	6,849	2,000
Total expenditures	<u>19,993</u>	<u>22,160</u>	<u>7,010</u>	<u>(15,150)</u>
Excess (deficiency) of revenues over (under) expenditures	(4,451)	(8,695)	(1,265)	7,430
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	9,425	9,425	-
Transfers out	-	(4,649)	(4,649)	-
Total other financing sources and (uses)	<u>-</u>	<u>4,776</u>	<u>4,776</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,451)	(3,919)	3,511	7,430
Fund balance, beginning of year	6,710	6,710	6,710	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,259</u>	<u>\$ 2,791</u>	<u>\$ 10,221</u>	<u>\$ 7,430</u>

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**CREST Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ -	\$ -	\$ 4	\$ 4
Total revenues	-	-	4	4
<b>EXPENDITURES:</b>				
Current:				
General government	-	592	-	(592)
Capital outlay	-	-	136	136
Total expenditures	-	592	136	(456)
Excess (deficiency) of revenues over(under) expenditures	-	(592)	(132)	460
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	592	592	-
Total other financing sources and (uses)	-	592	592	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	460	460
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 460</b>	<b>\$ 460</b>





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# NONMAJOR ENTERPRISE FUNDS



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**RICHARD PAUL**  
"African Student"

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# COUNTY OF RIVERSIDE

## NONMAJOR ENTERPRISE FUNDS

These funds account for operations providing goods or services to the general public. The accounting for these funds is similar to private enterprise accounting (accrual). The intent of the County's governing board is that all costs associated with providing these goods or services be financed or recovered primarily through user charges.

### **COUNTY SERVICE AREA WATER AND SEWER DISTRICT FUNDS**

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

### **HOUSING AUTHORITY**

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

### **FLOOD CONTROL FUNDS**

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

**COUNTY OF RIVERSIDE**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2007**  
**(Dollars in Thousands)**

	County Service Areas	Housing Authority	Flood Control	Total
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 346	\$ 5,982	\$ 665	\$ 6,993
Accounts receivable-net	-	166	2,419	2,585
Interest receivable	4	-	84	88
Taxes receivable	9	-	-	9
Due from other governments	-	3,559	25	3,584
Restricted cash and investments	-	1,954	2,678	4,632
Prepaid items and deposits	-	32	-	32
Total current assets	<u>359</u>	<u>11,693</u>	<u>5,871</u>	<u>17,923</u>
Noncurrent Assets:				
Capital assets:				
Depreciable assets	44	14,123	54	14,221
Nondepreciable assets	-	5,240	-	5,240
Total Noncurrent Assets	<u>44</u>	<u>19,363</u>	<u>54</u>	<u>19,461</u>
Total assets	<u>403</u>	<u>31,056</u>	<u>5,925</u>	<u>37,384</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	3	-	2,872	2,875
Salaries and benefits payable	7	-	103	110
Interest payable	-	10	-	10
Deposits payable	46	-	-	46
Other liabilities	-	2,431	451	2,882
Compensated absences	2	-	94	96
Bonds payable	-	100	-	100
Total current liabilities	<u>58</u>	<u>2,541</u>	<u>3,520</u>	<u>6,119</u>
Noncurrent Liabilities:				
Compensated absences	10	744	196	950
Bonds payable	-	861	-	861
Other long-term liabilities	-	6,795	-	6,795
Total noncurrent liabilities	<u>10</u>	<u>8,400</u>	<u>196</u>	<u>8,606</u>
Total liabilities	<u>68</u>	<u>10,941</u>	<u>3,716</u>	<u>14,725</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	44	12,568	54	12,666
Restricted	62	178	-	240
Unrestricted	229	7,369	2,155	9,753
Total net assets	<u>\$ 335</u>	<u>\$ 20,115</u>	<u>\$ 2,209</u>	<u>\$ 22,659</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, 2007

(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 302	\$ 2,403	\$ 5,958	\$ 8,663
Other	29	64,909	74	65,012
Total operating revenues	<u>331</u>	<u>67,312</u>	<u>6,032</u>	<u>73,675</u>
<b>OPERATING EXPENSES:</b>				
Personnel services	162	7,292	2,155	9,609
Communications	2	-	-	2
Insurance	2	-	-	2
Maintenance of building and equipment	42	1,623	4	1,669
Supplies	5	-	9	14
Purchased services	16	-	3,345	3,361
Depreciation and amortization	6	1,818	20	1,844
Rents and leases of equipment	8	-	13	21
Public assistance	-	57,739	-	57,739
Utilities	75	545	-	620
Other	9	1,012	20	1,041
Total operating expenses	<u>327</u>	<u>70,029</u>	<u>5,566</u>	<u>75,922</u>
Operating income (loss)	<u>4</u>	<u>(2,717)</u>	<u>466</u>	<u>(2,247)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	18	408	376	802
Interest expense	<u>(2)</u>	<u>(189)</u>	<u>-</u>	<u>(191)</u>
Total nonoperating revenues (expenses)	<u>16</u>	<u>219</u>	<u>376</u>	<u>611</u>
Income (loss) before transfers	20	(2,498)	842	(1,636)
Transfers out	<u>(1)</u>	<u>(161)</u>	<u>-</u>	<u>(162)</u>
CHANGE IN NET ASSETS	19	(2,659)	842	(1,798)
Net assets, beginning of year	<u>316</u>	<u>22,774</u>	<u>1,367</u>	<u>24,457</u>
NET ASSETS, END OF YEAR	<u>\$ 335</u>	<u>\$ 20,115</u>	<u>\$ 2,209</u>	<u>\$ 22,659</u>

**COUNTY OF RIVERSIDE**  
Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ending June 30, 2007  
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
<b>Cash flows from operating activities</b>				
Cash receipts from customers / other funds	\$ 331	\$ 63,853	\$ 5,245	\$ 69,429
Cash paid to suppliers for goods and services	(157)	(61,052)	(3,128)	(64,337)
Cash paid to employees for services	(161)	(7,481)	(2,149)	(9,791)
Net cash provided by (used in) operating activities	<u>13</u>	<u>(4,680)</u>	<u>(32)</u>	<u>(4,699)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers paid	(1)	(161)	-	(162)
Net cash provided by (used in) noncapital financing activities	<u>(1)</u>	<u>(161)</u>	<u>-</u>	<u>(162)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	-	(608)	(3)	(611)
Principal paid on bonds payable	-	(21)	-	(21)
Interest paid on long-term debt	(2)	(189)	-	(191)
Net cash used in capital and related financing activities	<u>(2)</u>	<u>(818)</u>	<u>(3)</u>	<u>(823)</u>
<b>Cash flows from investing activities</b>				
Interest received on investments	17	408	343	768
Net cash provided by investing activities	<u>17</u>	<u>408</u>	<u>343</u>	<u>768</u>
Net increase (decrease) in cash and cash equivalents	27	(5,251)	308	(4,916)
Cash and cash equivalents, beginning of year	319	13,187	3,035	16,541
Cash and cash equivalents, end of year	<u>\$ 346</u>	<u>\$ 7,936</u>	<u>\$ 3,343</u>	<u>\$ 11,625</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 4	\$ (2,717)	\$ 466	\$ (2,247)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation and amortization	6	1,818	20	1,844
Decrease (Increase) accounts receivable	-	8	(805)	(797)
Decrease (Increase) due from other governments	-	(3,467)	18	(3,449)
Decrease (Increase) prepaid items and deposits	-	6	-	6
Increase (Decrease) accounts payable	3	-	2,554	2,557
Increase (Decrease) deposits payable	(1)	-	-	(1)
Increase (Decrease) other liabilities	-	(139)	(2,291)	(2,430)
Increase (Decrease) salaries and benefits payable	-	-	1	1
Increase (Decrease) compensated absences	1	(189)	5	(183)
Net cash provided by (used in) operating activities	<u>\$ 13</u>	<u>\$ (4,680)</u>	<u>\$ (32)</u>	<u>\$ (4,699)</u>

# INTERNAL SERVICE FUNDS



Photographer  
RICHARD PAUL  
"Bag Piper"



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# COUNTY OF RIVERSIDE

## INTERNAL SERVICE FUNDS

These funds were established to account for the goods and services provided by a County department to other County departments, or to other governments, on a cost-reimbursement basis.

### **RECORDS MANAGEMENT FUNDS**

This fund was established to account for the operations of the Records Management and Archives Program, which is responsible for providing consistent standards and support services that promote responsible record keeping countywide. Sources of revenue include records storage, reformatting, preservation, and consulting services.

### **FLEET SERVICES FUND**

This fund finances the operation and maintenance of County vehicles, including the Sheriff's Department. Revenue is obtained on a cost-reimbursement basis.

### **INFORMATION SERVICES FUND**

These funds are supported by the revenues generated for services including software systems support, computer networks, data structure design, and organization of the County's computer systems.

### **PRINTING SERVICES FUND**

These funds account for the financing of printing and central mail services provided to County departments on a cost-reimbursement basis. This fund also provides services such as the paper reclamation program, which collects and sells County department waste paper for recycling.

### **SUPPLY SERVICES FUND**

This fund finances the operation that provides County departments with merchandise and services on a cost-reimbursement basis.

### **OASIS PROJECT FUND**

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

### **RISK MANAGEMENT FUNDS**

These funds account for the financing of employee insurance benefits and County self-insurance programs. These funds include medical, dental, disability, and unemployment insurance as well as general liability, medical malpractice, and worker's compensation.

