

2008
FISCAL YEAR ENDED JUNE 30, 2008

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

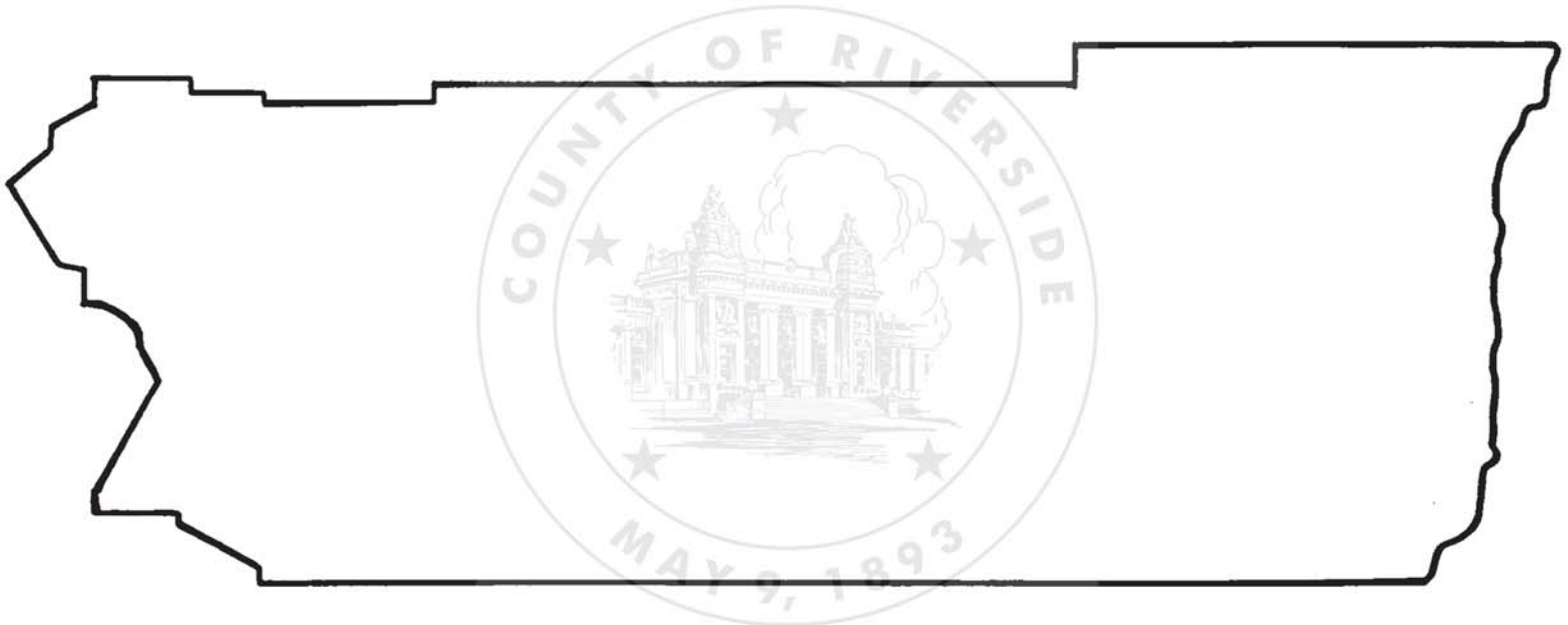


COUNTY OF
RIVERSIDE
CALIFORNIA

ROBERT E. BYRD, CGFM
COUNTY AUDITOR-CONTROLLER

2008
FISCAL YEAR ENDED JUNE 30, 2008

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RIVERSIDE
CALIFORNIA

Prepared by the Office of:
ROBERT E. BYRD, CGFM
COUNTY AUDITOR-CONTROLLER

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2008

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INTRODUCTORY SECTION





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Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, MBA
ASSISTANT AUDITOR-CONTROLLER

December 8, 2008

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, 2008 is hereby submitted in accordance with the provision of Section 25253 of the Government Code of the State of California. The report contains financial statements that have been prepared in conformity with the United States generally accepted accounting principles (GAAP) prescribed for governmental entities. Responsibility for the accuracy of the data 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 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 eleven independent fiscal entities that are considered blended component units and one discretely presented component unit. These entities vary widely in function and provide essential services.

For a more detailed overview of the County's component units see the MD&A and the notes to the basic financial statements.

PROFILE OF THE GOVERNMENT

Riverside County, the State's fourth largest county by area, encompasses 7,295 square miles and extends nearly 184 miles across Southern California, from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated immediately east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties. There are 24 incorporated cities located within the County. The largest cities in the County are the cities of Riverside (the County seat) with a population of 296,842, Moreno Valley with a population of 183,860, and Corona with a population of 147,428.

Total County population was 2,088,322 on January 1, 2008, an increase of 2.7% as compared to the revised estimate for 2007 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 26.6% of the residents live in unincorporated areas. 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 22.6% from March 2001 to March 2008, while the population increased by 31.3% in the County from January 1, 2001 to January 1, 2008. As of September 2008, unemployment in the MSA was 9.1% (revised on an annual basis by the California Employment Development Department Labor Market Information Division) as compared to 6% for the United States.

The County is governed by a five-member Board of Supervisors, who each serves four-year terms, and annually elects a Chairman and Vice-Chairman. The Supervisors represent five districts. The 1st District includes areas within the City of Riverside, Lake Elsinore, and the unincorporated communities of Lakeland Village, Lake Mathews, Mead Valley, Wildomar, Santa Rosa Rancho, as well as portions of Gavilan Hills and Woodcrest. The Second District includes the cities of Corona, Norco, approximately 1/3 of the City of Riverside. The unincorporated communities consist of Jurupa Valley, Home Gardens, El Cerrito, Eastvale, Coronita, and Green River. The Third District includes the cities of Canyon Lake, Hemet, Menifee, Murrieta, San Jacinto, and Temecula. Major unincorporated areas in the District include Aguanga, Anza, Idyllwild, Menifee Valley, Valle Vista, Winchester, Wine Country, and Pinyon Pines. The Fourth District is the largest District by far, covering the eastern two-thirds of the County. Within the Fourth District are the cities of Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, and Blythe. Major unincorporated areas in the District include Bermuda Dunes, Thousand Palms, Sky Valley, Desert Edge, Mecca, Thermal, Oasis, Vista Santa Rosa, North Shore, Desert Center, Lake Tamarisk, Mesa Verde, and Ripley. The Fifth District includes cities of Moreno Valley, Perris, Calimesa, Beaumont, Banning, Desert Hot Springs, and northern Palm Springs. The unincorporated areas include Nuevo, Lakeview, Juniper Flats, Meadowbrook, Good Hope, a portion of Mead Valley, Romoland, Homeland, Green Acres, Highgrove, Box Springs, Pigeon Pass, Reche Canyon, San Timoteo Canyon, Oak Valley, Cherry Valley, Banning Bench, Cabazon, Palm Springs Village, and Palm Springs West.

The County provides a full range of services. These services are outlined in the following table:

Certificate, Licenses and Permits	Human Services
Birth, marriage, and death certificates, animal licensing and building permits	Assistance for Families, Veteran Services, Utility Assistance
Children's Services	Libraries and Museums
Child Support Services, Mentor programs, and Children Medical Services	Edward Dean Museum, Riverside County Law Library
Criminal Justice	Parks and Recreation
District Attorney, Probation, Public Defender, and Sheriff	Regional Parks
Education	Pets and Animal Services
Office of Education	Animal Control, Animal Shelters
Emergency Services	Property Information
Office of Emergency Services, Early Warning Notification System, Shelter Grant program, and Homeless program	Building Permit Report, Get Property Information via GIS, Pay Property Taxes Online, Track Your Property Tax Online, Record Map Inquiry, Information on New Home Owners and Riverside County Land Information

Environment

Monitors Solid Waste, Liquid Waste, Medical Waste, Tattooing, Sewage Disposal, Water Systems, Wells, Backflow Devices, Food Services, Public Pools and Mobile Home Parks, Vector Control, Hazardous Materials Services, Fire Protection, Waste Reduction, and Recycling

Flood Control

Flood Control and Water Conservation

Health

Family Health Centers, Disease Control, Nutrition Services, Family Planning, Health Education, Injury Prevention, Emergency Medical Services, Mental Health Services, Industrial Hygiene, Laboratory, Nursing, Epidemiology, Medical Marijuana Identification Cards

Housing

First Time Home Buyer Programs, Low Income Housing, Rental Assistance Program, Homeless Shelter, Neighborhood Stabilization Program

Public and Official Records

Official Recorded Documents, Fictitious Business Names Search, Grantor/Grantee Search, Vital Records, and Court Records Search

Roads and Highways

Road Maintenance, Land Development, Engineering Services, and Survey

Taxes

Property Tax Portal, Tax Bills, Assessor-County Clerk Recorder, Treasurer-Tax Collector, Auditor-Controller

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

The continuing downside in all economic indicators, the national credit crisis, the volatility on Wall Street, and the drop in real estate values added uncertainty to the recession's degree and duration.

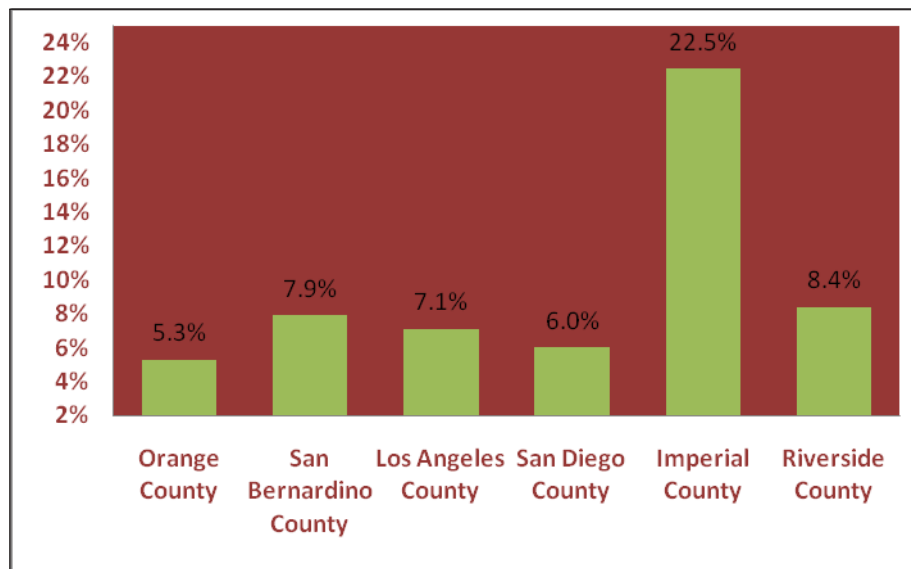
Locally, current data signal further property value declines tied to California law Proposition 8, allowing taxable value of property to be reduced when the market value dips below the Proposition 13, Factored Base Year Value. Therefore, assessed values will likely be down next year. The declines in the real estate market continue to negatively impact the business of the County, in comparing the first quarter of FY 2008-09 to the first quarter of FY 2007-08, the volume of documents recorded decreased by four percent. Building and Safety permit volume continues to decrease as well. The County continues to experience declines in the residential home market and a significant reduction in the amount of new construction throughout the County. Sales data indicates that as of October 2008, market values have fallen to the same levels as March 2003. This reduction in values, after adding current new construction, foretell an assessment roll reduction. Property transfers are on schedule to exceed the 80,000 transfers for FY 2008-09; almost 60 percent of those transfers involve foreclosures and bank owned property sales, which further reduce assessed values.

The rapid decline in property values and the level of foreclosure activity today far exceeds what was seen during the downturn of the 1990's. An evaluation of the current declining market indicates that over 321,000 properties are in the target range to be reviewed for possible reductions. This includes the 275,000 properties reviewed for FY 2008-09, of which over 219,000 were reduced.

The County continues to exercise strong fiscal discipline by conservatively estimating revenue and preserving reserves. Current projections reveal a likely need to cut budgets on the order of 25 percent over the next four years. The first cut is in place and County departments have been directed to submit preliminary plans for implementing second year cuts, while protecting core services. It is expected that the County's strong reserve position will allow it to absorb the financial impacts caused by the current economic slowdown and state funding this coming year. Should the current economic climate continue beyond 2010, the County expects to make appropriate budget adjustments to maintain its fiscal stability.

Riverside County's unemployment rate as of June 30, 2008 is the second highest compared to the surrounding counties. The unemployment rate has increased by 2.7% compared to fiscal year 2007.

**Unemployment Rate Comparison
For Fiscal Year Ended June 30, 2008**



The Riverside County Integrated Project

The Riverside County Integrated Project (RCIP) is composed of the County's General Plan of Land Use, the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP), the Community and Environmental Transportation Acceptability Plan (CETAP), and a Special Management Plan (SAMP). The RCIP is closely coordinated with regional councils of government, state and federal government agencies, and private stakeholders. Currently, work is progressing on the five-year update of the General Plan of Land Use and the completion of the SAMP and CETAP.

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, 2008, Court Facility Transfer Payment (CFPs) packets were submitted to the Administrative Office of the Courts (AOC) for the following court facilities located in Riverside

County: Old Riverside Municipal Court, Riverside 1961 Annex, Southwest Justice Center, Temecula Court, Hemet Court, Corona Court, Riverside Juvenile Court, Indio Juvenile Court, Indio CAC/Annex Justice Center, Palm Springs Court, Blythe Courthouse, Lake Elsinore Court, and Perris Court. It is anticipated that the above mentioned courts will all officially transfer to the AOC during fiscal year ending June 30, 2009, as well as the Riverside Family Law Court.

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, 2008, the fee, based on an adjusted consumer price index, was \$3,988 and consisted of the following components:

	<u>Development Agreement Fee</u>
Public Facilities	\$ 3,138
Public Services Offset	<u>850</u>
Total	<u><u>\$ 3,988</u></u>

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, 2008, the total of unexpended and uncommitted development agreement money available in capital project funds is \$1.9 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 MSHCP. 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, 2008, the total amount of unexpended, uncommitted, interim open space mitigation funds related to Ordinance 810 and 810.1 is about \$289,000.

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 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, 2008, the total of unexpended, uncommitted, development mitigation funds related to Ordinance 659 in capital project funds is about \$289,500.

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, 2008, the total unexpended, uncommitted, development impact fees are about \$66.5 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 is 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 members. 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, 2007, 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, 2008, 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 2007-08 was adopted on June 26, 2007. 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 unrestricted cash balance of the general fund decreased from \$283.1 million at June 30, 2007 to \$216.8 million at June 30, 2008. This decrease is attributable primarily to capital project contributions and the acquisitions of new County facilities. Also, recent decline in the real estate market has caused documentary transfer taxes and building permit revenues to decrease. The fund balance of the County's General Fund represents the equivalent of 52 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, 2008 was 1.22 years. To provide sufficient liquidity to meet daily expenditures, the portfolio shall maintain at least 40% of its total value in securities having maturities one year or less. Securities maturing in less than one year totaled 50.8%. 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 \$5.5 billion at June 30, 2008, \$3.0 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, service aides and program assistants 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 five 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 \$94,200 for calendar year 2006, \$97,500 for calendar year 2007, and \$102,000 for 2008).

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. These activities 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, 2008, 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, 2007. This was the twentieth 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.

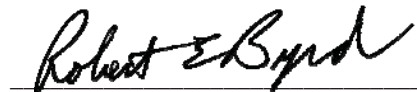
Acknowledgments

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 is extended to staff members who spent many late nights and weekends working on the preparation of this report. I would also like to thank the staff members of the contributing component units and departments for their participation in the preparation of this report.

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

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

Respectfully yours,



ROBERT E. BYRD, CGFM
COUNTY AUDITOR-CONTROLLER



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COUNTY OF RIVERSIDE

List of Principal Officials
As of June 30, 2008

ELECTED OFFICIALS

Board of Supervisors



BOB BUSTER
First District



ROY WILSON
Chairman
Fourth District



JEFF STONE
Vice Chairman
Third District



**JOHN F.
TAVAGLIONE**
Second District



MARION ASHLEY
Fifth District

COUNTYWIDE ELECTED OFFICIALS



ROD PACHECO
District Attorney



STANLEY SNIFF, JR.
Sheriff
Coroner
Public Administrator



ROBERT E. BYRD
Auditor
Controller



LARRY WARD
Assessor
Clerk
Recorder



**PAUL
MCDONNELL**
Treasurer
Tax Collector

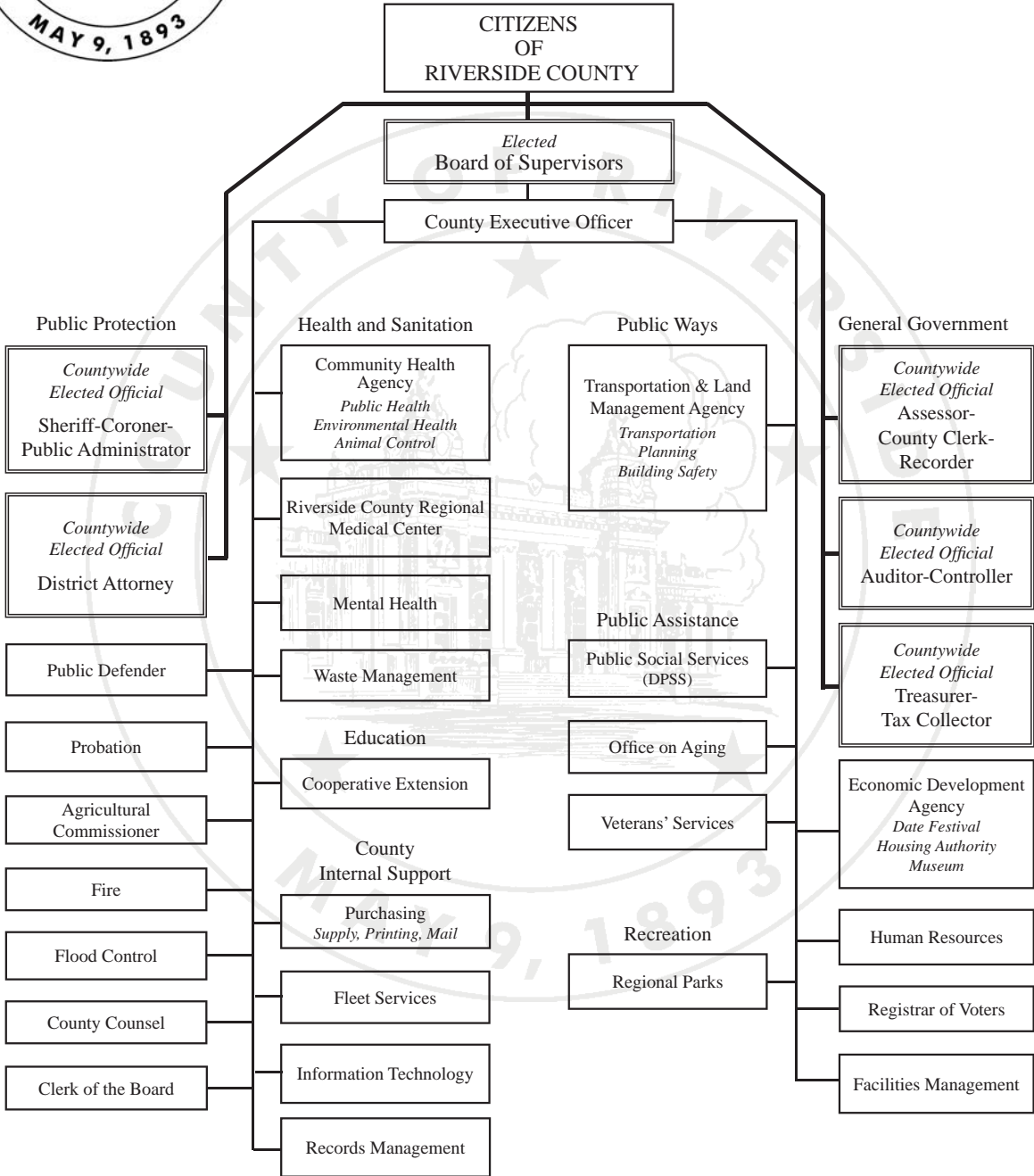
APPOINTED OFFICIALS

LARRY PARRISH
County Executive Officer

JOE S. RANK
County Counsel



**COUNTY OF RIVERSIDE
ORGANIZATION CHART**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Riverside California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

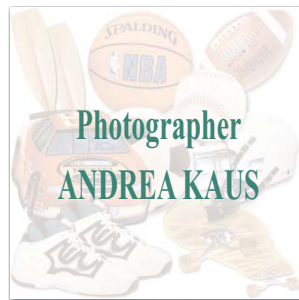


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FINANCIAL SECTION



FINANCIAL
SECTION



Photographer
ANDREA KAUS



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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, 2008, 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 (the Flood Control District), Housing Authority of the County of Riverside (the Housing Authority), Riverside County Regional Park and Open-Space District (the Park District), County of Riverside Redevelopment Agency (the RDA) and the Children and Families First Commission of Riverside County (the Commission), which represent the following percentages, respectively, of the assets and revenues of the following opinion units:

Opinion Unit	Assets	Revenues
Governmental Activities	25%	8%
Business-type Activities	7%	18%
Aggregate Remaining Fund Information	9%	1%
Discretely Presented Component Unit	100%	100%

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2008, 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.

As discussed in Note 1 to the financial statements, the County has adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions*, GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers*, and GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No.25 and No. 27*, in 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008 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 accounting principles generally accepted in the United States of America. 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.

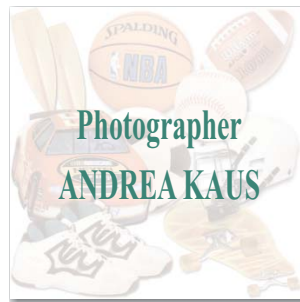
Vavermik, Tami, Day & Co., LLP

Rancho Cucamonga, California
December 8, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION
AND ANALYSIS





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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, 2008. 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 2007-08)
- Riverside County Service Areas
- Inland Empire Tobacco Securitization Authority

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, Bankruptcy Court, and Inland Empire Tobacco Securitization Authority. 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 \$6.6 billion exceeded its liabilities of \$3.2 billion, by \$3.4 billion (net assets). Of this amount \$1.7 billion (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors; \$805.4 million (restricted net assets) is restricted by external sources or through enabling legislation for specific purposes and \$872.4 million is invested in capital assets, net of related debt.
- During fiscal year 2007-08, the County's net assets increased by \$322.2 million. Of this amount, \$319.5 million was from governmental activities and \$2.7 million was from business-type activities. Countywide expenses of \$3.2 billion were substantially offset by program revenues of \$2.4 billion leaving an operating deficit of \$749.6 million. The operating deficit was offset by general revenues of \$1.1 billion resulting in the increase in net assets.
- As of June 30, 2008, the total fund balances of the governmental funds were \$2.1 billion. This represents an increase of 22.1%, or \$387.3 million, in comparison with the prior year. Approximately 18.3%, or \$391.2 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, 2008, fund balance for the General Fund was \$478.8 million, or 20.9% of the total General Fund expenditures. This amount includes \$84.5 million of reserved fund balance and \$335.6 million of designated fund balance.
- The County's long-term debt showed a net increase of 18.3%, or \$389.5 million, compared to the prior year. These obligations are bonds payable, capital leases, certificates of participation, loans payable and other long term debt.

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 \$3.4 billion.

The County's total net assets increased by 10.6%, or \$322.2 million, during fiscal year 2007-08 compared to the prior year's increase of 13.6%, or \$363.6 million. \$319.5 million of the increase in net assets was from governmental activities and \$2.7 million was from business-type activities. For the prior year, \$327.3 million of the increase in net assets was from governmental activities and \$36.3 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 26.0%, or \$872.4 million, of the County's total net assets for fiscal year 2007-08 compared to 31.4%, or \$956.4 million, for fiscal year 2006-07. 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 24.0%, or \$805.4 million, of the County's total net assets for fiscal year 2007-08 compared to 20.4%, or \$620.1 million, for fiscal year 2006-07. 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 50.0%, or \$1.7 billion, of the County's total net assets for fiscal year 2007-08 compared to 48.3%, or \$1.5 billion, for fiscal year 2006-07. 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 2007-08, \$1.6 billion is from governmental activities and \$101.7 million is for business-type activities compared to \$1.4 billion for governmental activities and \$100.6 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, 2008 as compared to the prior year:

	Statement of Net Assets						Increase/ (Decrease)
	As of June 30						
	(in thousands)						
	Governmental Activities		Business-type Activities		Total		
	2008	2007	2008	2007	2008	2007	%
Current and other assets	\$ 3,499,206	\$ 2,925,165	\$ 320,857	\$ 314,998	\$ 3,820,063	\$ 3,240,163	18%
Capital assets	2,472,555	2,201,178	256,274	257,095	2,728,829	2,458,273	11%
Total assets	5,971,761	5,126,343	577,131	572,093	6,548,892	5,698,436	15%
Other liabilities	627,537	480,284	50,238	40,840	677,775	521,124	30%
Long-term liabilities	2,199,725	1,803,156	319,695	326,736	2,519,420	2,129,892	18%
Total liabilities	2,827,262	2,283,440	369,933	367,576	3,197,195	2,651,016	21%
Net assets:							
Invested in capital assets, net of related debt	802,981	903,076	69,441	53,321	872,422	956,397	-9%
Restricted	769,368	569,477	36,074	50,629	805,442	620,106	30%
Unrestricted	1,572,150	1,370,350	101,683	100,567	1,673,833	1,470,917	14%
Total net assets	\$ 3,144,499	\$ 2,842,903	\$ 207,198	\$ 204,517	\$ 3,351,697	\$ 3,047,420	10%

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 2007-08 with a total of \$1.3 billion being recognized. Public Assistance received 53.6% of the governmental activity funding for fiscal year 2007-08 compared to 56.0% of the governmental activity funding from this source in the prior year. Public Protection received 18.4% of the governmental activity funding for fiscal year 2007-08, compared with 20.8% for fiscal year 2006-07.
- A total of \$611.6 million was earned as governmental activity charges for services compared to \$609.2 million for fiscal year 2006-07. Charges for services are revenues that arise from charges to external customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Public Protection, which is primarily generated through contracted law enforcement services provided by the Sheriff's Department to various local governments, generated 51.8% of this revenue source, compared to 50.4% from the prior year. General government generated 28.0% compared to 28.1% for prior year.
- Capital Grants and Contributions resulted in the least amount of program revenue from governmental activities with \$25.3 million earned for fiscal year 2007-08 compared to \$48.2 million earned for fiscal year 2006-07. This revenue category accounts for grants and contributions received for the restricted use of capital acquisition. In fiscal year 2007-08, 94.8% of the revenue, or \$24.0 million, as compared to 96.9%, or \$46.7 million, for fiscal year 2006-07, 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 \$506.3 million earned during the year, an increase of 9.4%, or \$43.5 million, as compared to the \$462.8 million earned in fiscal year 2006-07. 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 \$245.7 million in fiscal year 2006-07 to \$274.3 million in fiscal year 2007-08.

Expenses: Total program expenses for governmental activities were \$2.7 billion for the current fiscal year as compared to \$2.4 billion for the prior fiscal year, an increase of 10.2%, or \$247.9 million. 41.8%, or \$1.1 billion, of total governmental activities expenses were for Public Protection; 21.0%, or \$564.3 million, for Public Assistance; 12.3%, or \$330.2 million, for Health and Sanitation and 12.4%, or \$331.7 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%, \$479.5 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, \$333.4 million, was received by RMC as compared to \$337.9 million for the prior fiscal year.

Expenses: Total expenses for business-type activities were \$497.8 million for the fiscal year compared to \$466.7 million for the prior fiscal year. This represents an increase of 6.7%, or \$31.1 million. 71.0%, or \$353.5 million, of total expenses were incurred by RMC compared to 70.5%, or \$329.1 million, for the prior fiscal year. In addition, expenses for the Housing Authority were 15.0% of total expenses for business-type activities, or \$74.3 million compared to 15.1%, or \$70.2 million, for the prior fiscal year; Waste Management Department was 13.0%, or \$64.5 million, compared to 13.0%, or \$60.8 million, the prior fiscal year. Flood Control and County Service Areas account for the remaining 1.1% of expenses compared to 1.3% for 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 2007-08, as compared to the prior year:

STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30 (In thousands)

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2008	2007	2008	2007	2008	2007	%
Revenues:							
Program revenues:							
Charges for services	\$ 611,605	\$ 609,195	\$ 479,479	\$ 475,611	\$ 1,091,084	\$ 1,084,806	0.58%
Operating grants and contributions	1,315,716	1,210,941	-	-	1,315,716	1,210,941	8.65%
Capital grants and contributions	25,333	48,186	306	261	25,639	48,447	-47.08%
General revenues:							
Property taxes	506,327	462,817	-	-	506,327	462,817	9.40%
Sales and use taxes	40,985	51,093	-	-	40,985	51,093	-19.78%
Other taxes	15,898	16,865	-	-	15,898	16,865	-5.73%
Motor vehicle in-lieu taxes	274,282	245,723	-	-	274,282	245,723	11.62%
Investment earnings	138,071	122,517	10,389	10,198	148,460	132,715	11.86%
Other	85,924	13,191	-	-	85,924	13,191	551.38%
Total revenues	3,014,141	2,780,528	490,174	486,070	3,504,315	3,266,598	7.28%
Expenses:							
General government	331,741	296,917	-	-	331,741	296,917	11.73%
Public protection	1,122,370	935,550	-	-	1,122,370	935,550	19.97%
Public ways and facilities	209,019	57,578	-	-	209,019	57,578	263.02%
Health and sanitation	330,206	350,082	-	-	330,206	350,082	-5.68%
Public assistance	564,318	688,213	-	-	564,318	688,213	-18.00%
Education	17,977	14,847	-	-	17,977	14,847	21.08%
Recreation and culture	12,457	11,941	-	-	12,457	11,941	4.32%
Interest on long-term debt	96,173	81,197	-	-	96,173	81,197	18.44%
Regional Medical Center	-	-	353,481	329,128	353,481	329,128	7.40%
Waste Management	-	-	64,538	60,772	64,538	60,772	6.20%
Housing Authority	-	-	74,252	70,218	74,252	70,218	5.74%
Flood Control	-	-	5,201	6,242	5,201	6,242	-16.68%
County Service Areas	-	-	343	329	343	329	4.26%
Total expenses	2,684,261	2,436,325	497,815	466,689	3,182,076	2,903,014	9.61%
Excess (deficiency) before							
Transfers	329,880	344,203	(7,641)	19,381	322,239	363,584	-11.37%
Transfers in (out)	(10,322)	(16,892)	10,322	16,892	-	-	0.00%
Change in net assets	319,558	327,311	2,681	36,273	322,239	363,584	-11.37%
Net Assets, Beginning of Year, as Restated							
	2,824,941	2,515,592	204,517	168,244	3,029,458	2,683,836	12.88%
Net Assets, End of Year	\$ 3,144,499	\$ 2,842,903	\$ 207,198	\$ 204,517	\$ 3,351,697	\$ 3,047,420	9.98%

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, 2008, the County's governmental funds reported combined fund balances of \$2.1 billion, an increase of \$387.3 million, in comparison with the prior year. Of this total amount, \$1.0 billion constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance, \$1.1 billion is *reserved* to indicate that it is *not* available for new spending because it has been committed to:

- Specific County program: \$103.0 million
- Outstanding debt service: \$95.7 million
- Liquidation of current contractual commitments: \$785.7 million
- Other smaller restrictions: \$148.7 million

Total governmental fund revenue increased by 4.3%, or \$123.5 million, from the prior fiscal year with \$3.0 billion being earned for the fiscal year-ended June 30, 2008. Expenditures increased by 10.3%, or \$278.6 million, from the prior fiscal year with \$3.0 billion being expended for governmental functions during fiscal year 2007-08, compared to \$2.7 billion for the prior fiscal year. Therefore, governmental fund balance increased by 9.9%, or \$387.3 million. In comparison, fiscal year 2006-07 had an increase in governmental fund balance of 25.1%, or \$352.5 million, over fiscal year 2005-06.

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 \$394.3 million, compared to \$482.7 million for the prior fiscal year, while total fund balance was \$478.8 million for the current year and \$571.0 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 17.2% of the total General Fund expenditure of \$2.3 billion for the current year as compared to 23.4% of the prior year total of \$2.1 billion. The total fund balance of the General Fund for the current year is 20.9% of the total General Fund expenditure as compared to 27.6% for the prior year.

Teeter Debt Service fund taxes receivable balance increased from \$37.0 million in the prior fiscal year to \$76.0 million in the current fiscal year due to higher actual buyout in fiscal year 2007-08. Teeter notes payable increased in the current fiscal year to \$168.4 million compared to \$86.2 million in fiscal year 2006-07 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 \$256.3 million to \$590.9 million, 130.5%, or \$334.6 million. The increase is attributable to the new funding received from future Tobacco Tax Settlement of \$271.4 million and \$76.0 million from general fund to be used for various capital projects of the County such as land and building acquisitions, correctional facility expansion, animal shelter, fleet services facilities, public safety communications project, remodeling of County Administrative Centers and hub jail.

Redevelopment Capital Projects fund had a \$19.8 million decrease in fund balance. The significant change was a result of expenditures exceeding revenues due to 43% increase in costs for housing projects under construction in the Desert Community Project area and a grant issued to the Tres Lagos Senior Apartments.

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.

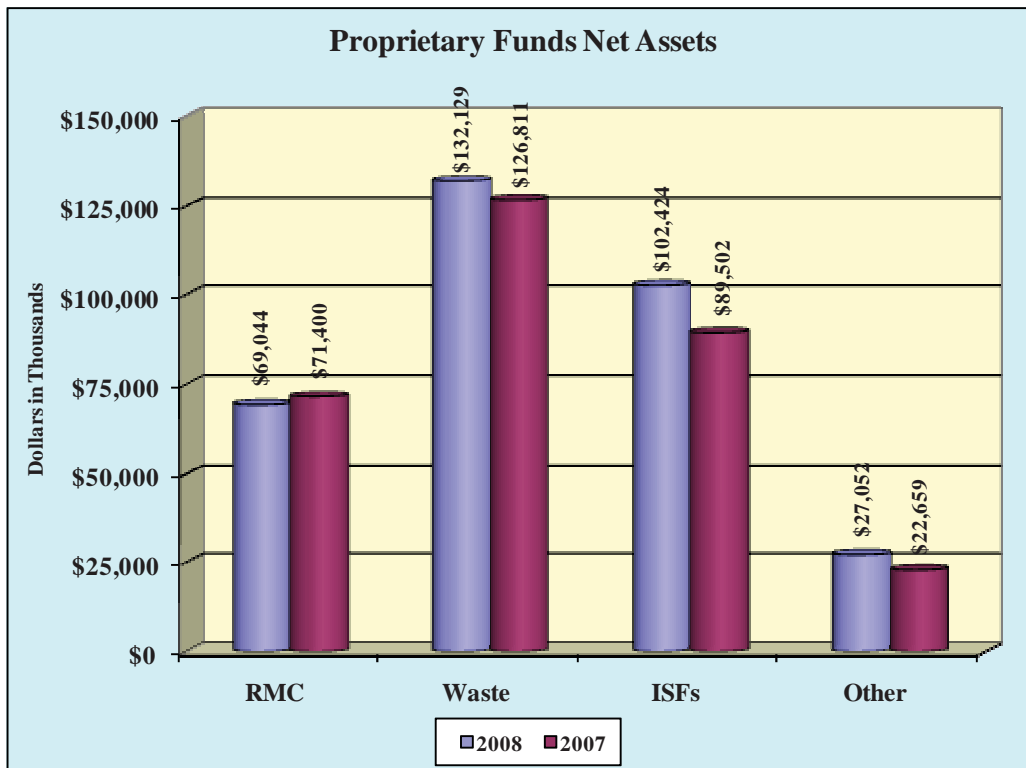
At the end of the fiscal year, total proprietary fund net assets were \$330.6 million, compared to \$310.4 million for prior fiscal year. Total proprietary fund net assets increased 6.5% or \$20.3 million, compared to a 27.5%, or \$66.9 million, increase for the prior fiscal year.

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

- Riverside County Regional Medical Center: \$64.9 million
- Waste Management: \$48.7 million
- Other enterprise fund activities: \$9.1 million
- Internal service fund activities: \$83.3 million

RMC's net assets decreased from \$71.4 million to \$69.0 million, 3.3%, or \$2.4 million. The change resulted from a decrease in operating revenue in the Self Pay financial category.

Waste Management's net assets increased from \$126.8 million to \$132.1 million. The change resulted from the excess of revenues over expenses by 4.2%, or \$5.3 million.



Management's Discussion & Analysis (Unaudited)

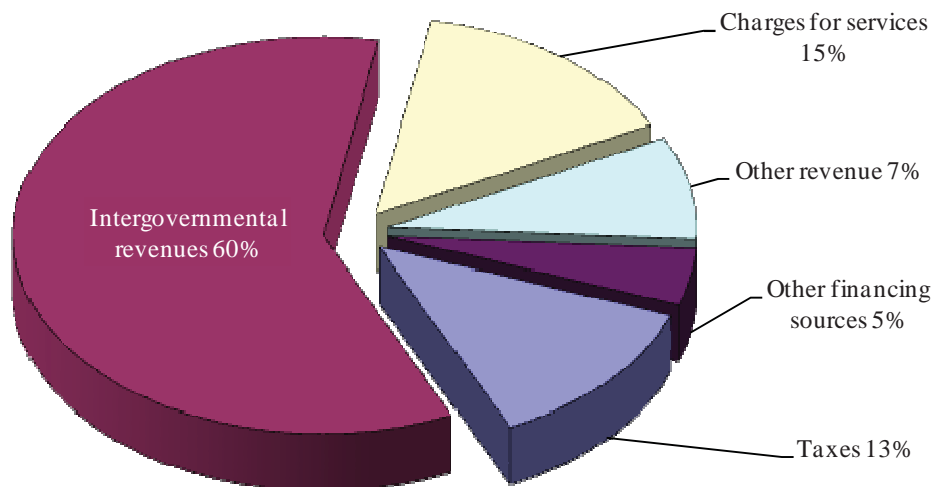
GENERAL FUND FINANCIAL ANALYSIS

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

Revenues and Other Financing Sources	Fiscal Year 2007-08	Percent of Total	Fiscal Year 2006-07	Percent of Total
Taxes	\$ 309,295	13%	\$ 301,575	13%
Intergovernmental revenues	1,475,537	60%	1,405,699	60%
Charges for services	358,767	15%	319,198	14%
Other revenue	208,822	7%	211,460	9%
Other financing sources	113,562	5%	98,260	4%
Total	\$ 2,465,983	100%	\$ 2,336,192	100%

The increase in tax revenue was attributable to increase in assessed property values by 1.5% compared to a 16.6% increase in the prior fiscal year. The increase in intergovernmental revenue was primarily attributable to increases in the vehicle license fee revenue from the State, growth in mandated client service programs and mental health managed care revenues. The increase in charges for services was primarily the result of increased revenues from city law enforcement contracts, expanded city fire protection services and rent. Other revenue decreased due to decline in building permits and lower interest earned.