### **TEMPORARY ASSISTANCE POOL FUND (TAP)**

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

### **FLOOD CONTROL EQUIPMENT FUNDS**

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

**COUNTY OF RIVERSIDE**  
Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2007  
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
<b>ASSETS:</b>					
Current assets:					
Cash and investments	\$ 888	\$ 6,380	\$ 13,029	\$ 2,306	\$ 3,108
Accounts receivable-net	20	79	-	107	2
Interest receivable	9	-	104	-	-
Due from other government	-	27	-	95	-
Advance to other funds	-	200	-	-	-
Inventories	-	526	1,212	284	393
Due from other funds	-	-	-	-	-
Prepaid items and deposits	-	-	-	11	-
Total current assets	<u>917</u>	<u>7,212</u>	<u>14,345</u>	<u>2,803</u>	<u>3,503</u>
Noncurrent assets:					
Capital assets:					
Depreciable assets	64	35,648	4,651	667	334
Non depreciable assets	-	350	-	-	-
Total noncurrent assets	<u>64</u>	<u>35,998</u>	<u>4,651</u>	<u>667</u>	<u>334</u>
Total assets	<u>981</u>	<u>43,210</u>	<u>18,996</u>	<u>3,470</u>	<u>3,837</u>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	-	3,661	534	92	211
Salaries and benefits payable	80	230	1,182	117	44
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	2
Other liabilities	-	1,859	-	-	-
Compensated absences	69	240	1,174	88	21
Capital lease obligation	-	8,508	1,121	132	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	<u>149</u>	<u>14,498</u>	<u>4,011</u>	<u>429</u>	<u>278</u>
Noncurrent liabilities:					
Compensated absences	37	167	1,000	19	14
Advance from other funds	-	-	-	200	-
Capital lease obligation	-	14,248	2,205	-	-
Estimated claims liabilities	-	-	-	-	-
Other long-term liabilities	-	1,500	-	-	-
Total noncurrent liabilities	<u>37</u>	<u>15,915</u>	<u>3,205</u>	<u>219</u>	<u>14</u>
Total liabilities	<u>186</u>	<u>30,413</u>	<u>7,216</u>	<u>648</u>	<u>292</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	64	11,742	1,325	535	334
Unrestricted (deficit)	731	1,055	10,455	2,287	3,211
Total net assets	<u>\$ 795</u>	<u>\$ 12,797</u>	<u>\$ 11,780</u>	<u>\$ 2,822</u>	<u>\$ 3,545</u>

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
					ASSETS:
					Current assets:
\$ 7,062	\$ 180,159	\$ 2,585	\$ 5,502	\$ 221,019	Cash and investments
-	2,247	-	15	2,470	Accounts receivable-net
78	1,873	-	50	2,114	Interest receivable
-	-	-	-	122	Due from other government
-	-	-	-	200	Advance to other funds
-	-	-	328	2,743	Inventories
-	184	-	-	184	Due from other funds
-	-	-	-	11	Prepaid items and deposits
<u>7,140</u>	<u>184,463</u>	<u>2,585</u>	<u>5,895</u>	<u>228,863</u>	Total current assets
					Noncurrent assets:
					Capital assets:
1,856	117	31	2,280	45,648	Depreciable assets
-	-	-	-	350	Non depreciable assets
<u>1,856</u>	<u>117</u>	<u>31</u>	<u>2,280</u>	<u>45,998</u>	Total noncurrent assets
<u>8,996</u>	<u>184,580</u>	<u>2,616</u>	<u>8,175</u>	<u>274,861</u>	Total assets
					LIABILITIES:
					Current liabilities:
152	5,084	88	123	9,945	Accounts payable
451	1,106	1,625	86	4,921	Salaries and benefits payable
-	-	54	-	54	Due to other funds
-	8	-	82	92	Due to other governments
-	1	-	-	1,860	Other liabilities
390	737	62	85	2,866	Compensated absences
-	-	-	-	9,761	Capital lease obligation
-	39,594	-	-	39,594	Estimated claims liability
<u>993</u>	<u>46,530</u>	<u>1,829</u>	<u>376</u>	<u>69,093</u>	Total current liabilities
					Noncurrent liabilities:
440	556	67	179	2,479	Compensated absences
-	-	-	-	200	Advance from other funds
-	-	-	-	16,453	Capital lease obligation
-	95,634	-	-	95,634	Estimated claims liabilities
-	-	-	-	1,500	Other long-term liabilities
<u>440</u>	<u>96,190</u>	<u>67</u>	<u>179</u>	<u>116,266</u>	Total noncurrent liabilities
<u>1,433</u>	<u>142,720</u>	<u>1,896</u>	<u>555</u>	<u>185,359</u>	Total liabilities
					NET ASSETS:
					Invested in capital assets, net of related debt
1,856	117	31	2,280	18,284	Unrestricted (deficit)
<u>5,707</u>	<u>41,743</u>	<u>689</u>	<u>5,340</u>	<u>71,218</u>	
<u>\$ 7,563</u>	<u>\$ 41,860</u>	<u>\$ 720</u>	<u>\$ 7,620</u>	<u>\$ 89,502</u>	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, 2007

(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 2,708	\$ 25,122	\$ 38,403	\$ 5,613	\$ 9,310
Other revenue	-	456	7	2,591	9,971
<b>Total operating revenues</b>	<b>2,708</b>	<b>25,578</b>	<b>38,410</b>	<b>8,204</b>	<b>19,281</b>
<b>OPERATING EXPENSES:</b>					
Cost of materials used	-	1,743	-	-	-
Personnel services	1,386	3,610	18,521	1,735	614
Communications	15	85	3,533	36	34
Insurance	38	69	142	14	20
Maintenance of building and equipment	169	2,359	5,139	339	13
Insurance claims	-	-	-	-	-
Supplies	159	6,211	2,107	3,797	17,209
Purchased services	70	755	2,668	1,523	441
Depreciation and amortization	19	8,018	4,719	413	33
Rents and leases of equipment	286	1	755	35	-
Utilities	38	12	143	1	-
Other	24	156	709	56	110
<b>Total operating expenses</b>	<b>2,204</b>	<b>23,019</b>	<b>38,436</b>	<b>7,949</b>	<b>18,474</b>
<b>Operating income (loss)</b>	<b>504</b>	<b>2,559</b>	<b>(26)</b>	<b>255</b>	<b>807</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	32	21	158	8	12
Interest expense	-	(652)	(377)	(14)	-
Gain (loss) on disposal of capital assets	-	15	(4)	(16)	-
<b>Total nonoperating revenues (expenses)</b>	<b>32</b>	<b>(616)</b>	<b>(223)</b>	<b>(22)</b>	<b>12</b>
Income (loss) before capital contributions and transfers	536	1,943	(249)	233	819
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	50	-
Transfers out	(33)	(85)	(448)	(40)	(15)
<b>CHANGE IN NET ASSETS</b>	<b>503</b>	<b>1,858</b>	<b>(697)</b>	<b>243</b>	<b>804</b>
Net assets, beginning of year	292	10,939	12,477	2,579	2,741
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 795</b>	<b>\$ 12,797</b>	<b>\$ 11,780</b>	<b>\$ 2,822</b>	<b>\$ 3,545</b>

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
					<b>OPERATING REVENUES:</b>
\$ 14,470	\$ 44,320	\$ 25,853	\$ 1,110	\$ 166,909	Charges for services
-	11,795	43	4,895	29,758	Other revenue
<u>14,470</u>	<u>56,115</u>	<u>25,896</u>	<u>6,005</u>	<u>196,667</u>	Total operating revenues
					<b>OPERATING EXPENSES:</b>
-	-	-	42	1,785	Cost of materials used
6,025	12,522	21,665	1,971	68,049	Personnel services
274	173	53	2	4,205	Communications
19	7,480	18	-	7,800	Insurance
1,492	61	7	679	10,258	Maintenance of building and equipment
-	61,695	-	-	61,695	Insurance claims
240	1,097	267	946	32,033	Supplies
4,935	2,919	2,445	708	16,464	Purchased services
1,258	53	26	867	15,406	Depreciation and amortization
460	885	190	2	2,614	Rents and leases of equipment
27	23	18	-	262	Utilities
692	1,090	274	476	3,587	Other
<u>15,422</u>	<u>87,998</u>	<u>24,963</u>	<u>5,693</u>	<u>224,158</u>	Total operating expenses
<u>(952)</u>	<u>(31,883)</u>	<u>933</u>	<u>312</u>	<u>(27,491)</u>	Operating income (loss)
					<b>NONOPERATING REVENUES (EXPENSES):</b>
122	8,157	10	213	8,733	Investment income
-	-	-	-	(1,043)	Interest expense
3	-	(6)	61	53	Gain (loss) on disposal of capital assets
<u>125</u>	<u>8,157</u>	<u>4</u>	<u>274</u>	<u>7,743</u>	Total nonoperating revenues (expenses)
(827)	(23,726)	937	586	(19,748)	Income (loss) before capital contributions and transfers
-	48,258	-	-	48,258	Capital contributions
-	2,342	-	724	3,116	Transfers in
<u>(150)</u>	<u>(2,652)</u>	<u>(1,005)</u>	<u>-</u>	<u>(4,428)</u>	Transfers out
(977)	24,222	(68)	1,310	27,198	<b>CHANGE IN NET ASSETS</b>
<u>8,540</u>	<u>17,638</u>	<u>788</u>	<u>6,310</u>	<u>62,304</u>	Net assets, beginning of year
<u>\$ 7,563</u>	<u>\$ 41,860</u>	<u>\$ 720</u>	<u>\$ 7,620</u>	<u>\$ 89,502</u>	<b>NET ASSETS, END OF YEAR</b>

**COUNTY OF RIVERSIDE**  
Combining Statements of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2007  
(Dollars in Thousands)

	Record Mgt and Archive	Fleet Service	Information Services	Printing Services	Supply Services
<b>Cash flows from operating activities</b>					
Cash receipts from internal services provided	\$ 2,688	\$ 25,536	\$ 38,410	\$ 8,031	\$ 19,280
Cash paid to suppliers for goods and services	(814)	(11,934)	(17,084)	(5,785)	(18,650)
Cash paid to employees for services	(1,423)	(3,509)	(18,678)	(1,726)	(682)
Net cash provided by (used in) operating activities	451	10,093	2,648	520	(52)
<b>Cash flows from noncapital financing activities</b>					
Transfers received	-	-	-	50	-
Transfers paid	(33)	(85)	(448)	(40)	(15)
Net cash provided by (used in) noncapital financing activities	(33)	(85)	(448)	10	(15)
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sale of capital assets	1	15	1,358	(16)	3
Acquisition and construction of capital assets	-	(4,368)	-	(151)	(37)
Principal paid on capital leases	-	(4,542)	(1,850)	(239)	-
Capital contributions	-	-	-	-	-
Interest paid on long-term debt	-	(652)	(377)	(14)	-
Net cash used in capital and related financing activities	1	(9,547)	(869)	(420)	(34)
<b>Cash flows from investing activities</b>					
Interest received on investments	26	21	54	8	12
Net cash provided by investing activities	26	21	54	8	12
Net increase (decrease) in cash and cash equivalents	445	482	1,385	118	(89)
Cash and cash equivalents, beginning of year	443	5,898	11,644	2,188	3,197
Cash and cash equivalents, end of year	<u>\$ 888</u>	<u>\$ 6,380</u>	<u>\$ 13,029</u>	<u>\$ 2,306</u>	<u>\$ 3,108</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ 504	\$ 2,559	\$ (26)	\$ 255	\$ 807
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation and amortization	19	8,018	4,719	413	33
Decrease (Increase) accounts receivable	(20)	(15)	-	(78)	(1)
Decrease (Increase) due from other funds	-	-	-	-	-
Decrease (Increase) due from other governments	-	(27)	-	(95)	-
Decrease (Increase) inventories	-	(57)	(212)	40	(85)
Decrease (Increase) prepaid items and deposits	-	-	111	(11)	-
Increase (Decrease) accounts payable	(15)	(273)	(1,787)	(9)	(650)
Increase (Decrease) due to other funds	-	-	-	-	-
Increase (Decrease) due to other governments	-	-	-	-	2
Increase (Decrease) other liabilities	-	(213)	-	(4)	(90)
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) salaries and benefits payable	(13)	18	(102)	7	(13)
Increase (Decrease) compensated absences	(24)	83	(55)	2	(55)
Net cash provided by operating activities	<u>\$ 451</u>	<u>\$ 10,093</u>	<u>\$ 2,648</u>	<u>\$ 520</u>	<u>\$ (52)</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	
\$ 14,470	\$ 55,905	\$ 25,896	\$ 6,009	\$ 196,225	Cash flows from operating activities
(8,873)	(68,044)	(3,283)	(3,147)	(137,614)	Cash receipts from internal services provided
(5,937)	(11,991)	(21,627)	(1,922)	(67,495)	Cash paid to suppliers for goods and services
					Cash paid to employees for services
(340)	(24,130)	986	940	(8,884)	Net cash provided by (used in) operating activities
-	2,342	-	724	3,116	Cash flows from noncapital financing activities
(150)	(2,652)	(1,005)	-	(4,428)	Transfers received
					Transfers paid
(150)	(310)	(1,005)	724	(1,312)	Net cash provided by (used in) noncapital financing activities
3	5	-	61	1,430	Cash flows from capital and related financing activities
(1,090)	(152)	-	(876)	(6,674)	Proceeds from sale of capital assets
-	-	-	-	(6,631)	Acquisition and construction of capital assets
-	48,258	-	-	48,258	Principal paid on capital leases
-	-	-	-	(1,043)	Capital contributions
(1,087)	48,111	-	(815)	35,340	Interest paid on long-term debt
					Net cash used in capital and related financing activities
44	7,394	10	191	7,760	Cash flows from investing activities
44	7,394	10	191	7,760	Interest received on investments
(1,533)	31,065	(9)	1,040	32,904	Net cash provided by investing activities
8,595	149,094	2,594	4,462	188,115	Net increase (decrease) in cash and cash equivalents
\$ 7,062	\$ 180,159	\$ 2,585	\$ 5,502	\$ 221,019	Cash and cash equivalents, beginning of year
					Cash and cash equivalents, end of year
					Reconciliation of operating income to net cash provided (used) by operating activities
\$ (952)	\$ (31,883)	\$ 933	\$ 312	\$ (27,491)	Operating income (loss)
					Adjustments to reconcile operating income to net cash provided (used) by operating activities
1,258	53	26	867	15,406	Depreciation and amortization
-	(26)	-	4	(136)	Decrease (Increase) accounts receivable
-	(184)	-	-	(184)	Decrease (Increase) due from other funds
-	-	-	-	(122)	Decrease (Increase) due from other governments
-	-	-	(96)	(410)	Decrease (Increase) inventories
-	-	-	-	100	Decrease (Increase) prepaid items and deposits
(734)	2,307	(65)	(278)	(1,504)	Increase (Decrease) accounts payable
-	-	54	-	54	Increase (Decrease) due to other funds
-	8	-	82	92	Increase (Decrease) due to other governments
-	-	-	-	(307)	Increase (Decrease) other liabilities
-	5,064	-	-	5,064	Increase (Decrease) estimated claims liability
71	253	299	23	543	Increase (Decrease) salaries and benefits payable
17	278	(261)	26	11	Increase (Decrease) compensated absences
\$ (340)	\$ (24,130)	\$ 986	\$ 940	\$ (8,884)	Net cash provided by operating activities
				\$ 13,259	Supplemental disclosure of noncash investing, capital, and financing activities





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# FIDUCIARY FUNDS



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CONSTANCE REID  
"Musical World"

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# COUNTY OF RIVERSIDE

## FIDUCIARY FUNDS

These funds were 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 wages. The deductions are owed to a variety of third parties for health insurance, union dues, unemployment insurance, withholding tax, flexible spending accounts, and dental insurance.

### **PROPERTY TAX ASSESSMENT AGENCY FUND**

The Property Tax Assessment Agency Fund was set up to help Riverside County account for apportioned tax 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, 2007  
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
<b>ASSETS:</b>					
Cash and investments	\$ 84,944	\$ 771	\$ 168,382	\$ 96,148	\$ 350,245
Accounts receivable	-	-	1	-	1
Interest receivable	300	37	-	5	342
Taxes receivable	125	16	113,874	4	114,019
Due from other governments	164	-	-	-	164
Total assets	<u>85,533</u>	<u>824</u>	<u>282,257</u>	<u>96,157</u>	<u>464,771</u>
<b>LIABILITIES:</b>					
Accounts payable	85,522	824	1,394	96,157	183,897
Salaries and benefits payable	10	-	-	-	10
Due to other governments	1	-	280,863	-	280,864
Total liabilities	<u>\$ 85,533</u>	<u>\$ 824</u>	<u>\$ 282,257</u>	<u>\$ 96,157</u>	<u>\$ 464,771</u>

**COUNTY OF RIVERSIDE**

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>Other</u>				
<u>Assets</u>				
Cash and investments	\$ 126,666	\$ 3,816,033	\$ 3,857,755	\$ 84,944
Interest receivable	185	300	185	300
Taxes receivable	69	461	405	125
Due from other governments	14,676	179	14,691	164
Total Assets	<u>141,596</u>	<u>3,816,973</u>	<u>3,873,036</u>	<u>85,533</u>
<u>Liabilities</u>				
Accounts payable	141,504	566,651	622,633	85,522
Salaries and benefits payable	7	10	7	10
Due to other governments	85	3,757,755	3,757,839	1
Total Liabilities	<u>\$ 141,596</u>	<u>\$ 4,324,416</u>	<u>\$ 4,380,479</u>	<u>\$ 85,533</u>
<u>Payroll Deductions</u>				
<u>Assets</u>				
Cash and investments	\$ 7,683	\$ 1,397,937	\$ 1,404,849	\$ 771
Interest receivable	26	37	26	37
Taxes receivable	11	15	10	16
Total Assets	<u>7,720</u>	<u>1,397,989</u>	<u>1,404,885</u>	<u>824</u>
<u>Liabilities</u>				
Accounts payable	7,720	1,012,551	1,019,447	824
Total Liabilities	<u>\$ 7,720</u>	<u>\$ 1,012,551</u>	<u>\$ 1,019,447</u>	<u>\$ 824</u>
<u>Property Tax Assessments</u>				
<u>Assets</u>				
Cash and investments	\$ 133,295	\$ 3,166,590	\$ 3,131,503	\$ 168,382
Accounts receivable	-	2	1	1
Taxes receivable	56,918	113,874	56,918	113,874
Due from other governments	12,356		12,356	-
Total Assets	<u>202,569</u>	<u>3,280,466</u>	<u>3,200,778</u>	<u>282,257</u>
<u>Liabilities</u>				
Accounts payable	1,396	223,412	223,414	1,394
Due to other governments	201,173	3,268,970	3,189,280	280,863
Total Liabilities	<u>\$ 202,569</u>	<u>\$ 3,492,382</u>	<u>\$ 3,412,694</u>	<u>\$ 282,257</u>

**COUNTY OF RIVERSIDE**

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<hr/>				
Warrants				
<hr/>				
<u>Assets</u>				
Cash and investments	\$ 63,245	\$ 6,002,523	\$ 5,969,620	\$ 96,148
Interest receivable	5	5	5	5
Taxes receivable	11	4	11	4
Total Assets	<u>63,261</u>	<u>6,002,532</u>	<u>5,969,636</u>	<u>96,157</u>
<u>Liabilities</u>				
Accounts payable	63,261	6,003,545	5,970,649	96,157
Total Liabilities	<u>\$ 63,261</u>	<u>\$ 6,003,545</u>	<u>\$ 5,970,649</u>	<u>\$ 96,157</u>
<hr/> Total Agency Funds <hr/>				
<u>Assets</u>				
Cash and investments	\$ 330,889	\$ 14,383,083	\$ 14,363,727	\$ 350,245
Accounts receivable	-	2	1	1
Interest receivable	216	342	216	342
Taxes receivable	57,009	114,354	57,344	114,019
Due from other government	27,032	179	27,047	164
Total Assets	<u>415,146</u>	<u>14,497,960</u>	<u>14,448,335</u>	<u>464,771</u>
<u>Liabilities</u>				
Accounts payable	213,881	7,806,159	7,836,143	183,897
Salaries and benefits payable	7	10	7	10
Due to other government	201,258	7,026,725	6,947,119	280,864
Total Liabilities	<u>\$ 415,146</u>	<u>\$ 14,832,894</u>	<u>\$ 14,783,269</u>	<u>\$ 464,771</u>

# STATISTICAL SECTION



Photographer  
FLO RICHARDS  
“Japanese Fan Dancer”



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## **Statistical Section**

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

### **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 five years beginning with the first year after GASB Statement 34 implementation.