COUNTY OF RIVERSIDE
General Fund Revenues and Other Financing Sources
For The Year Ended June 30, 2008



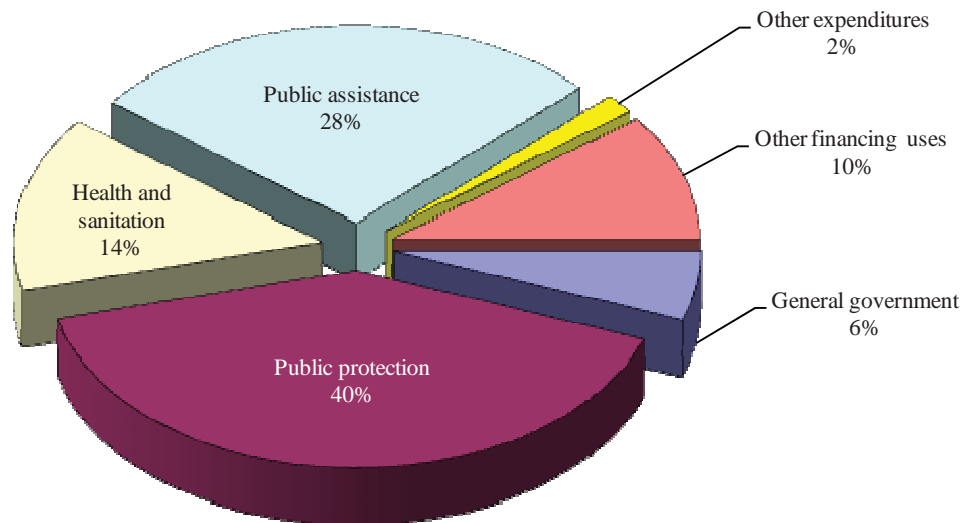
Management's Discussion & Analysis (Unaudited)

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

Expenditures and Other Financing Uses	Fiscal Year 2007-08	Percent of Total	Fiscal Year 2006-07	Percent of Total
General government	\$ 145,290	6%	\$ 119,365	5%
Public protection	1,032,582	40%	916,524	41%
Health and sanitation	368,753	14%	341,467	16%
Public assistance	704,404	28%	644,912	29%
Other expenditures	40,189	2%	43,664	2%
Other financing uses	266,961	10%	146,214	7%
Total	\$ 2,558,179	100%	\$ 2,212,146	100%

The increase of expenditures in general government was attributable to CORAL rent, the Electronic Content Management System with the Assessor-Clerk Recorder, and the presidential primary election in February 2008. The increase of expenditures in public protection was attributable to additional staffing, increases in city law enforcement contracts, the opening of a fire station, and the increase in the State contract rates for Fire Protection. The increase of expenditures in health and sanitation was attributable to the hiring of 63 additional positions to support the Mental Health Services Act (MHSA). Public Health also increased their staffing due to the expansion of clinical services being offered at the Rubidoux and Perris clinics. The increase in public assistance was attributable to expansion and remodeling projects at five site locations.

COUNTY OF RIVERSIDE
General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2008



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 decreased by \$27.4 million, or 1.1%, from \$2.5 billion to the final amended revenue budget of \$2.5 billion. The \$27.4 million represents a decrease of \$81.7 million from charges for services and offset by an increase of \$39.0 million from aid from other governmental agencies, \$6.8 million from other revenue, \$4.0 million from taxes, \$2.8 million from fines, forfeitures and penalties and \$1.6 million from interest.

Charges for Current Services: The budget for charges for current services had a net decrease of \$81.7 million, or 16.9%. The decrease is a result of a \$102.2 million drop for intergovernmental activities. This was all offset by increase of \$8.7 for the Sheriff's Department contracted city law enforcement services, the Executive Office CORAL activities of \$3.2 million, another \$3.2 million from facilities management's real estate division and \$2.4 million from the Assessor due to property tax collections, supplemental charges, and special assessments.

Aid Received from Other Governmental Agencies: Aid received from other governmental agencies increased by \$39.0 million, or 7.3%, and consisted of the following: Federal aid increased by \$26.7 million and State aid increased by \$12.3 million. Increases in Federal aid were the result of Federal Operating Grants increasing for the Sheriff's Department by \$1.3 million and for the Fire Department by \$3.3 million. Probation Department had an increase of \$7.0 million due to a \$1.5 million increase in Title IV-E Funding and a \$5.5 million increase for the Temporary Assistance to Needy Families (TANF) program. Mental Health had an increase of \$1.7 million due to the Mental Health Services Act (MHSA) agreement. Federal Health Grants increased for the Department of Public Health by \$1.6 million for the Women Infant Children (WIC) contract. Department of Public Social Services had an increase of \$9.0 million due to the Federal Public Assistance Programs and Administration. Increases in State aid were primarily the result of an increase to the Department of Mental Health by \$5.6 million related to the Mental Health Services Act (MHSA) and an increase to the Department of Public Social Services by \$3.7 million due to Public Assistant Programs. The Office of the Auditor Controller had an increase of \$2.0 million in Vehicle License Fees (VLF) while the Sheriff's Department had a decrease of \$1.4 million in Growth Public Safety Sales taxes. Probation had an increase of \$1.8 million for the Youthful Offender Program (YOP).

Other Revenue: The increase in other revenue of \$6.8 million, or 4.4%, was primarily the result of an increase in Redevelopment Pass Thru of \$11.0 million. This was offset by a decrease of \$2.0 million for contractual revenue from the Office of the Auditor Controller and by a \$1.9 million decrease in charges from Facilities Management.

Taxes: The budget for taxes had a net increase of \$4.1 million, or 1.2%, which primarily consisted of a \$21.0 million increase in teeter overflow, a \$3.7 million increase in current secured property taxes, a \$3.0 million decrease in documentary transfer taxes, a \$15.0 million decrease in current supplemental property taxes, and a \$2.7 million decrease in sales and use taxes.

Fines, forfeitures and penalties: The budget for fines, forfeitures and penalties had a net increase of \$2.8 million, or 5.4%, which was the result of the Assessor's office CIO Penalty.

Interest: The budget for interest had a net increase of \$1.6 million, or 3.1%, which was the result of better than anticipated interest on invested funds from the Treasurer-Tax collector.

Expenditure Appropriation Variances

The original general fund appropriation budget decreased by \$33.4 million, or 1.3%, from \$2.6 billion to the final amended appropriation budget of \$2.5 billion. The significant appropriation changes were a decrease of \$79.1 million from general government and a decrease of \$28.6 million from debt service offset by an increase of \$57.7

Management's Discussion & Analysis (*Unaudited*)

million from public protection, an increase of \$10.3 million from public assistance and an increase of \$6.1 million from health and sanitation. The major appropriation variances are described below.

General Government: The appropriation budget decreased by \$79.1 million, or 25.7%, from the original budget of \$308.1 million to \$229.0 million. The following describe the significant factors for the variances:

- Salaries and employee benefits increased by \$3.1 million, or 2.5%, mainly due to increases by the Executive Office and the Assessor. The Executive Office budget increased by \$5.5 million primarily due to the establishment of a trust fund with CalPERS to fund Other Post Employment Benefits (OPEB). The Assessor increased by \$1.2 million due to positions that were split between the Assessor and Clerk-Recorder were funded 50.0% by the Assessor.
- Services and supplies increased by \$28.3 million, or 23.6%, mainly due to increases by the Executive Office, Facilities Management, Human Resources, the Assessor, and the Registrar of Voters. The Executive Office increased by \$1.0 million due to Countywide information technology projects. Facilities Management increased by \$18.0 million due to new lease agreements, the purchase of Riverside Centre, the purchase of land in Perris, the increase in cleaning supplies cost, and the increase in temporary help services. Human Resources increased by \$3.2 million mainly due to the department's remodeling costs. The Assessor increased by \$2.4 million primarily due to professional services contracted for the Electronic Content Management System (ECMS) project. The Registrar of Voters increased by \$1.4 million due to the Presidential Primary in February 2008.
- Other charges decreased by \$80.6 million, or 60.8%, mainly due to increases by the Executive Office and the Board of Supervisors. There was a decrease of \$198.0 for intergovernmental activities which was offset by the Executive Office increasing by \$109.2 million mainly due to funding of various capital improvement projects and the purchases of real property. The Board of Supervisors increased by \$6.3 million due to contributions made to worthy organizations and County programs.
- Capital assets increased by \$4.4 million, or 140.2%, mainly due to an increase for the Assessor of \$3.5 million to purchase computer equipment and software for the Electronic Content Management System (ECMS) project.
- Intrafund transfers increased by \$19.2 million, or 19.1%, mainly due to increases in Human Resources of \$2.6 million for the department's remodeling project and in Facilities Management of \$16.5 million for new lease agreements.
- Appropriation for contingencies decreased by \$15.1 million, or 47.0%. Monies budgeted in contingency is to cover current and potential general-fund liabilities. During the year, the major liabilities covered were \$7.5 million for Fire Department, \$1.0 million for Mental Health Detention Programs, \$6.5 million for Current Supplemental Property Tax and Document Transfer Tax, and \$1.4 million for Registrar of Voters. Fire Department needed the adjustment to cover overrun in budget due to revenue shortfalls, overestimated salary savings and under budget costs of fire protection services. Mental Health hired 16 of the 23 position approved by the Board to offer mental health services at County jails and position were budgeted in the general fund. Revenue sources Current Supplemental Property Tax and Document Transfer Tax had to be reduced due to the economic downturn resulting in a reduction in appropriation for contingency to offset losses. Registrar of Voters needed budget adjustment to comply with Sequoia voting system recertification conditions to comply with Secretary of the State requirements.

Debt Service: The budget for principal decreased by \$37.2 million, or 70.2%, from the original budget of \$53.0 million to \$15.8 million. There was a decrease of \$40.5 million as a result of intergovernmental activity. This was then offset by \$3.2 million for Executive Office CORAL financing the purchase of the Monroe Park Building and the upgrade of the 800 MHZ public-safety radio system upgrade.

Public Protection: The appropriation budget increased by \$57.7 million, or 5.6%, from the original budget of \$1.0 billion to \$1.1 billion. The following describe the significant factors for the variances:

- Salaries and employee benefits increased by \$13.2 million, or 2.0%, mainly due to an increase of \$3.6 million from the District Attorney increasing their staff members by 48.0%, a decrease of \$1.0 million from Public Defender for salary savings, and an increase of \$23.1 million from the Sheriff for increased contract law enforcement and correctional facility positions.

Management's Discussion & Analysis (Unaudited)

- Services and supplies increased by \$40.8 million, or 13.0%, mainly due to the Executive Office, the County Clerk-Recorder, the District Attorney, the Public Defender, the Sheriff, Probation, Fire Protection, Code Enforcement, and Animal Services Control. The Executive Office increased by \$1.2 million due to an increase in legal services and investigative costs in Indigent Defense. The County Clerk-Recorder increased by \$1.9 million mainly due to the Electronic Content Management System (ECMS) project. The Public Defender increased by \$1.4 million primarily due to tenant improvements and moving costs. The Sheriff increased by \$15.2 million primarily due to contract law enforcement and maintenance costs. Probation increased by \$5.2 million primarily due to the renovation of the Palms Spring Office, computer equipment purchases, purchase of 10 new mid-size sedans and purchase of new office furniture to accommodate the new leased facility. Fire Protection increased by \$10.1 million due to higher costs of fire protection services. Code Enforcement increased by \$1.3 million due to renovations and professional services for community cleanups and abatement of substandard structures. Animal Control Services increased by \$1.1 million primarily due to use of temporary help services.
- Other Charges decreased by \$2.9 million, or 4.7%, mainly due to a decrease of \$10.7 million for intergovernmental activities and offset by a \$7.8 million increase in Probation for security improvements for its juvenile institutions, growth in Title IV-E claimable services, and facilities maintenance.
- Capital Assets increased by \$8.0 million or 118.0% mainly due to the County Clerk-Recorder increase of \$1.3 million in computer equipment and capitalize software for the Electronic Content Management System (ECMS) project, the Sheriff department increase of \$4.3 million in vehicles, communication equipment, and aircraft equipment, and the Fire department increase of \$1.6 million in fire engines, trucks, and fire equipment.

Public Assistance: The appropriation budget increased by \$10.3 million, or 1.4%, from the original budget of \$721.4 million to \$731.2 million. The significant factor for the variance is an increase in other charges of \$15.2 million, or 3.8%. The increase is mainly due to the Department of Public Social Services with an increase of \$16.7 million. \$8.2 million of the increase contributed to adoption assistance services increasing and the state increasing the rate for foster care assistance and \$3.2 million was for services provided to clients such as drug testing, home supportive services, transitional housing and other and \$4.4 million was for an increase in child care services. Intergovernmental activities decreased by \$5.5 million.

Health and Sanitation: The appropriation budget increased by \$6.1 million, or 1.5%, from the original budget of \$410.7 million to \$416.8 million. The following describe the significant factors for the variances:

- Services and supplies increased by \$12.0 million, or 11.3%, mainly due to an increase in Mental Health of \$1.9 million attributed to additional Mental Health Services Act (MHSA) costs and temporary help services and an increase in the Community Health Agency of \$9.0 million for temporary help services, administrative support, and medical supplies.
- Capital Assets increased by \$1.8 million, or 73.6%, mainly due to an increase in Mental Health of \$1.5 million for equipment related to the Mental Health Services Act (MHSA).

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 \$78.0 million resulting from unexpended appropriations of \$221.3 million, or 8.8%, and overestimated revenue of \$143.2 million, or 5.7%. The following contributed to the variance:

Expenditure Variances

General fund actual expenditures of \$2.3 billion were 8.8%, or \$221.3 million, less than the final amended appropriation budget of \$2.5 billion. General government, public protection, health and sanitation, public assistance, debt service and public ways and facilities were the six most significant factors attributing to the unexpended appropriations as follows:

General Government: Actual expenditures of \$145.3 million were less than the final amended budget of \$229.0 million by \$83.7 million or 36.5%. The following describe the significant factors for the variances:

Management's Discussion & Analysis (*Unaudited*)

- Salaries and employee benefits were \$10.8 million or 8.7% less than budgeted primarily due to over 36 vacant positions at Facilities Management.
- Services and supplies were \$12.0 million or 8.1% less than budgeted mainly due to Human Resources and Facilities Management. Human Resources had savings of \$1.8 million because costs for budgeted remodeling the department were financed with 7-year payment plan. Facilities Management had savings of \$8.1 million due to less than expected tenant improvements, professional services, and expenses related to the purchase of the Riverside Centre and land.
- Other charges were \$41.2 million or 79.4% less than budgeted primarily due to intergovernmental activities.
- Capital Assets were \$4.4 million or 57.4% less than budgeted mainly due to Assessor and Facilities Management. The Assessor had savings of \$1.5 million in the Electronic Content Management System (ECMS) project. Facilities Management had savings of \$2.8 million because budgeted amounts for the purchase of land for the construction of PSEC towers were paid directly by the Executive Office budget.
- Appropriations for Contingencies are budgeted by the Board of Supervisors based on Executive Office recommendations for potential liabilities from general fund appropriations. This fiscal year the Board budgeted \$17.0 million for any such potential liabilities.

Public Protection: Actual expenditures of \$1.0 billion were less than the final amended budget of \$1.1 billion by \$55.5 million or 5.1%. The following describe the significant factors for the variances:

- Salaries and employee benefits were \$15.1 million or 2.3% less than budgeted primarily due to County Clerk-Recorder, Sheriff, Probation, and Fire Protection. Due to vacant positions, there were salary savings for the County Clerk-Recorder of \$6.0 million and the Sheriff of \$6.9 million. Probation had savings of \$1.3 million due to retirements. Fire Protection had savings of \$1.6 million due to 34 vacant positions in Public Safety Communications Officers (PSCO) and Fire planning personnel.
- Services and supplies were \$13.1 million or 3.7% less than budgeted due to savings in professional services for the County Clerk-Recorder of \$5.0 million, Fire Protection with savings of \$2.3 million, Building and Safety with savings of \$1.0 million and the Planning Department had a \$1.8 million savings in professional services.
- Other charges were \$23.0 million or 39.0% less than budgeted mainly due to intergovernmental activities.
- Capital assets were \$5.2 million or 35.4% less than budgeted with a majority of the variance from County Clerk-Recorder with \$1.4 million and Fire Protection with \$2.6 million primarily due to savings in fire equipment purchases.

Health and Sanitation: Actual expenditures of \$368.8 million were less than the final amended budget of \$416.8 million by approximately 11.5%, or \$48.0 million. The following describe the significant factors for the variances:

- Salaries and employee benefits were \$15.2 million or 7.7% less than budgeted primarily due to Mental Health and the Community Health Agency. Mental Health Treatment, Detention, and Substance Abuse had savings of \$12.4 million mainly due to State budget cuts, 63 vacant Mental Health Services Act positions, 12 vacant Behavioral Health positions, and per diem positions replaced with permanent staff. The Community Health Agency had savings of \$4.2 million due to vacant positions in Public Health and Administration.
- Services and supplies were \$7.1 million or 6.0% less than budgeted primarily due to Mental Health with \$1.8 million and the Community Health Agency with \$5.1 million due to less than expected administrative support costs and SB612 payments.
- Other charges were \$34.5 million or 16.4% less than budgeted primarily due to Executive Office-Contribution to Health and Mental Health with savings of \$24.4 million, Mental Health with savings of \$6.7 million due to private care provider contracts being less than anticipated, and the Community Health Agency with savings of \$2.7 million due to intergovernmental activities.
- Capital Assets were \$2.6 million or 60.4% less than budgeted primarily due to Mental Health with \$2.5 million savings attributed to incomplete tenant improvements for clinics and pending vehicle purchases.
- Intrafund transfers were \$11.4 million or 10.0% less than budgeted primarily due to Mental Health with a variance of \$5.5 million attributed to lower vehicle license fee (VLF) tax receipts and intergovernmental

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activities and the Community Health Agency with a variance of \$5.4 million attributed to intergovernmental activities.

Public Assistance: Actual expenditures of \$704.4 million were less than the final amended budget of \$731.7 million by approximately 3.7%, or \$27.3 million. The following describe the significant factors for the variances:

- Salaries and employee benefits were \$3.4 million or 1.6% less than budgeted primarily due to the Department of Public Social Services Administration having a with savings of \$8.3 million due to staff attrition.
- Services and supplies were \$5.3 million or 4.8% less than budgeted primarily due to the Department of Public Social Services Administration savings of \$5.3 million in computer equipment and communication equipment installations.
- Other charges were \$21.3 million or 5.1% less than budgeted primarily due to Probation Court Placement Care savings of \$3.0 million and a Department of Public Social Services savings of \$18.7 million. Both departmental savings came from less than expected child care services, client services, and number of juveniles being placed in group homes.
- Intrafund transfers were \$2.8 million or 21.5% less than budgeted primarily due to Probation Court Placement Care for \$2.8 million as a result of less than expected number of juveniles being placed in group homes by the Department of Public Social Services.

Debt Service: Actual expenditures of \$26.1 million were less than the final amended budget of \$30.6 million by approximately 14.7%, or \$4.5 million, primarily due to intergovernmental activities.

Public Ways and Facilities: Actual expenditures of \$4.7 million were less than the final amended budget of \$6.9 million by \$2.2 million or 31.4%, primarily due to the Surveyor Department with savings of \$1.4 million in salaries and employee benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2008, the County's capital assets for both its governmental and business-type activities amounted to \$2.7 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 11.0%, or \$270.6 million, from \$2.5 billion in fiscal year 2006-07 to \$2.7 billion in fiscal year 2007-08.

The increase of the County's capital assets was primarily due to construction in progress projects. Construction in progress rose from \$356.1 million in fiscal year 2006-07 to \$383.4 million in fiscal year 2007-08, a 7.6% increase. The 2008 balance includes additions of \$103.3 million, retirements of \$18.6 million, and transferred or completed projects of \$57.5 million. Land and easement increased by 2.5% as a result of the continual donation of land to the Flood Department.

In fiscal year 2007-08, new major projects budgeted for construction and design include the following: Siemens Hospital Information System for the Riverside County Regional Medical Center with a budgeted amount of \$17.9 million for its portion of the projects, \$2.1 million for the Inpatient Treatment Facility Emergency Room expansion project and \$1.8 million for several clinic expansion projects. The Desert Hot Springs Family Care Clinic budgeted at \$8.2 million and the construction of the Blythe Animal Shelter for approximately \$2.0 million. New fire stations made their way to this fiscal year's budget, such as the North Shore Fire Station at \$3.5 million and the Home Gardens Fire Station for \$2.0 million. The administrative buildings in downtown Riverside have a budget of \$2.0 million for reconfiguration to several of its floors. \$1.5 million was budgeted for the South West Justice Center parking lot expansion project in Murrieta.

Management's Discussion & Analysis (*Unaudited*)

Construction in Progress

Additions to Construction in Progress for Fiscal Year 2007-08:

- In fiscal year 2007-08, additions in the amount of \$103.3 million consist of costs related to existing projects and new projects.

Existing project costs include the following:

- The Facilities Department incurred \$28.2 million of costs for projects involving the Smith Correctional Facility 3rd expansion project in the City of Banning, which comprised of the addition of three new housing units, approximately 650 beds. The Perris Sheriff Complex and Health Clinic, as well as the Palm Desert Cove Community Sheriff Facility. Construction of the District Attorney Law Building, located on Orange Street in Riverside is currently under way.
- Roads and signal infrastructures additions were \$24.6 million.
- The Fire Department experienced the addition of the \$3.2 million. This consisted of the Cabazon Fire Station and the Lake Riverside Fire Station.

New project costs include the following:

- The Mission Boulevard streetscape phase 3 project has amounted to an addition of \$9.6 million. This project consists of improvements along Mission Boulevard between Crestmore and Riverview Drive, in the community of Rubidoux.
- The Armstrong Road and Sierra Avenue storm drain and street improvement projects in the community of Sunnyslope, were an addition of \$6.3 million.
- Flood incurred \$4.4 million in new projects. \$2.7 million, for example was for the construction of a new storm drain, the Hemet Master Drainage line D and D-5 projects.
- Mead Valley Fire Station in the amount of \$1.8 million.
- The Riverside County Regional Medical Center has incurred costs of \$1.6 million related to the Siemens Hospital Information System.

Retired projects from Construction in Progress:

- Parks incurred the retirement of 27 park projects totaling \$15.4 million of non depreciable assets. This figure consists of major projects such as the Rancho Jurupa expansion of Headquarters office space, the Santa Ana River Trail from Hidden Valley to Norco and the water system improvements project at Lake Cahuilla.

Construction in Progress Transfers:

- Completed construction in progress projects were transferred from construction in progress to other designated capital asset accounts during fiscal year 2007-08, approximately in the amount of \$58.0 million. The major projects read as follows:
 - \$31.5 million was transferred to buildings and improvement. Examples of such projects were the Smith Correctional Facility Inmate Education and Counseling Center for \$7.7 million, the Smith Correctional Facility 120 bed expansion and Intake Release Center first and second phase for \$13 million. \$5.5 million for the Assessor Clerk Recorder Administration Building and renovation in Box Springs and \$3.0 million for the Nuevo Fire Station.
 - \$17.9 million for the Lamb Canyon liner Phase 2 Stage 3, which was transferred to landfill liners and improvements.
 - \$4.8 million was transferred to structures and improvements. \$4.1 million was for 3 Public Safety Radio sites stationed at Edom Hill, Indio Hill, and Pine Cove.
 - \$4.4 million was transferred to infrastructure from Flood. The Hemet Master Drainage Plan line D Stage 4 project involves water and sewage piping construction within the City of Hemet and the County of Riverside. It consists of an underground storm drain facility along Stetson Avenue from Buena Vista Street to 800 East of Yale Street.

Management's Discussion & Analysis (Unaudited)

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 2007-08 depreciable capital asset current year additions \$301.1 million, which were comprised of the following:
 - Infrastructure in the amount of \$147.4 million:
 - Roads in the amount of \$118.6 million, for which \$113.3 million consists of donated assets. Flood storm drains in the amount of \$14.1 million, \$5.9 million in park trails and improvements and \$4.8 million in bridges. Flood channels incurred additions in the amount of \$1.8 million and \$1.3 million was incurred for runways.
 - Structures and improvements amount to \$100.6 million:
 - Buildings and improvements in the amount of \$92.0 million. \$56 million was incurred by the Facilities Department with the purchase of real property, known as the Riverside Centre. These buildings are located at 3403 Tenth Street, 3499 Tenth Street and 3901 Lime Street in the City of Riverside. The Rubidoux Fleet Operations Center amounted to an addition of \$15.2 million and the Cabazon Fleet Facility was an addition of \$5.1 million.
 - Buildings leased in the amount of \$7.8 million, which was due to the Coachella Valley Animal Shelter.
 - Equipment in the amount of \$53.1 million:
 - Vehicles leased - \$18.4 million
 - Computer and office equipment - \$10.4 million
 - Equipment leased - \$9.1 million
 - Equipment vehicles - \$7.7 million
 - Equipment field - \$4.1 million
 - Miscellaneous equipment - \$3.2 million

Retirements of depreciable assets:

- Retirement of depreciable assets was composed of \$24.2 million. Equipment in the amount of \$22.5 million was retired, primarily from Fleet Services and Information Technology.

Transfers:

- \$67.2 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 \$132.2 million in depreciation.

Management's Discussion & Analysis (Unaudited)

Analysis of capital assets from fiscal year 2006-2007 to fiscal year 2007-2008:

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)						Increase (Decrease) %
	Governmental Activities		Business-type Activities		Total		
	2008	2007	2008	2007	2008	2007	
Infrastructure	\$1,142,496	\$1,043,655	\$ 47,860	\$ 31,188	\$1,190,356	\$1,074,843	11%
Land and easements	342,274	333,097	21,147	21,419	363,421	354,516	3%
Land improvements	99	99	5,990	6,571	6,089	6,670	-9%
Structures and improvements	512,306	403,199	144,616	150,468	656,922	553,667	19%
Equipment	110,490	93,147	18,104	19,299	128,594	112,446	14%
Construction in progress	364,890	327,981	18,557	28,150	383,447	356,131	8%
Total	\$2,472,555	\$2,201,178	\$256,274	\$257,095	\$2,728,829	\$2,458,273	11%

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, 2008, the County had several debt issues outstanding, principally certificates of participation—lease rental obligations.

Net bonded debt per capita equaled \$463 as of June 30, 2008. The calculated legal debt limit for the County is \$3.0 billion.

The County staff met in August with all three credit rating agencies regarding the County's financial picture. As a result, the County's high ratings were reaffirmed by Moody's, Fitch, and S&P; however, Fitch placed the County on a negative outlook because of uncertainties with the state budget and the housing crisis. Each rating agency noted the County's strong management team and its discipline in setting aside reserves while the economy and housing market were strong. The County's issuer ratings are at AA levels and validate the budget benchmarks and financial controls the County created and its adherence to those controls.

The following are credit ratings maintained by the County:

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

The County has issued tax-exempt 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 2007-08, the County, as a participant in the California Statewide Communities Development Authority Pool, issued \$320.0 million in TRANS to satisfy short-term cash flow needs. Included in this amount was \$73.0 million to pre-pay the County fiscal year 2007-08 CALPERS employer's normal contribution.

In December 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

Management's Discussion & Analysis (Unaudited)

Teeter was accomplished through the sale of Tax-Exempt Commercial Paper Notes, Series B (The "Teeter Notes") in the amount of \$168.4 million. The approximately \$168.4 million was comprised of \$136.0 million representing fiscal year 2006-07 delinquent property taxes and \$32.4 million representing prior years' delinquent property taxes. The Bank of Nova Scotia is the letter of credit provider of the Notes and the County's General Fund is pledged to the repayment of the Notes in addition to the pledge of the delinquent taxes in the event that delinquent taxes collected are not sufficient to make annual repayment. The letter of credit will expire on November 5, 2012.

The table below provides summarized information (including comparative amounts from the preceding year) for the County's outstanding long-term liabilities at June 30, 2008.

County's Outstanding Debt Obligation (In Thousands)

	Governmental Activities		Business-Type Activities		Total		Increase/ (Decrease)
	2008	2007	2008	2007	2008	2007	%
Loans payable	\$ 304,809	\$ 310,139	\$ -	\$ -	\$ 304,809	\$ 310,139	-2%
Notes payable	6,000	-	-	-	6,000	-	100%
Bonds payable	1,086,397	806,398	170,814	181,263	1,257,211	987,661	27%
Certificates of participation	408,024	335,866	-	-	408,024	335,866	21%
Capital Leases	105,317	87,337	16,124	17,844	121,441	105,181	15%
Total Outstanding	\$1,910,547	\$1,539,740	\$ 186,938	\$199,107	\$2,097,485	\$1,738,847	21%

Outstanding Debt: The County of Riverside's total debt increased by 20.6%, \$358.6 million (\$370.8 million in governmental funds less \$12.2 million in business-type), during the current fiscal year. The key factors in this increase are as follows:

- The issuance of the 2007 Certificate of Participation Bonds, Series A for \$73.7 million and Series B for \$37.3 million. The purpose of the bonds is to finance the acquisition and installation of an enhancement of the public safety communication system of the County of Riverside and to refund and defease \$24.2 million of the 1997 Lease Refunding Certificate of Participation.
- The Inland Empire Tobacco Securitization Authority issued Tobacco Settlement Asset-Backed Bonds Series 2007 for \$294.1 million. The purpose of the bonds is to provide resources to purchase the County of Riverside's Sold County Tobacco Assets (rights). The bonds are primarily secured by a portion of tobacco settlement revenues required to be paid to the State of California under the Master Settlement Agreement entered into by participating cigarette manufacturers, 46 states, including the State, and six other U.S. jurisdictions.

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

Management's Discussion & Analysis (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK

Riverside County's economy is currently experiencing a recession as evidenced by an increased unemployment rate, a slowdown in total personal income and taxable sales, a drop in residential building permits, and a decline in the real estate market.

To fund the fiscal year 2008-09 budget, the County drew on reserves creating a slight structural budget imbalance (\$13.0 million). Fiscal year 2008-09 discretionary revenue is expected to be less than fiscal year 2007-08 by about 1.0% percent (\$8.0 million). Following is a summary depicting the general sources of fiscal year 2008-09 discretionary revenue.

Summary of Fiscal Year 2008-09 General-Fund Discretionary Revenue (in thousands)

Source	Final Budget Estimate
Property Taxes	\$ 337,660
Motor Vehicle In Lieu	220,845
Interest	27,815
Sales Tax *	38,000
Documentary Transfer Tax	9,000
Fines and Penalties	29,245
Tax Loss Reserve Fund-Overflow	45,000
Franchise Tax	7,600
Other (Prior Year & Miscellaneous)	7,218
Federal In-Lieu Taxes	1,800
El Sobrante Tipping Fees	1,775
Transient Occupancy Tax	1,630
Total	<u>\$ 727,588</u>

* Does not include public safety sales tax revenue

The County's employee retirement benefit contribution rate for fiscal year 2008-09 for miscellaneous members is 12.2% and the Safety contribution rate is 19.0%. 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 2009-10 rates are projected at 12.0% (Miscellaneous) and 18.6% (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 16.6% in fiscal year 2007-08 and 1.5% in fiscal year 2008-09 yielding a total assessed property tax roll of \$243.0 billion for fiscal year 2008-09. The \$3.5 billion increase reflected the County-wide residential real estate market burdened with foreclosures and bank sales, declining sales prices and a substantial drop in new construction.

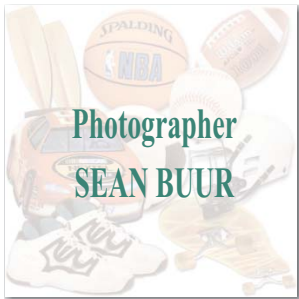
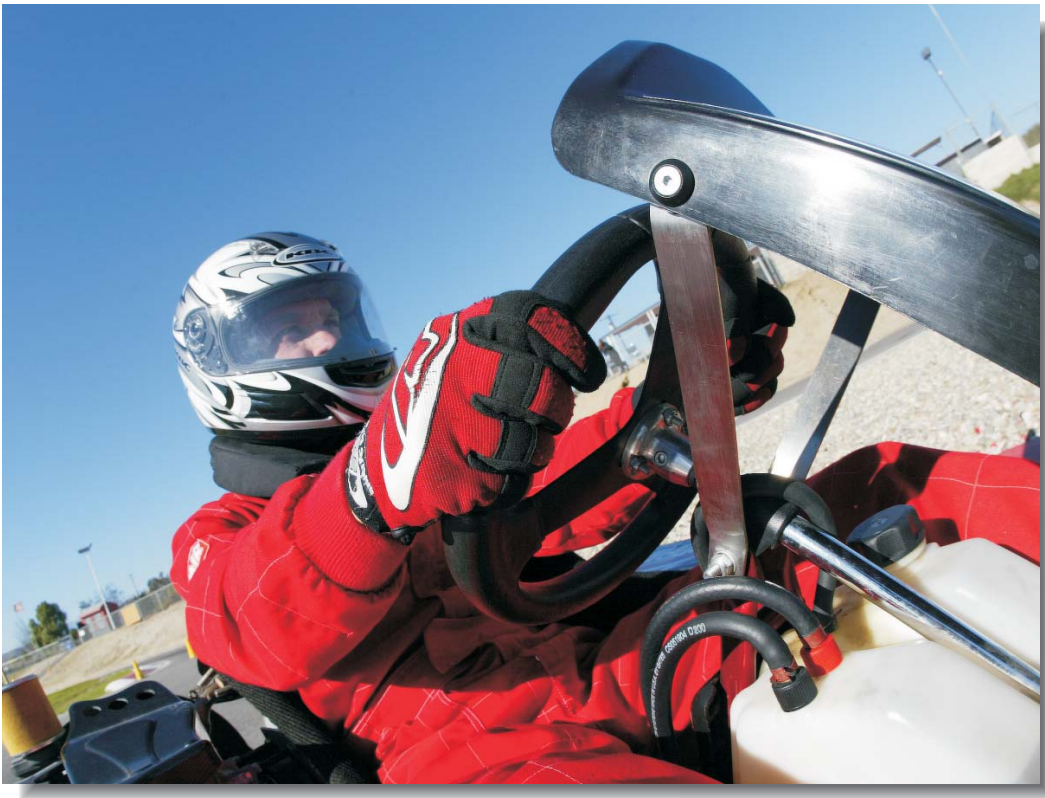
REQUEST FOR INFORMATION

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



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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS





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COUNTY OF RIVERSIDE

Statement of Net Assets

June 30, 2008

(Dollars in Thousands)

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit
				Children and Families Commission
ASSETS:				
Cash and investments (Note 5)	\$ 1,862,605	\$ 139,927	\$ 2,002,532	\$ 60,128
Receivables, net (Notes 1 and 7)	492,118	76,890	569,008	5,343
Inventories	5,672	7,333	13,005	-
Internal balances (Note 8)	21,722	(21,722)	-	-
Pension asset, net (Notes 18 and 19)	406,950	2,818	409,768	-
OPEB asset, net (Note 20)	10,812	-	10,812	-
Prepaid items and deposits	19,018	1,790	20,808	8
Restricted cash and investments (Notes 5 and 6)	533,722	112,312	646,034	-
Other noncurrent receivables (Note 7)	30,583	-	30,583	-
Notes receivable (Note 7)	28,670	-	28,670	-
Land held for resale	66,066	-	66,066	-
Capital assets (Note 9):				
Depreciable assets, net	1,765,391	216,570	1,981,961	78
Nondepreciable assets	707,164	39,704	746,868	-
Bond issuance costs	21,268	1,509	22,777	-
Total assets	<u>5,971,761</u>	<u>577,131</u>	<u>6,548,892</u>	<u>65,557</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	168,594	18,250	186,844	3,154
Salaries and benefits payable	96,730	15,272	112,002	162
Due to other governments	43,598	11,834	55,432	312
Interest payable	16,016	724	16,740	-
Deposits payable	189	106	295	-
Notes payable (Note 12)	168,436	-	168,436	-
OPEB obligation, net (Note 20)	-	23	23	-
Other liabilities	2,876	4,029	6,905	-
Unearned revenue (Note 7)	131,098	-	131,098	400
Long-term liabilities (Note 13) :				
Due within one year	179,412	32,020	211,432	127
Due beyond one year	2,020,313	287,675	2,307,988	89
Total liabilities	<u>2,827,262</u>	<u>369,933</u>	<u>3,197,195</u>	<u>4,244</u>
NET ASSETS:				
Invested in capital assets, net of related debt	802,981	69,441	872,422	78
Restricted for:				
Children's programs	-	-	-	61,235
Community development	559,815	-	559,815	-
Debt service	90,666	24,681	115,347	-
Health and sanitation	12,296	10,959	23,255	-
Public protection	24,310	-	24,310	-
Public ways & facilities	75,178	-	75,178	-
Other programs	7,103	434	7,537	-
Unrestricted	1,572,150	101,683	1,673,833	-
Total net assets	<u>\$ 3,144,499</u>	<u>\$ 207,198</u>	<u>\$ 3,351,697</u>	<u>\$ 61,313</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, 2008
(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 331,741	\$ 171,403	\$ 119,544	\$ -
Public protection	1,122,370	316,719	242,326	329
Public ways and facilities	209,019	52,787	51,949	24,006
Health and sanitation	330,206	56,897	190,373	-
Public assistance	564,318	2,492	705,627	-
Education	17,977	5,935	581	998
Recreation and culture	12,457	5,372	5,316	-
Interest on long-term debt	96,173	-	-	-
Total governmental activities	<u>2,684,261</u>	<u>611,605</u>	<u>1,315,716</u>	<u>25,333</u>
Business-type activities:				
Regional Medical Center	353,481	333,414	-	306
Waste Management Department	64,538	63,525	-	-
Housing Authority	74,252	77,507	-	-
Flood Control	5,201	4,661	-	-
County Service Areas	343	372	-	-
Total business-type activities	<u>497,815</u>	<u>479,479</u>	<u>-</u>	<u>306</u>
Total primary government	<u>\$ 3,182,076</u>	<u>\$ 1,091,084</u>	<u>\$ 1,315,716</u>	<u>\$ 25,639</u>
Component unit:				
Children and Families First Commission	<u>\$ 25,360</u>	<u>\$ -</u>	<u>\$ 28,544</u>	<u>\$ -</u>

General revenues:

Taxes:

 Property taxes

 Sales and use taxes

 Other taxes

Grants/contributions not restricted

 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			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (40,794)	\$ -	\$ (40,794)	
(562,996)	-	(562,996)	
(80,277)	-	(80,277)	
(82,936)	-	(82,936)	
143,801	-	143,801	
(10,463)	-	(10,463)	
(1,769)	-	(1,769)	
(96,173)	-	(96,173)	
<u>(731,607)</u>	<u>-</u>	<u>(731,607)</u>	
-	(19,761)	(19,761)	
-	(1,013)	(1,013)	
-	3,255	3,255	
-	(540)	(540)	
-	29	29	
<u>-</u>	<u>(18,030)</u>	<u>(18,030)</u>	
<u>(731,607)</u>	<u>(18,030)</u>	<u>(749,637)</u>	
			\$ 3,184
506,327	-	506,327	-
40,985	-	40,985	-
15,898	-	15,898	-
274,282	-	274,282	-
138,071	10,389	148,460	2,615
85,924	-	85,924	267
(10,322)	10,322	-	-
<u>1,051,165</u>	<u>20,711</u>	<u>1,071,876</u>	<u>2,882</u>
319,558	2,681	322,239	6,066
2,824,941	204,517	3,029,458	55,247
<u>\$ 3,144,499</u>	<u>\$ 207,198</u>	<u>\$ 3,351,697</u>	<u>\$ 61,313</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:

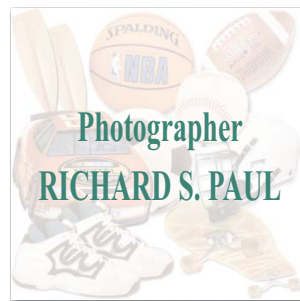
Children and Families First Commission

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, 2008
(Dollars in Thousands)

	General	Teeter Debt Service	Public Facilities Improvements Capital Projects
ASSETS:			
Cash and investments (Note 5)	\$ 216,816	\$ -	\$ 596,349
Accounts receivable (Notes 1 and 7)	48,196	-	-
Interest receivable (Note 7)	9,384	432	3,552
Taxes receivable (Note 7)	58,256	75,992	-
Due from other governments (Note 7)	239,844	-	225
Inventories	2,105	-	-
Due from other funds (Note 8)	24,716	-	727
Prepaid items	3,376	-	-
Restricted cash and investments (Notes 5 and 6)	263,566	98,670	-
Advance to other funds (Note 8)	-	-	-
Notes receivable (Note 7)	-	-	-
Land held for resale	-	-	-
Total assets	<u>866,259</u>	<u>175,094</u>	<u>600,853</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	94,061	-	8,559
Salaries and benefits payable	83,753	-	-
Due to other governments	40,991	-	-
Due to other funds (Note 8)	283	6,658	1,144
Deposits payable	121	-	-
Teeter notes payable (Note 12)	-	168,436	-
Advances from other funds	-	-	-
Deferred revenue (Note 7)	168,282	-	235
Total liabilities	<u>387,491</u>	<u>175,094</u>	<u>9,938</u>
Fund balances (Note 14):			
Reserved	84,466	-	590,915
Unreserved, designated, reported in:			
General fund	335,630	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unreserved, undesignated, reported in:			
General fund	58,672	-	-
Special revenue funds	-	-	-
Total fund balances	<u>478,768</u>	<u>-</u>	<u>590,915</u>
Total liabilities and fund balances	<u>\$ 866,259</u>	<u>\$ 175,094</u>	<u>\$ 600,853</u>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	ASSETS:
\$ 305,835	\$ 499,439	\$ 1,618,439	Cash and investments (Note 5)
-	21,482	69,678	Accounts receivable (Notes 1 and 7)
6,337	3,910	23,615	Interest receivable (Note 7)
-	12,735	146,983	Taxes receivable (Note 7)
-	37,223	277,292	Due from other governments (Note 7)
-	1,044	3,149	Inventories
-	5,431	30,874	Due from other funds (Note 8)
-	15,631	19,007	Prepaid items
-	170,986	533,222	Restricted cash and investments (Notes 5 and 6)
-	750	750	Advance to other funds (Note 8)
6,564	22,106	28,670	Notes receivable (Note 7)
42,707	23,359	66,066	Land held for resale
<u>361,443</u>	<u>814,096</u>	<u>2,817,745</u>	Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
3,209	43,514	149,343	Accounts payable
-	7,563	91,316	Salaries and benefits payable
-	2,293	43,284	Due to other governments
1,616	20,368	30,069	Due to other funds (Note 8)
-	68	189	Deposits payable
-	-	168,436	Teeter notes payable (Note 12)
-	750	750	Advances from other funds
-	25,545	194,062	Deferred revenue (Note 7)
<u>4,825</u>	<u>100,101</u>	<u>677,449</u>	Total liabilities
			Fund balances (Note 14):
122,036	335,647	1,133,064	Reserved
			Unreserved, designated, reported in:
-	-	335,630	General fund
-	38,876	38,876	Special revenue funds
234,582	6,935	241,517	Capital projects funds
			Unreserved, undesignated, reported in:
-	-	58,672	General fund
-	332,537	332,537	Special revenue funds
<u>356,618</u>	<u>713,995</u>	<u>2,140,296</u>	Total fund balances
<u>\$ 361,443</u>	<u>\$ 814,096</u>	<u>\$ 2,817,745</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, 2008

(Dollars in Thousands)

Fund balances - total governmental funds (page 31)		\$ 2,140,296
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.		2,415,371
Bond issuance costs are not current financial resources and therefore are not reported in the governmental funds.		21,268
Net OPEB and pension assets are not current financial resources and therefore are not reported in the governmental funds.		417,762
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.		62,964
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	\$ 1,086,397	
Capital lease obligations	68,752	
Certificates of participation	408,024	
Loans payable	304,809	
Notes payable	6,000	
Accrued interest payable	16,016	
Accreted interest payable	14,587	
Compensated absences	132,028	(2,036,613)
Internal service funds are used by management to charge the costs of equipment, fleet management, printing, information technology, supply services, risk management, and temporary assistance to individual funds. Since internal service funds predominantly service government activities, the assets and liabilities of these funds are included as governmental activities in the statement of net assets.		<u>123,451</u>
Net assets of governmental activities (page 25)		<u><u>\$ 3,144,499</u></u>

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

COUNTY OF RIVERSIDE

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	General Fund	Teeter Debt Service	Public Facilities Improvements Capital Projects
REVENUES:			
Taxes	\$ 309,295	\$ -	\$ -
Licenses, permits, and franchise fees	24,525	-	-
Fines, forfeitures, and penalties	90,788	-	-
Use of money and property:			
Interest	61,623	1,773	22,884
Rents and concessions	2,578	-	-
Aid from other governmental agencies:			
Federal	473,731	-	-
State	905,998	-	-
Other	95,808	-	-
Charges for services	358,767	-	18,824
Other revenue	29,308	-	27,646
Total revenues	<u>2,352,421</u>	<u>1,773</u>	<u>69,354</u>
EXPENDITURES:			
Current:			
General government	145,290	740	133,410
Public protection	1,032,582	-	-
Public ways and facilities	4,717	-	4,718
Health and sanitation	368,753	-	-
Public assistance	704,404	-	-
Education	464	-	-
Recreation and culture	206	-	-
Debt service:			
Principal	10,705	-	-
Interest	15,427	3,002	-
Cost of issuance	-	-	-
Capital outlay	8,670	-	-
Total expenditures	<u>2,291,218</u>	<u>3,742</u>	<u>138,128</u>
Excess (deficiency) of revenues over (under) expenditures	61,203	(1,969)	(68,774)
OTHER FINANCING SOURCES (USES):			
Transfers in	104,892	3,750	425,822
Transfers out	(266,961)	(1,781)	(22,471)
Issuance of debt	-	-	-
Issuance of refunding bonds	-	-	-
Discount on long-term debt	-	-	-
Premium on long-term debt	-	-	-
Payment to refunded bonds escrow agent	-	-	-
Proceeds from sale of capital assets	-	-	-
Capital leases	8,670	-	-
Total other financing sources (uses)	<u>(153,399)</u>	<u>1,969</u>	<u>403,351</u>
NET CHANGE IN FUND BALANCES	(92,196)	-	334,577
Fund balances, beginning of year, as previously reported	570,964	-	256,338
Adjustments to beginning fund balances (Note 4)	-	-	-
Fund balances, beginning of year, as restated	<u>570,964</u>	<u>-</u>	<u>256,338</u>
FUND BALANCES, END OF YEAR	<u>\$ 478,768</u>	<u>\$ -</u>	<u>\$ 590,915</u>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 243,863	\$ 553,158	REVENUES:
-	127	24,652	Taxes
-	1,241	92,029	Licenses, permits, and franchise fees
15,360	26,667	128,307	Fines, forfeitures, and penalties
-	12,908	15,486	Use of money and property:
-	70,856	544,587	Interest
-	65,301	971,299	Rents and concessions
-	8,050	103,858	Aid from other governmental agencies:
-	70,298	447,889	Federal
1,738	43,440	102,132	State
17,098	542,751	2,983,397	Other
			Charges for services
			Other revenue
			Total revenues
			EXPENDITURES:
			Current:
38,937	90,959	409,336	General government
-	51,137	1,083,719	Public protection
-	143,168	152,603	Public ways and facilities
-	6,506	375,259	Health and sanitation
-	43,172	747,576	Public assistance
-	17,443	17,907	Education
-	11,441	11,647	Recreation and culture
-	35,778	46,483	Debt service:
-	72,697	91,126	Principal
-	3,868	3,868	Interest
-	28,021	36,691	Cost of issuance
38,937	504,190	2,976,215	Capital outlay
			Total expenditures
			Excess (deficiency) of revenues
(21,839)	38,561	7,182	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
27,114	243,822	805,400	Transfers in
(26,197)	(497,197)	(814,607)	Transfers out
-	294,084	294,084	Issuance of debt
-	111,125	111,125	Issuance of refunding bonds
-	(2,898)	(2,898)	Discount on long-term debt
-	3,272	3,272	Premium on long-term debt
-	(24,290)	(24,290)	Payment to refunded bonds escrow agent
1,159	-	1,159	Proceeds from sale of capital assets
		8,670	Capital leases
2,076	127,918	381,915	Total other financing sources (uses)
(19,763)	166,479	389,097	NET CHANGE IN FUND BALANCES
387,449	538,262	1,753,013	Fund balances, beginning of year, as previously reported
(11,068)	9,254	(1,814)	Adjustments to beginning fund balances (Note 4)
376,381	547,516	1,751,199	Fund balances, beginning of year, as restated
\$ 356,618	\$ 713,995	\$ 2,140,296	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, 2008
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 35) \$ 389,097

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	\$ 369,306	
Less loss on sale of capital assets	(15,540)	
Less current year depreciation	<u>(100,783)</u>	252,983

Prepaid pension costs and OPEB costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net assets. 19,693

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. 3,261

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	(360,456)
Current amortization of bond premiums	277

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. 10,273

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest	(2,959)	
Change in accreted interest	(12,807)	
Change in long-term compensated absences	<u>(12,465)</u>	(28,231)

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. 17,596

Change in net assets of governmental activities (page 27) \$ 319,558

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, 2008
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 300,780	\$ 304,842	\$ 309,295	\$ 4,453
Licenses, permits, and fees	31,626	31,595	24,525	(7,070)
Fines, forfeitures, and penalties	84,876	87,696	90,788	3,092
Use of money and property:				
Interest	50,833	52,433	61,623	9,190
Rents and concessions	23,557	23,568	2,578	(20,990)
Aid from other governmental agencies:				
Federal	448,401	475,119	473,731	(1,388)
State	944,811	957,118	905,998	(51,120)
Other government	597	597	95,808	95,211
Charges for current services	483,610	401,873	358,767	(43,106)
Other revenue	153,987	160,802	29,308	(131,494)
Total revenues	<u>2,523,078</u>	<u>2,495,643</u>	<u>2,352,421</u>	<u>(143,222)</u>
EXPENDITURES:				
Current:				
General government				
Salaries and employee benefits	121,042	124,127	113,304	(10,823)
Services and supplies	119,704	147,958	135,959	(11,999)
Other charges	132,529	51,958	10,709	(41,249)
Capital assets	3,176	7,630	3,252	(4,378)
Intrafund transfers	(100,550)	(119,737)	(117,934)	1,803
Appropriation for contingencies	32,150	17,034	-	(17,034)
Total general government	<u>308,051</u>	<u>228,970</u>	<u>145,290</u>	<u>(83,680)</u>
Public protection:				
Salaries and employee benefits	657,113	670,356	655,238	(15,118)
Services and supplies	313,895	354,745	341,610	(13,135)
Other charges	61,931	59,004	36,013	(22,991)
Capital assets	6,743	14,697	9,498	(5,199)
Intrafund transfers	(9,382)	(10,757)	(9,777)	980
Total public protection	<u>1,030,300</u>	<u>1,088,045</u>	<u>1,032,582</u>	<u>(55,463)</u>
Health and sanitation:				
Salaries and employee benefits	201,229	197,197	181,995	(15,202)
Services and supplies	106,589	118,606	111,463	(7,143)
Other charges	214,085	210,959	176,420	(34,539)
Capital assets	2,480	4,306	1,707	(2,599)
Intrafund transfers	(113,702)	(114,257)	(102,832)	11,425
Total health and sanitation	<u>410,681</u>	<u>416,811</u>	<u>368,753</u>	<u>(48,058)</u>
Public assistance:				
Salaries and employee benefits	228,896	218,693	215,281	(3,412)
Services and supplies	106,200	110,713	105,449	(5,264)
Other charges	399,343	414,569	393,266	(21,303)
Capital assets	100	870	739	(131)
Intrafund transfers	(13,158)	(13,158)	(10,331)	2,827
Total public assistance	<u>\$ 721,381</u>	<u>\$ 731,687</u>	<u>\$ 704,404</u>	<u>\$ (27,283)</u>

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

COUNTY OF RIVERSIDE
 Budgetary Comparison Statement
 General Fund
 For the Fiscal Year Ended June 30, 2008
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Education:				
Salaries and employee benefits	\$ 312	\$ 275	\$ 265	\$ (10)
Services and supplies	179	292	199	(93)
Total education	<u>491</u>	<u>567</u>	<u>464</u>	<u>(103)</u>
Public ways and facilities:				
Salaries and employee benefits	5,003	5,003	3,651	(1,352)
Services and supplies	1,162	1,162	837	(325)
Other charges	484	483	110	(373)
Capital assets	141	227	120	(107)
Intrafund transfers	(2)	(2)	(1)	1
Total public ways and facilities	<u>6,788</u>	<u>6,873</u>	<u>4,717</u>	<u>(2,156)</u>
Recreation and culture:				
Salaries and employee benefits	95	79	76	(3)
Services and supplies	112	175	170	(5)
Other charges	80	14	-	(14)
Intrafund transfers	-	(40)	(40)	-
Total recreation and culture	<u>287</u>	<u>228</u>	<u>206</u>	<u>(22)</u>
Debt service:				
Principal	53,047	15,805	10,705	(5,100)
Interest	14,820	14,820	15,427	607
Total debt service	<u>67,867</u>	<u>30,625</u>	<u>26,132</u>	<u>(4,493)</u>
Capital outlay	-	8,670	8,670	-
Total expenditures	<u>2,545,846</u>	<u>2,512,476</u>	<u>2,291,218</u>	<u>(221,258)</u>
Excess (deficiency) of revenues over (under) expenditures	(22,768)	(16,833)	61,203	78,036
OTHER FINANCING SOURCES (USES):				
Transfers in	-	104,892	104,892	-
Transfers out	-	(266,961)	(266,961)	-
Capital leases	-	-	8,670	8,670
Total other financing sources (uses)	<u>-</u>	<u>(162,069)</u>	<u>(153,399)</u>	<u>8,670</u>
NET CHANGE IN FUND BALANCE	(22,768)	(178,902)	(92,196)	86,706
Fund balance, beginning of year	570,964	570,964	570,964	-
FUND BALANCE, END OF YEAR	<u>\$ 548,196</u>	<u>\$ 392,062</u>	<u>\$ 478,768</u>	<u>\$ 86,706</u>

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, 2008

(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
ASSETS:					
Current assets:					
Cash and investments (Note 5)	\$ 80,516	\$ 43,800	\$ 15,611	\$ 139,927	\$ 244,166
Accounts receivable - net (Notes 1 and 7)	44,269	4,747	3,094	52,110	3,122
Interest receivable (Note 7)	517	894	59	1,470	1,655
Taxes receivable (Note 7)	-	-	9	9	-
Due from other governments (Note 7)	22,352	187	762	23,301	356
Advances to other funds (Note 8)	-	-	-	-	150
Inventories	6,912	421	-	7,333	2,523
Pension asset, net (Note 18)	-	2,818	-	2,818	-
Due from other funds (Note 8)	-	-	-	-	26
Restricted cash and investments (Notes 5 and 6)	24,874	82,829	4,609	112,312	500
Prepaid items and deposits	1,659	-	131	1,790	11
Total current assets	<u>181,099</u>	<u>135,696</u>	<u>24,275</u>	<u>341,070</u>	<u>252,509</u>
Noncurrent assets:					
Capital assets (Note 9):					
Depreciable assets	142,221	61,515	12,834	216,570	55,936
Nondepreciable assets	23,058	10,957	5,689	39,704	1,248
Bond issuance costs	1,509	-	-	1,509	-
Total noncurrent assets	<u>166,788</u>	<u>72,472</u>	<u>18,523</u>	<u>257,783</u>	<u>57,184</u>
Total assets	<u>347,887</u>	<u>208,168</u>	<u>42,798</u>	<u>598,853</u>	<u>309,693</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	11,804	3,192	3,254	18,250	19,251
Salaries and benefits payable	13,867	1,316	89	15,272	5,414
Due to other funds (Note 8)	695	-	-	695	136
Due to other governments	11,808	26	-	11,834	314
Interest payable	715	-	9	724	-
Deposits payable	-	60	46	106	2,876
Other liabilities	-	425	3,604	4,029	-
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)	9,965	813	53	10,831	3,040
Capital lease obligations (Note 13)	4,194	-	-	4,194	13,626
Bonds payable (Note 13)	11,410	-	105	11,515	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	38,235
Total current liabilities	<u>64,458</u>	<u>11,312</u>	<u>7,160</u>	<u>82,930</u>	<u>82,892</u>
Noncurrent liabilities:					
Compensated absences (Note 13)	5,133	1,728	965	7,826	2,702
Advances from other funds (Note 8)	-	-	-	-	150
Accrued closure and post closure care costs (Note 10)	-	43,912	-	43,912	-
Accrued remediation costs (Note 21)	-	19,064	-	19,064	-
Capital lease obligations (Notes 1 and 13)	11,930	-	-	11,930	22,939
Bonds payable (Note 13)	158,473	-	826	159,299	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	97,086
OPEB obligation, net (Note 20)	-	23	-	23	-
Other long-term liabilities (Note 13)	38,849	-	6,795	45,644	1,500
Total noncurrent liabilities	<u>214,385</u>	<u>64,727</u>	<u>8,586</u>	<u>287,698</u>	<u>124,377</u>
Total liabilities	<u>278,843</u>	<u>76,039</u>	<u>15,746</u>	<u>370,628</u>	<u>207,269</u>
NET ASSETS:					
Invested in capital assets, net of related debt	(20,728)	72,472	17,697	69,441	19,119
Restricted for debt service	24,681	-	-	24,681	-
Restricted for health and sanitation	-	10,959	-	10,959	-
Restricted other	193	-	241	434	-
Unrestricted	64,898	48,698	9,114	122,710	83,305
Total net assets	<u>\$ 69,044</u>	<u>\$ 132,129</u>	<u>\$ 27,052</u>	<u>228,225</u>	<u>\$ 102,424</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				(21,027)	
Net assets of business-type activities				<u>\$ 207,198</u>	

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

COUNTY OF RIVERSIDE

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional			Total	Activities
	Medical Center	Waste Management	Other		Internal Service Funds
OPERATING REVENUES:					
Net patient revenue (Notes 1 and 16)	\$ 272,252	\$ -	\$ -	\$ 272,252	\$ -
Charges for services	4,181	61,340	7,130	72,651	169,268
Other revenue	56,981	2,185	75,410	134,576	31,490
Total operating revenues	333,414	63,525	82,540	479,479	200,758
OPERATING EXPENSES:					
Cost of material used	-	-	-	-	2,209
Personnel services	187,830	19,080	9,462	216,372	79,969
Communications	1,908	404	-	2,312	2,968
Insurance	4,222	423	2	4,647	7,555
Maintenance of building and equipment	7,046	1,931	1,938	10,915	13,314
Insurance claims	-	-	-	-	64,592
Supplies	43,822	3,549	11	47,382	36,141
Purchased services	70,848	25,337	2,304	98,489	13,238
Depreciation and amortization	8,115	4,674	1,893	14,682	16,767
Rents and leases of equipment	3,644	103	29	3,776	3,255
Public assistance	-	-	61,682	61,682	-
Utilities	3,559	306	572	4,437	398
Closure and post-closure care costs	-	8,237	-	8,237	-
Remediation costs (recovery)	-	(592)	-	(592)	-
Other	6,374	617	1,320	8,311	3,542
Total operating expenses	337,368	64,069	79,213	480,650	243,948
Operating income (loss)	(3,954)	(544)	3,327	(1,171)	(43,190)
NONOPERATING REVENUES (EXPENSES):					
Investment income	3,952	5,685	752	10,389	9,766
Interest expense	(13,426)	-	(185)	(13,611)	(2,088)
Gain (loss) on disposal of capital assets	1	462	657	1,120	(797)
Total nonoperating revenues (expenses)	(9,473)	6,147	1,224	(2,102)	6,881
Income (loss) before capital contributions and transfers	(13,427)	5,603	4,551	(3,273)	(36,309)
Capital contributions	306	-	-	306	50,346
Transfers in	14,400	-	-	14,400	4,312
Transfers out	(3,635)	(285)	(158)	(4,078)	(5,427)
CHANGE IN NET ASSETS	(2,356)	5,318	4,393	7,355	12,922
Net assets, beginning of the year	71,400	126,811	22,659		89,502
NET ASSETS, END OF YEAR	\$ 69,044	\$ 132,129	\$ 27,052		\$ 102,424
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(4,674)	
Change in net assets of business-type activities				\$ 2,681	

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, 2008
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
Cash flows from operating activities					
Cash receipts from customers / other funds	\$ 336,890	\$ 63,858	\$ 84,853	\$ 485,601	\$ 200,030
Cash paid to suppliers for goods and services	(132,155)	(41,136)	(66,856)	(240,147)	(136,272)
Cash paid to employees for services	(183,541)	(18,442)	(9,511)	(211,494)	(79,079)
Net cash provided by (used in) operating activities	<u>21,194</u>	<u>4,280</u>	<u>8,486</u>	<u>33,960</u>	<u>(15,321)</u>
Cash flows from noncapital financing activities					
Advances from other funds	-	-	-	-	(50)
Advances to other funds	-	-	-	-	50
Transfers received	14,400	-	-	14,400	4,312
Transfers paid	(3,635)	(285)	(158)	(4,078)	(5,427)
Net cash provided by (used in) noncapital financing activities	<u>10,765</u>	<u>(285)</u>	<u>(158)</u>	<u>10,322</u>	<u>(1,115)</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	1	462	657	1,120	605
Acquisition and construction of capital assets	(4,605)	(5,904)	(955)	(11,464)	(7,952)
Principal paid on capital leases	(4,117)	-	-	(4,117)	(11,053)
Capital Contributions	306	-	-	306	50,346
Principal paid on bonds payable	(10,419)	-	(30)	(10,449)	-
Interest paid on long-term debt	(13,479)	-	(186)	(13,665)	(2,088)
Net cash provided by (used in) capital and related financing activities	<u>(32,313)</u>	<u>(5,442)</u>	<u>(514)</u>	<u>(38,269)</u>	<u>29,858</u>
Cash flows from investing activities					
Interest received on investments	3,912	6,153	781	10,846	10,225
Net cash provided by investing activities	<u>3,912</u>	<u>6,153</u>	<u>781</u>	<u>10,846</u>	<u>10,225</u>
Net increase (decrease) in cash and cash equivalents	3,558	4,706	8,595	16,859	23,647
Cash and cash equivalents, beginning of year	101,832	121,923	11,625	235,380	221,019
Cash and cash equivalents, end of year	<u>\$ 105,390</u>	<u>\$ 126,629</u>	<u>\$ 20,220</u>	<u>\$ 252,239</u>	<u>\$ 244,666</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, 2008
(Dollars in Thousands)

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Regional Medical Center</u>	<u>Waste Management</u>	<u>Other</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of operating income to net cash					
Operating income (loss)	\$ (3,954)	\$ (544)	\$ 3,327	\$ (1,171)	\$ (43,190)
Adjustments to reconcile operating income to net					
Depreciation and amortization	8,115	4,674	1,893	14,682	16,767
Decrease (Increase) accounts receivable	12,952	264	(509)	12,707	(652)
Decrease (Increase) bond issuance cost	312	-	-	312	-
Decrease (Increase) due from other funds	-	-	-	-	158
Decrease (Increase) due from other governments	(9,788)	69	2,822	(6,897)	(234)
Decrease (Increase) inventories	(160)	(59)	-	(219)	220
Decrease (Increase) prepaid items and deposits	(499)	-	(99)	(598)	-
Increase (Decrease) accounts payable	2,638	237	379	3,254	9,306
Increase (Decrease) due to other funds	130	-	-	130	82
Increase (Decrease) due to other governments	2,632	22	-	2,654	222
Increase (Decrease) deposits payable	-	60	1	61	-
Increase (Decrease) accrued closure costs	-	(1,726)	-	(1,726)	-
Increase (Decrease) accrued remediation costs	-	533	-	533	-
Increase (Decrease) other liabilities	4,527	112	721	5,360	1,017
Increase (Decrease) estimated claims liability	-	-	-	-	93
Increase (Decrease) salaries and benefits payable	2,467	181	(21)	2,627	493
Increase (Decrease) compensated absences	1,822	-	(28)	1,794	397
Decrease (Increase) pension assets, net	-	457	-	457	-
Net cash provided by (used in) operating activities	<u>\$ 21,194</u>	<u>\$ 4,280</u>	<u>\$ 8,486</u>	<u>\$ 33,960</u>	<u>\$ (15,321)</u>
 Noncash investing, capital, and financing activities:					
Capital lease obligations	<u>\$ 2,397</u>			<u>\$ 2,397</u>	<u>\$ 23,116</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, 2008
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
ASSETS:				
Cash and investments (Note 5)	\$ -	\$ -	\$ 15,739	\$ 350,857
Federal agency	9,829	2,019,010	-	-
Cash and equivalent & mmf	883	293,744	-	-
Commercial paper	2,346	290,792	-	-
Negotiable cds	2,455	115,726	-	-
Medium term notes	997	171,228	-	-
Municipal bonds	65	57,863	-	-
Certificates of deposit	70	-	-	-
Local agency obligation	20	3,838	-	-
Accounts receivable	226	3,790	4	-
Interest receivable	102	22,437	66	219
Taxes receivable	-	1	-	165,174
Due from other governments	-	-	-	191
Total assets	<u>16,993</u>	<u>2,978,429</u>	<u>15,809</u>	<u>516,441</u>
LIABILITIES:				
Accounts payable	-	-	6,706	219,918
Salaries and benefits payable	-	-	-	8
Due to other governments	-	-	-	296,515
Total liabilities	<u>-</u>	<u>-</u>	<u>6,706</u>	<u>\$ 516,441</u>
NET ASSETS:				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 16,993</u>	<u>\$ 2,978,429</u>	<u>\$ 9,103</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, 2008
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
ADDITIONS:			
Employer contributions	\$ 1,993	\$ -	\$ -
Employee contributions	1,449	-	-
Contributions to pooled investments	-	19,520,885	-
Contributions to private-purpose trust	-	-	5,451
Investment income	843	129,619	413
Total additions	<u>4,285</u>	<u>19,650,504</u>	<u>5,864</u>
DEDUCTIONS:			
Distribution from pension trust	805	-	-
Distributions from pooled investments	-	19,470,363	-
Distributions from private-purpose trust	-	-	5,606
Administrative and other expenses	243	-	-
Total deductions	<u>1,048</u>	<u>19,470,363</u>	<u>5,606</u>
Change in net assets	3,237	180,141	258
Net assets held in trust, beginning of the year	<u>13,756</u>	<u>2,798,288</u>	<u>8,845</u>
Net assets held in trust, end of the year	<u>\$ 16,993</u>	<u>\$ 2,978,429</u>	<u>\$ 9,103</u>

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

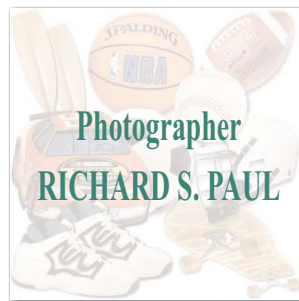


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BASIC FINANCIAL STATEMENTS – NOTES TO THE BASIC FINANCIAL STATEMENTS



BASIC FINANCIAL STATEMENTS -
NOTES TO THE BASIC FINANCIAL
STATEMENTS





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COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements
June 30, 2008

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, 2008, 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, 2008

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.

Inland Empire Tobacco Securitization Authority (the Authority) The Authority was created by a Joint Exercise of Powers Agreement (the "Agreement") effective as of July 18, 2007 between Riverside County and San Bernardino County. A three-member board of directors, made up of two members appointed by the Riverside County Board of Supervisors and one member appointed from San Bernardino County Board of Supervisors, governs the Authority. The Authority was created for the purpose of empowering the Authority to finance the payments to be received by the County of Riverside from the nation-wide Tobacco Settlement Agreement (the "Payments") for such purposes, but not limited to, issuance, sale, execution and delivery of Bonds secured by those Payments or the lending of money based on thereof, or to securitize, sell, purchase or otherwise dispose of some or all of such Payments of the County. The Authority is a blended component unit of the County because the Authority is providing services solely to the County and the County's Board has the ability to impose its will by removing the Authority's governing Board at will. The Authority is reported as a 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 - 11th Floor, (P.O. Box 1326), Riverside, CA 92502-1326.

Presentation of financial information related to County fiduciary responsibilities

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Governmental Accounting Standards Board Statements – Implemented Pronouncements

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. See Note 20, Postemployment Benefits Other Than Pensions, for additional information.

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.

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 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).

Future Governmental Accounting Standards Board Statements

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Governmental Accounting Standards Board Statements (Continued)

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. 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.

Governmental Accounting Standards Board Statement No. 52

In November of 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This Statement more appropriately reports the resources available in endowments and more closely aligns financial reporting with the objectives of endowments. It results in property held for similar purposes by comparable entities being reported in the same manner. Reporting land and other real estate held as investments at fair value enhances users' ability to meaningfully evaluate an entity's investment decisions and performance. The County has elected not to early implement GASB No. 52 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 53

In June of 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. Governments enter into derivative instruments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (that is, hedgeable items); or to lower the costs for borrowings. Governments often enter into derivative instruments with the intention of effectively fixing cash flows or synthetically fixing prices. Governments also enter into derivative instruments to offset the changes in fair value of hedgeable items. A key provision in this Statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are reported at fair value. The objectives, terms, and risks of hedging derivative instruments are required disclosures. Disclosures also include a summary of derivative instrument activity that provides an indication of the location of fair value amounts reported on the financial statements. The disclosures for investment derivative instruments are similar to the disclosures of other investments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The County has elected not to early implement GASB No. 53 and has not determined its effect on the County's financial statements.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Expenses by function have been adjusted for any internal service profit/loss existing at fiscal year-end. In addition, 29%, or \$16.7 million, of the County's \$57.2 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.

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 capital 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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 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, 2008, which are carried at cost. Bond anticipation notes are carried at fair value. Commercial paper is carried at amortized cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost.

Participating guaranteed investment contracts are carried at fair value based on net realizable value. Mutual funds are carried at fair value based on the funds' share price. Local Agency Obligations are carried at fair value based on the value of each participating dollar.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Cash and Investments (Continued)

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, 2008 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 \$370.4 million and \$698.7 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 2007-08 gross assessed valuation of the County was \$239.5 billion.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Property Taxes (Continued)

Property taxes are levied on both real and personal property and are recorded as receivables at the date of levy. Secured property taxes are levied on or before the first business day of September of each year. 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 2007-08, \$32.8 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 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Capital Assets (continued)

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 \$316.6 thousand for the year ended June 30, 2008.

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 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 \$66.1 million at June 30, 2008.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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, 2008, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net assets was \$156.4 million.

The County allows unlimited accumulation of sick leave. Upon service retirement, disability retirement, or death of an employee or officer, and subject to the provisions of any applicable agreement between the employing agency and the Public Employee's Retirement System, unused accumulated sick leave for employees with at least five (5) but less than 15 years of service shall be credited at the rate of fifty percent (50%) of current salary value thereof provided, however, that the total payment shall not exceed a sum equal to 960 hours of full pay. Unused accumulated sick leave for employees with more than fifteen or more years of service shall be credited at the rate of the current salary value provided, however, that the total payment shall not exceed a sum equal to 960 hours of full pay. In addition, the employee may also elect to place the payable amount of sick leave into a VEBA (Voluntary Employee Beneficiary Association) account which may be used for future health care costs.

Deferred 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.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Landfill Closure and Post-Closure Care Costs (Continued)

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 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, 2008

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, Inland Empire Tobacco Securitization Authority 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.

Budgetary comparison statements are prepared for the general fund, special revenue funds, certain debt service funds, and certain capital project funds. The budgetary comparison statements are a part of the basic financial statements. Each budgetary comparison statement provides three separate types of information: (1) the original budget; (2) the final amended budget, which included legally authorized changes regardless of when they occurred; and (3) the actual amount of inflows and outflows in the budget-to-actual comparison.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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 31)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 25)
Assets:					
Cash and investments	\$ 1,618,439	\$ -	\$ 244,166	\$ -	\$ 1,862,605
Receivables:					
Accounts receivable	69,678	-	3,122	-	72,800
Interest	23,615	-	1,655	-	25,270
Taxes	146,983	-	-	-	146,983
Due from other governments	277,292	(30,583)	356	-	247,065
Notes receivable	28,670	-	-	-	28,670
Inventories	3,149	-	2,523	-	5,672
Due from other funds	30,874	-	26	(30,900)	-
Prepaid Items	19,007	-	11	-	19,018
Internal balances	-	-	-	21,722	21,722
Pension asset, net	-	406,950	-	-	406,950
OPEB Pension asset, net	-	10,812	-	-	10,812
Restricted cash and investments	533,222	-	500	-	533,722
Other noncurrent receivables	-	30,583	-	-	30,583
Advances to other funds	750	-	150	(900)	-
Land held for resale	66,066	-	-	-	66,066
Capital assets:					
Nondepreciable	-	651,228	55,936	-	707,164
Depreciable, net	-	1,764,143	1,248	-	1,765,391
Bond issuance costs	-	21,268	-	-	21,268
Total assets	<u>\$ 2,817,745</u>	<u>\$ 2,854,401</u>	<u>\$ 309,693</u>	<u>\$ (10,078)</u>	<u>\$ 5,971,761</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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

	Total Governmental Funds (Page 31)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 25)
Liabilities:					
Accounts payable	\$ 149,343	\$ -	\$ 19,251	\$ -	\$ 168,594
Salaries and benefits payable	91,316	-	5,414	-	96,730
Due to other funds	30,069	-	136	(30,205)	-
Due to other governments	43,284	-	314	-	43,598
Other Liabilities	-	-	2,876	-	2,876
Deposits payable	189	-	-	-	189
Deferred revenue / Unearned revenue	194,062	(62,964)	-	-	131,098
Notes payable	168,436	-	-	-	168,436
Interest payable	-	16,016	-	-	16,016
Long-term liabilities due within one year:					
Bonds payable	-	18,990	-	-	18,990
Capital lease obligations	-	8,887	13,626	-	22,513
Certificates of participation	-	15,810	-	-	15,810
Loans payable	-	4,747	-	-	4,747
Compensated absences	-	76,077	3,040	-	79,117
Estimated claims liability	-	-	38,235	-	38,235
Advance from other funds	750	-	150	(900)	-
Long-term liabilities due in more than one year:					
Bonds payable	-	1,067,407	-	-	1,067,407
Capital lease obligations	-	59,865	22,939	-	82,804
Certificates of participation	-	392,214	-	-	392,214
Loans payable	-	300,062	-	-	300,062
Notes payable	-	6,000	-	-	6,000
Accreted interest payable	-	14,587	-	-	14,587
Compensated absences	-	55,951	2,702	-	58,653
Estimated claims liability	-	-	97,086	-	97,086
Other long term liabilities	-	-	1,500	-	1,500
Total liabilities	677,449	1,973,649	207,269	(31,105)	2,827,262
Fund balances/net assets:					
Total fund balances/net assets	2,140,296	880,752	102,424	21,027	3,144,499
Total liabilities and fund balances/net assets	\$ 2,817,745	\$ 2,854,401	\$ 309,693	\$ (10,078)	\$ 5,971,761

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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, 2008 is as follows (in thousands):

Government-wide:

	Primary Government	Component Unit
	Governmental Activities	Children and Families Commission
Government-wide net assets, as of June 30, 2007, as previously reported	\$ 2,842,903	\$ 55,809
Land held for resale (sold)/acquired in prior years	(2,698)	
Loan receivable not recognized in prior years	884	
Adjustment to prior year revenues/expenditures		(562)
Capital leases acquired in prior years	(15,065)	
Capital assets acquired with capital leases	7,208	
Bond premiums not deferred in prior years	(8,291)	
Net assets as of June 30, 2007, as restated	\$ 2,824,941	\$ 55,247

Governmental Funds:

	Major Fund	Nonmajor Fund
Description	RDA Capital Projects Fund	RDA Special Revenue Fund
Fund balances as of June 30, 2007, as previously reported	\$ 387,449	\$ 99,480
Land held for resale (sold)/acquired in prior years	(11,068)	8,370
Loan receivable not recognized in prior years		884
Fund balances, as of June 30, 2007, as restated	\$ 376,381	\$ 108,734

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 5 – CASH AND INVESTMENTS

Cash and Investments

As of June 30, 2008, Cash and Investments are classified in the accompanying financial statements as follows (in thousands):

	Governmental Activities	Business-Type Activities	Component Unit	Fiduciary Funds	Total
Cash and investments	\$ 1,862,605	\$ 139,927	\$ 60,128	\$ 3,335,462	\$ 5,398,122
Restricted cash and investments	533,722	112,312	-	-	646,034
Total cash and investments	\$ 2,396,327	\$ 252,239	\$ 60,128	\$ 3,335,462	\$ 6,044,156

As of June 30, 2008, cash and investments consist of the following (in thousands):

Deposits	\$ 716,152
Investments	5,328,004
Total Cash and Investments	\$ 6,044,156

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%	2.50%
U.S. Treasury	5 Years	100%	None
Local Agency Obligations	3 Years	2.5%	1.25%
Federal Agencies	5 Years	None	None
Bills of Exchange	180 Days	30%	None
Commercial Paper	270 Days	40%	4% *
Certificate & Time Deposits	1 Year	25%	4% *
Repurchase Agreements	45 Days	40% / 25%	20%
Reverse Repurchase Agreements	60 Days	10%	10%
Medium Term Notes	2 Years	20%	4% *
CalTrust Short Term Fund	Daily Liquidity	1%	1.00%
Mutual Funds	Daily Liquidity	20%	None
Secured Bank Deposits	1 Year	2%	None
Local Agency Investment Funds	3 Years	0.0%	1.25%

* Maximum of 4% per issuer in combined commercial paper, certificate & time deposits and medium term notes.