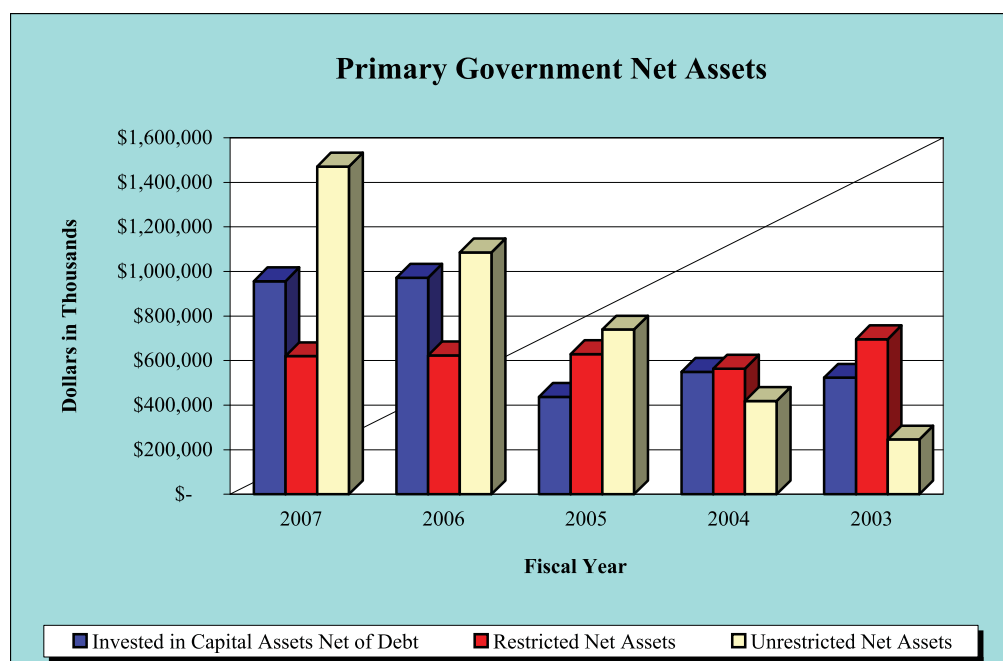


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Table 1

**COUNTY OF RIVERSIDE**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
**(Accrual basis of accounting)**  
**(Amounts expressed in thousands)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 903,076	\$ 930,800	\$ 407,762	\$ 524,624	\$ 503,294
Restricted	569,477	582,037	584,441	521,143	662,446
Unrestricted	1,370,350	999,992	671,917	387,007	205,952
Governmental activities, total net assets	<u>2,842,903</u>	<u>2,512,829</u>	<u>1,664,120</u>	<u>1,432,774</u>	<u>1,371,692</u>
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	53,321	40,986	29,583	25,102	19,972
Restricted	50,629	41,287	45,362	43,232	33,740
Unrestricted	100,567	85,971	67,502	31,602	40,096
Business-type activities, total net assets	<u>204,517</u>	<u>168,244</u>	<u>142,447</u>	<u>99,936</u>	<u>93,808</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	956,397	971,786	437,345	549,726	523,266
Restricted	620,106	623,324	629,803	564,375	696,186
Unrestricted	1,470,917	1,085,963	739,419	418,609	246,048
Primary government, total net assets	<u>\$ 3,047,420</u>	<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 Five Fiscal Years**  
**(Accrual basis of accounting)**  
**(Amounts expressed in thousands)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services	\$ 609,195	\$ 575,071	\$ 458,992	\$ 436,029	\$ 393,482
Operating grants and contributions	1,210,941	1,100,674	983,290	1,086,456	1,050,230
Capital grants and contributions	48,186	31,001	64,252	33,041	32,537
Governmental activities program revenues	<u>1,868,322</u>	<u>1,706,746</u>	<u>1,506,534</u>	<u>1,555,526</u>	<u>1,476,249</u>
Business-type Activities:					
Charges for services	475,611	465,391	480,455	385,028	299,419
Capital grants and contributions	261	227	-	125	9,712
Business-type activities program revenues	<u>475,872</u>	<u>465,618</u>	<u>480,455</u>	<u>385,153</u>	<u>309,131</u>
Primary government program revenues	<u>2,344,194</u>	<u>2,172,364</u>	<u>1,986,989</u>	<u>1,940,679</u>	<u>1,785,380</u>
<b>Expenses</b>					
Governmental Activities:					
General government	296,917	259,993	187,911	232,322	183,132
Public protection	935,550	801,044	792,287	710,053	620,663
Public ways and facilities	57,578	61,443	79,649	93,529	87,092
Health and sanitation	350,082	350,451	290,001	376,338	330,830
Public assistance	688,213	634,522	552,298	590,719	588,502
Education	14,847	11,168	10,112	10,280	8,609
Recreation and cultural	11,941	7,188	8,617	9,666	8,842
Interest on long-term debt	81,197	75,721	48,717	29,890	33,666
Governmental activities expenses	<u>2,436,325</u>	<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	329,128	290,962	356,255	296,227	228,339
Waste Management Department	60,772	66,453	55,563	40,056	36,579
Housing Authority	70,218	62,909	62,206	61,599	57,977
Flood Control	6,242	5,705	4,928	4,318	2,054
County Service Areas	329	285	320	329	294
Business-type activities expense	<u>466,689</u>	<u>426,314</u>	<u>479,272</u>	<u>402,529</u>	<u>325,243</u>
Primary government expenses	<u>\$2,903,014</u>	<u>\$2,627,844</u>	<u>\$2,448,864</u>	<u>\$2,455,326</u>	<u>\$2,186,579</u>
<b>Net (expense)/revenue</b>					
Governmental activities	(568,003)	(494,784)	(463,058)	(497,271)	(385,087)
Business-type activities	9,183	39,304	1,183	(17,376)	(16,112)
Primary government, net (expense) / revenue	<u>(558,820)</u>	<u>(455,480)</u>	<u>(461,875)</u>	<u>(514,647)</u>	<u>(401,199)</u>

Table 2

**COUNTY OF RIVERSIDE**  
**Changes in Net Assets**  
**Last Five Fiscal Years**  
**(Accrual basis of accounting)**  
**(Amounts expressed in thousands)**

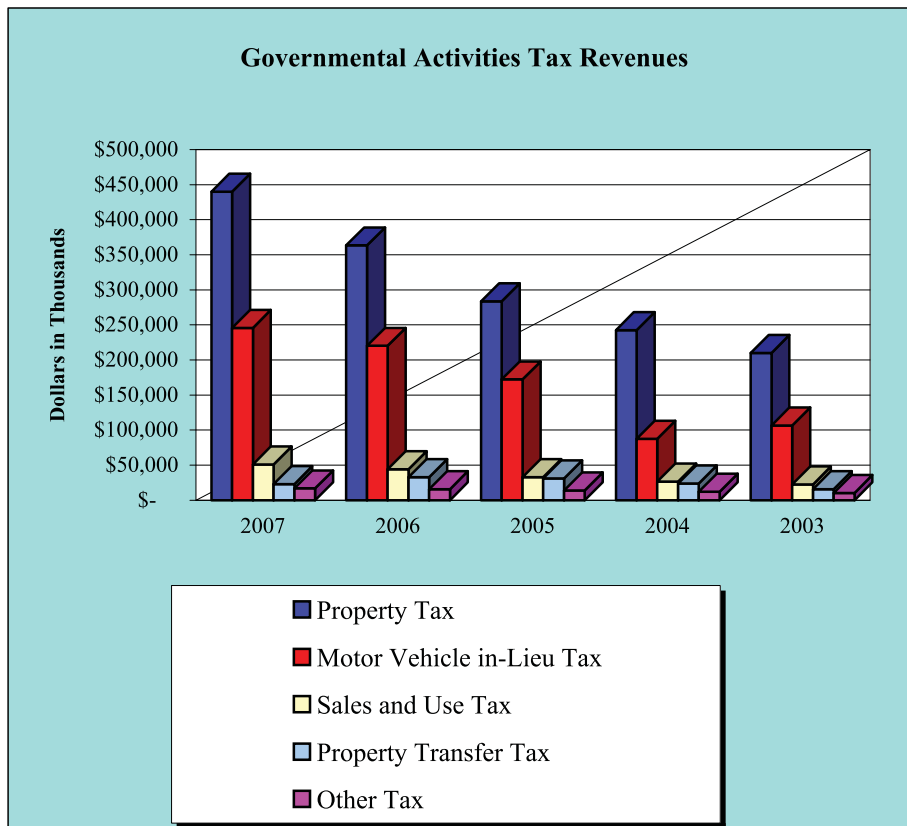
	Fiscal Year				
	2007	2006	2005	2004	2003
Continued:					
Primary government, net (expense) / revenue	\$ (558,820)	\$ (455,480)	\$ (461,875)	\$ (514,647)	\$ (401,199)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes:					
Property taxes	462,817	396,167	314,666	266,391	225,775
Sales tax and use tax	51,093	44,286	33,091	26,633	22,444
Other taxes	16,865	15,603	13,885	12,108	10,377
Intergovernmental revenue - not restricted to programs:					
Motor vehicle in-lieu taxes	245,723	220,190	172,265	87,435	106,466
Fines, forfeitures, and penalties	-	-	70,578	43,344	37,914
Investment earnings	122,517	78,288	39,907	16,835	24,909
Proceeds on sale of capital assets	-	-	(18,407)	1,491	504
Other	13,191	96,265	117,737	146,392	117,706
Transfers	(16,892)	19,888	(31,000)	(16,791)	(13,287)
Governmental activities	895,314	870,687	712,722	583,838	532,808
Business-type Activities:					
Investment earnings	10,198	6,381	4,234	2,505	3,235
Gain on sale of capital assets	-	-	346	4,208	754
Transfers	16,892	(19,888)	31,000	16,791	13,287
Business-type activities	27,090	(13,507)	35,580	23,504	17,276
Total primary government	922,404	857,180	748,302	607,342	550,084
<b>Change in net assets</b>					
Governmental activities	327,311	375,903	249,664	86,567	147,721
Business-type activities	36,273	25,797	36,763	6,128	1,164
Primary government change in net assets	\$ 363,584	\$ 401,700	\$ 286,427	\$ 92,695	\$ 148,885

Source: Auditor-Controller, County of Riverside

Table 3

**COUNTY OF RIVERSIDE**  
**Governmental Activities Tax Revenues By Source**  
**Last Five Fiscal Years**  
**(Accrual basis of accounting)**  
**(Amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Property Transfer Tax</b>	<b>Sales and Use Tax</b>	<b>Motor Vehicle In-Lieu Tax</b>	<b>Other Tax</b>	<b>Total</b>
<b>2007</b>	\$ 439,981	\$ 22,836	\$ 51,093	\$ 245,723	\$ 16,865	\$ 776,498
<b>2006</b>	363,407	32,760	44,286	220,190	15,603	676,246
<b>2005</b>	283,660	31,006	33,091	172,265	13,885	533,907
<b>2004</b>	242,647	23,744	26,633	87,435	12,108	392,567
<b>2003</b>	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 Five Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(Amounts expressed in thousands)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>General Fund</b>					
Reserved	\$ 88,233	\$ 100,436	\$ 121,249	\$ 100,940	\$ 103,489
Unreserved, designated	339,773	277,833	185,014	70,361	89,011
Unreserved, undesignated	142,958	68,649	46,191	77,752	26,078
Total general fund	<u>570,964</u>	<u>446,918</u>	<u>352,454</u>	<u>249,053</u>	<u>218,578</u>
<b>Public Facilities Improvements</b>					
Reserved	256,338	222,983	175,699	152,842	146,588
Unreserved, undesignated	-	-	-	184	-
Total public facilities improvements	<u>256,338</u>	<u>222,983</u>	<u>175,699</u>	<u>153,026</u>	<u>146,588</u>
<b>Redevelopment Capital Projects</b>					
Reserved	269,263	88,391	61,460	-	-
Unreserved, designated	118,186	120,313	75,702	-	-
Total redevelopment capital projects	<u>387,449</u>	<u>208,704</u>	<u>137,162</u>	<u>-</u>	<u>-</u>
<b>Nonmajor Governmental Funds</b>					
Reserved	192,566	197,878	149,222	159,413	159,357
Unreserved, designated reported in:					
Special revenue funds	187,664	212,407	86,593	13,041	11,929
Capital projects funds	9,671	2,056	1,805	20,353	5,128
Unreserved, undesignated reported in:					
Special revenue funds	148,361	109,608	197,438	189,570	186,964
Capital projects funds	-	-	-	(8,241)	981
Total nonmajor governmental funds	<u>538,262</u>	<u>521,949</u>	<u>435,058</u>	<u>374,136</u>	<u>364,359</u>
Total all governmental funds	<u>\$ 1,753,013</u>	<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

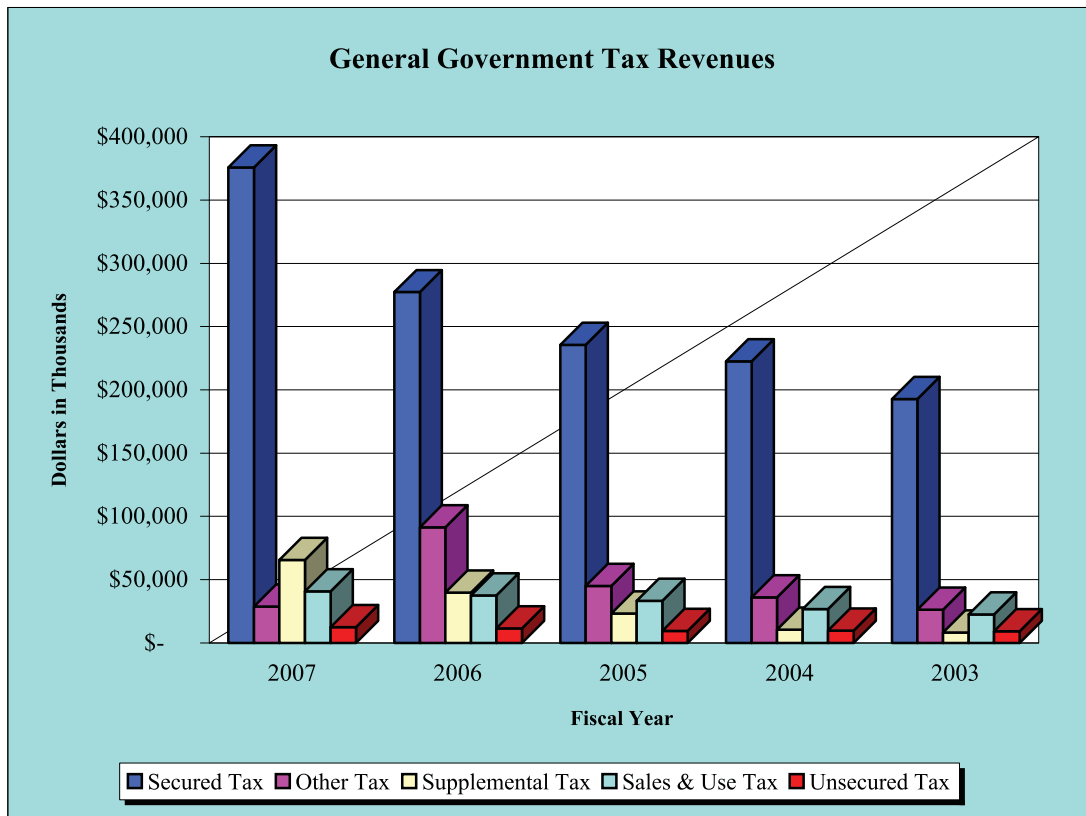
**COUNTY OF RIVERSIDE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Five Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(Amounts expressed in thousands)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Revenues</b>					
Taxes	\$ 523,028	\$ 457,117	\$ 346,248	\$ 305,132	\$ 258,596
Licenses, permits, and franchise fees	25,981	21,733	22,343	26,418	25,677
Fines, forfeitures, and penalties	82,946	62,984	70,578	43,297	37,241
Use of money and property:					
Interest	113,789	73,838	37,624	16,145	23,331
Rents and concessions	43,171	41,798	39,831	31,952	39,833
Aid from other governmental agencies:					
Federal	496,685	451,036	446,628	430,970	428,433
State	937,630	830,634	705,289	713,146	696,466
Other	89,111	69,042	55,661	46,750	46,099
Charges for services	431,676	439,594	383,497	368,497	327,918
Other revenue	115,863	110,870	146,800	100,404	132,900
Total revenues	<u>2,859,880</u>	<u>2,558,646</u>	<u>2,254,499</u>	<u>2,082,711</u>	<u>2,016,494</u>
<b>Expenditures</b>					
General government	320,254	270,340	250,568	217,416	204,861
Public protection	972,006	855,133	1,039,822	677,798	613,781
Public ways and facilities	157,055	141,017	111,088	133,973	120,490
Health and sanitation	348,921	346,738	339,444	365,727	339,123
Public assistance	686,295	629,553	652,069	576,267	570,458
Education	14,830	11,108	9,889	10,241	9,261
Recreation and culture	11,707	12,727	20,058	9,242	10,722
Debt service:					
Principal	44,222	45,516	34,452	32,118	37,643
Interest	78,204	73,707	46,439	24,523	31,220
Cost of issuance	5,565	4,925	9,283	504	-
Capital outlay	58,525	25,639	9,680	1,604	22,489
Total expenditures	<u>2,697,584</u>	<u>2,416,403</u>	<u>2,522,792</u>	<u>2,049,413</u>	<u>1,960,048</u>
Revenues over (under) expenditures	162,296	142,243	(268,293)	33,298	56,446
<b>Other financing sources (uses)</b>					
Transfers in	313,044	294,835	203,411	163,383	58,661
Transfers out	(328,624)	(277,680)	(229,835)	(179,701)	(71,879)
Issuance of debt	293,773	178,750	670,530	21,645	-
Premium on long-term debt	2,876	857	4,827	-	-
Issuance of refunding bonds	(103,396)	(35,684)	(53,338)	-	-
Proceeds from the sale of capital assets	916	2,064	35	494	-
Capital leases	8,811	7,929	6,616	1,008	8,435
Total other financing sources (uses)	<u>187,400</u>	<u>171,071</u>	<u>602,246</u>	<u>6,829</u>	<u>(4,783)</u>
Net change in fund balances	<u>\$ 349,696</u>	<u>\$ 313,314</u>	<u>\$ 333,953</u>	<u>\$ 40,127</u>	<u>\$ 51,663</u>
Debt service as a % of non-capital expenditures	5.30%	5.70%	3.74%	2.89%	3.68%

Source: Auditor-Controller, County of Riverside

**COUNTY OF RIVERSIDE**  
**General Government Tax Revenues By Source**  
**Last Five Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(Amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Secured Tax</b>	<b>Unsecured Tax</b>	<b>Supplemental Tax</b>	<b>Sales &amp; Use Tax</b>	<b>Other Taxes</b>	<b>Total</b>
<b>2007</b>	\$ 375,924	\$ 12,301	\$ 65,537	\$ 40,607	\$ 28,659	\$ 523,028
<b>2006</b>	277,266	11,405	39,661	37,532	91,253	457,117
<b>2005</b>	235,636	9,501	23,129	33,091	44,891	346,248
<b>2004</b>	222,635	9,600	10,411	26,633	35,853	305,132
<b>2003</b>	192,684	9,112	8,182	22,444	26,174	258,596