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, 2008

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, 2008, the County had the following investments (in thousands):

Investment	Maturity	Fair Market Value	Weighted Average Maturity (Years)
Treasury Investments			
Commercial Paper	07/08 - 12/08	\$ 525,791	0.21
Federal Farm Credit Bank	10/09 - 04/13	279,352	2.38
Federal Home Loan Bank	10/08 - 04/13	806,807	1.83
Federal Home Loan Mortgage	07/08 - 01/13	1,174,683	2.10
Federal National Mortgage Association	07/09 - 03/13	1,398,249	2.30
Local Agency Obligations	11/09	6,000	1.37
Local Agency Obligations *	06/20	760	11.97
Medium Term Notes	08/08 - 05/10	309,640	1.13
Municipal Bonds	08/08 - 04/11	116,891	1.31
Negotiable CDs	07/08 - 01/09	<u>209,000</u>	0.29
Total Treasury Investments		<u>4,827,174</u>	
Investments Outside the Treasury			
Money Market	N/A	34,192	0.00
Guaranteed Investment Contract	06/20	19,600	7.30
Investment Agreements	06/36	16,093	27.94
Investment Agreements	10/08 - 11/37	110,174	6.43
Investment Agreements	09/08 - 10/37	309,098	2.47
Local Agency Investment Funds	N/A	<u>11,673</u>	0.53
Total Investments Outside the Treasury		<u>500,830</u>	
Total Investments		<u>\$5,328,004</u>	

* Board of Supervisors approved to invest greater than 3 years

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, 2008

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 \$685.4 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	Amount
Federal Farm Credit Bank	Federal Agency	\$ 279,352
Federal Home Loan Bank	Federal Agency	806,807
Federal home Loan Mortgage	Federal Agency	1,174,683
Federal National Mortgage Association	Federal Agency	1,398,249

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, 2008, the County had the following investments (in thousands):

Investment	Maturity	Minimum Legal Rating	Rating June 30, 2008	Fair Market Value
Treasury Investments				
Commercial Paper	07/08 - 12/08	A1/P1	A1//P1(1)	\$ 525,791
Federal Farm Credit Bank	10/09 - 04/13	N/A	AAA	279,352
Federal Home Loan Bank	10/08 - 04/13	N/A	AAA	806,807
Federal Home Loan Mortgage	07/08 - 01/13	N/A	AAA	1,174,683
Federal National Mortgage Association	07/09 - 03/13	N/A	AAA	1,398,249
Local Agency Obligations	11/09	NA	NA	6,000
Local Agency Obligations	06/20	NA	NA	760
Medium Term Notes (3)	08/08 - 05/10	A	AA(2)	309,640
Municipal Bonds	08/08 - 04/11	A	AA(2)	116,891
Negotiable CDs	07/08 - 01/09	A1/P1	A1/P1(1)	209,000
Total Treasury Investments				<u>4,827,174</u>
Investments Outside the Treasury				
Money Market	N/A	AAA	AAA	34,192
Guaranteed Investment Contracts	06/20	N/A	N/R	19,600
Investment Agreements	06/36	N/A	N/R	16,093
Investment Agreements	10/08 - 11/37	N/A	N/R	110,174
Investment Agreements	09/08 - 10/37	N/A	N/R	309,098
Local Agency Investment Funds	N/A	N/A	N/R	11,673
Total Investments Outside the Treasury				<u>500,830</u>
Total Investments				<u><u>\$ 5,328,004</u></u>

(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

(3) Board of Supervisors approved to invest greater than 3 years

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 6 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2008 is as follows (in thousands):

	Amount
General Fund	
Restricted Program Money	\$ 263,566
Teeter Debt	
Teeter Commercial Paper Notes	98,670
Non Major Governmental Funds	
1985 Certificates	24,204
1990 Monterey Avenue	137
1997 Historic Court House	277
1998 Larson Justice Center	22
2000 Southwest Justice Center	514
2001 CAC Annex	2,557
2003 A Historic Courthouse	1,345
2003 B Capital Facilities	1,053
2005 A Capital Improvement Family Law	5,995
2005 B Historic Refunding	2,363
2006 A Capital Improvements	5,467
2007 A&B Public communication and Refunding	91,738
Restricted Program Money - Flood	10,161
Riverside Court Fin Corp	6,356
District Court	859
Inland Empire Tobacco	17,938
Total Non Major Governmental Funds	170,986
Regional Medical Center	
1993 Hospital Bonds	24,874
Waste Management Department	
Restricted Program Money	82,829
Non Major Enterprise Funds	
Housing Authority Bond	1,681
Restriction Program Money - Flood	2,928
Total Non Major Enterprise Funds	4,609
Internal Service Funds	
Flood Control Equipment	500
Total Restricted Assets	\$ 646,034

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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):

Receivables	General	Teeter	Public	Redevelopment	Major
Governmental Activities:	Fund	Debt Service	Facilities	Capital	Governmental
			Improvements	Projects	Funds
Accounts	\$ 48,196	\$ -	\$ -	\$ -	\$ 48,196
Interest	9,384	432	3,552	6,337	19,705
Taxes	58,256	75,992	-	-	134,248
Due from other governments	239,844	-	225	-	240,069
Notes	-	-	-	6,564	6,564
Total receivables	<u>\$ 355,680</u>	<u>\$ 76,424</u>	<u>\$ 3,777</u>	<u>\$ 6,337</u>	<u>\$ 448,782</u>

Receivables	Major	Nonmajor	Internal	Total
Governmental Activities:	Governmental	Governmental	Service	Governmental
	Funds	Funds	Funds	Activities
Accounts	\$ 48,196	\$ 21,482	\$ 3,122	\$ 72,800
Interest	19,705	3,910	1,655	25,270
Taxes	134,248	12,735	-	146,983
Due from other governments	240,069	37,223	356	277,648
Notes	6,564	22,106	-	28,670
Total receivables	<u>\$ 448,782</u>	<u>\$ 97,456</u>	<u>\$ 5,133</u>	<u>\$ 551,371</u>

Receivables	Regional	Waste	Nonmajor	Total Business-
Business-type Activities:	Medical Center	Management	Funds	type Activities
Accounts	\$ 1,113,338	\$ 4,751	\$ 3,094	\$ 1,121,183
Interest	517	894	59	1,470
Taxes	-	-	9	9
Due from other governments	22,352	187	762	23,301
Gross receivables	1,136,207	5,832	3,924	1,145,963
Less: Allowance for contractals	(698,682)	-	-	(698,682)
Allowance for uncollectibles	(370,387)	(4)	-	(370,391)
Total receivables	<u>\$ 67,138</u>	<u>\$ 5,828</u>	<u>\$ 3,924</u>	<u>\$ 76,890</u>

Of the total governmental receivable of \$551.4 million, \$30.6 million is SB-90 long-term receivable, which has been deferred as of June 30, 2008. Governmental funds defer revenue when receivables are not available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue when resources received, but not yet earned. At June 30, 2008, the components of deferred/unearned revenue were as follows (in thousands):

Governmental activities:	Unavailable	Unearned
General fund:		
Due from other governments, current portion	\$ 66,448	
Resources received that do not yet meet the criteria for revenue recognition		\$ 101,834
Public Facilities Improvement Capital Projects:		
Resources received that do not yet meet the criteria for revenue recognition		235
Nonmajor funds:		
Due from other governments	4,530	
Resources received that do not yet meet the criteria for revenue recognition		21,015
Total governmental	<u>\$ 70,978</u>	123,084
Government-wide activities:		
Redevelopment Agency		
Resources received that do not yet meet the criteria for revenue recognition		8,014
		<u>\$ 131,098</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 8 – INTERFUND TRANSACTIONS

Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2008 is as follows (in thousands):

Due to/from other funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Teeter Debt Service Fund	\$ 6,658	Delinquent Property Taxes
	Public Facilities Improvements	343	Capital Project
	Regional Medical Center	695	Medical Service
	Internal Service Funds	136	Interfund Activities
	Nonmajor Governmental Funds	16,884	Fire Service
		<u>24,716</u>	
Public Facility Improvement Fund	Nonmajor Governmental Funds	727	Capital Project
Internal Service Funds	General Fund	26	Interfund Activities
Nonmajor Governmental Funds	General Fund	257	Capital Projects
	Public Facilities Improvements	801	Transportation
	Redevelopment Capital Projects	1,616	Transportation
	Nonmajor Government Funds	2,757	Interfund Activities
		<u>5,431</u>	
	Total	<u>\$ 30,900</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:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 750 (1)
Internal Service Funds	Internal Service Funds	<u>150 (2)</u>
	Total	<u>\$ 900</u>

1) The Regional Park and Open-Space District Special Revenue Fund advanced \$750 thousand to the Regional Park and Open-Space District Capital Project Fund for the purpose of capital improvement construction projects funded by the State of California. The projects are scheduled to be completed in 2010, upon reimbursement from the State, the funds will be reimbursed to the Special Revenue Fund.

2) Fleet Services Internal Service Fund advanced Central Mail Internal Service fund \$500 thousand in Fiscal Year 2005 for the construction of a facility. As of June 30, 2008, \$150 thousand remains outstanding. Repayment is expected in Fiscal Year 2011.

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, 2008

NOTE 8 – INTERFUND TRANSACTIONS (Continued)

(a) Between Governmental and Business-type Activities:

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Regional Medical Center	\$ 14,400	Operating Contribution
Regional Medical Center	Nonmajor Governmental Funds	3,635	Pension Obligation
Waste Management	Nonmajor Governmental Funds	285	Pension Obligation
Nonmajor Enterprise	Nonmajor Governmental Funds	158	Pension Obligation
	Total	<u>\$ 18,478</u>	

(b) Between Funds within the Governmental Activities:¹

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Nonmajor Governmental Funds	\$ 5,955	Overhead reimbursement
	Nonmajor Governmental Funds	22,770	Reimbursement
	Nonmajor Governmental Funds	23,578	Pension Obligation
	Nonmajor Governmental Funds	32,680	Leases
	Nonmajor Governmental Funds	71	Professional services
	Nonmajor Governmental Funds	10,569	Capital projects
	Nonmajor Governmental Funds	52	Miscellaneous
	Teeter	3,750	Debt service
	Redevelopment Capital	32	Leases
	Public Facilities Capital Project	152,642	Capital projects
	Internal Service Funds	<u>462</u>	Reimbursement
	<u>252,561</u>		
Teeter	General Fund	1,781	Debt Service
Public Facilities Improvement	Nonmajor Governmental Funds	1,394	Reimbursement
	Nonmajor Governmental Funds	11,248	Capital projects
	General Fund	1,472	Capital projects
	General Fund	1	Leases
	General Fund	3,278	Debt service
	General Fund	4,270	Reimbursement
	General Fund	37	Miscellaneous
	Redevelopment Capital	82	Capital projects
	Internal Service Funds	<u>689</u>	Capital projects
		<u>22,471</u>	
Redevelopment Capital Project	General Fund	157	Professional services
	General Fund	85	Reimbursement
	General Fund	9	Miscellaneous
	Public Facilities Capital Project	258	Capital projects
	Nonmajor Governmental Funds	4,695	Capital projects
	Nonmajor Governmental Funds	8,112	Reimbursement
	Nonmajor Governmental Funds	<u>12,881</u>	Debt service
	<u>\$ 26,197</u>		

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 8 – INTERFUND TRANSACTIONS (Continued)

Transfers-Continued

(b) Between Funds within the Governmental Activities (Continued):¹

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
Nonmajor Governmental Funds	General Fund	\$ 434	Overhead reimbursement
	General Fund	70,137	Fire Services
	General Fund	1,230	Administrative support
	General Fund	277	CDGB
	General Fund	2,432	Debt Service
	General Fund	3,759	Leases
	General Fund	706	Law Enforcement
	General Fund	162	Pension Obligation
	General Fund	4,450	Professional services
	General Fund	8,791	Reimbursement
	General Fund	104	Miscellaneous
	Public Facilities Capital Project	496	Reimbursement
	Public Facilities Capital Project	272,353	Capital Projects
	Redevelopment Capital	27,000	Capital Projects
	Nonmajor Governmental Funds	81,888	Debt Service
	Nonmajor Governmental Funds	1,807	Pension Obligation
	Nonmajor Governmental Funds	1,585	CDGB
	Nonmajor Governmental Funds	342	Leases
	Nonmajor Governmental Funds	436	Miscellaneous
	Nonmajor Governmental Funds	578	Administrative support
	Nonmajor Governmental Funds	4,413	Overhead reimbursement
	Nonmajor Governmental Funds	1,113	Professional services
	Nonmajor Governmental Funds	12,215	Reimbursement
	Internal Service Funds	489	Reimbursement
		<u>497,197</u>	
Internal Service Funds	General Fund	1,320	Business services
	Public Facilities Capital Project	73	Capital projects
	Internal Service Funds	2,672	Reimbursement
	Nonmajor Governmental Funds	1,362	Pension Obligation
		<u>5,427</u>	
	Total	<u><u>\$ 805,634</u></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, 2008

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows (in thousands):

	Balance July 1, 2007	Additions	Retirements	Transfers	Balance June 30, 2008
Governmental activities:					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 333,097	\$ 9,939	\$ (762)	\$ -	\$ 342,274
Construction in progress	327,981	95,857	(17,251)	(41,697)	364,890
Total capital assets, not being depreciated	661,078	105,796	(18,013)	(41,697)	707,164
<i>Capital assets, being depreciated:</i>					
Infrastructure					
Flood channels	220,686	1,845	-	1	222,532
Flood storm drains	248,165	14,128	-	4,417	266,710
Flood dams and basins	30,611	-	-	-	30,611
Roads	1,271,463	118,557	-	(19,978)	1,370,042
Traffic signals	18,307	-	-	58	18,365
Bridges	78,460	4,781	-	22,139	105,380
Runways	10,937	1,339	-	406	12,682
Parks trails and improvements	2,684	5,923	(856)	-	7,751
Land improvements	110	-	-	-	110
Structures and improvements	640,844	99,794	(494)	42,543	782,687
Equipment	337,176	48,730	(20,869)	(47)	364,990
Total capital assets, being depreciated	2,859,443	295,097	(22,219)	49,539	3,181,860
Less accumulated depreciation for:					
Infrastructure	(837,658)	(55,959)	24	2,016	(891,577)
Land improvements	(11)	-	-	-	(11)
Structures and improvements	(237,645)	(32,701)	468	(503)	(270,381)
Equipment	(244,029)	(28,890)	19,388	(969)	(254,500)
Total accumulated depreciation	(1,319,343)	(117,550)	19,880	544	(1,416,469)
Total capital assets, being depreciated, net	1,540,100	177,547	(2,339)	50,083	1,765,391
Governmental activities capital assets, net	\$ 2,201,178	\$ 283,343	\$ (20,352)	\$ 8,386	\$ 2,472,555

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 9 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2008 was as follows (in thousands):

	Balance July 1, 2007	Additions	Retirements	Transfers	Balance June 30, 2008
Business-type activities:					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 21,419	\$ -	\$ (272)	\$ -	\$ 21,147
Construction in progress	28,150	7,482	(1,311)	(15,764)	18,557
Total capital assets, not being depreciated	49,569	7,482	(1,583)	(15,764)	39,704
<i>Capital assets, being depreciated:</i>					
Land improvements	11,662	-	-	-	11,662
Infrastructure-landfill liners	34,914	-	-	17,914	52,828
Infrastructure-other	9,836	868	-	123	10,827
Structures and improvements	212,623	786	(402)	(275)	212,732
Equipment	108,896	4,383	(1,624)	(116)	111,539
Total capital assets, being depreciated	377,931	6,037	(2,026)	17,646	399,588
Less accumulated depreciation for:					
Land improvements	(5,091)	(581)	-	-	(5,672)
Infrastructure-landfill liners	(11,141)	(1,895)	-	145	(12,891)
Infrastructure-other	(2,421)	(514)	-	31	(2,904)
Structures and improvements	(62,155)	(6,324)	337	26	(68,116)
Equipment	(89,597)	(5,368)	1,623	(93)	(93,435)
Total accumulated depreciation	(170,405)	(14,682)	1,960	109	(183,018)
Total capital assets, being depreciated, net	207,526	(8,645)	(66)	17,755	216,570
Business-type activities capital assets, net	\$ 257,095	\$ (1,163)	\$ (1,649)	\$ 1,991	\$ 256,274

Depreciation

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

General government	\$ 32,209
Public protection	14,392
Health and sanitation	733
Public assistance	1,214
Public ways and facilities	51,363
Recreation and culture	872
Depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their use of the assets	<u>16,767</u>
Total depreciation expense – governmental functions	<u>\$ 117,550</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 9 – CAPITAL ASSETS (Continued)

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

Regional Medical Center	\$ 8,115
Waste Management	4,674
Housing Authority	1,866
County Service Areas	6
Flood Control	<u>21</u>
Total depreciation expense – business-type functions	<u>\$ 14,682</u>

Capital Leases

	<u>Governmental</u>	<u>Business Type</u>
Structures and improvements	\$ 21,706	\$ -
Equipment	194,560	13,285
Less: Accumulated amortization	<u>(137,248)</u>	<u>(7,561)</u>
Total leased property, net	<u>\$ 79,018</u>	<u>\$ 5,724</u>

Discretely Presented Component Unit

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2008 was as follows (in thousands):

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Capital assets, being depreciated:				
Equipment	\$ 321	\$ 19	\$ (1)	\$ 339
Total capital assets, being depreciated	<u>321</u>	<u>19</u>	<u>(1)</u>	<u>339</u>
Less accumulated depreciation for:				
Equipment	(223)	(39)	1	(261)
Total accumulated depreciation	<u>(223)</u>	<u>(39)</u>	<u>1</u>	<u>(261)</u>
Total capital assets, net	<u>\$ 98</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ 78</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Waste Management (Waste) has recorded \$86.3 million as landfill closure and post-closure care expense to date (based on the use of the estimated capacities of the landfill 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 \$34.9 million as the remaining estimated capacity of 19.0 million tons is filled. Waste expects all currently permitted landfill capacities to be filled by 2039. The total estimate of \$121.2 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, 2008 %	Estimated Years Remaining
Anza (Anza)	\$ 2,794	100.0	-
Badlands (Moreno Valley)	14,435	49.0	8
Blythe (Blythe)	2,344	31.2	31
Coachella (Coachella)	8,702	100.0	-
Desert Center (Desert Center)	741	69.1	3
Double Butte (Winchester)	9,999	100.0	-
Edom Hill (Cathedral City)	19,096	100.0	-
Highgrove (Riverside)	6,620	100.0	-
Lamb Canyon (Beaumont)	7,629	36.3	11
Mead Valley (Perris)	8,631	100.0	-
Mecca II (Mecca)	2,873	99.4	29
Oasis (Oasis)	2,422	70.6	13
	<u>\$ 86,286</u>		

Waste is required by State and Federal laws and regulations to make annual contributions to a trust fund to finance closure and post-closure care. Title 14 of the California Code of Regulations (CCR) requires solid waste landfill operators to demonstrate the availability of financial resources to conduct closure and post-closure maintenance activities.

In accordance with sections 18283 and 18290 of the CCR, 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 \$61.5 million are held for these purposes at June 30, 2008 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, 2008

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, 2008 (in thousands):

<u>Year Ending June 30, 2008</u>		
2009	\$	38,413
2010		31,536
2011		24,433
2012		19,994
2013		14,005
2014-2018		39,987
2019-2023		<u>1,859</u>
Total Minimum Payments	<u>\$</u>	<u>170,226</u>

Rental expense was \$41.09 million principally in the General Fund for the year ended June 30, 2008.

NOTE 12 – SHORT TERM DEBT

Tax and Revenue Anticipation Notes (TRANs)

On July 1, 2007, the County issued \$320 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which were repaid June 30, 2008. The Notes yielded an interest rate of 3.62%. 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 2007-08, the County retired \$53.7 million of the \$86.2 million principal amount outstanding at June 30, 2007. The County then issued tax-exempt Series B of \$136 million in commercial paper notes, leaving an outstanding balance of \$168.4 million at June 30, 2008. The Bank of Nova Scotia provides Letter of Credit (LOC) for the Series B Teeter Notes.

Short-term debt activity for the year ended June 30, 2008, was as follows (in thousands):

	Balance				Balance	
	July 1, 2007	Additions	Reductions		June 30, 2008	
FY 2007-08 TRANs	\$ -	\$ 320,000	\$ (320,000)	\$	-	
Teeter Notes	86,222	136,002	(53,788)	\$	168,436	
Total	<u>\$ 86,222</u>	<u>\$ 456,002</u>	<u>\$ (373,788)</u>	<u>\$</u>	<u>168,436</u>	

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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 \$2.9 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, 2008 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2009	\$ 26,913	\$ 4,779
2010	24,389	4,477
2011	18,310	3,929
2012	11,167	2,779
2013	8,198	1,603
2014-2018	20,275	-
2019-2023	8,251	-
2024-2028	6,914	-
2029-2033	5,093	-
Total minimum payments	<u>129,510</u>	<u>17,567</u>
Less amount representing interest	<u>(24,193)</u>	<u>(1,443)</u>
Present value of net minimum lease payments	<u>\$ 105,317</u>	<u>\$ 16,124</u>

The statement of net assets includes the Palm Desert Financing Authority capital lease of \$20.3 million for the construction of the Blythe County Administrative Center, an animal shelter facility and a clinic facility.

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, 2008 (in thousands):

Governmental Activities

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2008</u>
<i>Certificates of Participation:</i>					
<u>CORAL</u>					
1985 Certificate	12/01/06 – 12/01/15	Variable	\$ 5,400 - \$ 15,000	\$ 169,400	\$ 82,900
Serial Certificates				<u>169,400</u>	<u>82,900</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outs tanding at June 30, 2008
<i>Certificates of Participation (Continued):</i>					
<u>CORAL</u>					
2005 A - Capital Improvement & Family Law Court Refunding:					
Serial Certificates	11/01/06 – 11/01/25	3.0% - 5.00%	\$ 325 - \$ 1740	\$ 28,495	\$ 27,055
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>50,225</u>
<u>CORAL</u>					
2005 B - Historic Courthouse Refunding project:					
Serial Certificates	11/01/06 – 11/01/25	3.0% - 5.00%	\$ 325 - \$ 1740	18,835	17,695
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>21,470</u>
<u>CORAL</u>					
1998 Larson Justice Center:					
Serial Certificate	12/01/06 – 12/01/12	4.30% - 4.75%	\$ 1,195 - \$ 1,550	18,185	7,085
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>25,000</u>
<u>CORAL</u>					
2001 CAC Annex:					
Serial Certificate	11/01/06 – 11/01/26	5.00% - 5.13%	\$ 705 - \$ 1,880	27,120	23,755
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>34,710</u>
<u>CORAL</u>					
2006 Series A - Cap Imp Project:					
Serial Certificate	11/01/08 – 11/01/26	3.75% - 5.13%	\$ 585 - \$ 1,235	16,425	16,425
Term Certificate	11/01/27 – 11/01/31	4.75%	\$ 1,295 - \$ 1,560	7,130	7,130
Term Certificate	11/01/32 – 11/01/35	5.00%	\$ 1,635 - \$ 1,895	7,050	7,050
Term Certificate	11/01/36 – 11/01/37	4.63%	\$ 1,990 - \$ 2,080	4,070	4,070
2006 A- Cap Improv Proj				<u>34,675</u>	<u>34,675</u>
<u>CORAL</u>					
2003 A -Historic Court Project:					
Serial Certificate	11/01/06 – 11/01/18	3.00% - 5.00%	\$ 260 - \$ 400	4,125	3,605
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>\$ 12,670</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2008</u>
<i>Certificates of Participation (Continued):</i>					
<u>CORAL</u>					
2003 B –Capital Facilities Refunding					
Serial Certificate	11/01/06 – 11/01/11	2.00% - 4.20%	\$ 300 - \$900	\$ 8,685	\$ 5,405
2003B- Capital Facilities				<u>8,685</u>	<u>5,405</u>
<u>CORAL</u>					
1990 Monterey Ave (Desert)					
Serial Certificate	11/01/06 – 11/01/20	Variable	\$ 200 - \$ 800	8,800	6,500
Monterey Ave (Desert Fac)				<u>8,800</u>	<u>6,500</u>
<u>CORAL</u>					
2007 A & B Public Safety Communication and Refunding					
Series A	11/01/07 - 11/01/17	3.85 - 5%	\$ 1,560-10,850	73,775	71,990
Series B	11/01/18 - 11/01/21	Auction Rate	\$ 1,825 - 12,300	37,350	37,350
				<u>111,125</u>	<u>109,340</u>
<u>Court Financing Corporation</u>					
Bankruptcy Courthouse					
Acquisition Project	11/01/05– 11/01/27	7.50%	\$ 230 - \$ 1,420	16,120	12,680
Term Certificate				<u>16,120</u>	<u>12,680</u>
<u>District Court Financing Corporation</u>					
U.S. District Court Project (Net of capital appreciation of \$5,035):					
Term /Series 1999	12/15/15 – 06/15/20	7.59%	\$ 640 - \$ 844	2,165	2,165
Term /Series 2002	6/15/15	1.93%	Variable	17,635	9,584
Term certificate	6/15/20	3.00%	Variable	925	700
				<u>20,725</u>	<u>12,449</u>
Total Certificates of Participation				<u>\$ 531,170</u>	<u>\$ 408,024</u>
<i>Bonds Payable:</i>					
<u>CORAL</u>					
2000 Southwest Justice Center:					
Term Certificate	11/01/06 – 11/01/13	4.88% - 5.40%	\$ 1,585 - \$ 2,240	17,945	11,820
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>88,120</u>
<u>CORAL (Sheriff Department)</u>					
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>
<u>RDA</u>					
2006 Tax Alloc/Lease Revenue					
Bonds Payable	10/01/06 – 10/01/37	4.50% - 5.00%	\$ 1,995 - \$ 6,490	144,075	139,610
				<u>\$ 144,075</u>	<u>\$ 139,610</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
<i>Bonds Payable (Continued):</i>					
<u>RDA</u>					
2004 A Tax Alloc Housing Bonds	10/01/05 – 10/01/37	4.75% - 5.00%	\$ 4,700 - \$ 16,015	\$ 38,225	\$ 38,225
Bonds Payable				<u>38,225</u>	<u>38,225</u>
<u>RDA</u>					
2004 A-T Tax Alloc Housing Bonds	10/01/05 – 10/01/28	2.90% - 4.87%	\$ 1,800 - \$ 7,955	37,000	33,280
Bonds Payable				<u>37,000</u>	<u>33,280</u>
<u>RDA</u>					
2005 Tax Allocation Housing/Refunding	10/01/05 – 10/01/33	3.00% - 4.50%	\$ 365 - \$ 4,120	18,245	17,145
Bonds Payable				<u>18,245</u>	<u>17,145</u>
<u>RDA</u>					
2007 Tax Allocation Refunding Bond (Series A)	10/01/06 – 09/1/34	3.00% - 4.50%	\$ 1,725 - \$ 6,450	89,990	89,990
Bonds Payable				<u>89,990</u>	<u>89,990</u>
<u>Taxable Pension Obligation Bond</u>					
Series 2005 A	8/15/05 – 8/15/35	4.91%	\$ 3,155 - \$ 5,530	400,000	387,995
Bonds Payable				<u>400,000</u>	<u>387,995</u>
<u>Inland Empire Tobacco Securitization Authority</u>					
Series 2007 A	06/01/08-06/01/17	5.10%	\$ 1,385 - \$ 13,590	87,650	83,865
Series 2007 B	06/01/17-06/01/26	5.75%	\$ 9,835 - \$ 21,825	53,758	53,758
Series 2007 C-1	06/01/36	6.63%	\$ 53,542	53,542	53,542
Series 2007 C-2	06/01/45	6.75%	\$ 29,653	29,653	29,653
Series 2007 D	06/01/57	7.00%	\$ 23,457	23,457	23,457
Series 2007 E	06/01/57	7.63%	\$ 18,948	18,948	18,948
Series 2007 F	06/01/57	8.00%	\$ 27,076	27,076	27,076
Bonds Payable				<u>294,084</u>	<u>290,299</u>
Total Bonds Payable				<u>\$ 1,117,597</u>	<u>\$ 1,086,397</u>
<u>Loans Payable:</u>					
<u>RDA</u>					
2000 Loans Payable	01/01/05 – 01/01/15	3.50% - 7.00%	\$ 56 - \$ 956	1,329	1,578
2004 Loans Payable (TAB)	10/01/05 – 01/01/37	2.50% - 5.00%	\$ 2,705 - \$ 40,300	102,785	97,855
2007 Loans- Series A (Tab)	10/01/07 – 01/01/37	3.50% - 4.37%	\$ 3,380 - \$ 8,925	169,720	166,340
2007 Loans- Series B (Tab)	10/01/07 – 01/01/37	4.00% - 4.75%	\$ 645 - \$ 1,955	33,820	33,175
<u>CORAL</u>					
2007 Monroe Prk Bldg.	12/5/2015	6.50%	\$ 122 - \$ 4,621	5,973	5,861
Total Loans Payable				<u>\$ 313,627</u>	<u>\$ 304,809</u>
<u>CORAL</u>					
2006 Capital Anticipation Notes	12/1/06 - 11/12/09	PoolRate	\$ 6,000	6,000	6,000
Total Notes Payable				<u>6,000</u>	<u>6,000</u>
Total Governmental Activities				<u>\$ 1,968,394</u>	<u>\$ 1,805,230</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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, 2008
Bonds Payable:					
<u>Regional Medical Center</u>					
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
Loss on Defeasance (net)				-	(1,666)
1993 A & B – bonds				<u>149,060</u>	<u>51,984</u>
<u>Regional Medical Center</u>					
1997 A (Hospital) Serial Capital					
Cap Apprec. Bonds (net of future cap apprec \$104,487)	06/01/13 – 06/01/26	5.70% - 6.01%	\$ 1,081 - \$ 4,981	41,170	41,170
1997A RCRMC bonds				<u>41,170</u>	<u>41,170</u>
<u>Regional Med Center 1997</u>					
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	63,575
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				-	(16)
Loss on Defeasance (net)				-	(1,986)
1997 B & C (Hospital)				<u>70,252</u>	<u>65,540</u>
<u>Regional Medical Center</u>					
2003 A & B (Hospital):					
Term Bonds (Series A)	06/01/04 – 06/01/09	2.50% - 5.00%	\$ 6,150 - \$ 11,030	56,140	11,030
Term Bonds (Series B)	06/01/04 – 06/01/07	3.35%	\$ 4,040	4,040	-
Bond Premium				-	159
2003 A & B – bonds				<u>60,180</u>	<u>11,189</u>
<u>Housing Authority</u>					
1998 Series A:					
Term Bonds	12/01/05-12/01/07	6.25%	\$ 60 - \$ 90	780	80
Term Bonds	12/01/08-12/01/18	6.85%	\$ 100 - \$ 200	1,625	1,545
Deferred Charges				-	(694)
Term Bonds				<u>2,405</u>	<u>931</u>
Total Bonds Payable				\$ 323,067	\$ 170,814
Total Business-Type Activities				\$ 323,067	\$ 170,814

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2008, annual debt service requirements of governmental activities to maturity are as follows (in thousands):

Governmental Year ending June 30	Loans Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2009	\$ 4,747	\$ 14,106	\$ 15,810	\$ 25,010
2010	4,950	13,910	17,127	23,722
2011	5,144	13,728	18,464	22,306
2012	11,243	13,530	26,242	20,400
2013	4,122	8,566	28,216	18,368
2014-2018	37,314	62,860	135,710	60,093
2019-2023	40,299	54,851	80,410	29,220
2024-2028	50,310	44,495	37,095	17,156
2029-2033	67,525	32,101	29,360	8,454
2034-2038	79,155	16,020	19,590	2,147
Total	\$ 304,809	\$ 274,165	\$ 408,024	\$ 226,876

Governmental Year ending June 30	Bonds Payable		Other Long-term Liabilities	
	Principal	Interest	Principal	Interest
2009	\$ 18,990	\$ 41,568	\$ -	\$ -
2010	20,830	40,777	-	-
2011	78,358	50,175	-	-
2012	42,550	36,966	-	-
2013	29,090	29,024	-	-
2014-2018	182,010	165,497	1,500	-
2019-2023	203,228	122,828	-	-
2024-2028	153,625	72,855	-	-
2029-2033	129,175	40,835	-	-
2034-2038	129,407	12,806	-	-
2039-2043	-	-	-	-
2044-2048	29,652	1,945	-	-
2049-2053	-	-	-	-
2054-2057	69,482	4,671	-	-
Total	\$ 1,086,397	\$ 619,945	\$ 1,500	\$ -

Governmental Year ending June 30	Notes Payable	
	Principal	Interest
2009	\$ -	\$ 200
2010	6,000	74
Total	\$ 6,000	\$ 274

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2008, annual debt service requirements of business-type activities to maturity are as follows (in thousands):

Business-type Year ending June 30	Bonds Payable		Other Long-term Liabilities	
	Principal	Interest	Principal	Interest
2009	\$ 11,515	\$ 12,222	\$ -	\$ -
2010	12,735	11,982	-	-
2011	13,555	11,469	-	-
2012	14,430	10,921	-	-
2013	10,674	10,301	-	-
2014-2018	68,698	43,602	6,795	-
2019-2023	32,434	28,287	-	-
2024-2028	10,977	6,226	-	-
Total Requirements	175,017	135,009	\$ 6,795	\$ -
Bond Premium, net	159	-		
Bond Discount	(16)	-		
Deferred Charges (Housing)	(694)	-		
Loss on Defeasance (net)	(3,652)	-		
Total	\$ 170,814	\$ 135,009		

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2008 (in thousands):

	Balance July 1, 2007		Additions	Reductions	Balance June 30, 2008	
Governmental Activities:						
<i>Certificates of Participation:</i>						
Court Financing (US District Court Project)	\$	1,780	\$ 307	\$ -	\$	2,087
<i>Bonds:</i>						
Inland Empire Tobacco Securitization Authority			12,500			12,500
Total governmental-type activities	\$	1,780	\$ 12,807	\$ -	\$	14,587
Business-type Activities:						
<i>Lease Revenue Bonds:</i>						
Regional Medical Center (1997A Hosp)	\$	34,322	\$ 4,527	\$ -	\$	38,849
Total business-type activities	\$	34,322	\$ 4,527	\$ -	\$	38,849

The accreted interest payable balances at June 30, 2008 represent accreted interest on the U.S. District Court Project, the 2007 Inland Empire Tobacco Securitization Authority Bonds, and the 1997 A Hospital Serial Capital Appreciation Bonds. The original issues were \$2.2 million for the U.S. District Court Project, \$294.1 million for the 2007 Inland Empire Tobacco Securitization Authority Bonds, and \$41.2 million for the 1997 A Hospital Serial Capital Appreciation Bonds. The total accreted value on the bonds and certificates upon maturity will be \$7.2 million for the U.S. District Court Project, \$12.5 million for the 2007 Inland Empire Tobacco Securitization Authority Bonds, and \$171.6 million for the 1997 A Hospital Serial Capital Appreciation Bonds.

The increases of \$12.8 million and \$4.5 million represent current year's accretion for governmental activities and business activities respectively. Accumulated accretion is \$38.8 million at June 30, 2008.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable (Continued)

The U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority account for the remainder of \$14.5 million. The un-accreted balances at June 30, 2008 are \$91.5 million for the 1997-A Hospital (RCRMC) project, \$5.0 million for the U.S. District Court, and \$3.4 billion for the Tobacco Securitization Authority Capital Appreciation Bonds.

Bonds, Certificates of Participation/ Refunding

During fiscal year ended June 30, 2008, CORAL authorized the issuance of \$111.1 million in Certificate of Participation Bonds comprising of 2007 Series A – *Fixed Rate Certificates* (\$73.7 million), and 2007 Series B – *Auction Rate Certificates* (37.3 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 3.9% to 5.0% and have a maturity date of November 1, 2017. The interest rates on the 2007 Series B certificates will be determined by the auction agent during each auction period given that the 2007 Series B are being issued as auction rate certificates. The 2007 Series B certificates mature on November 1, 2021.

The advance refunding of the 1997 Lease Refunding certificates resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$206.0 thousand. CORAL completed the advance refunding to reduce its total debt service payments by approximately \$2.1 million and obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$1.2 million.

On August 16, 2007 the Inland Empire Tobacco Securitization Authority (Authority) issued \$294.1 million of Tobacco Settlement Asset-Backed Bonds to provide resources to purchase, through the Corporation, the County of Riverside's Sold County Tobacco Assets (rights). The Authority issued \$219.7 million for the Series 2007A Turbo Current Interest Rate Bonds. The Series A Current Interest Rate Bonds are for \$87.7 million with an interest rate of 5.1%, final early (Turbo) redemption date of June 1, 2017, with a due date of June 1, 2021.

The Authority issued \$53.8 million for the Series 2007B Turbo Convertible Capital Appreciation Bonds with an interest rate of 5.8%, final Turbo redemption date of June 1, 2020, with a due date of June 1, 2026. The 2007B Bonds will convert to current interest bonds on December 1, 2011, after which the owners shall be entitled to current payments of interest on each interest payment date after the conversion date. The Series 2007A Bonds are subject to optional redemption, in whole or in part, on any date on and after June 1, 2021, at a redemption price of 100% of the principal, together with interest accrued thereon to the redemption date, without premium.

The Authority issued \$53.5 million for the Series 2007C-1 First Subordinate Capital Appreciation Bonds with an interest rate of 6.6%, final Turbo redemption date of June 1, 2026, with a due date of June 1, 2036.

The Authority issued \$29.7 million for the Series 2007C-2 First Subordinate Capital Appreciation Bonds with an interest rate of 6.8%, final Turbo redemption date of June 1, 2033, with a due date of June 1, 2045.

The Authority issued \$23.5 million for the Series 2007D First Subordinate Capital Appreciation Bonds with an interest rate of 7.0%, final Turbo redemption date of June 1, 2032, with a due date of June 1, 2057.

Defeasance of Debt

In April 2007, the Redevelopment Agency (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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Defeasance of Debt (Continued)

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. At June 30, 2008, \$86.4 million in 2001 Tax Allocation Bonds held in trust were considered to be defeased and outstanding.

In April 2005, CORAL issued \$22.6 million of Certificates of Participation, Series B (2005 Series B – Historic Courthouse Refunding). The proceeds from the sale of the certificates were used to advance refund \$21.1 million of the 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, 2008, was \$2.6 million.