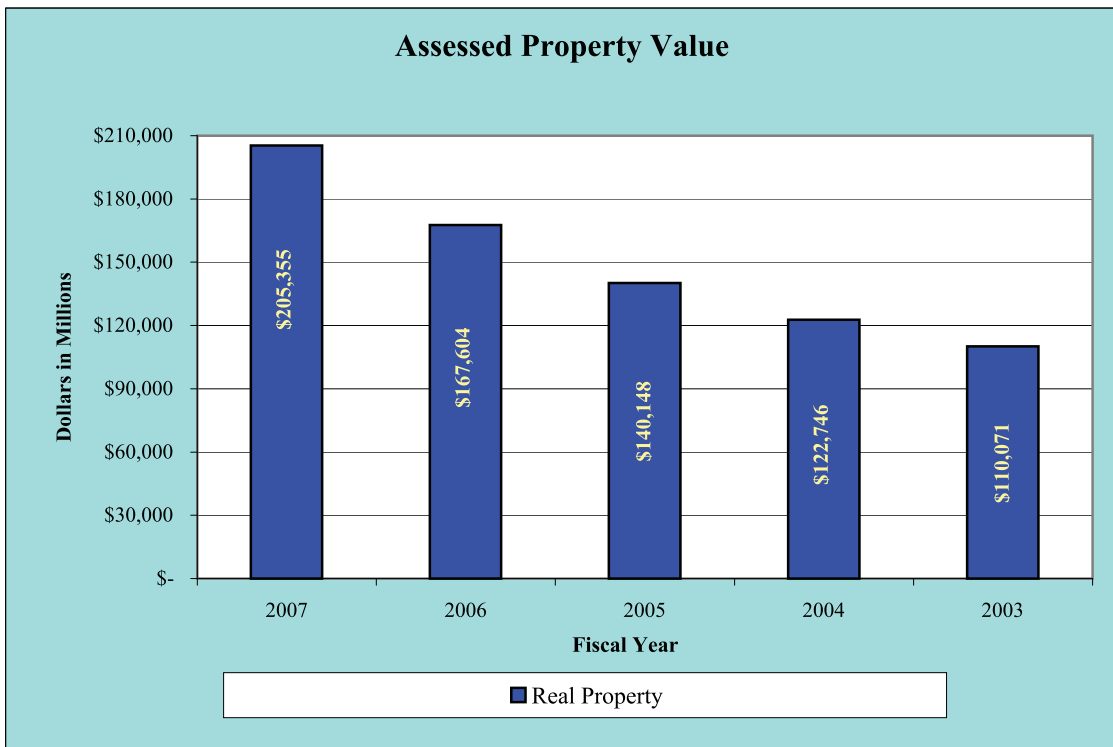


Source: Auditor-Controller, County of Riverside

Table 7

**COUNTY OF RIVERSIDE**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Five Fiscal Years**  
**(Amounts expressed in thousands)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Real Property</b>					
Secured property	\$ 198,619,682	\$ 161,287,719	\$ 134,299,740	\$ 117,379,593	\$ 105,080,028
Unsecured property	6,735,421	6,316,569	5,848,602	5,365,993	4,990,478
<b>Total Gross Assessed Value</b>	<u>205,355,103</u>	<u>167,604,288</u>	<u>140,148,342</u>	<u>122,745,586</u>	<u>110,070,506</u>
<b>Less:</b>					
Tax-exempt real property	5,109,756	4,993,449	4,657,680	4,264,442	3,878,514
<b>Total Taxable Assessed Value</b>	<u>\$ 200,245,347</u>	<u>\$ 162,610,839</u>	<u>\$ 135,490,662</u>	<u>\$ 118,481,144</u>	<u>\$ 106,191,992</u>
<b>Total Direct Tax Rate</b>	1.0772	1.0805	1.0866	1.0771	1.0787
<b>Estimated Actual Taxable Value</b>	\$ 266,993,796	\$ 216,814,452	\$ 180,654,216	\$ 157,974,859	\$ 141,589,323
<b>Assessed Value as a % of Actual Value</b>	76.91%	77.30%	77.58%	77.70%	77.74%



Source: Assessor-Clerk-Recorder, County of Riverside

Table 8

**COUNTY OF RIVERSIDE**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Five Fiscal Years**

Fiscal Year	County of Riverside	Range of Overlapping Rates			Total Direct & Overlapping Rates
	Total County Rate	Total City Rate	Total School District Rate	Total Special District Rate	
2007	1.00000%	.00249% to .00821%	.00578% to .10282%	0% to .54324%	1% to 1.54324%
2006	1.00000%	.00426% to .00861%	.01435% to .10210%	0% to .50997%	1% to 1.50997%
2005	1.00000%	.00529% to .01092%	.01192% to .09581%	0% to .50000%	1% to 1.50000%
2004	1.00000%	0% to .00608%	0% to .09819%	0% to .72543%	1% to 1.72543%
2003	1.00000%	0% to .00792%	0% to .72543%	0% to .71888%	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)  
Current Year and Nine Years Ago**

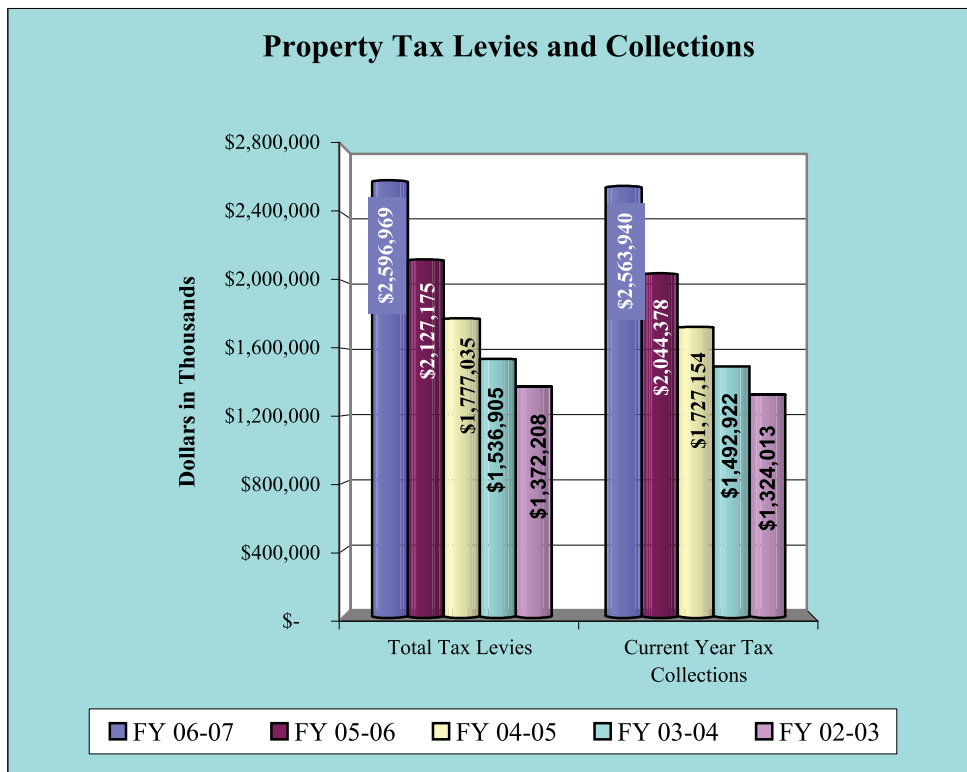
<b>Tax Payer</b>	<b>Fiscal Year</b>			
	<b>2007</b>		<b>1998</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total County Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total County Taxable Assessed Value</b>
So. California Edison Co.	\$ 8,679	0.41%	\$ 7,166	0.74%
Verizon Network	7,242	0.34%	-	0.00%
Centex Homes	7,057	0.33%	-	0.00%
Pulte Home Corp	5,400	0.25%	-	0.00%
KB Home Coastal Inc.	3,743	0.18%	-	0.00%
So. California Gas Co.	3,737	0.18%	3,445	0.35%
Ryland Homes of California Inc.	3,558	0.17%	-	0.00%
Western Pacific Housing Inc.	3,266	0.15%	-	0.00%
Blythe Energy, LLC	3,008	0.14%	-	0.00%
Wolf Creek Development	2,567	0.12%	-	0.00%
General Telephone Co. of California	-	0.00%	9,064	0.93%
McKenzie Vista	-	0.00%	3,019	0.31%
Pacific Bell	1,641	0.08%	2,836	0.29%
KSL Desert Resorts, Inc.	2,402	0.11%	2,269	0.23%
Landmark Land Co. of California, Inc.	-	0.00%	2,160	0.22%
International Rectifier Corp.	-	0.00%	2,082	0.21%
Desert Springs Marriott Ltd. Partnership	-	0.00%	1,975	0.20%
Pardee Grossman Cottonwood Canyon	-	0.00%	1,972	0.20%
<b>Total</b>	<b>\$ 52,300</b>	<b>2.46%</b>	<b>\$ 35,988</b>	<b>3.69%</b>

Source: Treasurer-Tax Collector, County of Riverside

**COUNTY OF RIVERSIDE  
Property Tax Levies and Collections  
Last Five Fiscal Years  
(Amounts expressed in thousands)**

Fiscal Year	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent* Tax Collections	Total Collections as of 6/30	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 2,596,969	\$ 2,563,940	98.73%	\$ 86,437	\$ 2,650,377	102.06%
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%

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

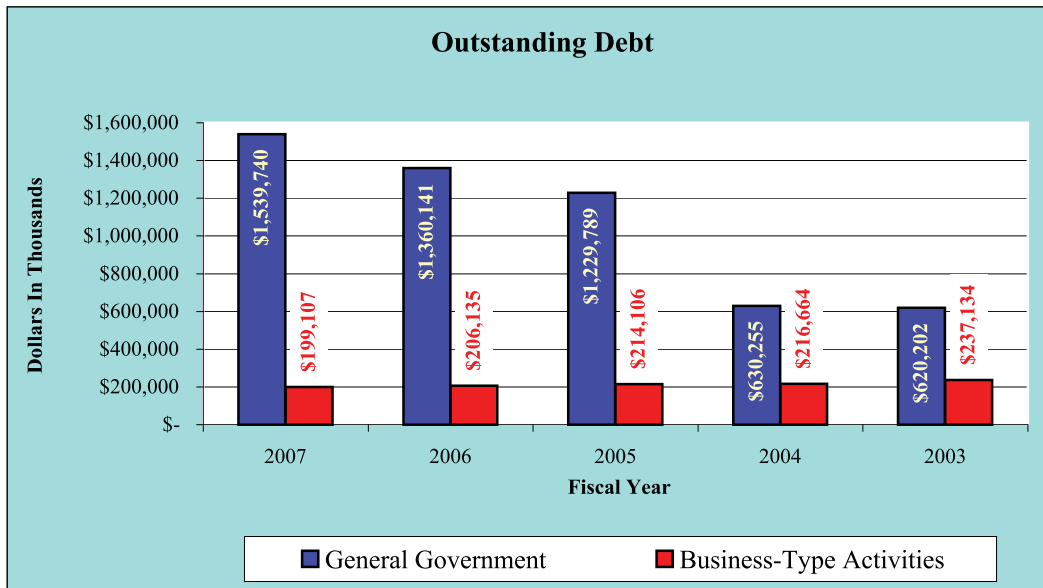


Source: Auditor-Controller, County of Riverside

Table 11

**COUNTY OF RIVERSIDE**  
**Ratios of Outstanding Debt by Type**  
**Last Five Fiscal Years**  
 (Amounts expressed in thousands, except per capita amount)

	Fiscal year				
	2007	2006	2005	2004	2003
<b>General Government</b>					
Bonds	\$ 806,398	\$ 814,443	\$ 678,028	\$ 91,758	\$ 91,758
Certificates of participation	335,866	348,486	325,572	387,869	357,855
Note and loans	310,139	113,383	150,344	67,010	68,060
Capital leases	87,337	83,829	75,845	83,618	102,529
<b>Business-Type Activities</b>					
Bonds	181,263	191,142	200,555	210,558	228,392
Certificates of participation	-	-	1,040	2,040	3,000
Capital leases	17,844	14,993	12,511	4,066	5,742
<b>Total Primary Government</b>	<b>\$ 1,738,847</b>	<b>\$ 1,566,276</b>	<b>\$ 1,443,895</b>	<b>\$ 846,919</b>	<b>\$ 857,336</b>
<b>Percentage of Personal Income</b>	3.08%	2.94%	2.92%	1.88%	2.01%
<b>Per Capita</b>	\$ 856	\$ 807	\$ 769	\$ 477	\$ 499



Note: Per Capita is an estimate for 2006 and 2007

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

**COUNTY OF RIVERSIDE**  
**Ratios of General Bonded Debt Outstanding**  
**Last Five Fiscal Years**  
**(Amounts expressed in thousands, except per capita amount)**

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Bonds</b>	\$ 806,398	\$ 814,443	\$ 678,028	\$ 91,758	\$ 91,758
<b>Less:</b>					
Amounts available in debt service fund	73,308	79,935	61,941	72,798	133,049
<b>Total Net Obligation Bonds Outstanding</b>	<u>\$ 733,090</u>	<u>\$ 734,508</u>	<u>\$ 616,087</u>	<u>\$ 18,960</u>	<u>\$ (41,291)</u>
<b>Percentage of Estimated</b>					
<b>Actual Taxable Value of Property</b>	0.27%	0.27%	0.32%	0.46%	0.44%
<b>Per Capita</b>	\$ 361	\$ 379	\$ 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, 2007**  
**(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	\$ 7,468,703	86.13%	<u>\$ 6,432,792</u>
Subtotal, overlapping debt			6,432,792
County of Riverside direct debt			<u>1,035,911</u>
Total direct and overlapping debt			<u><u>\$ 7,468,703</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 Five Fiscal Years**  
**(Amounts expressed in thousands)**

	Fiscal Year				
	2007	2006	2005	2004	2003
Debt limit	\$ 2,598,369	\$ 2,125,832	\$ 1,735,525	\$ 1,511,307	\$ 1,353,391
Total net debt applicable to limit	(733,090)	(603,194)	(616,087)	(635,290)	(620,202)
Legal debt margin	<u>\$ 1,865,279</u>	<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	28.2%	28.4%	35.5%	42.0%	45.8%

**Legal Debt Margin Calculated for Fiscal Year 2007**

Assessed value	\$ 205,744,450
Less: Homeowners exemptions	<u>2,125,076</u>
Total assessed value	<u>207,869,526</u>
Debt limit (1.25% of total assessed value)	<u>2,598,369</u>
Debt applicable to limit:	
General obligation bonds	806,398
Less: Amount set aside for repayment of general obligation debt	<u>73,308</u>
Total net debt applicable to limit	<u>733,090</u>
Legal debt margin	<u><u>\$ 1,865,279</u></u>

Definitions:

Debt limit - the maximum amount of outstanding gross or net debt legally permitted.

Debt margin - the difference between debt limit and existing debt.

Legal debt margin - the excess of the amount of debt legally authorized over the amount of debt outstanding

Source: Auditor-Controller, County of Riverside

Table 15

**COUNTY OF RIVERSIDE**  
**Pledged-Revenue Coverage**  
**Last Five Fiscal Years**  
**(Amounts expressed in thousands)**

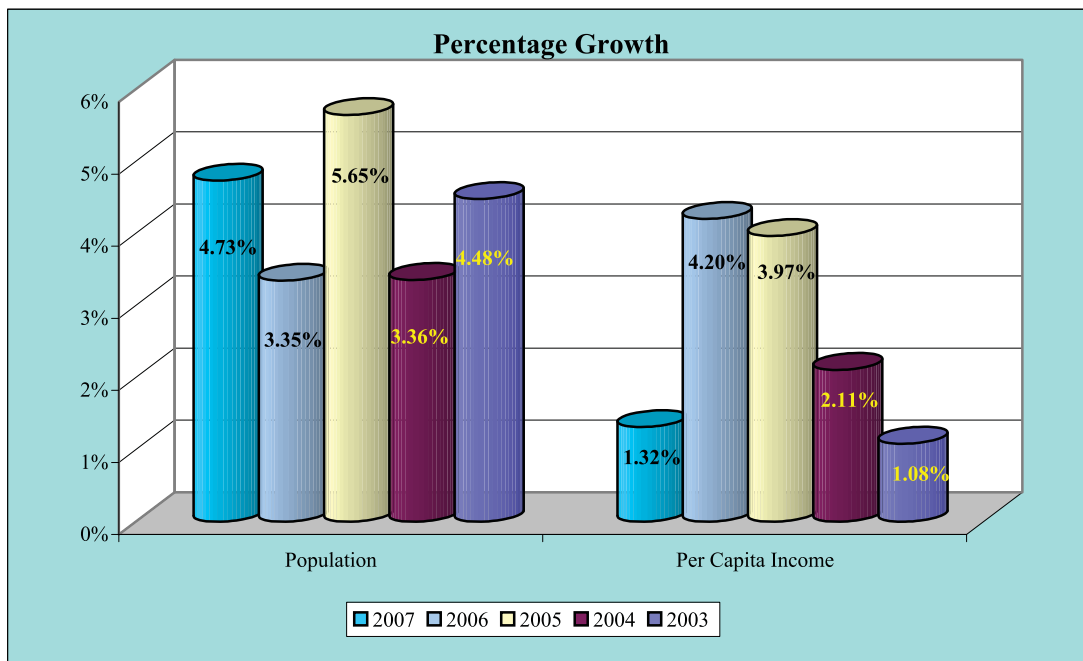
Fiscal Year	Lease Revenue Bonds						Coverage
	Revenue from	Less:	Net	Debt Service			
	Lease Payments	Operating Expenses	Available Revenue	Principal	Interest		
2007	\$ 27,046	\$ 5,939	\$ 21,107	\$ 12,115	\$ 16,976	0.7256	
2006	25,371	785	24,586	11,600	17,355	0.8491	
2005	21,601	676	20,925	11,175	17,551	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 Five Fiscal Years**

<b>Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2007	2,031,625	\$53,246,505 <sup>1</sup>	\$27,810 <sup>1</sup>	33 <sup>2</sup>	12.2 <sup>2</sup>	404,331	5.70%
2006	1,939,814	53,246,505 <sup>1</sup>	27,449 <sup>1</sup>	33 <sup>2</sup>	12.2 <sup>2</sup>	394,687	5.10%
2005	1,877,000	49,443,185	26,342	33 <sup>2</sup>	12.2 <sup>2</sup>	380,267	5.20%
2004	1,776,700	45,016,790	25,337	33 <sup>2</sup>	12.2 <sup>2</sup>	364,857	5.80%
2003	1,719,000	42,655,266	24,814	33 <sup>2</sup>	12.2 <sup>2</sup>	349,607	6.20%



Notes: <sup>1</sup> Projection based on 13 year running average  
<sup>2</sup> 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  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>Fiscal Year</u>			
	<u>2007</u>		<u>1998</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
County of Riverside	19,669	2.27%	11,687	1.90%
March Air Reserve Base	8,750	1.01%	-	
U. C. Riverside	6,657	0.77%	-	
Stater Brothers Market	6,125	0.71%	3,200	0.52%
Riverside Unified School District	5,099	0.59%	-	
Pechanga Resort & Casino	4,800	0.55%	-	
Guidant corp.	4,500	0.52%	1,300	0.21%
Riverside Community College District	3,753	0.43%	-	
Kaiser Permanente	3,200	0.37%	1,600	0.26%
Morongio Casino Resort & Spa	3,000	0.35%	-	
Eisenhower Medical Center	-		1,822	0.30%
Fleetwood Enterprise, Inc.	-		1,800	0.29%
Valley Health System	-		1,750	0.28%
Marriott Desert springs Resort	-		1,600	0.26%
La Quinta Hotel Golf & Tennis	-		1,500	0.24%
Bourns, Inc.	-		1,500	0.24%
The press-Enterprise	-		1,228	0.20%
<b>Total</b>	<u>65,553</u>	<u>7.57%</u>	<u>28,987</u>	<u>4.71%</u>