In August 2007, CORAL issued \$111.1 million of Certificates of Participation Bonds, 2007 Series A- *Fixed Rate Certificates* (\$73.7 million), and 2007 Series B – *Auction Rate Certificates* (\$37.5 million). A portion of the proceeds from the sale of the certificates were used to refund \$24.2 million of the 1997 Lease Refunding Certificates of Participation. The advance refunding resulted in a loss on refunding of \$206.5 thousand. Accordingly, the refunded certificates have been eliminated and the advance refunding certificates have been included in the financial statements. The amount of the defeased debt outstanding at June 30, 2008 was \$22.8 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 \$57.3 million of Mortgage Revenue Bonds has been issued and \$53.7 million is outstanding as of June 30, 2008. 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 \$160.1 million at June 30, 2008, 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, 2008

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 \$4.1 million as of June 30, 2008, 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 5.2%. 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, the County paid Citigroup Financial Products, Inc., (Citigroup) a fixed payment rate of 5.2%. As of December 2003, the "Alternative Floating Rate Option" was used to calculate interest paid to the County. The "Alternate Floating Rate Option" means a per annum rate, not to exceed the maximum interest rate payable on the Bonds, expressed as a decimal, equal to 64.0% of the monthly London Interbank Offered Rate (LIBOR) in effect for each Alternative Floating Rate Reset Date in the relevant calculation period. Conversely, the Bond variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA).

Fair Value: The swap had a negative fair value of \$13.0 million as of June 30, 2008. The fair value is the market price quoted by Citigroup on June, 30 2008.

Credit Risks: The swap counterparty was rated Aa1 by Moody's and AA- by Standard & Poor's as of June 30, 2008. 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, 2008, the County's rate was 64.0% of LIBOR, or 1. 6%, whereas Municipal Swap Index was 1. 5%. The synthetic rate on the bonds at June 30, 2008 was 3.6%.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap (Continued)

Swap Payment and Associated Debt: Using rates as of June 30, 2008, 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):

Fiscal Year Ending June 30	Variable Rate Bonds		Net Swap Payments	Total Interest
	Principal	Interest		
2009	\$ -	\$ 2,253	\$ 1,714	\$ 3,967
2010	-	2,253	1,714	3,967
2011	-	2,253	1,714	3,967
2012	-	2,253	1,714	3,967
2013	-	2,254	1,715	3,969
2014-2018	10,300	10,870	7,663	18,533
2019-2023	16,500	9,705	4,985	14,690
2024-2028	21,500	8,082	1,554	9,636
2029 - 2033	28,000	3,053	122	3,175
	<u>\$ 76,300</u>	<u>\$ 42,976</u>	<u>\$ 22,895</u>	<u>\$ 65,871</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, 2008

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, 2008 (in thousands):

	Balance	New	Payments	Balance	Amounts Due
	July 1, 2007	Additions	/ Reclass	June 30, 2008	Within
					One Year
Governmental activities:					
Debt long-term liabilities:					
Bonds payable	\$ 806,398	\$ 294,084	\$ (14,085)	\$ 1,086,397	\$ 18,990
Capital lease obligations	87,337	27,687	(9,707)	105,317	22,513
Certificates of participation	335,866	111,125	(38,967)	408,024	15,810
Loans payable	310,139	-	(5,330)	304,809	4,747
Notes payable	-	6,000	-	6,000	-
Total debt long-term liabilities	1,539,740	438,896	(68,089)	1,910,547	62,060
Other long-term liabilities:					
Accreted interest payable	1,780	12,807	-	14,587	-
Compensated absences*	124,908	13,284	(422)	137,770	79,117
Estimated claims liabilities	135,228	65,650	(65,557)	135,321	38,235
Other long-term liabilities (a)	1,500	-	-	1,500	-
Total other long-term liabilities	263,416	91,741	(65,979)	289,178	117,352
Total governmental activities – long-term liabilities	\$ 1,803,156	\$ 530,637	\$ (134,068)	\$ 2,199,725	\$ 179,412
Business-type activities:					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses**	\$ 181,263	\$ -	\$ (10,449)	\$ 170,814	\$ 11,515
Capital lease (RCRMC)	17,844	2,397	(4,117)	16,124	4,194
Total debt long-term liabilities	199,107	2,397	(14,566)	186,938	15,709
Other long-term liabilities:					
Accreted interest payable	34,322	4,527	-	38,849	-
Accrued closure and post-closure	49,900	3,576	(5,302)	48,174	4,262
Compensated absences*	16,863	1,849	(55)	18,657	10,831
Accrued remediation costs	19,749	533	-	20,282	1,218
Other long-term liabilities (b)	6,795	-	-	6,795	-
Total other long-term liabilities	127,629	10,485	(5,357)	132,757	16,311
Total business-type activities – long-term liabilities	\$ 326,736	\$ 12,882	\$ (19,923)	\$ 319,695	\$ 32,020

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

** The reduction in bonds payable amount of \$10.5 million includes a bond premium of \$159.0 thousand, a bond discount amortization of \$16.0 thousand, deferred charges of \$694.0 thousand, and losses on bond defeasance of \$3.7 million during fiscal year 2007-08.

(a) Fleet & Purchasing (ISF) has \$1.5 million in “Other Long-term liabilities” (Governmental) 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, 2008

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Disclosure of Pledged Revenues

Inland Empire Tobacco Securitization Authority, a blended component unit of the County, issued \$294.1 million of tobacco asset-backed bonds. The bonds are primarily secured by pledging a portion of County Tobacco Assets*** made payable to the County pursuant to agreements with the State and other parties. The portion of revenues that will be used to pay the debt service are (i) the County Tobacco Assets to the extent consisting of or relating to amounts due to the County after the first \$10.0 million has been paid to the County in each year beginning on January 1, 2008 and ending on December 31, 2020, (ii) the County Tobacco Assets to the extent consisting of or relating to amounts due to the County after the first \$11.5 million has been paid to the County in each year beginning on January 1, 2021 and ending on December 31, 2026, (iii) the County Tobacco Assets to the extent consisting of or relating to amounts due to the County from and after January 1, 2027, and (iv) the County Tobacco Assets to the extent consisting of or relating to the applicable percentage of a lump sum payment of 22.9% to the County and 77.1% to the Tobacco Securitization Authority for Calendar year 2008. During the fiscal year ended June 30, 2008, \$17.1 million was received by the Tobacco Authority; \$10.0 million, or 58.4% was distributed to the County per the above agreement, leaving \$7.1 million, or 41.6% of the specific tobacco settlement revenues were pledged.

Redevelopment Agency has pledged a portion of future tax increment revenues and a portion of investment earnings to repay the Agency's long-term debt. The Agency's long-term debt is payable solely from the tax increment and a portion of investment earnings in the Agency's project areas. Total principal and interest remaining on the bonds is \$1.2 billion, payable through fiscal year 2038. During the fiscal year ended June 30, 2008, \$96.7 million was received from tax increment and investment earnings combined. Of this amount, principal and interest paid were \$10.1 million and \$28.2 million respectively, or 39.7% of the specific revenues pledged.

The Housing Authority 1998 bonds are secured by an agreement with the City of Corona, which has pledged to pay \$218.0 thousand to the Housing Authority each year until the bonds are redeemed in their entirety on December 1, 2018. The bond indenture requires the Housing Authority to remit the entire \$218.0 thousand received each year to the bond trustee to pay for the bond's annual debt service payments, which in fiscal year 2008 were \$100.0 thousand (principal) and \$114.0 thousand (interest).

The Housing Authority reports the \$218.0 thousand received each year as revenue. In fiscal year 2008, the \$218.0 thousand represented about .3% of the total revenues of the Housing Authority. MBIA Insurance Corporation has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2008, before applying the deferred charge, was \$1.6 million.

*** Tobacco settlement revenue required to be paid to the State of California under the Master Settlement Agreement entered into by participating cigarette manufacturers, 46 states, California, and six other U.S. jurisdictions, in November 1988 in settlement of certain cigarette smoking-related litigation.



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COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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, 2008 are as follows (in thousands):

	Major Funds			
	General Fund	Public Facilities Improvements	Redevelopment Capital Projects	Total Major Governmental Funds
<u>Reserved:</u>				
Encumbrances	\$ 5,905	\$ 4,132	\$ 72,765	\$ 82,802
Imprest cash	384	1	-	385
Inventories	2,105	-	-	2,105
Receivables	-	-	-	-
Advances	-	-	-	-
Program operations	72,169	11,473	-	83,642
Construction	-	575,309	-	575,309
Notes receivable	-	-	6,564	6,564
General	350	-	-	350
Debt service	177	-	-	177
Land held for resale	-	-	42,707	42,707
Prepays	3,376	-	-	3,376
Capital outlay	-	-	-	-
Total reserved fund balances	84,466	590,915	122,036	797,417
<u>Unreserved:</u>				
Unreserved, designated:				
Strategic planning	110,320	-	-	110,320
Probation	5,758	-	-	5,758
Public safety	12,431	-	-	12,431
Program operations	127,540	-	234,582	362,122
Capital projects and programs	79,581	-	-	79,581
Total unreserved, designated fund balances	335,630	-	234,582	570,212
Total unreserved, undesignated fund balances	58,672	-	-	58,672
Total fund balances	\$ 478,768	\$ 590,915	\$ 356,618	\$ 1,426,301

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 14 – FUND BALANCES (Continued)

<u>Nonmajor Funds</u>					
Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental	Total Governmental Funds	<u>Reserved:</u>
\$ 32,799	\$ -	\$ 961	\$ 33,760	\$ 116,562	Encumbrances
151	-	-	151	536	Imprest cash
1,044	-	-	1,044	3,149	Inventories
957	4,224	-	5,181	5,181	Receivables
750	-	-	750	750	Advances
19,357	-	-	19,357	102,999	Program operations
1,851	-	91,981	93,832	669,141	Construction
22,106	-	-	22,106	28,670	Notes receivable
51	19,871	4,883	24,805	25,155	General
-	95,502	-	95,502	95,679	Debt service
23,359	-	-	23,359	66,066	Land held for resale
-	-	169	169	169	Capital outlay
4,637	-	10,994	15,631	19,007	Prepays
<u>107,062</u>	<u>119,597</u>	<u>108,988</u>	<u>335,647</u>	<u>1,133,064</u>	Total reserved fund balances
					<u>Unreserved:</u>
					Unreserved, designated:
-	-	-	-	110,320	Strategic planning
-	-	-	-	5,758	Probation
-	-	-	-	12,431	Public safety
38,876	-	-	38,876	400,998	Program operations
-	-	6,935	6,935	86,516	Capital projects and programs
<u>38,876</u>	<u>-</u>	<u>6,935</u>	<u>45,811</u>	<u>616,023</u>	Total unreserved, designated fund balances
332,537	-	-	332,537	391,209	Total unreserved, undesignated fund balances
<u>\$ 478,475</u>	<u>\$ 119,597</u>	<u>\$ 115,923</u>	<u>\$ 713,995</u>	<u>\$ 2,140,296</u>	Total fund balances

Net Assets. The government-wide statement of net assets reports \$769.4 million of restricted net assets for governmental activities, of which \$256.8 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, 2008

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 \$15.0 million, subject to a self-insured retention (SIR) of \$1.0 million for each occurrence. A self insured retention is a form of a deductible. The County also purchases an additional \$10.0 million per occurrence excess of the \$15.0 million for a total of \$25.0 million in limits. Medical malpractice utilizes an excess policy providing coverage on claims made basis. Limits under the malpractice policy are \$10.0 million subject to a self-insured retention of \$1.1 million. The general liability policy provides an additional \$10.0 million in excess limits above the medical malpractice policy for a total of \$20.0 million. The maximum limit under the excess workers' compensation, Section A, is statutory (unlimited); Section B, employer liability is \$5.0 million per claim. Section A is subject to a \$2.0 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 \$50.0 thousand deductible; Flood coverage is subject to a 2.0% deductible within a 100-year flood zone and \$25.0 thousand outside a 100-year flood zone. The County's property is categorized into four Towers and each Tower provides \$600.0 million in limits. Earthquake (covering scheduled locations equal to or greater than \$1.0 million in value and lesser valued locations where such coverage is required by contract) has a sub-limit in each Tower of \$80.0 million with an additional \$285.0 million excess rooftop limit available to any one Tower. In addition, for earthquake, the program includes a \$250.0 million excess rooftop limit that may be triggered during the policy year if an earthquake event somewhere in the state has depleted the initial limits. Earthquake is subject to a deductible equal to 5.0% of replacement cost value subject to a \$100.0 thousand minimum. Boiler and Machinery provides up to \$100.0 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, 2008 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 70.0% 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 and Workers' Compensation Internal Service Funds at June 30, 2008 plus revenues to be collected during fiscal year 2008-09 are expected to be sufficient to cover all fiscal year 2008-09 payments. The carrying amount of unpaid claim liabilities is \$135.3 million. The liabilities are discounted at 4.0%.

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

	June 30, 2007	June 30, 2008
Unpaid claims, beginning of year	\$ 130,164	\$ 135,228
Increase (decrease) in provision for insured events of prior years	(5,000)	692
Incurred claims for current year	64,293	64,958
Claim payments	(54,229)	(65,557)
Unpaid claims, end of year	<u>\$ 135,228</u>	<u>\$ 135,321</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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, and the County Medically Indigent Services Program (MISP). Net patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payers, and others for services rendered. In addition, net patient service revenue includes a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and state government programs and other third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed at a per diem rate based upon estimated certified public expenditures (CPEs) and outpatient services are reimbursed under a schedule of maximum allowable reimbursement provided by the California Department of Health Care Services. Inpatient acute care services rendered to Medicare program beneficiaries are reimbursed based upon pre-established rates for diagnostic-related groups. Inpatient non-acute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost-reimbursement methodology. 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 services revenue. The fiscal intermediary has audited the Regional Medical Center's Medicare cost reports through June 30, 2002 and June 30, 2006 for Medi-Cal. Reports on the results of desk reviews have been received through June 30, 2005 for Medicare which are subject to revision within a three year period.

In September 2005, the State of California significantly modified its Medi-Cal program under a new waiver with the Centers for Medicare and Medicaid Services (CMS). In connection with the new waiver, the State legislature passed the Medi-Cal Hospital Uninsured Demonstration Project Act, or SB 1100, which replaced the SB 855 and SB 1255 programs. For the SB 1100 program, the State continues to provide supplemental payments to the hospital for uncompensated care. However, the use of intergovernmental transfers (IGTs) by the State, as the non-federal match, was modified to a methodology consisting of certified public expenditures (CPEs) up to 50 percent of costs and IGTs of 75 percent of costs. The Regional Medical Center has recorded net patient revenue of \$79.4 million for SB-1100 for the year ended June 30, 2008.

All certified public expenditures (CPEs) reported by the hospital will be subject to State and Federal audit and final reconciliation process. If at the end of the final reconciliation process it is determined that the hospital's claimed CPEs resulted in an overpayment to the State, the hospital may be required to return the overpayment whether or not they received the federal matching funds.

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, 2008 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.

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2008

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Coachella Valley Association of Governments was formed in November 1973 with the cities of Coachella, Desert Hot Springs, Indian Wells, Indio, Palm Springs, and Rancho Mirage. The purpose of the Association is to conduct studies and projects designed to improve and coordinate the common governmental responsibilities and services on an area-wide and regional basis.

Western Riverside Council of Governments was formed in November 1989 with the cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Hemet, Lake Elsinore, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, and Temecula for the purpose of serving as a forum for consideration, study, and recommendation on area-wide and regional problems.

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

Van Horn Regional Treatment Facility was organized in January 1991 with Los Angeles, San Diego, San Bernardino, 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

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2008

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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.

NOTE 18 – RETIREMENT PLAN

Plan Descriptions

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. State statute establishes the contribution requirements of the plan member. The employer contribution rate is established and may be amended by CalPERS. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2007-08, the contribution rates were:

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
Contribution rates:					
County	12.004%	18.581%	13.189%	14.051%	14.177%
Plan Members	8.000%	9.000%	8.000%	8.000%	8.000%

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2008

NOTE 18 – RETIREMENT PLAN (Continued)

Annual Pension Cost

For fiscal year 2007-08, the annual pension costs for CalPERS is equal to the employer's required and actual contributions as noted below (in thousands):

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
Annual required contribution	\$ 85,413	\$ 37,950	\$ 1,752	\$ 596	\$ 606
Interest on net pension obligation (asset)	(24,036)	(6,621)	-	-	-
Adjustment to annual required contribution	17,943	4,942	139	-	434
Annual pension cost	79,320	36,271	1,891	596	1,040
Contributions made	(85,413)	(37,950)	(1,752)	(596)	(606)
Increase(decrease) in net pension obligation (asset)	(6,093)	(1,679)	139	-	434
Net pension obligation (asset) beginning of year	(310,138)	(85,430)	(2,501)	-	(3,252)
Net pension obligation (asset) end of year	\$ (316,231)	\$ (87,109)	\$ (2,362)	\$ -	\$ (2,818)

Three-Year Trend Information
(Dollar Amounts in thousands)

	Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
County - Miscellaneous	June 30, 2006	\$ 75,534	90.73 %	\$ (304,161)
	June 30, 2007	73,628	108.12	(310,138)
	June 30, 2008	79,320	107.68	(316,231)
County - Safety	June 30, 2006	29,176	93.39	(83,784)
	June 30, 2007	32,986	104.99	(85,430)
	June 30, 2008	36,271	104.63	(87,109)
Flood Control	June 30, 2006	1,577	91.90	(2,640)
	June 30, 2007	1,746	92.04	(2,501)
	June 30, 2008	1,891	92.65	(2,362)
Parks District	June 30, 2006	757	100.00	-
	June 30, 2007	524	100.00	-
	June 30, 2008	596	100.00	-
Waste Management	June 30, 2006	656	60.24	(3,686)
	June 30, 2007	1,119	61.22	(3,252)
	June 30, 2008	1,040	58.27	(2,818)

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2008

NOTE 18 – RETIREMENT PLAN (Continued)

Actuarial methods and assumptions

The following information as of the most recent actuarial valuation:

	<u>County Miscellaneous</u>	<u>County Safety</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Actuarial Valuation	6/30/2007	6/30/2007	6/30/2007	6/30/2007	6/30/2007
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	30	30	30	16	16
Asset Valuation method	15 Years Smoothed Market	15 Years Smoothed Market	15 Years Smoothed Market	15 Years Smoothed Market	15 Years Smoothed Market
Actuarial assumptions:					
Investment rate of return	7.75%	7.75%	7.75%	7.75%	7.75%
Projected salary increases	3.25 %- 14.45%*	3.25 %- 13.15%*	3.25 %- 14.45%*	3.25 %- 14.45%*	3.25 %- 14.45%*
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%
Payroll Growth	3.25%	3.25%	3.25%	3.25%	3.25%

* Projected salary increases vary depending on Age, Service, and type of employment.

Funded Status and the Funding Progress

The following is funded status information for each plan as of June 30, 2007, the most recent actuarial valuation date, (Dollars in thousands):

	Actuarial Value of Assets (a)	Actuarial Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (Excess of assets over AAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of Assets over AAL) as a Percentage of Covered Payroll ((b-a)/c)
County - Miscellaneous	\$ 2,894,148	\$ 3,029,360	\$ 135,212	95.54 %	\$ 754,118	17.93 %
County - Safety	1,291,421	1,369,534	78,113	94.30	214,634	36.39
Flood Control	82,383	90,833	8,450	90.70	13,818	61.15
Parks District**	576,070	699,664	123,594	82.34	139,335	88.70
Waste Management**	576,070	699,664	123,594	82.34	139,335	88.70

** The amounts disclosed are for the entire Risk Pool fund in which Parks District and Waste Management participate and not solely of their specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements
June 30, 2008

NOTE 19 – DEFINED BENEFIT PENSION PLAN

Plan Descriptions and Contribution Information

Plan Description. The County provides an IRS Section 401(a) single-employer 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 plan is self-funded and self-administered. Contributions made to the Plan are deposited with the County Treasurer, who invests the contributions. A participant is 100% vested immediately.

Contributions. Participants in the plan are required to contribute 3.75% of their compensation to the plan. The County's current required contribution rate is 1.8%. The County elected to contribute 5.78%, the prior year required contribution rate, in order to increase the plan's funded ratio. The County's rate is impacted by the rate of return earned by Plan assets. The Plan actuary periodically calculates the minimum recommended employee and employer contribution rates through preparation of an actuarial valuation report. The County determines the contribution rates. Administrative costs of the plan are paid by the Trustee from Plan assets.

Membership for the plan consisted of the following at July 1, 2007, the date of the latest actuarial valuation:

Number of Participants:	
Active plan members	2,630
Terminated and Inactive Members	6,578
Retirees	<u>68</u>
Total	<u>9,276</u>

Summary of Significant Accounting Policies

Basis of Accounting. The pension plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments of the pension trust are fully invested in the County pool and reported at fair value as described in Note 1.

Annual Pension Cost and Net Pension Obligation

(in thousands)

Annual required contribution	\$ 745
Interest on net pension obligation (asset)	-
Adjustment to annual required contribution	-
Annual pension cost	<u>745</u>
Contributions made	<u>(1,993)</u>
Increase(decrease) in net pension obligation (asset)	(1,248)
Net pension obligation (asset) beginning of year	-
Net pension obligation (asset) end of year	<u><u>\$ (1,248)</u></u>

COUNTY OF RIVERSIDE
Notes to Basic Financial Statements (Continued)
June 30, 2008

NOTE 19 – DEFINED BENEFIT PENSION PLAN (Continued)

Schedule of Funding Progress

The funded status of the plan as of July 1, 2007, the most recent actuarial valuation date is as follows (in thousands):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
\$ 13,778	\$ 20,468	\$ 6,690	67.31 %	\$ 41,333	16.19 %

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statement, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial methods and assumptions

The following information as of the date of the most recent actuarial valuation:

Valuation Date	7/1/2007
Actuarial cost method	
Amortization method	Projected Unit Credit Level dollar Projected Payroll
Remaining amortization period	20 years , Open
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	3.0%
Inflation Rate	3.0%

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 20 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

The County, and the following special districts: the Flood Control and Water Conservation District (Flood Control), the Regional Park and Open-Space District (Park District) and Waste Management, offer benefits to eligible retirees.

The benefits are provided in the form of:

- Monthly contributions towards the retiree’s medical plan premium, for those eligible retirees enrolled in County sponsored medical plans,
- Allow non-Medicare eligible retirees to receive medical plan coverage at the active employee premium rates instead of normally higher retiree rates. Only those employees who retire prior to January 1, 2009 are eligible for this benefit and the benefit will cease effective January 1, 2011, at which time all retirees will be required to pay “retiree only” (i.e. unblended) premium rates, and
- Monthly contributions to the Riverside Sheriff’s Association (RSA) Trust for RSA law enforcement retirees.

Benefit provisions are established and amended through negotiations between the County and the respective unions. The County administers each plan’s medical benefits. A qualified Internal Revenue Code Section 115 trust has been established for each plan (except Waste Management) with the California Employers’ Retiree Trust (CERBT). CERBT administers each plan’s assets. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained from CalPERS Employer Services Division, PO Box 942709, Sacramento, CA 94229-2709.

Funding Policy and Annual OPEB Cost

It is the policy of the County, Park District and Flood Control to fully contribute an amount at least equal to the Annual Required Contribution (ARC) other than the amount attributable to the implicit subsidy as determined by the Post Retirement Benefits Actuarial Valuation Study for each trust. In order to facilitate funding the ARC the County will develop a rate structure. It is the policy of Waste Management to fund on as pay-as-you-go basis.

Contribution requirements of the plan members and the County are established and may be amended through negotiations between the County and the respective Unions. The County’s annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the *ARC of the employer*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over 30 years (15 years for Waste Management).

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

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Contribution rates:				
County	Bargaining Unit Determined \$25-\$256	Actuarially determined \$25-\$256	Actuarially determined \$25-\$256	Bargaining Unit Determined \$25-\$256
Plan members	\$305-\$712	\$305-\$712	\$305-\$712	- \$305-\$712
Annual required contribution	\$ 4,390	\$ 29	\$ 21	\$ 61
Interest on net OPEB obligation	-	-	-	-
Adjustment to annual required Contribution	-	-	-	-
Annual OPEB cost	4,390	29	21	61
Contributions made	(14,930)	(100)	(222)	(38)
Increase in net OPEB obligation	(10,540)	(71)	(201)	23
Net OPEB obligation (asset) beginning of year	-	-	-	-
Net OPEB obligation (asset) end of year	<u>\$ (10,540)</u>	<u>\$ (71)</u>	<u>\$ (201)</u>	<u>\$ 23</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 20 – Postemployment Benefits Other Than Pensions (Continued)

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, first year of implementation, and the two preceding years for each of the plans were as follows (dollar amounts in thousands):

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
County	06/30/06	*	*	*
	06/30/07	*	*	*
	06/30/08	\$ 4,390	340.1%	\$ (10,540)
Flood Control	06/30/06	*	*	*
	06/30/07	*	*	*
	06/30/08	\$ 29	345%	\$ (71)
Park District	06/30/06	*	*	*
	06/30/07	*	*	*
	06/30/08	\$ 21	1057%	\$ (201)
Waste Management	06/30/06	*	*	*
	06/30/07	*	*	*
	06/30/08	\$ 61	62.3%	\$ 23

*First Year of Implementation, data not available.

Funded Status and Funding Progress

The funded status of the plans as of June 30, 2008, was as follows (dollar amounts in thousands):

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Actuarial accrued liability (a)	\$ 46,681	\$ 303	\$ 190	\$ 654
Actuarial value of plan assets (b)	10,411			
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ 36,270</u>	<u>\$ 303</u>	<u>\$ 190</u>	<u>\$ 654</u>
Funded ratio (b) / (a)	22.3%	0.00%	0.00%	0%
Covered payroll (c)	\$ 979,090	\$ 14,656	\$ 7,204	\$ 4,405
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b)) / (c)	3.7%	2.1%	2.6%	14.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 20 – Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions

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

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Actuarial valuation date	1/1/2008	1/1/2007	1/1/2007	1/1/2007
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of pay, open	Level percentage of pay, open	Level percentage of pay, open	Level percentage of pay, closed
Remaining amortization period	30 years	30 years	30 years	15 years
Actuarial assumptions:				
Investment rate of return	7.24%-7.75%	7.75%	7.75%	4.5%
Projected salary increases	3.25%	3.25%	3.25%	3.25%
Healthcare inflation rate	11% initial	11% initial	11% initial	11% initial

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, 2007, 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 2007-08 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 30, 2009.

Commitments

At June 30, 2008, 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. \$159.9 will be payable upon future performance under the contracts.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 21 – COMMITMENTS AND CONTINGENCIES (Continued)

Landfill Construction and Consulting Contracts

The Waste Management Department (Waste) entered into various construction and consulting contracts to facilitate its landfill operations and is in the process of installing landfill liners at Lamb Canyon in accordance with State and Federal laws and regulations. Waste expects to complete the installation of several landfill liners over the next five years and estimates additional future costs to be \$20.3 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 \$20.3 million. At June 30, 2008, Waste has accrued \$20.3 million for the estimated costs related to the remediation of these landfills. Remediation expense for fiscal year 2008 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 \$20.3 million and \$19.7 million are held for these purposes at June 30, 2008 and 2007, respectively, and are classified as restricted cash and investments in the accompanying statements of net assets.

NOTE 22 – SUBSEQUENT EVENTS

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

On July 1, 2008, the County as a participant in the California Statewide Communities Development Authority Pool issued \$315 million of Tax and Revenue Anticipation Notes in the form of Series A-3 Bonds due June 30, 2009. The stated interest rate for the A-3 Bonds is set at 3.0% per annum with a yield of 1.6%.

The issuance is divided into two entities: \$234.0 million for the Tax and Revenue Anticipation Notes and the other \$81.0 million to pre-pay a portion of the County's CalPERS contribution for 2008-09. Between the prepayment discount of 3.9%, and earnings on cash flow the County expects to net \$2.8 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 2008-09 and legally available for payment thereof. Proceeds for the Bonds will be used for fiscal year 2008-09 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 2008-2009, the State has directed the following ERAF tax shifts: First, a transfer of \$352.9 million to the Vehicle License Fee Property Tax Compensation Fund for distribution of 50.0% in January and 50.0% in May. Secondly, the State has directed a transfer of \$64.9 million to the Sales and Use Tax Compensation Fund for distribution of 50.0% in January and 50.0% in May. The total ERAF transfer for 2008-2009 is \$417.8 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

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. Per AB 1491, this deadline was extended to September 30, 2008.

Transfer of responsibility may occur no earlier than July 1, 2004, and no later than September 30, 2008. The bill further imposes a state-mandated local program by expanding various duties of a county with respect to court facilities. A Court Facilities Trust Fund will be financed by court facility payments made by each county. These payments are intended to maintain the court operations at their current cost levels in perpetuity. Increased costs and improvements will be the responsibility of the Judicial Council.

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.

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. No courts were transferred during fiscal year ended June 30, 2008. Blythe Courthouse was transferred during August 2008, and Hemet Court was transferred during October 2008.

A list of courts, their respective transfer dates, and continued costs to the County is as follows:

<u>Facility</u>	<u>Date Transferred to State</u>	<u>Court Facility Payment</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	684,765
Blythe Courthouse	August, 2008	62,607
Hemet Court	October, 2008	132,929
Annual Court Facilities Payments		<u>\$ 1,803,685</u>

A joint declaration was filed timely in September 2008 to allow a 90 day extension that will help complete the transfer of the remaining 14 courts.

The Effects of the Economy on CalPERS

Based on past performance of the CalPERS fund, CalPERS has estimated that the County’s Miscellaneous and Safety contribution rates for fiscal year 2008-09 will be 12.1% and 19.0%, respectively. Fiscal year 2009-10 contribution rates for Miscellaneous and Safety are estimated at 11.9% and 18.6%, respectively. They will be accounted for in fiscal year 2008-09 and future budget years.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2008

NOTE 22 – SUBSEQUENT EVENTS (Continued)

CORAL – Investment Contracts

As of June 30, 2008, Moody's Investor Services and Standard & Poor's downgraded MBIA, Inc. senior debt rating to A2 and A-, respectively. Under the terms of the bond indenture for the 2007 Series A/B Certificates of Participation, 2006 Series A Certificates of Participation and 2003 Series A/B Certificates of Participation, when a triggering event occurs, such as the credit downgrading of MBIA, the investment agreements can be terminated by MBIA or CORAL, or, alternatively, MBIA can collateralize the investment contracts. As of October 15, 2008, MBIA has chosen to terminate the investment agreements related to the 2003 Series A Certificates of Participation, totaling \$879.9 thousand. Proceeds from the terminated investment contracts will be invested in government agency money market funds. MBIA has exercised its option to collateralize the investment contracts related to the 2007 Series A/B Certificates of Participation, 2006 Series A Certificates of Participation and 2003 Series B Certificates of Participation, whereby MBIA purchased government securities totaling 104.0% of the investment contract principle in the name of CORAL.

As of June 30, 2008, Moody's Investor Services and Standard & Poor's downgraded AIG's senior debt rating to A2 and A-, respectively. Under the terms of the bond indenture for the 1993 A & B Hospital Lease Revenue Bonds, and the 2001 CAC Annex Certificates of Participation, when a triggering event occurs, such as the credit downgrading of IAG, the investment agreements can be terminated by AIG, or alternatively, AIG can collateralize the investment contracts. As of October 15, 2008, AIG has chosen to terminate all investment agreement related to the 1993 A & B Hospital Lease Revenue Bonds and the 2001 CAC Annex Certificates of Participation, totaling \$22.2 million. Proceeds from the terminated investment contracts will be invested in government agency money market funds.

Regency Towers Building Purchase

On October 21, 2008, the board approved the purchase of the Regency Towers building in downtown Riverside. The building purchase price was authorized to be no more than \$126.5 million with an expectation that an additional \$10 to \$13.0 million in ad valorem tax reimbursements combined with costs related to furniture and equipment may be required. The building will be financed through a bond issued by the County of Riverside Asset Leasing Corporation and leased to the County until the bonds are paid in full, at which point the asset will transfer to full ownership of the County.

Annexation of Cities

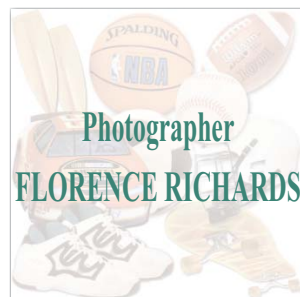
Incorporated on July 1, 2008 as Riverside County's 25th city, the City of Wildomar represents an estimated population of 29,237 citizens with 10,234 housing units.

Incorporated on October 1, 2008 as Riverside County's 26th city, the City of Menifee includes the communities of Menifee, Sun City, Quail Valley and portions of Romoland. The City of Menifee spans nearly 50 square miles with a population of approximately 60,000. The incorporation of Menifee results in the concurrent detachment from the Riverside Waste Resources Management District, and detachment from County Service Areas 33, 43, 80, 84, 86, 138, 145, and 146.



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REQUIRED SUPPLEMENTARY INFORMATION





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COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2008

RETIREMENT PLANS - 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 (dollars in thousands):

Riverside County – Miscellaneous

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2005	\$ 2,364,565	\$ 2,471,523	\$ 106,958	95.67 %	\$ 592,531	18.05 %
June 30, 2006	2,599,592	2,741,753	142,161	94.81	659,274	21.56
June 30, 2007	2,894,148	3,029,360	135,212	95.54	754,118	17.93

Riverside County - Safety

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2005	\$ 1,069,038	\$ 1,127,240	\$ 58,202	94.84 %	\$ 168,806	34.48 %
June 30, 2006	1,170,093	1,231,954	61,861	94.98	189,606	32.63
June 30, 2007	1,291,421	1,369,534	78,113	94.30	214,634	36.39

Flood Control and Water Conservation District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2005	\$ 69,637	\$ 77,958	\$ 8,321	89.33 %	\$ 12,072	68.93 %
June 30, 2006	75,422	84,198	8,776	89.58	13,041	67.30
June 30, 2007	82,383	90,833	8,450	90.70	13,818	61.15

*Regional Park and Open-Space District**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2005	\$ 405,481	\$ 499,323	\$ 93,842	81.21 %	\$ 108,618	86.40 %
June 30, 2006	501,707	620,492	118,785	80.86	126,050	94.24
June 30, 2007	576,070	699,664	123,594	82.34	139,335	88.70

*The amounts disclosed are for the entire Risk Pool fund in which Parks and Waste Management Department participate and not solely of their specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities.

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2008

RETIREMENT PLANS - SCHEDULES OF FUNDING PROGRESS (Continued)

(Dollars in thousands)

Waste Management Department*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2005	\$ 405,481	\$ 499,323	\$ 93,842	81.21 %	\$ 108,618	86.40 %
June 30, 2006	501,707	620,492	118,785	80.86	126,050	94.24
June 30, 2007	576,070	699,664	123,594	82.34	139,335	88.70

*The amounts disclosed are for the entire Risk Pool fund in which Parks and Waste Management Department participate and not solely of their specific assets and liabilities. CalPERS Risk Pool valuation does not break out specific assets and liabilities.

Riverside County - Part-time and Temporary Help Retirement

Six - Year Trend Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)†	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2002	\$ 4,330	\$ 7,103	\$ 2,773	60.96 %	\$ 18,956	14.63 %
June 30, 2003	5,945	8,454	2,509	70.32	31,360	8.00
June 30, 2004	7,352	9,338	1,986	78.73	29,670	6.69
June 30, 2005	8,534	11,020	2,486	77.44	27,388	9.08
June 30, 2006	10,520	13,673	3,153	76.94	29,124	10.83
June 30, 2007	13,778	20,468	6,690	67.31	41,333	16.19

† = All amounts calculated based on Entry Age Normal Cost method from June 30, 2002 through June 30, 2006. The Projected Unit Credit Cost method is used for June 30, 2007.

RETIREMENT PLANS – SCHEDULE OF EMPLOYER CONTRIBUTIONS

Riverside County - Part-time and Temporary Help Retirement

Fiscal Year	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
2003	\$ 921	100 %	\$ -
2004	813	100	-
2005	616	100	-
2006	633	100	-
2007	1,914	100	-
2008	745	267	(1,248)

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2008

OPEB - SCHEDULES OF FUNDING PROGRESS

(Dollars in thousands)

Riverside County

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
n/a	**	**	**	**	**	**
January 1, 2007	\$ -	\$ 48,582	\$ 48,582	0.00 %	\$ 913,272	5.32 %
January 1, 2008	10,411	46,681	36,270	22.30	979,090	3.70

Flood Control and Water Conservation District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
n/a	**	**	**	**	**	**
n/a	**	**	**	**	**	**
January 1, 2007	\$ -	\$ 303	\$ 303	0.00 %	\$ 14,656	2.07 %

Regional Park and Open-Space District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
n/a	**	**	**	**	**	**
n/a	**	**	**	**	**	**
January 1, 2007	\$ -	\$ 190	\$ 190	0.00 %	\$ 7,204	2.64 %

Waste Management Department

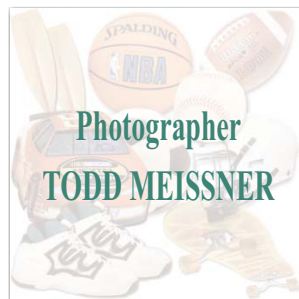
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
n/a	**	**	**	**	**	**
n/a	**	**	**	**	**	**
January 1, 2007	\$ -	\$ 654	\$ 654	0.00 %	\$ 4,405	14.85 %

**Data not available.



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COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY SCHEDULES





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COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Teeter Debt Service Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 250	\$ 250	\$ 1,773	\$ 1,523
Total revenues	250	250	1,773	1,523
EXPENDITURES:				
Current:				
General government	998	998	740	(258)
Debt service:				
Interest	3,002	3,002	3,002	-
Total expenditures	4,000	4,000	3,742	(258)
Excess (deficiency) of revenues over (under) expenditures	(3,750)	(3,750)	(1,969)	1,781
OTHER FINANCING SOURCES (USES):				
Transfers in	3,750	3,750	3,750	-
Transfers out	-	-	(1,781)	(1,781)
Total other financing sources and (uses)	3,750	3,750	1,969	(1,781)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Public Facilities Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
License, permits, and franchise fees	\$ 200	\$ 200	\$ -	\$ (200)
Use of money and property:				
Interest	4,580	4,709	22,884	18,175
Charges for services	142,390	41,250	18,824	(22,426)
Other revenue	119,350	62,544	27,646	(34,898)
Total revenues	266,520	108,703	69,354	(39,349)
EXPENDITURES:				
Current:				
General government	265,439	398,988	133,410	(265,578)
Public ways and facilities	17,467	20,499	4,718	(15,781)
Total expenditures	282,906	419,487	138,128	(281,359)
Excess (deficiency) of revenues over (under) expenditures	(16,386)	(310,784)	(68,774)	242,010
OTHER FINANCING SOURCES (USES):				
Transfers in	-	305,914	425,822	119,908
Transfers out	-	(22,471)	(22,471)	-
Total other financing sources and (uses)	-	283,443	403,351	119,908
NET CHANGE IN FUND BALANCE	(16,386)	(27,341)	334,577	361,918
Fund balance, beginning of year	256,338	256,338	256,338	-
FUND BALANCE, END OF YEAR	\$ 239,952	\$ 228,997	\$ 590,915	\$ 361,918

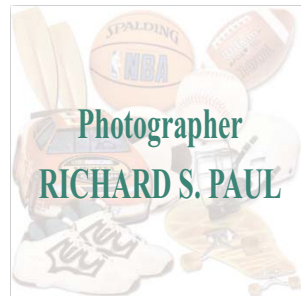
COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Capital Projects Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 4,238	\$ 4,238	\$ 15,360	\$ 11,122
Charges for current services	32	32	-	(32)
Other revenue	54,082	71,093	1,738	(69,355)
Total revenues	58,352	75,363	17,098	(58,265)
EXPENDITURES:				
Current:				
General government	58,352	76,280	38,937	(37,343)
Total expenditures	58,352	76,280	38,937	(37,343)
Excess (deficiency) of revenues over (under) expenditures	-	(917)	(21,839)	(20,922)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	27,114	27,114	-
Transfers out	-	(26,197)	(26,197)	-
Proceeds from sale of capital assets	-	-	1,159	1,159
Total other financing sources and (uses)	-	917	2,076	1,159
NET CHANGE IN FUND BALANCE	-	-	(19,763)	(19,763)
Fund balance, beginning of year, as previously reported	387,449	387,449	387,449	-
Adjustments to beginning fund balance	-	-	(11,068)	(11,068)
Fund balance, beginning of year, as restated	387,449	387,449	376,381	(11,068)
FUND BALANCE, END OF YEAR	\$ 387,449	\$ 387,449	\$ 356,618	\$ (30,831)



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NONMAJOR GOVERNMENTAL FUNDS





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COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(Dollars in Thousands)

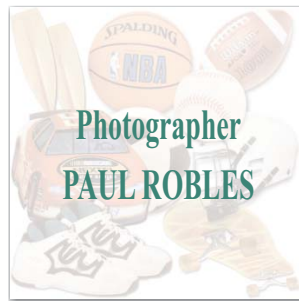
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS:				
Cash and investments	\$ 437,798	\$ 49,561	\$ 12,080	\$ 499,439
Accounts receivable	15,156	6,326	-	21,482
Interest receivable	2,998	829	83	3,910
Taxes receivable	12,735	-	-	12,735
Due from other governments	29,225	4,442	3,556	37,223
Inventories	1,044	-	-	1,044
Due from other funds	5,431	-	-	5,431
Prepaid items	4,637	-	10,994	15,631
Restricted cash and investments	10,161	67,256	93,569	170,986
Advances to other funds	750	-	-	750
Notes receivable	22,106	-	-	22,106
Land held for resale	23,359	-	-	23,359
Total assets	565,400	128,414	120,282	814,096
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	36,891	4,375	2,248	43,514
Salaries and benefits payable	7,221	-	342	7,563
Due to other governments	2,293	-	-	2,293
Due to other funds	19,349	-	1,019	20,368
Deposits payable	68	-	-	68
Advance from other funds	-	-	750	750
Deferred revenue	21,103	4,442	-	25,545
Total liabilities	86,925	8,817	4,359	100,101
Fund balances:				
Reserved	107,062	119,597	108,988	335,647
Unreserved, designated, reported in:				
Special revenue funds	38,876	-	-	38,876
Capital projects funds	-	-	6,935	6,935
Unreserved, undesignated, reported in:				
Special revenue funds	332,537	-	-	332,537
Total fund balances	478,475	119,597	115,923	713,995
Total liabilities and fund balances	\$ 565,400	\$ 128,414	\$ 120,282	\$ 814,096

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2008
 (Dollar in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES:				
Taxes	\$ 164,058	\$ 79,805	\$ -	\$ 243,863
Licenses, permits and franchise fees	127	-	-	127
Fines, forfeitures and penalties	1,241	-	-	1,241
Use of money and property:				
Interest	16,127	6,606	3,934	26,667
Rents and concessions	7,856	5,052	-	12,908
Aid from other governmental agencies:				
Federal	70,856	-	-	70,856
State	60,410	-	4,891	65,301
Other	8,050	-	-	8,050
Charges for services	67,854	2,389	55	70,298
Other revenue	36,229	7,084	127	43,440
Total revenues	<u>432,808</u>	<u>100,936</u>	<u>9,007</u>	<u>542,751</u>
EXPENDITURES:				
Current:				
General government	54,574	29,473	6,912	90,959
Public protection	51,137	-	-	51,137
Public ways and facilities	143,168	-	-	143,168
Health and sanitation	6,506	-	-	6,506
Public assistance	43,172	-	-	43,172
Education	17,443	-	-	17,443
Recreation and culture	11,310	-	131	11,441
Debt service:				
Principal	1,988	33,790	-	35,778
Interest	183	72,514	-	72,697
Cost of issuance	-	3,868	-	3,868
Capital outlay	343	16	27,662	28,021
Total expenditures	<u>329,824</u>	<u>139,661</u>	<u>34,705</u>	<u>504,190</u>
Excess (deficiency) of revenues				
Over (under) expenditures	102,984	(38,725)	(25,698)	38,561
OTHER FINANCING SOURCES (USES):				
Transfers in	75,104	156,163	12,555	243,822
Transfers out	(119,308)	(372,442)	(5,447)	(497,197)
Issuance of debt	-	294,084	-	294,084
Issuance of refunding bonds	-	31,125	80,000	111,125
Discount on long-term debt	-	(2,898)	-	(2,898)
Premium on long-term debt	-	3,272	-	3,272
Payment to refunded bond escrow agent	-	(24,290)	-	(24,290)
Total other financing sources (uses)	<u>(44,204)</u>	<u>85,014</u>	<u>87,108</u>	<u>127,918</u>
NET CHANGE IN FUND BALANCES	58,780	46,289	61,410	166,479
Fund balances, beginning of year,				
as previously reported	410,441	73,308	54,513	538,262
Adjustments to beginning fund balances	9,254	-	-	9,254
Fund balances, beginning of year, as restated	<u>419,695</u>	<u>73,308</u>	<u>54,513</u>	<u>547,516</u>
FUND BALANCES, END OF YEAR	<u>\$ 478,475</u>	<u>\$ 119,597</u>	<u>\$ 115,923</u>	<u>\$ 713,995</u>

SPECIAL REVENUE FUNDS





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COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

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

TRANSPORTATION

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

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

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

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 AREAS

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

REGIONAL PARK AND OPEN-SPACE

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

AIR QUALITY IMPROVEMENT

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

COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

IN-HOME SUPPORT SERVICES

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

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, 2008
(Dollars in Thousands)

	Transportation	Flood Control	Community Services	Redevelopment Agency	County Service Areas
ASSETS:					
Cash and investments	\$ 97,725	\$ 197,346	\$ 37,387	\$ 55,139	\$ 16,774
Accounts receivable	13,494	931	628	-	-
Interest receivable	569	1,416	42	637	111
Taxes receivable	287	3,232	7,343	-	1,055
Due from other governments	18,482	266	9,221	-	-
Inventories	1,044	-	-	-	-
Due from other funds	5,121	-	-	-	-
Prepaid Items	-	4,499	138	-	-
Restricted cash and investment	-	10,161	-	-	-
Advances to other funds	-	-	-	-	-
Notes receivable	-	-	-	22,106	-
Land held for resale	-	-	-	23,359	-
Total assets	<u>136,722</u>	<u>217,851</u>	<u>54,759</u>	<u>101,241</u>	<u>17,940</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	15,706	16,628	2,896	770	131
Salaries and benefits payable	2,997	1,239	2,044	-	96
Due to other governments	1,525	444	308	-	-
Due to other funds	2,268	-	16,409	-	377
Deposits payable	-	-	-	-	68
Deferred revenue	18,639	115	1,578	-	-
Total liabilities	<u>41,135</u>	<u>18,426</u>	<u>23,235</u>	<u>770</u>	<u>672</u>
Fund balances (Note 14):					
Reserved:	19,495	4,500	4,692	75,335	2
Unreserved:					
Designated	37	1,755	526	25,136	5
Undesignated	76,055	193,170	26,306	-	17,261
Total fund balances	<u>95,587</u>	<u>199,425</u>	<u>31,524</u>	<u>100,471</u>	<u>17,268</u>
Total liabilities and fund balances	<u>\$ 136,722</u>	<u>\$ 217,851</u>	<u>\$ 54,759</u>	<u>\$ 101,241</u>	<u>\$ 17,940</u>

Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Other Special Revenue	Total	
\$ 11,915	\$ 1,307	\$ 849	\$ 19,356	\$ 437,798	ASSETS:
29	-	-	74	15,156	Cash and investments
91	9	-	123	2,998	Accounts receivable
746	-	-	72	12,735	Interest receivable
151	166	607	332	29,225	Taxes receivable
-	-	-	-	1,044	Due from other governments
310	-	-	-	5,431	Inventories
-	-	-	-	4,637	Due from other funds
-	-	-	-	10,161	Prepaid Items
750	-	-	-	750	Restricted cash and investment
-	-	-	-	22,106	Advances to other funds
-	-	-	-	23,359	Notes receivable
					Land held for resale
<u>13,992</u>	<u>1,482</u>	<u>1,456</u>	<u>19,957</u>	<u>565,400</u>	Total assets
					LIABILITIES AND FUND BALANCES
					Liabilities:
388	64	2	306	36,891	Accounts payable
450	-	105	290	7,221	Salaries and benefits payable
4	-	-	12	2,293	Due to other governments
10	8	-	277	19,349	Due to other funds
-	-	-	-	68	Deposits payable
12	-	-	759	21,103	Deferred revenue
<u>864</u>	<u>72</u>	<u>107</u>	<u>1,644</u>	<u>86,925</u>	Total liabilities
					Fund balances (Note 14):
1,712	-	5	1,321	107,062	Reserved:
					Unreserved:
11,416	-	-	1	38,876	Designated
-	1,410	1,344	16,991	332,537	Undesignated
<u>13,128</u>	<u>1,410</u>	<u>1,349</u>	<u>18,313</u>	<u>478,475</u>	Total fund balances
<u>\$ 13,992</u>	<u>\$ 1,482</u>	<u>\$ 1,456</u>	<u>\$ 19,957</u>	<u>\$ 565,400</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, 2008
(Dollars in Thousands)

	Transportation	Flood Control	Community Services	Redevelopment Agency	County Service Areas
REVENUES:					
Taxes	\$ 13,525	\$ 53,629	\$ 69,027	\$ 19,951	\$ 1,742
Licenses, permits, and franchise fees	112	-	-	-	-
Fines, forfeitures, and penalties	7	-	504	-	-
Use of money and property:					
Interest	3,524	8,114	289	2,281	652
Rents and concessions	10	148	815	-	1
Aid from other governmental agencies:					
Federal	15,385	463	51,600	-	-
State	50,823	652	5,671	-	19
Other	8,050	-	-	-	-
Charges for services	35,947	8,542	926	-	9,999
Other revenue	7,594	5,141	21,803	325	165
Total revenues	<u>134,977</u>	<u>76,689</u>	<u>150,635</u>	<u>22,557</u>	<u>12,578</u>
EXPENDITURES:					
Current:					
General government	-	-	28,818	21,226	-
Public protection	2,742	43,895	-	-	197
Public ways and facilities	130,505	-	-	-	5,743
Health and sanitation	-	-	2,233	-	798
Public assistance	-	-	43,172	-	-
Education	-	-	17,443	-	-
Recreation and culture	-	-	-	-	669
Debt service:					
Principal	1,533	-	455	-	-
Interest	183	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>134,963</u>	<u>43,895</u>	<u>92,121</u>	<u>21,226</u>	<u>7,407</u>
Excess (deficiency) of revenues over (under) expenditures	14	32,794	58,514	1,331	5,171
OTHER FINANCING SOURCES (USES):					
Transfers in	40,530	-	28,959	-	283
Transfers out	(13,920)	(489)	(84,218)	(9,594)	(3,809)
Total other financing sources (uses)	<u>26,610</u>	<u>(489)</u>	<u>(55,259)</u>	<u>(9,594)</u>	<u>(3,526)</u>
NET CHANGE IN FUND BALANCES	26,624	32,305	3,255	(8,263)	1,645
Fund balances, beginning of year, as previously reported	68,963	167,120	28,269	99,480	15,623
Adjustments to beginning fund balances	-	-	-	9,254	-
Fund balances, beginning of year, as restated	<u>68,963</u>	<u>167,120</u>	<u>28,269</u>	<u>108,734</u>	<u>15,623</u>
FUND BALANCES, END OF YEAR	<u>\$ 95,587</u>	<u>\$ 199,425</u>	<u>\$ 31,524</u>	<u>\$ 100,471</u>	<u>\$ 17,268</u>

Regional Park and Open-Space	Air Quality Improvement	In-Home Support Services	Other Special Revenue	Total	
\$ 5,183	\$ -	\$ -	\$ 1,001	\$ 164,058	REVENUES:
-	-	-	15	127	Taxes
-	-	-	730	1,241	Licenses, permits, and franchise fees
469	56	25	717	16,127	Fines, forfeitures, and penalties
591	-	-	6,291	7,856	Use of money and property:
-	-	1,666	1,742	70,856	Interest
411	651	442	1,741	60,410	Rents and concessions
-	-	-	-	8,050	Aid from other governmental agencies:
3,629	-	-	8,811	67,854	Federal
335	-	-	866	36,229	State
10,618	707	2,133	21,914	432,808	Other
					Charges for services
					Other revenue
					Total revenues
					EXPENDITURES:
-	258	-	4,272	54,574	Current:
59	-	-	4,244	51,137	General government
-	-	-	6,920	143,168	Public protection
-	-	1,984	1,491	6,506	Public ways and facilities
-	-	-	-	43,172	Health and sanitation
-	-	-	-	17,443	Public assistance
10,641	-	-	-	11,310	Education
-	-	-	-	-	Recreation and culture
-	-	-	-	1,988	Debt service:
-	-	-	-	183	Principal
343	-	-	-	343	Interest
11,043	258	1,984	16,927	329,824	Capital outlay
					Total expenditures
(425)	449	149	4,987	102,984	Excess (deficiency) of revenues over (under) expenditures
2,845	-	456	2,031	75,104	OTHER FINANCING SOURCES (USES):
(1,915)	(296)	(508)	(4,559)	(119,308)	Transfers in
930	(296)	(52)	(2,528)	(44,204)	Transfers out
					Total other financing sources (uses)
505	153	97	2,459	58,780	NET CHANGE IN FUND BALANCES
12,623	1,257	1,252	15,854	410,441	Fund balances, beginning of year, as previously reported
-	-	-	-	9,254	Adjustments to beginning fund balances
12,623	1,257	1,252	15,854	419,695	Fund balances, beginning of year, as restated
\$ 13,128	\$ 1,410	\$ 1,349	\$ 18,313	\$ 478,475	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Taxes	\$ 20,532	\$ 20,532	\$ 13,525	\$ (7,007)
License, permits, and franchise fees	168	168	112	(56)
Fines, forfeitures, and penalties	-	-	7	7
Use of money and property:				
Interest	1,881	1,881	3,524	1,643
Rents and concessions	-	-	10	10
Aid from other governmental agencies:				
Federal	26,191	26,191	15,385	(10,806)
State	31,518	31,518	50,823	19,305
Other	-	21,153	8,050	(13,103)
Charges for current services	81,353	50,875	35,947	(14,928)
Other revenue	71,316	47,098	7,594	(39,504)
Total revenues	232,959	199,416	134,977	(64,439)
EXPENDITURES:				
Current:				
Public protection	2,480	2,928	2,742	(186)
Public ways and facilities	231,384	225,267	130,505	(94,762)
Debt service:				
Principal	-	1,533	1,533	-
Interest	-	183	183	-
Total expenditures	233,864	229,911	134,963	(94,948)
Excess (deficiency) of revenues over (under) expenditures	(905)	(30,495)	14	30,509
OTHER FINANCING SOURCES (USES):				
Transfers in	-	40,530	40,530	-
Transfers out	-	(13,920)	(13,920)	-
Total other financing sources and (uses)	-	26,610	26,610	-
NET CHANGE IN FUND BALANCE	(905)	(3,885)	26,624	30,509
Fund balance, beginning of year	68,963	68,963	68,963	-
FUND BALANCE, END OF YEAR	\$ 68,058	\$ 65,078	\$ 95,587	\$ 30,509

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 49,223	\$ 49,223	\$ 53,629	\$ 4,406
Use of money and property:				
Interest	5,860	5,860	8,114	2,254
Rents and concessions	129	129	148	19
Aid from other governmental agencies:				
Federal	-	-	463	463
State	671	671	652	(19)
Charges for services	13,561	13,561	8,542	(5,019)
Other revenue	19,720	19,725	5,141	(14,584)
Total revenues	89,164	89,169	76,689	(12,480)
EXPENDITURES:				
Current:				
Public protection	112,397	111,913	43,895	(68,018)
Total expenditures	112,397	111,913	43,895	(68,018)
Excess (deficiency) of revenues over (under) expenditures	(23,233)	(22,744)	32,794	55,538
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(489)	(489)	-
Total other financing sources (uses)	-	(489)	(489)	-
NET CHANGE IN FUND BALANCE	(23,233)	(23,233)	32,305	55,538
Fund balance, beginning of year	167,120	167,120	167,120	-
FUND BALANCE, END OF YEAR	\$ 143,887	\$ 143,887	\$ 199,425	\$ 55,538

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Community Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 70,685	\$ 70,685	\$ 69,027	\$ (1,658)
Fines, forfeitures, and penalties	510	510	504	(6)
Use of money and property:				
Interest	80	80	289	209
Rents and concessions	785	785	815	30
Aid from other governmental agencies:				
Federal	73,853	74,131	51,600	(22,531)
State	5,401	5,487	5,671	184
Charges for current services	23,868	3,379	926	(2,453)
Other revenue	31,148	24,095	21,803	(2,292)
Total revenues	206,330	179,152	150,635	(28,517)
EXPENDITURES:				
Current:				
General government	41,629	39,917	28,818	(11,099)
Public protection	71,130	1,585	-	(1,585)
Health and sanitation	2,658	2,550	2,233	(317)
Public assistance	72,388	63,705	43,172	(20,533)
Education	22,876	21,922	17,443	(4,479)
Debt service:				
Principal	1,740	783	455	(328)
Total expenditures	212,421	130,462	92,121	(38,341)
Excess (deficiency) of revenues over (under) expenditures	(6,091)	48,690	58,514	9,824
OTHER FINANCING SOURCES (USES):				
Transfers in	-	28,959	28,959	-
Transfers out	-	(84,218)	(84,218)	-
Total other financing sources and (uses)	-	(55,259)	(55,259)	-
NET CHANGE IN FUND BALANCE	(6,091)	(6,569)	3,255	9,824
Fund balance, beginning of year	28,269	28,269	28,269	-
FUND BALANCE, END OF YEAR	\$ 22,178	\$ 21,700	\$ 31,524	\$ 9,824

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 14,935	\$ 14,935	\$ 19,951	\$ 5,016
Use of money and property:				
Interest	1,695	1,695	2,281	586
Other revenue	29,793	30,543	325	(30,218)
Total revenues	46,423	47,173	22,557	(24,616)
EXPENDITURES:				
Current:				
General government	46,424	37,580	21,226	(16,354)
Total expenditures	46,424	37,580	21,226	(16,354)
Excess (deficiency) of revenues over (under) expenditures	(1)	9,593	1,331	(8,262)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(9,594)	(9,594)	-
Total other financing sources and (uses)	-	(9,594)	(9,594)	-
NET CHANGE IN FUND BALANCE	(1)	(1)	(8,263)	(8,262)
Fund balance, beginning of year, as previously reported	99,480	99,480	99,480	-
Adjustments to beginning fund balance	-	-	9,254	9,254
Fund balance, beginning of year, as restated	99,480	99,480	108,734	9,254
FUND BALANCE, END OF YEAR	\$ 99,479	\$ 99,479	\$ 100,471	\$ 992

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
County Service Areas Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 1,194	\$ 1,194	\$ 1,742	\$ 548
Use of money and property:				
Interest	311	311	652	341
Rents and concessions	1	1	1	-
Aid from other governmental agencies:				
State	16	16	19	3
Charges for current services	8,003	8,522	9,999	1,477
Other revenue	54	2,198	165	(2,033)
Total revenues	<u>9,579</u>	<u>12,242</u>	<u>12,578</u>	<u>336</u>
EXPENDITURES:				
Current:				
Public protection	283	361	197	(164)
Public ways and facilities	9,844	9,116	5,743	(3,373)
Health and sanitation	775	920	798	(122)
Recreation and cultural services	1,233	875	669	(206)
Total expenditures	<u>12,135</u>	<u>11,272</u>	<u>7,407</u>	<u>(3,865)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,556)	970	5,171	4,201
OTHER FINANCING SOURCES (USES):				
Transfers in	-	283	283	-
Transfers out	-	(3,809)	(3,809)	-
Total other financing sources and (uses)	<u>-</u>	<u>(3,526)</u>	<u>(3,526)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,556)	(2,556)	1,645	4,201
Fund balance, beginning of year	15,623	15,623	15,623	-
FUND BALANCE, END OF YEAR	<u>\$ 13,067</u>	<u>\$ 13,067</u>	<u>\$ 17,268</u>	<u>\$ 4,201</u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Regional Park and Open-Space Special Revenue Fund
 For the Fiscal Year Ended June 30, 2008
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Taxes	\$ 4,652	\$ 4,652	\$ 5,183	\$ 531
Use of money and property:				
Interest	285	285	469	184
Rents and concessions	553	553	591	38
Aid from other governmental agencies:				
State	273	273	411	138
Charges for current services	5,694	3,279	3,629	350
Other revenue	1,069	1,136	335	(801)
Total revenues	12,526	10,178	10,618	440
EXPENDITURES:				
Current:				
Public protection	322	164	59	(105)
Recreation and cultural services	12,908	12,949	10,641	(2,308)
Capital outlay	-	-	343	343
Total expenditures	13,230	13,113	11,043	(2,070)
Excess (deficiency) of revenues over (under) expenditures	(704)	(2,935)	(425)	2,510
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,845	2,845	-
Transfers out	-	(1,915)	(1,915)	-
Total other financing sources and (uses)	-	930	930	-
NET CHANGE IN FUND BALANCE	(704)	(2,005)	505	2,510
Fund balance, beginning of year	12,623	12,623	12,623	-
FUND BALANCE, END OF YEAR	\$ 11,919	\$ 10,618	\$ 13,128	\$ 2,510

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Air Quality Improvement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2008
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 20	\$ 20	\$ 56	\$ 36
Aid from other governmental agencies:				
State	700	700	651	(49)
Total revenues	<u>720</u>	<u>720</u>	<u>707</u>	<u>(13)</u>
EXPENDITURES:				
Current:				
General government	730	434	258	(176)
Total expenditures	<u>730</u>	<u>434</u>	<u>258</u>	<u>(176)</u>
Excess (deficiency) of revenues over (under) expenditures	(10)	286	449	163
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(296)	(296)	-
Total other financing sources / (uses)	<u>-</u>	<u>(296)</u>	<u>(296)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(10)	(10)	153	163
Fund balance, beginning of year	<u>1,257</u>	<u>1,257</u>	<u>1,257</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,247</u>	<u>\$ 1,247</u>	<u>\$ 1,410</u>	<u>\$ 163</u>

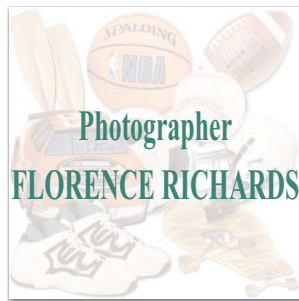
COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
In-Home Support Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 25	\$ 25
Aid from other governmental agencies:				
Federal	1,410	1,410	1,666	256
State	1,458	1,458	442	(1,016)
Other revenue	911	455	-	(455)
Total revenues	<u>3,779</u>	<u>3,323</u>	<u>2,133</u>	<u>(1,190)</u>
EXPENDITURES:				
Current:				
Health and sanitation	<u>3,779</u>	<u>3,271</u>	<u>1,984</u>	<u>(1,287)</u>
Total expenditures	<u>3,779</u>	<u>3,271</u>	<u>1,984</u>	<u>(1,287)</u>
Excess (deficiency) of revenues over (under) expenditures	-	52	149	97
OTHER FINANCING SOURCES (USES):				
Transfers in	-	456	456	-
Transfers out	-	(508)	(508)	-
Total other financing sources / (uses)	<u>-</u>	<u>(52)</u>	<u>(52)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	97	97
Fund balance, beginning of year	<u>1,252</u>	<u>1,252</u>	<u>1,252</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,252</u>	<u>\$ 1,252</u>	<u>\$ 1,349</u>	<u>\$ 97</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Taxes	\$ 827	\$ 827	\$ 1,001	\$ 174
License, permits, and franchise fees	19	19	15	(4)
Fines, forfeitures, and penalties	-	-	730	730
Use of money and property:				
Interest	176	176	717	541
Rents and concessions	6,304	6,345	6,291	(54)
Aid from other governmental agencies:				
Federal	4,750	4,750	1,742	(3,008)
State	1,967	2,032	1,741	(291)
Charges for current services	10,263	9,556	8,811	(745)
Other revenue	1,863	1,882	866	(1,016)
Total revenues	26,169	25,587	21,914	(3,673)
EXPENDITURES:				
Current:				
General government	5,760	5,897	4,272	(1,625)
Public protection	6,295	5,721	4,244	(1,477)
Public ways and facilities	12,960	10,831	6,920	(3,911)
Health and sanitation	1,747	1,720	1,491	(229)
Total expenditures	26,762	24,169	16,927	(7,242)
Excess (deficiency) of revenues over (under) expenditures	(593)	1,418	4,987	3,569
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,031	2,031	-
Transfers out	-	(4,559)	(4,559)	-
Total other financing sources and (uses)	-	(2,528)	(2,528)	-
NET CHANGE IN FUND BALANCE	(593)	(1,110)	2,459	3,569
Fund balance, beginning of year	15,854	15,854	15,854	-
FUND BALANCE, END OF YEAR	\$ 15,261	\$ 14,744	\$ 18,313	\$ 3,569

DEBT SERVICE FUNDS





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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 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.

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).

INLAND EMPIRE TOBACCO SECURITIZATION AUTHORITY

The Inland Empire Tobacco Securitization Authority was established to assist the County of Riverside in the construction of certain capital projects, financed from the proceeds of the tobacco settlement revenues.

COUNTY OF RIVERSIDE

Combining Balance Sheet

Debt Service Funds

June 30, 2008

(Dollars in Thousands)

	CORAL	Redevelopment Agency	District Court Financing Corporation	Bankruptcy Court
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:				
Cash and investments	\$ -	\$ 42,150	\$ -	\$ -
Accounts receivable	-	4,224	-	-
Interest receivable	197	359	1	8
Due from other governments	-	-	-	-
Restricted cash and investments	42,103	-	859	6,356
Total assets	<u>42,300</u>	<u>46,733</u>	<u>860</u>	<u>6,364</u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	64	3,531	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>64</u>	<u>3,531</u>	<u>-</u>	<u>-</u>
 Fund balances (Note 14):				
Reserved	42,236	43,202	860	6,364
Total fund balances	<u>42,236</u>	<u>43,202</u>	<u>860</u>	<u>6,364</u>
Total liabilities and fund balances	<u>\$ 42,300</u>	<u>\$ 46,733</u>	<u>\$ 860</u>	<u>\$ 6,364</u>

	Inland Empire Tobacco Securitization Authority	Total	
Pension Obligation			
\$ 7,411	\$ -	\$ 49,561	ASSETS:
2,102	-	6,326	Cash and investments
199	65	829	Accounts receivable
-	4,442	4,442	Interest receivable
-	17,938	67,256	Due from other governments
9,712	22,445	128,414	Restricted cash and investments
			Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
780	-	4,375	Accounts payable
-	4,442	4,442	Deferred revenue
780	4,442	8,817	Total liabilities
			Fund balances (Note 14):
8,932	18,003	119,597	Reserved
8,932	18,003	119,597	Total fund balances
\$ 9,712	\$ 22,445	\$ 128,414	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, 2008

(Dollars in Thousands)

	CORAL	Redevelopment Agency	District Court Financing Corporation	Bankruptcy Court
REVENUES:				
Taxes	\$ -	\$ 79,805	\$ -	\$ -
Use of money and property:				
Interest	2,634	1,510	250	189
Rents and concessions	636	-	2,161	2,255
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>3,270</u>	<u>81,315</u>	<u>2,411</u>	<u>2,444</u>
EXPENDITURES:				
Current:				
General Government	359	21,306	607	418
Debt service:				
Principal	14,197	9,064	1,078	771
Interest	20,662	28,314	728	684
Cost of issuance	1,416	4	-	-
Capital outlay	16	-	-	-
Total expenditures	<u>36,650</u>	<u>58,688</u>	<u>2,413</u>	<u>1,873</u>
Excess (deficiency) of revenues over (under) expenditures	(33,380)	22,627	(2)	571
OTHER FINANCING SOURCES (USES):				
Transfers in	34,537	18,608	186	-
Transfers out	(988)	(27,982)	(21)	-
Issuance of debt	-	-	-	-
Issuance of refunding bonds	31,125	-	-	-
Discount on long-term debt	-	-	-	-
Premium on long-term debt	3,272	-	-	-
Payment to refunded bond escrow agent	(24,290)	-	-	-
Total other financing sources (uses)	<u>43,656</u>	<u>(9,374)</u>	<u>165</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	10,276	13,253	163	571
Fund balances, beginning of year	31,960	29,949	697	5,793
FUND BALANCES, END OF YEAR	<u>\$ 42,236</u>	<u>\$ 43,202</u>	<u>\$ 860</u>	<u>\$ 6,364</u>

Pension Obligation	Inland Empire Tobacco Securitization Authority	Total	
\$ -	\$ -	\$ 79,805	REVENUES:
1,309	714	6,606	Taxes
-	-	5,052	Use of money and property:
2,389	-	2,389	Interest
-	7,084	7,084	Rents and concessions
3,698	7,798	100,936	Charges for services
			Other revenue
			Total revenues
			EXPENDITURES:
			Current:
6,783	-	29,473	General government
4,895	3,785	33,790	Debt service:
18,820	3,306	72,514	Principal
-	2,448	3,868	Interest
-	-	16	Cost of issuance
30,498	9,539	139,661	Capital outlay
			Total expenditures
(26,800)	(1,741)	(38,725)	Excess (deficiency) of revenues over (under) expenditures
			OTHER FINANCING SOURCES (USES):
30,823	72,009	156,163	Transfers in
-	(343,451)	(372,442)	Transfers out
-	294,084	294,084	Issuance of debt
-	-	31,125	Issuance of refunding bonds
-	(2,898)	(2,898)	Discount on long-term debt
-	-	3,272	Premium on long-term debt
-	-	(24,290)	Payment to refunded bond escrow agent
30,823	19,744	85,014	Total other financing sources (uses)
4,023	18,003	46,289	NET CHANGE IN FUND BALANCES
4,909	-	73,308	Fund balances, beginning of year
\$ 8,932	\$ 18,003	\$ 119,597	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Redevelopment Agency Debt Service Fund
 For the Fiscal Year Ended June 30, 2008
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 58,800	\$ 88,800	\$ 79,805	\$ (8,995)
Use of money and property:				
Interest	770	770	1,510	740
Other revenue	5,730	1,622	-	(1,622)
Total revenues	65,300	91,192	81,315	(9,877)
EXPENDITURES:				
Current:				
General government	65,300	44,436	21,306	(23,130)
Debt service:				
Principal	-	9,064	9,064	-
Interest	-	28,314	28,314	-
Cost of issuance	-	4	4	-
Total expenditures	65,300	81,818	58,688	(23,130)
Excess (deficiency) of revenues over (under) expenditures	-	9,374	22,627	13,253
OTHER FINANCING SOURCES (USES):				
Transfers in	-	18,608	18,608	-
Transfers out	-	(27,982)	(27,982)	-
Total other financing sources and (uses)	-	(9,374)	(9,374)	-
NET CHANGE IN FUND BALANCE	-	-	13,253	13,253
Fund balance, beginning of year	29,949	29,949	29,949	-
FUND BALANCE, END OF YEAR	\$ 29,949	\$ 29,949	\$ 43,202	\$ 13,253

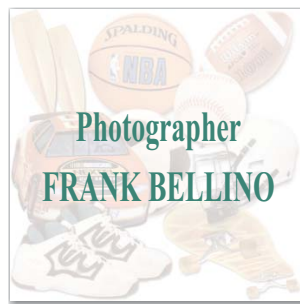
COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Pension Obligation Bond Debt Service Fund
 For the Fiscal Year Ended June 30, 2008
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 250	\$ 250	\$ 1,309	\$ 1,059
Charges for current services	-	-	2,389	2,389
Total revenues	250	250	3,698	3,448
EXPENDITURES:				
Current:				
General government	30,965	7,250	6,783	(467)
Debt service:				
Principal	-	4,895	4,895	-
Interest	-	18,820	18,820	-
Total expenditures	30,965	30,965	30,498	(467)
Excess (deficiency) of revenues over (under) expenditures	(30,715)	(30,715)	(26,800)	3,915
OTHER FINANCING SOURCES (USES):				
Transfers in	30,715	30,715	30,823	108
Total other financing sources and (uses)	30,715	30,715	30,823	108
NET CHANGE IN FUND BALANCE	-	-	4,023	4,023
Fund balance, beginning of year	4,909	4,909	4,909	-
FUND BALANCE, END OF YEAR	\$ 4,909	\$ 4,909	\$ 8,932	\$ 4,023



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CAPITAL PROJECTS FUNDS





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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.