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

Source: The Business Press, Riverside, California

Table 18

**COUNTY OF RIVERSIDE**  
**Full-time Equivalent County Government Employees by Function/Program**  
**Last Five Fiscal Years**

<b>Function/Program</b>	<b>Full-time Equivalent Employees</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>General government</b>					
Legislative and administrative	92	93	87	92	93
Finance	477	445	424	445	449
Counsel	69	58	52	50	50
Personnel	191	179	160	153	144
Elections	39	31	34	36	39
Communication	-	-	-	11	10
Property management	387	323	305	312	306
Promotion	168	142	126	121	110
Other general	-	-	1	1	1
<b>Public protection</b>					
Judicial	1,371	1,204	1,150	1,213	1,260
Police protection	2,354	2,113	1,926	1,914	1,902
Detention and correction	1,972	1,811	1,748	1,803	1,832
Fire protection	165	145	126	135	122
Protection/inspection	274	254	233	216	206
Other protection	541	523	441	446	419
Administration	50	39	36	37	35
<b>Public ways and facilities</b>					
Public ways	517	497	488	491	476
<b>Health and sanitation</b>					
Health	2,023	1,939	1,862	1,901	1,929
Hospital care	31	28	30	32	31
California children's services	159	152	143	127	119
<b>Public assistance</b>					
Aid programs	2,948	2,841	2,796	2,744	2,720
Veterans' services	12	11	10	10	11
Other assistance	302	283	309	338	452
<b>Education, recreation and culture</b>					
Library services	1	1	1	1	1
Agricultural extension	5	5	4	4	5
Cultural services	2	2	2	2	-
<b>County business-type functions</b>					
Hospital care	1,889	1,680	1,589	1,526	1,538
Sanitation	170	158	149	130	94
<b>Internal service</b>					
	2,934	2,538	2,147	2,305	2,058
<b>Special districts</b>					
	526	540	528	528	514
<b>Total</b>	<b>19,669</b>	<b>18,035</b>	<b>16,907</b>	<b>17,124</b>	<b>16,926</b>

Source: County of Riverside

Table 19

**COUNTY OF RIVERSIDE**  
**Operating Indicators by Function**  
**Last Five Fiscal Years**

<b>Function/Program</b>	<b>Fiscal year</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Sheriff</b>					
Number of bookings	63,512	56,926	55,375	52,497	49,617
Coroner case load	9,430	8,943	8,558	7,826	7,772
Calls for services	c 277,496	250,000	240,182	219,145	206,122
<b>Fire</b>					
Medical assistance	89,329	86,129	80,484	76,601	70,851
Fires extinguished	6,372	5,060	14,696	14,816	14,714
Other services	16,310	19,035	10,870	10,786	10,689
Communities served	78	78	78	78	78
<b>Probation</b>					
Adults on probation	a 15,974	16,051	13,937	13,282	11,618
Juveniles in secure detention	b 343	322	310	367	355
Juveniles in treatment facilities	b 126	113	98	107	98
Juveniles in detention facilities	a 14,283	13,218	12,405	14,435	13,708
<b>Waste Management</b>					
Landfill tonnage	1,325,284	1,423,469	1,328,935	1,231,767	1,148,312
Recycling tonnage	3,048	3,758	2,619	2,850	2,066
<b>County Library</b>					
Total circulation - books	2,352,624	2,051,276	2,324,539	2,222,575	2,293,424
Reference questions answered	383,428	454,590	430,226	423,925	461,598
Patrons	2,352,403	2,433,646	2,226,360	1,447,505	1,621,147
Programs offered	4,546	2,353	2,274	3,759	3,588
Program attendance	80,100	84,994	45,605	68,437	61,921
<b>Assessor-Clerk-Recorder</b>					
Assessments	920,555	896,998	859,413	831,610	791,348
Official records recorded	957,123	1,082,688	1,039,166	1,019,271	794,257
Vital records copies issued	88,640	82,015	73,379	68,892	70,071
Official records copies issued	35,319	35,691	36,480	36,231	33,506
<b>County Regional Medical Center</b>					
Emergency room treatments	76,666	73,448	68,105	66,411	66,136
Emergency room services - MH	7,624	7,536	8,076	8,276	8,126
Clinic visits	123,479	106,943	109,568	113,171	118,477
Admissions	24,393	22,262	21,723	20,587	19,690
Patient days	112,138	105,203	96,820	92,643	91,114
Discharges	24,430	22,244	21,741	20,554	19,705
<b>Community Health Agency</b>					
Facilities inspections	31,760	32,000	40,642	38,105	36,546
Patient visits	139,885	123,843	135,539	125,936	123,230
Patient services	438,639	369,041	339,095	376,534	336,909
Animal impounds	27,362	29,206	20,467	21,307	21,661
Spays and neuters	5,645	5,806	2,401	3,080	2,372

Note: a = Average monthly  
b = Average daily  
c = Unincorporated areas

Table 19

**COUNTY OF RIVERSIDE**  
**Operating Indicators by Function**  
**Last Five Fiscal Years**

<u>Function/Program</u>	<u>Fiscal year</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Public Social Services</b>					
CalWORKs clients	20,336	19,880	20,846	20,296	19,908
Food stamp clients	30,781	28,749	27,992	24,796	23,026
Medi-Cal clients	105,578	108,887	110,994	105,598	99,332
In-home support services	13,934	12,590	12,171	11,314	10,201
Foster care placements	4,306	5,175	5,088	4,418	4,215
Child welfare services	12,333	11,639	11,153	9,411	10,467
<b>Community Action Partnership</b>					
Utility assistance (households)	13,337	10,944	11,783	12,846	14,706
Weatherization (households)	465	801	795	711	857
Energy education attendees	14,590	10,389	11,508	1,953	37,445 a
Disaster relief (residents)	13,551	8,605	1,514	-	- b
Income tax returns prepared	1,384	2,651	-	-	- b
After school programs (students)	10,905	537	51	271	51
Homeless program (bed nights)	13,198	31,328	40,245	30,316	63,703
Homeless program (meals)	26,396	142,578	372,048	170,937	453,238
Leadership program enrollment	-	113	11	-	- b
<b>Registrar of Voters</b>					
Voting precincts	1,368	976	2,012	1,574	2,087
Polling places	610	486	1,090	815	1,136
Voters	818,584	934,940	1,481,719	1,302,252	1,335,785
Poll workers	2,696	1,908	4,675	3,306	4,668
<b>Agricultural Commissioner</b>					
Export phytosanitary certificates	22,266	21,746	20,037	14,692	15,623
Pesticide use inspections	840	1,199	1,105	1,366	1,257
Weights and measures regulated	117,039	110,837	106,149	102,780	95,334
Agriculture quality inspections	1,061	541	1,067	1,251	1,202
Plant pest inspections	14,532	4,975	5,933	6,296	5,421
Nursery acreage inspected	9,226	7,382	7,431	5,355	6,501
<b>TLMA - Building &amp; Safety</b>					
Building permits issued	5,786	10,232	9,980	10,452	10,106
Building plans checked	5,151	8,759	8,251	9,128	8,776
Building structures inspected	8,580	9,593	8,182	8,887	8,533
<b>Veterans' Services</b>					
Phone inquiries answered	23,287	21,917	25,276	-	- b
Client interviews	8,199	7,467	7,559	-	- b
Claims filed	3,786	3,372	3,503	-	- b

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

Phytosanitary = Plant pest cleanliness  
Pesticide Use Inspections = Environmental monitoring

Source: Various County Departments



Table 20

**COUNTY OF RIVERSIDE**  
**Capital Asset Statistics by Function**  
**Last Five Fiscal Years**

<b>Function/Program</b>	<b>Fiscal year</b>				
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Sheriff</b>					
Patrol stations	10	10	10	10	10
Patrol vehicles	702	598	583	576	550
<b>Fire</b>					
Stations	49	48	48	48	48
Trucks	141	135	125	126	117
<b>Waste Management</b>					
Landfills	6	7	7	8	8
Capacity in tons	51,609,663	52,392,284	50,948,302	50,872,281	42,712,387
<b>Parks and Recreation</b>					
Regional parks	13	13	13	13	13
Historic sites	6	6	6	6	6
Nature centers	5	5	5	5	5
Archaeological sites	7	7	7	7	7
Wildlife reserves	16	16	16	16	16
<b>County Libraries</b>					
Branch libraries	29	29	29	28	27
Book mobiles	2	2	2	2	2
Books in collection	1,784,149	1,221,744	1,477,670	1,098,082	1,029,424
<b>County Regional Medical Center</b>					
Major clinics	4	4	4	4	4
Routine and specialty clinics	30	30	30	30	30
Beds licensed	439	439	439	439	439

Source: Various County Departments

# *Special Acknowledgments*

Our County's diverse history has continued to be enriched with the tremendous growth we have experienced over the past few decades. This year's Comprehensive Annual Financial Report theme of "Diversity" celebrates the people and cultures that make the County of Riverside unique. The photographs in this publication were requested to illustrate the value we place on diversity.

A special thanks to the following people for their contributions to this year's Comprehensive Annual Financial Report:

The entire staff of the General Accounting Division of the Auditor-Controller's Office (ACO) for its dedication, and the following ACO divisions for their contributions:  
Internal Audits and Specialized Accounting Division  
Payroll Division  
Property Tax Division

All Riverside County Departments particularly the following:  
Treasurer-Tax Collector Office  
Executive Office  
Printing Services  
Human Resources

Photography and artistic design  
M. Bernard Edmonds, I  
Artistic Editor

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