PUBLIC SAFETY ENTERPRISE COMMUNICATION (PSEC)

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

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (CORAL)

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

FLOOD CONTROL

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

COUNTY OF RIVERSIDE DISTRICT COURT FINANCING CORPORATION (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

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, 2008
(Dollars in Thousands)

	PSEC	CORAL	Flood Control	District Court Financing Corporation
ASSETS:				
Cash and investments	\$ 1,327	\$ -	\$ 36	\$ -
Interest receivable	-	17	1	-
Due from other governments	-	-	-	-
Prepaid items	10,444	-	-	-
Restricted cash and investments	-	93,569	-	-
Total assets	<u>11,771</u>	<u>93,586</u>	<u>37</u>	<u>-</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	196	1,677	14	-
Salaries and benefits payable	236	-	-	-
Due to other funds	-	719	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>432</u>	<u>2,396</u>	<u>14</u>	<u>-</u>
Fund balances (Note 14):				
Reserved	11,339	91,190	23	-
Unreserved:				
Designated	-	-	-	-
Total fund balances	<u>11,339</u>	<u>91,190</u>	<u>23</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 11,771</u>	<u>\$ 93,586</u>	<u>\$ 37</u>	<u>\$ -</u>

Regional Park and Open-Space	CREST	Total	
\$ 8,198	\$ 2,519	\$ 12,080	ASSETS:
63	2	83	Cash and investments
3,556	-	3,556	Interest receivable
550	-	10,994	Due from other governments
-	-	93,569	Prepaid items
<u>12,367</u>	<u>2,521</u>	<u>120,282</u>	Restricted cash and investments
			Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
230	131	2,248	Accounts payable
-	106	342	Salaries and benefits payable
300	-	1,019	Due to other funds
750	-	750	Advances from other funds
<u>1,280</u>	<u>237</u>	<u>4,359</u>	Total liabilities
			Fund balances (Note 14):
4,152	2,284	108,988	Reserved
			Unreserved:
6,935	-	6,935	Designated
<u>11,087</u>	<u>2,284</u>	<u>115,923</u>	Total fund balances
<u>\$ 12,367</u>	<u>\$ 2,521</u>	<u>\$ 120,282</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, 2008
 (Dollars in Thousands)

	<u>PSEC</u>	<u>CORAL</u>	<u>Flood Control</u>	<u>District Court Financing Corporation</u>
REVENUES:				
Use of money and property:				
Interest	\$ 2	\$ 3,550	\$ 4	\$ 5
Aid from other governmental agencies:				
State	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>2</u>	<u>3,550</u>	<u>4</u>	<u>5</u>
EXPENDITURES:				
Current:				
General government	4,415	20	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	22,895	85	-
Total expenditures	<u>4,415</u>	<u>22,915</u>	<u>85</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(4,413)	(19,365)	(81)	5
OTHER FINANCING SOURCES (USES):				
Transfers in	5,750	988	-	21
Transfers out	(1,270)	(2,728)	-	(187)
Issuance of refunding bonds	-	80,000	-	-
Total other financing sources (uses)	<u>4,480</u>	<u>78,260</u>	<u>-</u>	<u>(166)</u>
NET CHANGE IN FUND BALANCES	67	58,895	(81)	(161)
Fund balances, beginning of year	<u>11,272</u>	<u>32,295</u>	<u>104</u>	<u>161</u>
FUND BALANCES, END OF YEAR	<u>\$ 11,339</u>	<u>\$ 91,190</u>	<u>\$ 23</u>	<u>\$ -</u>

Regional Park and Open-Space	CREST	Total	
			REVENUES:
			Use of money and property:
\$ 370	\$ 3	\$ 3,934	Interest
			Aid from other governmental agencies:
4,891	-	4,891	State
-	55	55	Charges for services
124	3	127	Other revenue
<u>5,385</u>	<u>61</u>	<u>9,007</u>	Total revenues
			EXPENDITURES:
			Current:
-	2,477	6,912	General government
131	-	131	Recreation and culture
4,682	-	27,662	Capital outlay
<u>4,813</u>	<u>2,477</u>	<u>34,705</u>	Total expenditures
			Excess (deficiency) of revenues
572	(2,416)	(25,698)	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
1,250	4,546	12,555	Transfers in
(956)	(306)	(5,447)	Transfers out
-	-	80,000	Issuance of refunding bonds
<u>294</u>	<u>4,240</u>	<u>87,108</u>	Total other financing sources (uses)
866	1,824	61,410	NET CHANGE IN FUND BALANCES
10,221	460	54,513	Fund balances, beginning of year
<u>\$ 11,087</u>	<u>\$ 2,284</u>	<u>\$ 115,923</u>	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
PSEC Capital Projects Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 2	\$ 2
Other revenue	13,820	8,070	-	(8,070)
Total revenues	<u>13,820</u>	<u>8,070</u>	<u>2</u>	<u>(8,068)</u>
EXPENDITURES:				
Current:				
General government	13,820	13,115	4,415	(8,700)
Total expenditures	<u>13,820</u>	<u>13,115</u>	<u>4,415</u>	<u>(8,700)</u>
Excess (deficiency) of revenues over(under) expenditures	<u>-</u>	<u>(5,045)</u>	<u>(4,413)</u>	<u>632</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	5,750	5,750	-
Transfers out	-	(1,270)	(1,270)	-
Total other financing sources and (uses)	<u>-</u>	<u>4,480</u>	<u>4,480</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(565)	67	632
Fund balance, beginning of year	<u>11,272</u>	<u>11,272</u>	<u>11,272</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 11,272</u></u>	<u><u>\$ 10,707</u></u>	<u><u>\$ 11,339</u></u>	<u><u>\$ 632</u></u>

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Flood Control Capital Projects Fund
 For the Fiscal Year Ended June 30, 2008
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 8	\$ 8	\$ 4	\$ (4)
Other revenue	4,200	4,200	-	(4,200)
Total revenues	4,208	4,208	4	(4,204)
EXPENDITURES:				
Capital outlay	4,200	4,200	85	(4,115)
Total expenditures	4,200	4,200	85	(4,115)
Excess (deficiency) of revenues over(under) expenditures	8	8	(81)	(89)
Fund balance, beginning of year	104	104	104	-
FUND BALANCE, END OF YEAR	\$ 112	\$ 112	\$ 23	\$ (89)

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space District Capital Projects Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 267	\$ 267	\$ 370	\$ 103
Aid from other governmental agencies:				
State	11,018	10,907	4,891	(6,016)
Other revenue	17,226	26,215	124	(26,091)
Total revenues	<u>28,511</u>	<u>37,389</u>	<u>5,385</u>	<u>(32,004)</u>
EXPENDITURES:				
Current:				
Recreation and cultural services	29,019	34,453	131	(34,322)
Capital outlay	-	4,849	4,682	(167)
Total expenditures	<u>29,019</u>	<u>39,302</u>	<u>4,813</u>	<u>(34,489)</u>
Excess (deficiency) of revenues over (under) expenditures	(508)	(1,913)	572	2,485
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,250	1,250	-
Transfers out	-	(956)	(956)	-
Total other financing sources and (uses)	<u>-</u>	<u>294</u>	<u>294</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(508)	(1,619)	866	2,485
Fund balance, beginning of year	10,221	10,221	10,221	-
FUND BALANCE, END OF YEAR	<u>\$ 9,713</u>	<u>\$ 8,602</u>	<u>\$ 11,087</u>	<u>\$ 2,485</u>

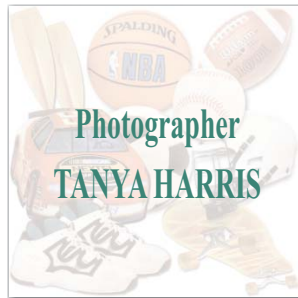
COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
CREST Capital Projects Fund
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 3	\$ 3
Charges for current services	-	-	55	55
Other revenue	-	-	3	3
Total revenues	<u>-</u>	<u>-</u>	<u>61</u>	<u>61</u>
EXPENDITURES:				
Current:				
General government	4,240	4,240	2,477	(1,763)
Total expenditures	<u>4,240</u>	<u>4,240</u>	<u>2,477</u>	<u>(1,763)</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(4,240)</u>	<u>(4,240)</u>	<u>(2,416)</u>	<u>1,824</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,546	4,546	4,546	-
Transfers out	(306)	(306)	(306)	-
Total other financing sources and (uses)	<u>4,240</u>	<u>4,240</u>	<u>4,240</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	1,824	1,824
Fund balance, beginning of year	460	460	460	-
FUND BALANCE, END OF YEAR	<u><u>\$ 460</u></u>	<u><u>\$ 460</u></u>	<u><u>\$ 2,284</u></u>	<u><u>\$ 1,824</u></u>



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NONMAJOR ENTERPRISE FUNDS





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COUNTY OF RIVERSIDE

NONMAJOR ENTERPRISE FUNDS

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

COUNTY SERVICE AREAS

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

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, 2008
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
ASSETS:				
Current assets:				
Cash and investments	\$ 381	\$ 13,184	\$ 2,046	\$ 15,611
Accounts receivable-net	-	162	2,932	3,094
Interest receivable	3	-	56	59
Taxes receivable	9	-	-	9
Due from other governments	-	757	5	762
Restricted cash and investments	-	1,681	2,928	4,609
Prepaid items and deposits	-	131	-	131
Total current assets	<u>393</u>	<u>15,915</u>	<u>7,967</u>	<u>24,275</u>
Noncurrent Assets:				
Capital assets:				
Depreciable assets	38	12,757	39	12,834
Nondepreciable assets	-	5,689	-	5,689
Total noncurrent assets	<u>38</u>	<u>18,446</u>	<u>39</u>	<u>18,523</u>
Total assets	<u>431</u>	<u>34,361</u>	<u>8,006</u>	<u>42,798</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	5	1	3,248	3,254
Salaries and benefits payable	-	-	89	89
Interest payable	-	9	-	9
Deposits payable	46	-	-	46
Other liabilities	-	2,243	1,361	3,604
Compensated absences	-	-	53	53
Bonds payable	-	105	-	105
Total current liabilities	<u>51</u>	<u>2,358</u>	<u>4,751</u>	<u>7,160</u>
Noncurrent portion of long-term liabilities:				
Noncurrent Liabilities:				
Compensated absences	-	766	199	965
Bonds payable	-	826	-	826
Other long-term liabilities	-	6,795	-	6,795
Total noncurrent liabilities	<u>-</u>	<u>8,387</u>	<u>199</u>	<u>8,586</u>
Total liabilities	<u>51</u>	<u>10,745</u>	<u>4,950</u>	<u>15,746</u>
NET ASSETS:				
Invested in capital assets, net of related debt	38	17,620	39	17,697
Restricted	62	179	-	241
Unrestricted	280	5,817	3,017	9,114
Total net assets	<u>\$ 380</u>	<u>\$ 23,616</u>	<u>\$ 3,056</u>	<u>\$ 27,052</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, 2008

(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
OPERATING REVENUES:				
Charges for services	\$ 344	\$ 2,243	\$ 4,543	\$ 7,130
Other	28	75,264	118	75,410
Total operating revenues	<u>372</u>	<u>77,507</u>	<u>4,661</u>	<u>82,540</u>
OPERATING EXPENSES:				
Personnel services	188	7,498	1,776	9,462
Insurance	2	-	-	2
Maintenance of building and equipment	41	1,890	7	1,938
Supplies	5	-	6	11
Purchased services	11	-	2,293	2,304
Depreciation and amortization	6	1,866	21	1,893
Rents and leases of equipment	8	-	21	29
Public assistance	-	61,682	-	61,682
Utilities	69	503	-	572
Other	11	1,287	22	1,320
Total operating expenses	<u>341</u>	<u>74,726</u>	<u>4,146</u>	<u>79,213</u>
Operating income (loss)	<u>31</u>	<u>2,781</u>	<u>515</u>	<u>3,327</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	17	403	332	752
Interest expense	(2)	(183)	-	(185)
Gain (loss) on disposal of capital assets	-	657	-	657
Total nonoperating revenues (expenses)	<u>15</u>	<u>877</u>	<u>332</u>	<u>1,224</u>
Income (loss) before transfers	46	3,658	847	4,551
Transfers out	<u>(1)</u>	<u>(157)</u>	<u>-</u>	<u>(158)</u>
CHANGE IN NET ASSETS	45	3,501	847	4,393
Net assets, beginning of year	<u>335</u>	<u>20,115</u>	<u>2,209</u>	<u>22,659</u>
NET ASSETS, END OF YEAR	<u>\$ 380</u>	<u>\$ 23,616</u>	<u>\$ 3,056</u>	<u>\$ 27,052</u>

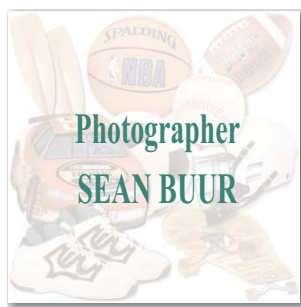
COUNTY OF RIVERSIDE
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ending June 30, 2008
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
Cash flows from operating activities				
Cash receipts from customers / other funds	\$ 372	\$ 80,313	\$ 4,168	\$ 84,853
Cash paid to suppliers for goods and services	(145)	(65,648)	(1,063)	(66,856)
Cash paid to employees for services	(207)	(7,476)	(1,828)	(9,511)
Net cash provided by (used in) operating activities	<u>20</u>	<u>7,189</u>	<u>1,277</u>	<u>8,486</u>
Cash flows from noncapital financing activities				
Transfers paid	(1)	(157)	-	(158)
Net cash provided by (used in) noncapital financing activities	<u>(1)</u>	<u>(157)</u>	<u>-</u>	<u>(158)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	657	-	657
Acquisition and construction of capital assets	-	(949)	(6)	(955)
Principal paid on bonds payable	-	(30)	-	(30)
Interest paid on long-term debt	(2)	(184)	-	(186)
Net cash used in capital and related financing activities	<u>(2)</u>	<u>(506)</u>	<u>(6)</u>	<u>(514)</u>
Cash flows from investing activities				
Interest received on investments	18	403	360	781
Net cash provided by investing activities	<u>18</u>	<u>403</u>	<u>360</u>	<u>781</u>
Net increase (decrease) in cash and cash equivalents	35	6,929	1,631	8,595
Cash and cash equivalents, beginning of year	346	7,936	3,343	11,625
Cash and cash equivalents, end of year	<u>\$ 381</u>	<u>\$ 14,865</u>	<u>\$ 4,974</u>	<u>\$ 20,220</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 31	\$ 2,781	\$ 515	\$ 3,327
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation and amortization	6	1,866	21	1,893
Decrease (Increase) accounts receivable	-	4	(513)	(509)
Decrease (Increase) due from other governments	-	2,802	20	2,822
Decrease (Increase) prepaid items and deposits	-	(99)	-	(99)
Increase (Decrease) accounts payable	2	1	376	379
Increase (Decrease) other liabilities	-	(188)	910	722
Increase (Decrease) salaries and benefits payable	(7)	-	(14)	(21)
Increase (Decrease) compensated absences	(12)	22	(38)	(28)
Net cash provided by (used in) operating activities	<u>\$ 20</u>	<u>\$ 7,189</u>	<u>\$ 1,277</u>	<u>\$ 8,486</u>

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS



Photographer
SEAN BUUR



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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 AND ARCHIVES

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

FLEET SERVICES

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

INFORMATION SERVICES

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

PRINTING SERVICES

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

SUPPLY SERVICES

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

OASIS PROJECT

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

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 (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

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, 2008
(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	\$ 1,030	\$ 9,132	\$ 17,010	\$ 2,362	\$ 4,265
Accounts receivable-net	24	57	-	181	-
Interest receivable	6	32	83	10	16
Due from other government	-	126	-	225	5
Advance to other funds	-	150	-	-	-
Inventories	-	644	823	248	477
Due from other funds	-	14	-	6	6
Restricted cash and investments	-	-	-	-	-
Prepaid items and deposits	-	-	-	11	-
Total current assets	<u>1,060</u>	<u>10,155</u>	<u>17,916</u>	<u>3,043</u>	<u>4,769</u>
Noncurrent assets:					
Capital assets:					
Depreciable assets	88	39,772	7,526	1,337	295
Non depreciable assets	-	1,248	-	-	-
Total noncurrent assets	<u>88</u>	<u>41,020</u>	<u>7,526</u>	<u>1,337</u>	<u>295</u>
Total assets	<u>1,148</u>	<u>51,175</u>	<u>25,442</u>	<u>4,380</u>	<u>5,064</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	7	5,581	3,831	22	1,199
Salaries and benefits payable	113	286	1,368	140	49
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	5
Other liabilities	-	2,875	-	-	-
Compensated absences	102	233	1,171	91	26
Capital lease obligation	-	11,769	886	244	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	<u>222</u>	<u>20,744</u>	<u>7,256</u>	<u>497</u>	<u>1,279</u>
Noncurrent liabilities:					
Compensated absences	57	207	1,081	15	15
Advance from other funds	-	-	-	150	-
Capital lease obligation	-	17,062	2,059	706	-
Estimated claims liabilities	-	-	-	-	-
Other long-term liabilities	-	1,500	-	-	-
Total noncurrent liabilities	<u>57</u>	<u>18,769</u>	<u>3,140</u>	<u>871</u>	<u>15</u>
Total liabilities	<u>279</u>	<u>39,513</u>	<u>10,396</u>	<u>1,368</u>	<u>1,294</u>
NET ASSETS:					
Invested in capital assets, net of related debt	88	10,689	4,581	387	295
Unrestricted	781	973	10,465	2,625	3,475
Total net assets	<u>\$ 869</u>	<u>\$ 11,662</u>	<u>\$ 15,046</u>	<u>\$ 3,012</u>	<u>\$ 3,770</u>

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
					ASSETS:
					Current assets:
\$ 8,796	\$ 192,009	\$ 3,617	\$ 5,945	\$ 244,166	Cash and investments
-	2,845	-	15	3,122	Accounts receivable-net
136	1,331	-	41	1,655	Interest receivable
-	-	-	-	356	Due from other government
-	-	-	-	150	Advance to other funds
-	-	-	331	2,523	Inventories
-	-	-	-	26	Due from other funds
-	-	-	500	500	Restricted cash and investments
-	-	-	-	11	Prepaid items and deposits
<u>8,932</u>	<u>196,185</u>	<u>3,617</u>	<u>6,832</u>	<u>252,509</u>	Total current assets
					Noncurrent assets:
					Capital assets:
4,111	192	9	2,606	55,936	Depreciable assets
-	-	-	-	1,248	Non depreciable assets
<u>4,111</u>	<u>192</u>	<u>9</u>	<u>2,606</u>	<u>57,184</u>	Total noncurrent assets
<u>13,043</u>	<u>196,377</u>	<u>3,626</u>	<u>9,438</u>	<u>309,693</u>	Total assets
					LIABILITIES:
					Current liabilities:
236	8,156	46	173	19,251	Accounts payable
531	1,322	1,513	92	5,414	Salaries and benefits payable
-	136	-	-	136	Due to other funds
-	227	-	82	314	Due to other governments
-	1	-	-	2,876	Other liabilities
344	968	44	61	3,040	Compensated absences
727	-	-	-	13,626	Capital lease obligation
-	38,235	-	-	38,235	Estimated claims liability
<u>1,838</u>	<u>49,045</u>	<u>1,603</u>	<u>408</u>	<u>82,892</u>	Total current liabilities
					Noncurrent liabilities:
474	593	31	229	2,702	Compensated absences
-	-	-	-	150	Advance from other funds
3,112	-	-	-	22,939	Capital lease obligation
-	97,086	-	-	97,086	Estimated claims liabilities
-	-	-	-	1,500	Other long-term liabilities
<u>3,586</u>	<u>97,679</u>	<u>31</u>	<u>229</u>	<u>124,377</u>	Total noncurrent liabilities
<u>5,424</u>	<u>146,724</u>	<u>1,634</u>	<u>637</u>	<u>207,269</u>	Total liabilities
					NET ASSETS:
					Invested in capital assets, net of related debt
272	192	9	2,606	19,119	
7,347	49,461	1,983	6,195	83,305	Unrestricted
<u>\$ 7,619</u>	<u>\$ 49,653</u>	<u>\$ 1,992</u>	<u>\$ 8,801</u>	<u>\$ 102,424</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, 2008

(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
OPERATING REVENUES:					
Charges for services	\$ 2,608	\$ 31,755	\$ 37,899	\$ 4,337	\$ 10,760
Other revenue	-	619	-	3,582	11,678
Total operating revenues	2,608	32,374	37,899	7,919	22,438
OPERATING EXPENSES:					
Cost of materials used	-	2,171	-	-	-
Personnel services	1,669	3,718	18,612	1,894	718
Communications	21	130	1,997	114	43
Insurance	33	54	112	12	18
Maintenance of building and equipment	168	3,915	5,269	486	193
Insurance claims	-	-	-	-	-
Supplies	145	8,489	518	3,738	20,573
Purchased services	122	760	3,192	1,111	424
Depreciation and amortization	11	11,710	2,732	263	36
Rents and leases of equipment	299	33	1,132	4	-
Utilities	38	84	172	1	-
Other	35	216	1,025	69	222
Total operating expenses	2,541	31,280	34,761	7,692	22,227
Operating income (loss)	67	1,094	3,138	227	211
NONOPERATING REVENUES (EXPENSES):					
Investment income	43	137	573	33	30
Interest expense	-	(1,929)	(152)	(7)	-
Gain (loss) on disposal of capital assets	1	(352)	(470)	(20)	-
Total nonoperating revenues (expenses)	44	(2,144)	(49)	6	30
Income (loss) before capital contributions and transfers	111	(1,050)	3,089	233	241
Capital contributions	-	-	-	-	-
Transfers in	-	-	689	-	-
Transfers out	(37)	(85)	(512)	(43)	(16)
CHANGE IN NET ASSETS	74	(1,135)	3,266	190	225
Net assets, beginning of year	795	12,797	11,780	2,822	3,545
NET ASSETS, END OF YEAR	\$ 869	\$ 11,662	\$ 15,046	\$ 3,012	\$ 3,770

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
					OPERATING REVENUES:
\$ 13,269	\$ 38,097	\$ 29,067	\$ 1,476	\$ 169,268	Charges for services
-	10,595	7	5,009	31,490	Other revenue
<u>13,269</u>	<u>48,692</u>	<u>29,074</u>	<u>6,485</u>	<u>200,758</u>	Total operating revenues
					OPERATING EXPENSES:
-	-	-	38	2,209	Cost of materials used
7,300	20,373	23,586	2,099	79,969	Personnel services
307	252	71	33	2,968	Communications
19	7,294	13	-	7,555	Insurance
2,598	127	6	552	13,314	Maintenance of building and equipment
-	64,592	-	-	64,592	Insurance claims
179	1,221	181	1,097	36,141	Supplies
1,166	3,639	1,960	864	13,238	Purchased services
1,040	105	22	848	16,767	Depreciation and amortization
632	955	198	2	3,255	Rents and leases of equipment
54	34	15	-	398	Utilities
166	1,010	242	557	3,542	Other
<u>13,461</u>	<u>99,602</u>	<u>26,294</u>	<u>6,090</u>	<u>243,948</u>	Total operating expenses
<u>(192)</u>	<u>(50,910)</u>	<u>2,780</u>	<u>395</u>	<u>(43,190)</u>	Operating income (loss)
					NONOPERATING REVENUES (EXPENSES):
422	8,271	4	253	9,766	Investment income
-	-	-	-	(2,088)	Interest expense
-	-	-	44	(797)	Gain (loss) on disposal of capital assets
<u>422</u>	<u>8,271</u>	<u>4</u>	<u>297</u>	<u>6,881</u>	Total nonoperating revenues (expenses)
230	(42,639)	2,784	692	(36,309)	Income (loss) before capital contributions and transfers
-	50,346	-	-	50,346	Capital contributions
-	3,134	-	489	4,312	Transfers in
<u>(174)</u>	<u>(3,048)</u>	<u>(1,512)</u>	<u>-</u>	<u>(5,427)</u>	Transfers out
56	7,793	1,272	1,181	12,922	CHANGE IN NET ASSETS
<u>7,563</u>	<u>41,860</u>	<u>720</u>	<u>7,620</u>	<u>89,502</u>	Net assets, beginning of year
<u>\$ 7,619</u>	<u>\$ 49,653</u>	<u>\$ 1,992</u>	<u>\$ 8,801</u>	<u>\$ 102,424</u>	NET ASSETS, END OF YEAR

COUNTY OF RIVERSIDE
Combining Statements of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

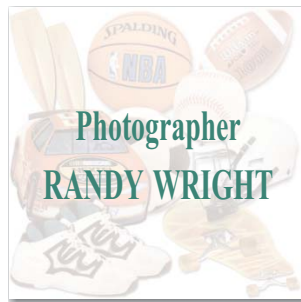
	Records Management and Archives	Fleet Service	Information Services	Printing Services	Supply Services
Cash flows from operating activities					
Cash receipts from internal services provided	\$ 2,604	\$ 32,283	\$ 37,899	\$ 7,709	\$ 22,429
Cash paid to suppliers for goods and services	(854)	(13,033)	(9,731)	(5,569)	(20,566)
Cash paid to employees for services	(1,583)	(3,629)	(18,348)	(1,872)	(707)
Net cash provided by (used in) operating activities	<u>167</u>	<u>15,621</u>	<u>9,820</u>	<u>268</u>	<u>1,156</u>
Cash flows from noncapital financing activities					
Advances from other funds	-	-	-	(50)	-
Advances to other funds	-	50	-	-	-
Transfers received	-	-	689	-	-
Transfers paid	(37)	(85)	(512)	(43)	(16)
Net cash provided by (used in) noncapital financing activities	<u>(37)</u>	<u>(35)</u>	<u>177</u>	<u>(93)</u>	<u>(16)</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	2	-	-	7	3
Acquisition and construction of capital assets	(36)	(1,582)	(4,975)	-	-
Principal paid on capital leases	-	(9,428)	(1,483)	(142)	-
Capital contributions	-	-	-	-	-
Interest paid on long-term debt	-	(1,929)	(152)	(7)	-
Net cash used in capital and related financing activities	<u>(34)</u>	<u>(12,939)</u>	<u>(6,610)</u>	<u>(142)</u>	<u>3</u>
Cash flows from investing activities					
Interest received on investments	46	105	594	23	14
Net cash provided by investing activities	<u>46</u>	<u>105</u>	<u>594</u>	<u>23</u>	<u>14</u>
Net increase (decrease) in cash and cash equivalents	142	2,752	3,981	56	1,157
Cash and cash equivalents, beginning of year	888	6,380	13,029	2,306	3,108
Cash and cash equivalents, end of year	<u>\$ 1,030</u>	<u>\$ 9,132</u>	<u>\$ 17,010</u>	<u>\$ 2,362</u>	<u>\$ 4,265</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 67	\$ 1,094	\$ 3,138	\$ 227	\$ 211
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation and amortization	11	11,710	2,732	263	36
Decrease (Increase) accounts receivable	(4)	22	-	(74)	2
Decrease (Increase) due from other funds	-	(14)	-	(6)	(6)
Decrease (Increase) due from other governments	-	(99)	-	(130)	(5)
Decrease (Increase) inventories	-	(118)	389	36	(84)
Increase (Decrease) accounts payable	7	1,920	3,297	(70)	988
Increase (Decrease) due to other funds	-	-	-	-	-
Increase (Decrease) due to other governments	-	-	-	-	3
Increase (Decrease) other liabilities	-	1,017	-	-	-
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) salaries and benefits payable	33	56	186	23	5
Increase (Decrease) compensated absences	53	33	78	(1)	6
Net cash provided by operating activities	<u>\$ 167</u>	<u>\$ 15,621</u>	<u>\$ 9,820</u>	<u>\$ 268</u>	<u>\$ 1,156</u>
Noncash investing, capital, and financing activities:					
Capital lease obligations		<u>\$ 21,103</u>	<u>\$ 2,013</u>		

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
\$ 13,269	\$ 48,278	\$ 29,074	\$ 6,485	\$ 200,030	Cash flows from operating activities
(5,037)	(75,604)	(2,782)	(3,096)	(136,272)	Cash receipts from internal services provided
(7,232)	(19,889)	(23,752)	(2,067)	(79,079)	Cash paid to suppliers for goods and services
					Cash paid to employees for services
1,000	(47,215)	2,540	1,322	(15,321)	Net cash provided by (used in) operating activities
					Cash flows from noncapital financing activities
-	-	-	-	(50)	Advances from other funds
-	-	-	-	50	Advances to other funds
-	3,134	-	489	4,312	Transfers received
(174)	(3,048)	(1,512)	-	(5,427)	Transfers paid
(174)	86	(1,512)	489	(1,115)	Net cash provided by (used in) noncapital financing activities
					Cash flows from capital and related financing activities
544	5	-	44	605	Proceeds from sale of capital assets
-	(185)	-	(1,174)	(7,952)	Acquisition and construction of capital assets
-	-	-	-	(11,053)	Principal paid on capital leases
-	50,346	-	-	50,346	Capital contributions
-	-	-	-	(2,088)	Interest paid on long-term debt
544	50,166	-	(1,130)	29,858	Net cash used in capital and related financing activities
					Cash flows from investing activities
364	8,813	4	262	10,225	Interest received on investments
364	8,813	4	262	10,225	Net cash provided by investing activities
1,734	11,850	1,032	943	23,647	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
\$ 8,796	\$ 192,009	\$ 3,617	\$ 6,445	\$ 244,666	Cash and cash equivalents, end of year
					Reconciliation of operating income to net cash provided (used) by operating activities
\$ (192)	\$ (50,910)	\$ 2,780	\$ 395	\$ (43,190)	Operating income (loss)
					Adjustments to reconcile operating income to net cash provided (used) by operating activities
1,040	105	22	848	16,767	Depreciation and amortization
-	(598)	-	-	(652)	Decrease (Increase) accounts receivable
-	184	-	-	158	Decrease (Increase) due from other funds
-	-	-	-	(234)	Decrease (Increase) due from other governments
-	-	-	(3)	220	Decrease (Increase) inventories
84	3,072	(42)	50	9,306	Increase (Decrease) accounts payable
-	136	(54)	-	82	Increase (Decrease) due to other funds
-	219	-	-	222	Increase (Decrease) due to other governments
-	-	-	-	1,017	Increase (Decrease) other liabilities
-	93	-	-	93	Increase (Decrease) estimated claims liability
80	216	(112)	6	493	Increase (Decrease) salaries and benefits payable
(12)	268	(54)	26	397	Increase (Decrease) compensated absences
\$ 1,000	\$ (47,215)	\$ 2,540	\$ 1,322	\$ (15,321)	Net cash provided by operating activities
					Noncash investing, capital, and financing activities:
				\$ 23,116	Capital lease obligations



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FIDUCIARY FUNDS





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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

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

PAYROLL DEDUCTIONS

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

PROPERTY TAX ASSESSMENTS

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

WARRANTS

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

COUNTY OF RIVERSIDE
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2008
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	\$ 197,855	\$ 647	\$ 62,971	\$ 89,384	\$ 350,857
Interest receivable	191	25	-	3	219
Taxes receivable	163	-	165,011	-	165,174
Due from other governments	191	-	-	-	191
Total assets	<u>198,400</u>	<u>672</u>	<u>227,982</u>	<u>89,387</u>	<u>516,441</u>
LIABILITIES:					
Accounts payable	127,980	672	1,879	89,387	219,918
Salaries and benefits payable	8	-	-	-	8
Due to other governments	70,412	-	226,103	-	296,515
Total liabilities	<u>\$ 198,400</u>	<u>\$ 672</u>	<u>\$ 227,982</u>	<u>\$ 89,387</u>	<u>\$ 516,441</u>

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

Other	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>Assets</u>				
Cash and investments	\$ 84,944	\$ 4,584,882	\$ 4,471,971	\$ 197,855
Interest receivable	300	191	300	191
Taxes receivable	125	163	125	163
Due from other governments	164	194	167	191
Total assets	<u>85,533</u>	<u>4,585,430</u>	<u>4,472,563</u>	<u>198,400</u>
<u>Liabilities</u>				
Accounts payable	85,522	460,951	418,493	127,980
Salaries and benefits payable	10	8	10	8
Due to other governments	1	4,125,800	4,055,389	70,412
Total liabilities	<u>\$ 85,533</u>	<u>\$ 4,586,759</u>	<u>\$ 4,473,892</u>	<u>\$ 198,400</u>
<u>Payroll Deductions</u>				
<u>Assets</u>				
Cash and investments	\$ 771	\$ 1,650,946	\$ 1,651,070	\$ 647
Interest receivable	37	25	37	25
Taxes receivable	16	25	41	-
Total assets	<u>824</u>	<u>1,650,996</u>	<u>1,651,148</u>	<u>672</u>
<u>Liabilities</u>				
Accounts payable	824	997,348	997,500	672
Total liabilities	<u>\$ 824</u>	<u>\$ 997,348</u>	<u>\$ 997,500</u>	<u>\$ 672</u>
<u>Property Tax Assessments</u>				
<u>Assets</u>				
Cash and investments	\$ 168,382	\$ 3,669,893	\$ 3,775,304	\$ 62,971
Accounts receivable	1	-	1	-
Taxes receivable	113,874	165,011	113,874	165,011
Total assets	<u>282,257</u>	<u>3,834,904</u>	<u>3,889,179</u>	<u>227,982</u>
<u>Liabilities</u>				
Accounts payable	1,394	265,311	264,826	1,879
Due to other governments	280,863	3,376,787	3,431,547	226,103
Total liabilities	<u>\$ 282,257</u>	<u>\$ 3,642,098</u>	<u>\$ 3,696,373</u>	<u>\$ 227,982</u>

COUNTY OF RIVERSIDE

Combining Statement of Changes in Fiduciary Assets and Liabilities

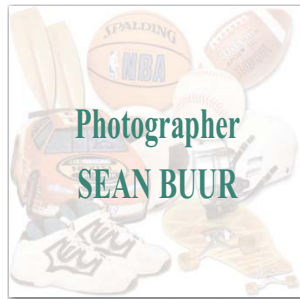
Agency Funds

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<hr/>				
Warrants				
<hr/>				
<u>Assets</u>				
Cash and investments	\$ 96,148	\$ 10,364,126	\$ 10,370,890	\$ 89,384
Interest receivable	5	3	5	3
Taxes receivable	4	-	4	-
Total assets	<u>96,157</u>	<u>10,364,129</u>	<u>10,370,899</u>	<u>89,387</u>
<u>Liabilities</u>				
Accounts payable	96,157	5,847,759	5,854,529	89,387
Total liabilities	<u>\$ 96,157</u>	<u>\$ 5,847,759</u>	<u>\$ 5,854,529</u>	<u>\$ 89,387</u>
<hr/>				
Total Agency Funds				
<hr/>				
<u>Assets</u>				
Cash and investments	\$ 350,245	\$ 20,269,847	\$ 20,269,235	\$ 350,857
Accounts receivable	1	-	1	-
Interest receivable	342	219	342	219
Taxes receivable	114,019	165,199	114,044	165,174
Due from other government	164	194	167	191
Total assets	<u>464,771</u>	<u>20,435,459</u>	<u>20,383,789</u>	<u>516,441</u>
<u>Liabilities</u>				
Accounts payable	183,897	7,571,369	7,535,348	219,918
Salaries and benefits payable	10	8	10	8
Due to other government	280,864	7,502,587	7,486,936	296,515
Total liabilities	<u>\$ 464,771</u>	<u>\$ 15,073,964</u>	<u>\$ 15,022,294</u>	<u>\$ 516,441</u>

STATISTICAL SECTION





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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.

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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
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Economic and Demographic Information

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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.

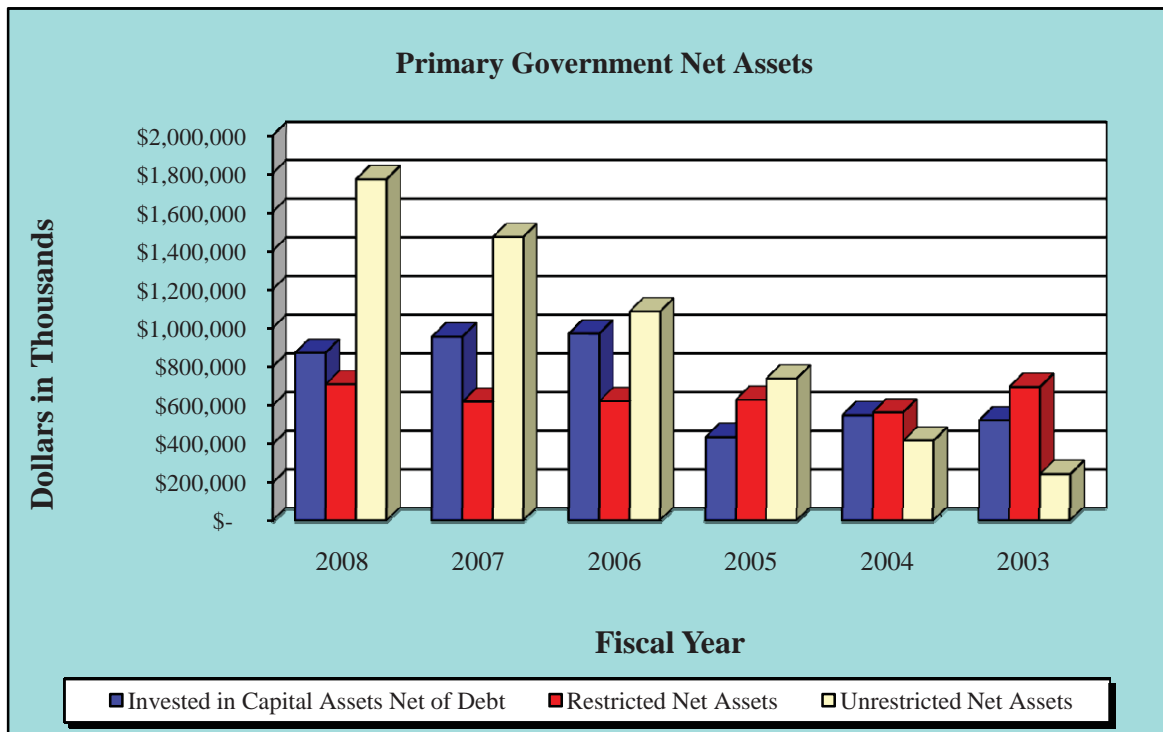
- Full-time Equivalent County Government Employees by function/program
- Operating Indicators by Function
- Capital Asset Statistics by Function

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 six years beginning with the first year after GASB Statement 34 implementation.

Table 1

COUNTY OF RIVERSIDE
Net Assets by Component
Last Six Fiscal Years
(Accrual basis of accounting)
(Dollars in thousands)

	Fiscal Year			
	2008	2007	2006	2005
Governmental Activities				
Invested in capital assets, net of related debt	\$ 802,981	\$ 903,076	\$ 930,800	\$ 407,762
Restricted	673,866	569,477	582,037	584,441
Unrestricted	1,667,652	1,370,350	999,992	671,917
Governmental activities, total net assets	<u>3,144,499</u>	<u>2,842,903</u>	<u>2,512,829</u>	<u>1,664,120</u>
Business-type Activities				
Invested in capital assets, net of related debt	69,441	53,321	40,986	29,583
Restricted	36,074	50,629	41,287	45,362
Unrestricted	101,683	100,567	85,971	67,502
Business-type activities, total net assets	<u>207,198</u>	<u>204,517</u>	<u>168,244</u>	<u>142,447</u>
Primary Government				
Invested in capital assets, net of related debt	872,422	956,397	971,786	437,345
Restricted	709,940	620,106	623,324	629,803
Unrestricted	1,769,335	1,470,917	1,085,963	739,419
Primary government, total net assets	<u>\$ 3,351,697</u>	<u>\$ 3,047,420</u>	<u>\$ 2,681,073</u>	<u>\$ 1,806,567</u>



Source: Auditor-Controller, County of Riverside

Table 1

<u>2004</u>	<u>2003</u>	
		Governmental Activities
\$ 524,624	\$ 503,294	Invested in capital assets, net of related debt
521,143	662,446	Restricted
<u>387,007</u>	<u>205,952</u>	Unrestricted
<u>1,432,774</u>	<u>1,371,692</u>	Governmental activities, total net assets
		Business-type Activities
25,102	19,972	Invested in capital assets, net of related debt
43,232	33,740	Restricted
<u>31,602</u>	<u>40,096</u>	Unrestricted
<u>99,936</u>	<u>93,808</u>	Business-type activities, total net assets
		Primary Government
549,726	523,266	Invested in capital assets, net of related debt
564,375	696,186	Restricted
<u>418,609</u>	<u>246,048</u>	Unrestricted
<u>\$ 1,532,710</u>	<u>\$ 1,465,500</u>	Primary government, total net assets

Table 2

COUNTY OF RIVERSIDE
Changes in Net Assets
Last Six Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year			
	2008	2007	2006	2005
Program Revenues				
Governmental Activities:				
Charges for services	\$ 611,605	\$ 609,195	\$ 575,071	\$ 458,992
Operating grants and contributions	1,315,716	1,210,941	1,100,674	983,290
Capital grants and contributions	25,333	48,186	31,001	64,252
Governmental activities program revenues	<u>1,952,654</u>	<u>1,868,322</u>	<u>1,706,746</u>	<u>1,506,534</u>
Business-type Activities:				
Charges for services	479,479	475,611	465,391	480,455
Capital grants and contributions	306	261	227	-
Business-type activities program revenues	<u>479,785</u>	<u>475,872</u>	<u>465,618</u>	<u>480,455</u>
Primary government program revenues	<u>2,432,439</u>	<u>2,344,194</u>	<u>2,172,364</u>	<u>1,986,989</u>
Expenses				
Governmental Activities:				
General government	331,741	296,917	259,993	187,911
Public protection	1,122,370	935,550	801,044	792,287
Public ways and facilities	209,019	57,578	61,443	79,649
Health and sanitation	330,206	350,082	350,451	290,001
Public assistance	564,318	688,213	634,522	552,298
Education	17,977	14,847	11,168	10,112
Recreation and cultural	12,457	11,941	7,188	8,617
Interest on long-term debt	96,173	81,197	75,721	48,717
Governmental activities expenses	<u>2,684,261</u>	<u>2,436,325</u>	<u>2,201,530</u>	<u>1,969,592</u>
Business-type Activities:				
Regional Medical Center	353,481	329,128	290,962	356,255
Waste Management Department	64,538	60,772	66,453	55,563
Housing Authority	74,252	70,218	62,909	62,206
Flood Control	5,201	6,242	5,705	4,928
County Service Areas	343	329	285	320
Business-type activities expense	<u>497,815</u>	<u>466,689</u>	<u>426,314</u>	<u>479,272</u>
Primary government expenses	<u>3,182,076</u>	<u>2,903,014</u>	<u>2,627,844</u>	<u>2,448,864</u>
Net (expense)/revenue				
Governmental activities	(731,607)	(568,003)	(494,784)	(463,058)
Business-type activities	(18,030)	9,183	39,304	1,183
Primary government, net (expense) / revenue	<u>\$ (749,637)</u>	<u>\$ (558,820)</u>	<u>\$ (455,480)</u>	<u>\$ (461,875)</u>

Table 2

<u>2004</u>	<u>2003</u>	
		Program Revenues
		Governmental Activities:
\$ 436,029	\$ 393,482	Charges for services
1,086,456	1,050,230	Operating grants and contributions
33,041	32,537	Capital grants and contributions
<u>1,555,526</u>	<u>1,476,249</u>	Governmental activities program revenues
		Business-type Activities:
385,028	299,419	Charges for services
125	9,712	Capital grants and contributions
<u>385,153</u>	<u>309,131</u>	Business-type activities program revenues
<u>1,940,679</u>	<u>1,785,380</u>	Primary government program revenues
		Expenses
		Governmental Activities:
232,322	183,132	General government
710,053	620,663	Public protection
93,529	87,092	Public ways and facilities
376,338	330,830	Health and sanitation
590,719	588,502	Public assistance
10,280	8,609	Education
9,666	8,842	Recreation and cultural
29,890	33,666	Interest on long-term debt
<u>2,052,797</u>	<u>1,861,336</u>	Governmental activities expenses
		Business-type Activities:
296,227	228,339	Regional Medical Center
40,056	36,579	Waste Management Department
61,599	57,977	Housing Authority
4,318	2,054	Flood Control
329	294	County Service Areas
<u>402,529</u>	<u>325,243</u>	Business-type activities expense
<u>2,455,326</u>	<u>2,186,579</u>	Primary government expenses
		Net (expense)/revenue
(497,271)	(385,087)	Governmental activities
<u>(17,376)</u>	<u>(16,112)</u>	Business-type activities
<u>\$ (514,647)</u>	<u>\$ (401,199)</u>	Primary government, net (expense) / revenue

Continued

Table 2

COUNTY OF RIVERSIDE
Changes in Net Assets
Last Six Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year			
	2008	2007	2006	2005
Continued:				
Primary government, net (expense) / revenue	\$ (749,637)	\$ (558,820)	\$ (455,480)	\$ (461,875)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property taxes	506,327	462,817	396,167	314,666
Sales tax and use tax	40,985	51,093	44,286	33,091
Other taxes	15,898	16,865	15,603	13,885
Intergovernmental revenue - not restricted to programs:				
Motor vehicle in-lieu taxes	274,282	245,723	220,190	172,265
Fines, forfeitures, and penalties	-	-	-	70,578
Investment earnings	138,071	122,517	78,288	39,907
Proceeds on sale of capital assets	-	-	-	-
Other	85,924	13,191	96,265	99,330
Transfers	(10,322)	(16,892)	19,888	(31,000)
Governmental activities	<u>1,051,165</u>	<u>895,314</u>	<u>870,687</u>	<u>712,722</u>
Business-type Activities:				
Investment earnings	10,389	10,198	6,381	4,234
Gain on sale of capital assets	-	-	-	346
Transfers	10,322	16,892	(19,888)	31,000
Business-type activities	<u>20,711</u>	<u>27,090</u>	<u>(13,507)</u>	<u>35,580</u>
Total primary government	<u>1,071,876</u>	<u>922,404</u>	<u>857,180</u>	<u>748,302</u>
Change in net assets				
Governmental activities	319,558	327,311	375,903	249,664
Business-type activities	2,681	36,273	25,797	36,763
Primary government change in net assets	<u>\$ 322,239</u>	<u>\$ 363,584</u>	<u>\$ 401,700</u>	<u>\$ 286,427</u>

Source: Auditor-Controller, County of Riverside

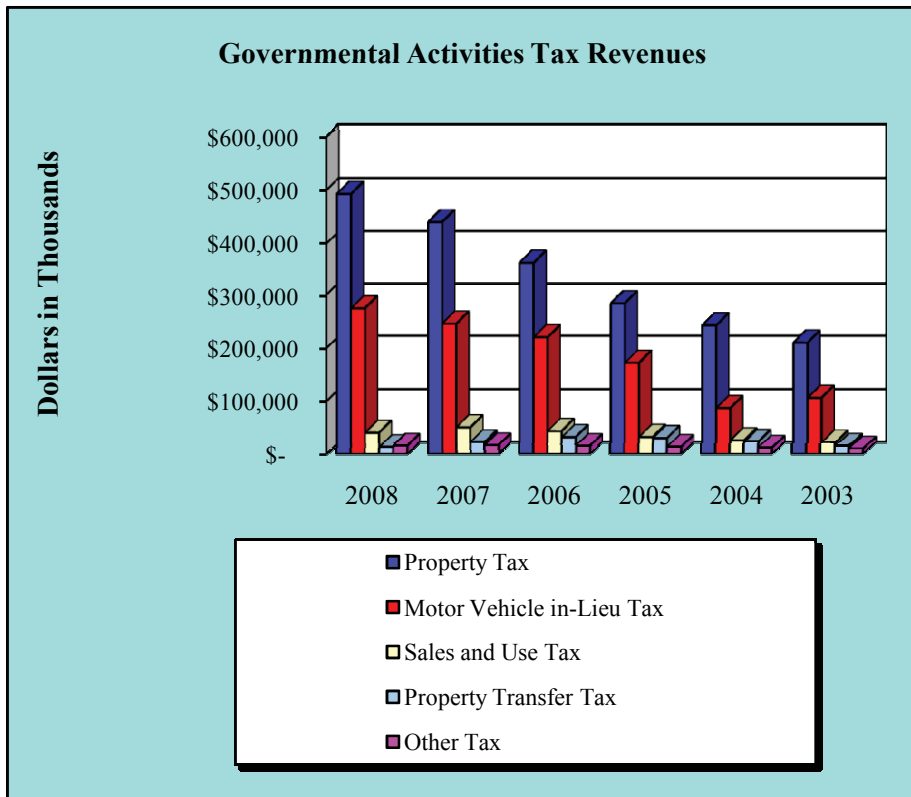
Table 2

<u>2004</u>	<u>2003</u>	
		Continued:
\$ (514,647)	\$ (401,199)	Primary government, net (expense) / revenue
		General Revenues and Other Changes in Net Assets
		Governmental Activities:
		Taxes:
266,391	225,775	Property taxes
26,633	22,444	Sales tax and use tax
12,108	10,377	Other taxes
		Intergovernmental revenue - not restricted to programs:
87,435	106,466	Motor vehicle in-lieu taxes
43,344	37,914	Fines, forfeitures, and penalties
16,835	24,909	Investment earnings
1,491	504	Proceeds on sale of capital assets
146,392	117,706	Other
(16,791)	(13,287)	Transfers
<u>583,838</u>	<u>532,808</u>	Governmental activities
		Business-type Activities:
2,505	3,235	Investment earnings
4,208	754	Gain on sale of capital assets
16,791	13,287	Transfers
<u>23,504</u>	<u>17,276</u>	Business-type activities
<u>607,342</u>	<u>550,084</u>	Total primary government
		Change in net assets
86,567	147,721	Governmental activities
6,128	1,164	Business-type activities
<u>\$ 92,695</u>	<u>\$ 148,885</u>	Primary government change in net assets

Table 3

COUNTY OF RIVERSIDE
Governmental Activities Tax Revenues By Source
Last Six Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

Fiscal Year	Property Tax	Property Transfer Tax	Sales and Use Tax	Motor Vehicle In-Lieu Tax	Other Tax	Total
2008	\$ 492,849	\$ 13,478	\$ 40,985	\$ 274,282	\$ 15,898	\$ 837,492
2007	439,981	22,836	51,093	245,723	16,865	776,498
2006	363,407	32,760	44,286	220,190	15,603	676,246
2005	283,660	31,006	33,091	172,265	13,885	533,907
2004	242,647	23,744	26,633	87,435	12,108	392,567
2003	209,979	15,796	22,444	106,466	10,377	365,062



Source: Auditor-Controller, County of Riverside



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Table 4

COUNTY OF RIVERSIDE
Fund Balances of Governmental Funds
Last Six Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year			
	2008	2007	2006	2005
General Fund				
Reserved	\$ 84,466	\$ 88,233	\$ 100,436	\$ 121,249
Unreserved, designated	335,630	339,773	277,833	185,014
Unreserved, undesignated	58,672	142,958	68,649	46,191
Total general fund	<u>478,768</u>	<u>570,964</u>	<u>446,918</u>	<u>352,454</u>
Public Facilities Improvements				
Reserved	590,915	256,338	222,983	175,699
Unreserved, undesignated	-	-	-	-
Total public facilities improvements	<u>590,915</u>	<u>256,338</u>	<u>222,983</u>	<u>175,699</u>
Redevelopment Capital Projects				
Reserved	122,036	269,263	88,391	61,460
Unreserved, designated	234,582	118,186	120,313	75,702
Total redevelopment capital projects	<u>356,618</u>	<u>387,449</u>	<u>208,704</u>	<u>137,162</u>
Nonmajor Governmental Funds				
Reserved	335,647	192,566	197,878	149,222
Unreserved, designated reported in:				
Special revenue funds	38,876	187,664	212,407	86,593
Capital projects funds	6,935	9,671	2,056	1,805
Unreserved, undesignated reported in:				
Special revenue funds	332,537	148,361	109,608	197,438
Capital projects funds	-	-	-	-
Total nonmajor governmental funds	<u>713,995</u>	<u>538,262</u>	<u>521,949</u>	<u>435,058</u>
Total all governmental funds	<u>\$ 2,140,296</u>	<u>\$ 1,753,013</u>	<u>\$ 1,400,554</u>	<u>\$ 1,100,373</u>

Source: Auditor-Controller, County of Riverside

Table 4

<u>2004</u>	<u>2003</u>	
\$ 100,940	\$ 103,489	General Fund
70,361	89,011	Reserved
77,752	26,078	Unreserved, designated
<u>249,053</u>	<u>218,578</u>	Unreserved, undesignated
		Total general fund
		Public Facilities Improvements
152,842	146,588	Reserved
184	-	Unreserved, undesignated
<u>153,026</u>	<u>146,588</u>	Total public facilities improvements
		Redevelopment Capital Projects
-	-	Reserved
-	-	Unreserved, designated
<u>-</u>	<u>-</u>	Total redevelopment capital projects
		Nonmajor Governmental Funds
159,413	159,357	Reserved
		Unreserved, designated reported in:
13,041	11,929	Special revenue funds
20,353	5,128	Capital projects funds
		Unreserved, undesignated reported in:
189,570	186,964	Special revenue funds
(8,241)	981	Capital projects funds
<u>374,136</u>	<u>364,359</u>	Total nonmajor governmental funds
<u>\$ 776,215</u>	<u>\$ 729,525</u>	Total all governmental funds

Table 5

COUNTY OF RIVERSIDE
Changes in Fund Balances of Governmental Funds
Last Six Fiscal Years
(Modified accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year			
	2008	2007	2006	2005
Revenues				
Taxes	\$ 553,158	\$ 523,028	\$ 457,117	\$ 346,248
Licenses, permits, and franchise fees	24,652	25,981	21,733	22,343
Fines, forfeitures, and penalties	92,029	82,946	62,984	70,578
Use of money and property:				
Interest	128,307	113,789	73,838	37,624
Rents and concessions	15,486	43,171	41,798	39,831
Aid from other governmental agencies:				
Federal	544,587	496,685	451,036	446,628
State	971,299	937,630	830,634	705,289
Other	103,858	89,111	69,042	55,661
Charges for services	447,889	431,676	439,594	383,497
Other revenue	102,132	115,863	110,870	146,800
Total revenues	<u>2,983,397</u>	<u>2,859,880</u>	<u>2,558,646</u>	<u>2,254,499</u>
Expenditures				
General government	409,336	320,254	270,340	250,568
Public protection	1,083,719	972,006	855,133	1,039,822
Public ways and facilities	152,603	157,055	141,017	111,088
Health and sanitation	375,259	348,921	346,738	339,444
Public assistance	747,576	686,295	629,553	652,069
Education	17,907	14,830	11,108	9,889
Recreation and culture	11,647	11,707	12,727	20,058
Debt service:				
Principal	46,483	44,222	45,516	34,452
Interest	91,126	78,204	73,707	46,439
Cost of issuance	3,868	5,565	4,925	9,283
Capital outlay	36,691	58,525	25,639	9,680
Total expenditures	<u>2,976,215</u>	<u>2,697,584</u>	<u>2,416,403</u>	<u>2,522,792</u>
Revenues over (under) expenditures	7,182	162,296	142,243	(268,293)
Other financing sources (uses)				
Transfers in	805,400	313,044	294,835	203,411
Transfers out	(814,607)	(328,624)	(277,680)	(229,835)
Issuance of debt	294,084	34,173	178,750	596,330
Issuance of refunding bonds	111,125	259,600	-	74,200
Discount on long-term debt	(2,898)	-	-	-
Premium on long-term debt	3,272	2,876	857	4,827
Payment to escrow agent	(24,290)	(103,396)	(35,684)	(53,338)
Proceeds from the sale of capital assets	1,159	916	2,064	35
Capital leases	8,670	8,811	7,929	6,616
Total other financing sources (uses)	<u>381,915</u>	<u>187,400</u>	<u>171,071</u>	<u>602,246</u>
Net change in fund balances	<u>\$ 389,097</u>	<u>\$ 349,696</u>	<u>\$ 313,314</u>	<u>\$ 333,953</u>
Debt service as a % of non-capital expenditures	5.43%	5.30%	5.70%	3.74%

Source: Auditor-Controller, County of Riverside

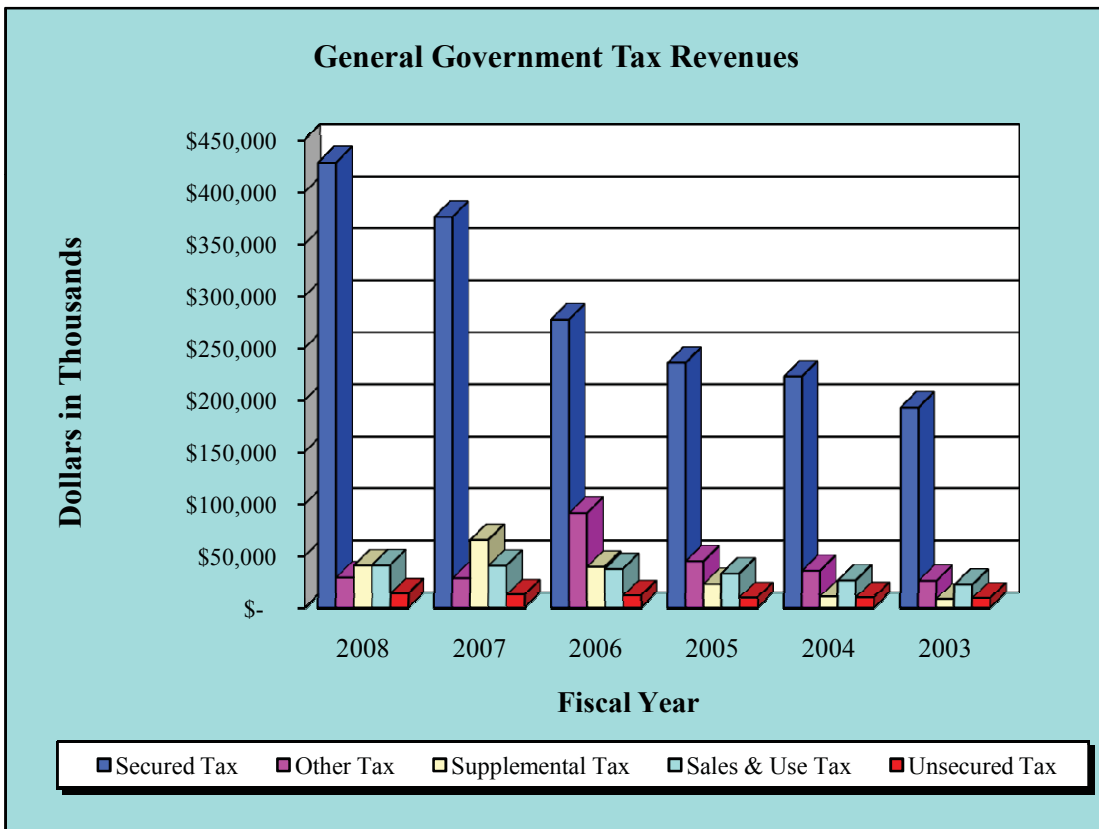
Table 5

<u>2004</u>	<u>2003</u>	
\$ 305,132	\$ 258,596	Revenues
26,418	25,677	Taxes
43,297	37,241	Licenses, permits, and franchise fees
		Fines, forfeitures, and penalties
		Use of money and property:
16,145	23,331	Interest
31,952	39,833	Rents and concessions
		Aid from other governmental agencies:
430,970	428,433	Federal
713,146	696,466	State
46,750	46,099	Other
368,497	327,918	Charges for services
100,404	132,900	Other revenue
2,082,711	2,016,494	Total revenues
		Expenditures
217,416	204,861	General government
677,798	613,781	Public protection
133,973	120,490	Public ways and facilities
365,727	339,123	Health and sanitation
576,267	570,458	Public assistance
10,241	9,261	Education
9,242	10,722	Recreation and culture
		Debt service:
32,118	37,643	Principal
24,523	31,220	Interest
504	-	Cost of issuance
1,604	22,489	Capital outlay
2,049,413	1,960,048	Total expenditures
33,298	56,446	Revenues over (under) expenditures
		Other financing sources (uses)
163,383	58,661	Transfers in
(179,701)	(71,879)	Transfers out
21,645	-	Issuance of debt
		Issuance of refunding bonds
-	-	Discount on long-term debt
-	-	Premium on long-term debt
-	-	Payment to escrow agent
494	-	Proceeds from the sale of capital assets
1,008	8,435	Capital leases
6,829	(4,783)	Total other financing sources (uses)
\$ 40,127	\$ 51,663	Net change in fund balances
2.89%	3.68%	Debt service as a % of non-capital expenditures

Table 6

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

Fiscal Year	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
2008	\$ 428,790	\$ 13,193	\$ 40,815	\$ 40,985	\$ 29,375	\$ 553,158
2007	375,924	12,301	65,537	40,607	28,659	523,028
2006	277,266	11,405	39,661	37,532	91,253	457,117
2005	235,636	9,501	23,129	33,091	44,891	346,248
2004	222,635	9,600	10,411	26,633	35,853	305,132
2003	192,684	9,112	8,182	22,444	26,174	258,596



Source: Auditor-Controller, County of Riverside

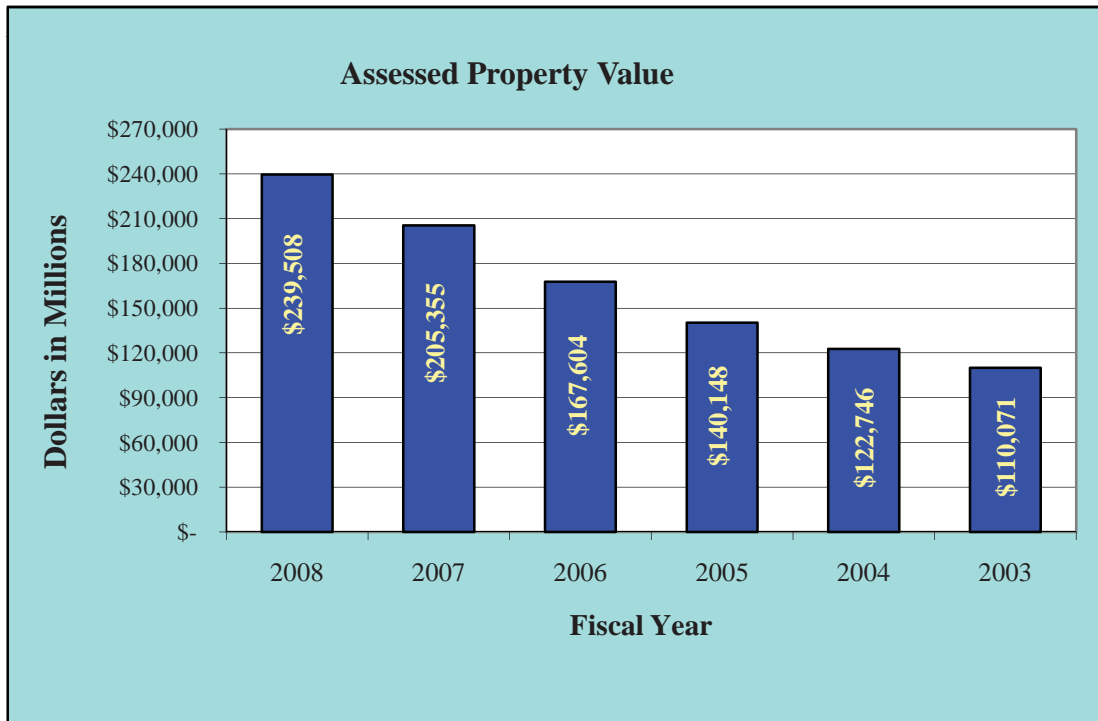


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Table 7

COUNTY OF RIVERSIDE
Assessed Value and Estimated Actual Value of Taxable Property
Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year			
	2008	2007	2006	2005
Real Property				
Secured property	\$ 231,996,185	\$ 198,619,682	\$ 161,287,719	\$ 134,299,740
Unsecured property	7,512,014	6,735,421	6,316,569	5,848,602
Total Gross Assessed Value	239,508,199	205,355,103	167,604,288	140,148,342
Less:				
Tax-exempt real property	5,529,546	5,109,756	4,993,449	4,657,680
Total Taxable Assessed Value	\$ 233,978,653	\$ 200,245,347	\$ 162,610,839	\$ 135,490,662
Total Direct Tax Rate	1.0919	1.0772	1.0805	1.0866
Estimated Actual Taxable Value	\$ 311,971,537	\$ 266,993,796	\$ 216,814,452	\$ 180,654,216
Assessed Value as a % of Actual Value	76.77%	76.91%	77.30%	77.58%



Source: Assessor-Clerk-Recorder, County of Riverside

Table 7

<u>2004</u>	<u>2003</u>	
\$ 117,379,593	\$ 105,080,028	Real Property
5,365,993	4,990,478	Secured property
<u>122,745,586</u>	<u>110,070,506</u>	Unsecured property
		Total Gross Assessed Value
		Less:
4,264,442	3,878,514	Tax-exempt real property
<u>\$ 118,481,144</u>	<u>\$ 106,191,992</u>	Total Taxable Assessed Value
1.0771	1.0787	Total Direct Tax Rate
\$ 157,974,859	\$ 141,589,323	Estimated Actual Taxable Value
77.70%	77.74%	Assessed Value as a % of Actual Value

Table 8

**COUNTY OF RIVERSIDE
Property Tax Rates
Direct and Overlapping Governments
Last Six 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	
2008	1.00000%	.00178% to .00627%	.00549% to .08521%	0% to .50000%	1% to 1.50000%
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
(Dollars in thousands)
Current Year and Nine Years Ago

Tax Payer	Fiscal Year			
	2008		1999	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Centex Homes	\$ 13,896	0.46%	\$ -	0.00%
So. California Edison Co.	12,524	0.42%	7,411	0.75%
Verizon California Inc.	8,944	0.30%	-	0.00%
KB Home Coastal Inc.	7,972	0.27%	-	0.00%
Lennar Homes of California Inc.	6,106	0.20%	-	0.00%
Pulte Home Corp	4,705	0.16%	-	0.00%
Standard Pacific Corp.	4,683	0.16%	-	0.00%
So. California Gas Co.	4,446	0.15%	3,418	0.35%
KSL Desert Resorts, Inc.	4,442	0.15%	2,618	0.26%
Western Pacific Housing Inc.	3,605	0.12%	-	0.00%
General Telephone Co. of California	-	0.00%	8,535	0.86%
Pacific Bell	-	0.00%	2,962	0.30%
McKenzie Vista	-	0.00%	2,640	0.27%
Secretary of Housing & Urban Development	-	0.00%	2,510	0.25%
Sunrise Desert Partnership	-	0.00%	2,180	0.22%
OTR	-	0.00%	2,069	0.21%
Desert Springs Marriott Ltd Partnership	-	0.00%	1,873	0.19%
Total	\$ 71,323	2.39%	\$ 36,216	3.65%

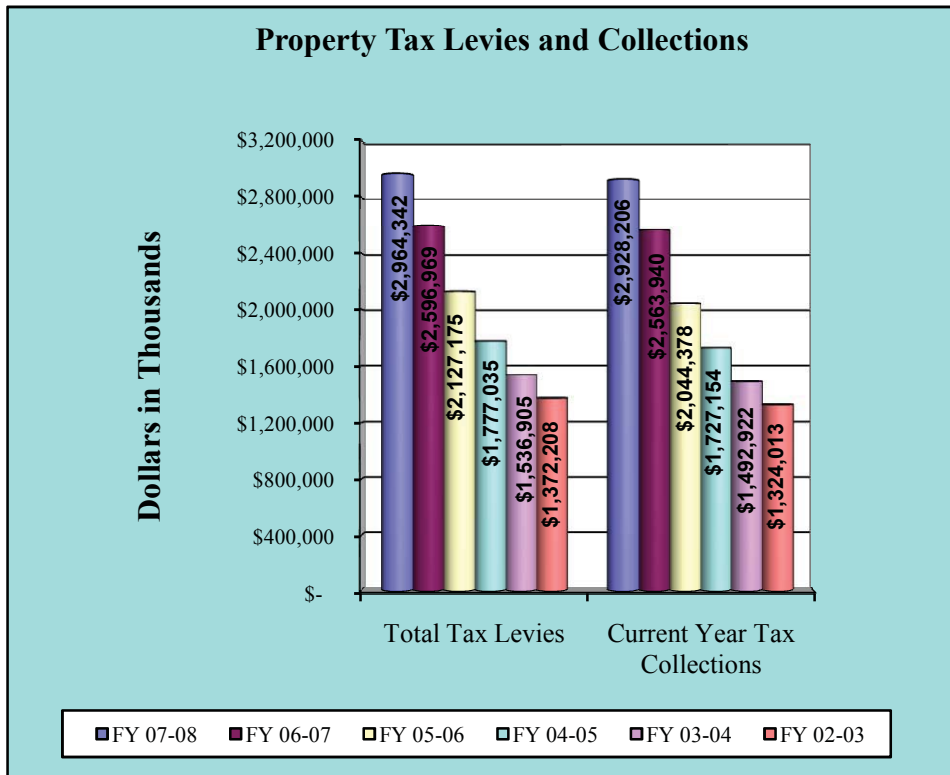
Source: Treasurer-Tax Collector, County of Riverside

Table 10

COUNTY OF RIVERSIDE
Property Tax Levies and Collections
Last Six Fiscal Years
(Dollars in Thousands)

Fiscal Year	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections as of 6/30	
		Amount	Percentage of Levy	Delinquent* Tax Collections	Amount	Percentage of Levy
2008	\$ 2,964,342	\$ 2,928,206	98.78%	\$ 159,726	\$ 3,087,932	104.17%
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

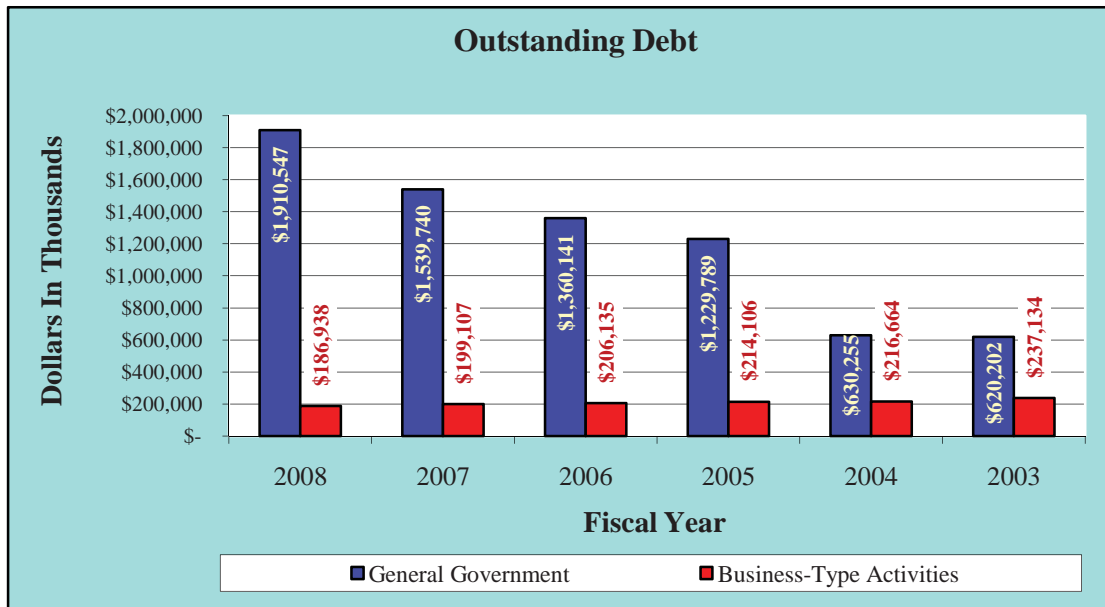


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Table 11

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

	Fiscal year			
	2008	2007	2006	2005
General Government				
Bonds	\$ 1,086,397	\$ 806,398	\$ 814,443	\$ 678,028
Certificates of participation	408,024	335,866	348,486	325,572
Note and loans	310,809	310,139	113,383	150,344
Capital leases	105,317	87,337	83,829	75,845
Business-Type Activities				
Bonds	170,814	181,263	191,142	200,555
Certificates of participation	-	-	-	1,040
Capital leases	16,124	17,844	14,993	12,511
Total Primary Government	\$ 2,097,485	\$ 1,738,847	\$ 1,566,276	\$ 1,443,895
Percentage of Personal Income	3.34%	2.91%	2.81%	2.92%
Per Capita	\$ 1,004	\$ 856	\$ 807	\$ 769



Note: Per Capita is an estimate for 2006 and 2007

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

Table 11

2004	2003
\$ 91,758	\$ 91,758
387,869	357,855
67,010	68,060
83,618	102,529
210,558	228,392
2,040	3,000
4,066	5,742
\$ 846,919	\$ 857,336
1.88%	2.01%
\$ 477	\$ 499

General Government

Bonds
 Certificates of participation
 Note and loans
 Capital leases

Business-Type Activities

Bonds
 Certificates of participation
 Capital leases

Total Primary Government

Percentage of Personal Income

Per Capita

Table 12

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

	Fiscal Year			
	2008	2007	2006	2005
Bonds	\$ 1,086,397	\$ 806,398	\$ 814,443	\$ 678,028
Less:				
Amounts available in debt service fund	119,597	73,308	79,935	61,941
Total Net Obligation Bonds Outstanding	<u>\$ 966,800</u>	<u>\$ 733,090</u>	<u>\$ 734,508</u>	<u>\$ 616,087</u>
Percentage of Estimated Actual Taxable Value of Property	0.31%	0.27%	0.34%	0.32%
Per Capita	\$ 463	\$ 361	\$ 379	\$ 328

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

Source: California State Department of Finance

Table 12

<u>2004</u>	<u>2003</u>	
\$ 91,758	\$ 91,758	Bonds
<u>72,798</u>	<u>133,049</u>	Less: Amounts available in debt service fund
<u>\$ 18,960</u>	<u>\$ (41,291)</u>	Total Net Obligation Bonds Outstanding
0.46%	0.44%	Percentage of Estimated Actual Taxable Value of Property
\$ 11	\$ (24)	Per Capita

Table 13

COUNTY OF RIVERSIDE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008
(Dollars in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 8,061,296	86.52%	<u>\$ 6,974,899</u>
Subtotal, overlapping debt			6,974,899
County of Riverside direct debt			<u>1,086,397</u>
Total direct and overlapping debt			<u><u>\$ 8,061,296</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 Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Debt limit	\$ 2,966,464	\$ 2,598,369	\$ 2,125,832	\$ 1,735,525	\$ 1,511,307	\$ 1,353,391
Total net debt applicable to limit	<u>(966,800)</u>	<u>(733,090)</u>	<u>(603,194)</u>	<u>(616,087)</u>	<u>(635,290)</u>	<u>(620,202)</u>
Legal debt margin	<u>\$ 1,999,664</u>	<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	26.0%	28.2%	28.4%	35.5%	42.0%	45.8%

Legal Debt Margin Calculated for Fiscal Year 2008

Assessed value	\$ 239,495,914
Less: Homeowners exemptions	<u>2,178,808</u>
Total assessed value	<u>237,317,106</u>
Debt limit (1.25% of total assessed value)	<u>2,966,464</u>
Debt applicable to limit:	
General obligation bonds	1,086,397
Less: Amount set aside for repayment of general obligation debt	<u>119,597</u>
Total net debt applicable to limit	<u>966,800</u>
Legal debt margin	<u><u>\$ 1,999,664</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

Source: Auditor-Controller, County of Riverside

Table 15

COUNTY OF RIVERSIDE
Pledged-Revenue Coverage
Last Six Fiscal Years
(Dollars in Thousands)

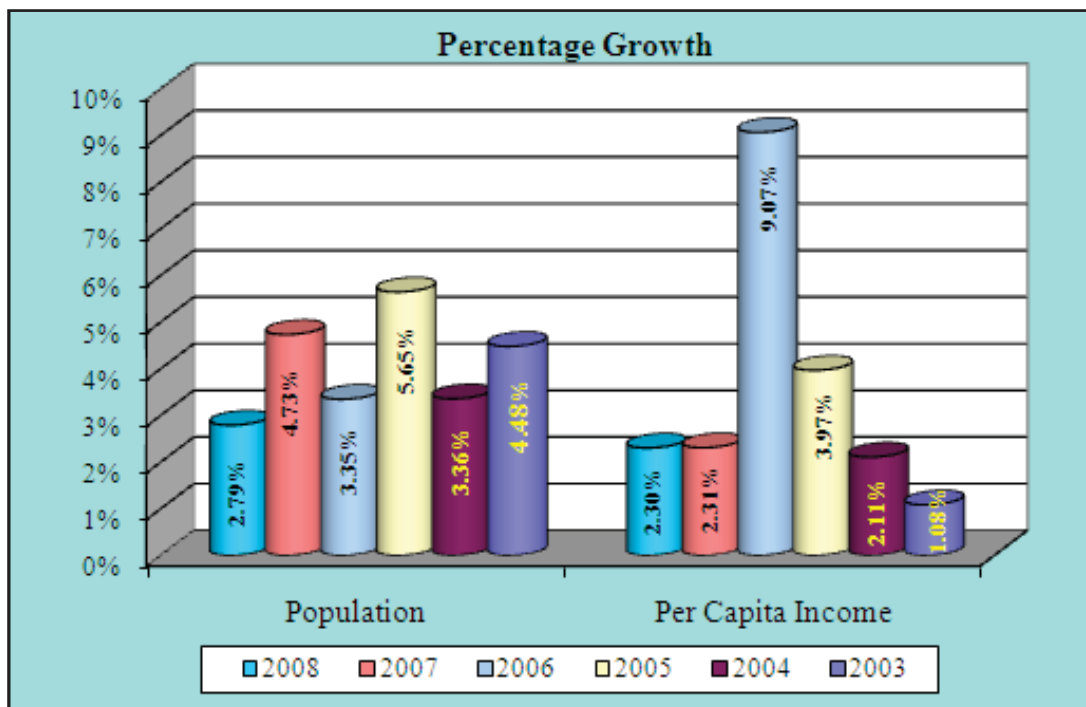
Fiscal Year	Lease Revenue Bonds						Coverage
	Revenue from	Less:	Net	Debt Service			
	Lease Payments	Operating Expenses	Available Revenue	Principal	Interest		
2008	\$ 60,656	\$ 43,790	\$ 16,866	\$ 12,545	\$ 17,116	0.5686	
2007	31,046	5,939	25,107	12,115	16,976	0.8631	
2006	25,371	785	24,586	11,600	17,355	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 Six Fiscal Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2008	2,088,322	\$ 62,304,000 ¹	\$ 30,070 ¹	33 ²	12.2 ²	420,450	8.40%
2007	2,031,625	59,941,000 ¹	29,393 ¹	33 ²	12.2 ²	404,331	5.70%
2006	1,939,814	53,246,505	28,730	33 ²	12.2 ²	394,687	5.10%
2005	1,877,000	49,443,185	26,342	33 ²	12.2 ²	380,267	5.20%
2004	1,776,700	45,016,790	25,337	33 ²	12.2 ²	364,857	5.80%
2003	1,719,000	42,655,266	24,814	33 ²	12.2 ²	349,607	6.20%



Notes: ¹ Projection based on 11 year running average

² 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

Employer	Fiscal Year			
	2008		1999	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	19,595	2.31%	12,808	1.97%
March Air Reserve Base	8,400	0.99%	-	
U. C. Riverside	6,657	0.79%	-	
Stater Brothers Market	6,425	0.76%	4,600	0.71%
Pechanga Resort & Casino	4,800	0.57%	-	
Abbott Vascular	4,500	0.53%	-	
Riverside Unified School District	4,041	0.48%	-	
Riverside Community College District	3,753	0.44%	-	
Kaiser Permanente	3,200	0.38%	2,300	0.35%
Temecula Valley Unified School District	2,952	0.35%	-	
Ralph Grocery Co.	-		2,720	0.42%
Wal-mart Stores, Inc.	-		2,650	0.41%
Fleetwood Enterprises, Inc.	-		2,200	0.34%
Valley Health System	-		2,200	0.34%
Eisenhower Medical Center	-		1,990	0.31%
Marriott Desert springs Resort	-		1,700	0.26%
Guidant corp.	-		1,500	0.23%
Total	64,323	7.59%	34,668	5.33%

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

Source: The Business Press, Riverside, California



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Table 18

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government				
Legislative and administrative	96	92	93	87
Finance	522	477	445	424
Counsel	69	69	58	52
Personnel	216	191	179	160
Elections	40	39	31	34
Communication	10	-	-	-
Property management	468	387	323	305
Promotion	177	168	142	126
Other general	39	-	-	1
Public protection				
Judicial	1,506	1,371	1,204	1,150
Police protection	2,474	2,354	2,113	1,926
Detention and correction	2,174	1,972	1,811	1,748
Fire protection	199	165	145	126
Protection/inspection	114	274	254	233
Other protection	778	541	523	441
Administration	60	50	39	36
Public ways and facilities				
Public ways	532	517	497	488
Health and sanitation				
Health	2,214	2,023	1,939	1,862
Hospital care	30	31	28	30
California children's services	168	159	152	143
Public assistance				
Aid programs	3,297	2,948	2,841	2,796
Veterans' services	13	12	11	10
Other assistance	305	302	283	309
Education, recreation and culture				
Library services	1	1	1	1
Agricultural extension	6	5	5	4
Cultural services	2	2	2	2
County business-type functions				
Hospital care	2,097	1,889	1,680	1,589
Sanitation	206	170	158	149
Internal service	2,202	2,934	2,538	2,147
Special districts/Component units	534	526	540	528
Total	20,549	19,669	18,035	16,907

Source: County of Riverside

Table 18

2004	2003	
		<u>Function/Program</u>
		General government
92	93	Legislative and administrative
445	449	Finance
50	50	Counsel
153	144	Personnel
36	39	Elections
11	10	Communication
312	306	Property management
121	110	Promotion
1	1	Other general
		Public protection
1,213	1,260	Judicial
1,914	1,902	Police protection
1,803	1,832	Detention and correction
135	122	Fire protection
216	206	Protection/inspection
446	419	Other protection
37	35	Administration
		Public ways and facilities
491	476	Public ways
		Health and sanitation
1,901	1,929	Health
32	31	Hospital care
127	119	California children's services
		Public assistance
2,744	2,720	Aid programs
10	11	Veterans' services
338	452	Other assistance
		Education, recreation and culture
1	1	Library services
4	5	Agricultural extension
2	-	Cultural services
		County business-type functions
1,526	1,538	Hospital care
130	94	Sanitation
2,305	2,058	Internal service
528	514	Special districts/Component units
17,124	16,926	Total

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Six Fiscal Years

<u>Function/Program</u>	<u>Fiscal year</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Sheriff				
Number of bookings	64,782	61,697	56,926	55,375
Coroner case load	9,488	9,212	8,943	8,558
Calls for services	c 300,000	279,415	250,000	240,182
Fire				
Medical assistance	89,404	89,329	86,129	80,484
Fires extinguished	5,659	6,372	5,060	14,696
Other services	19,472	16,310	19,035	10,870
Communities served	78	78	78	78
Probation				
Adults on probation	a 17,022	15,974	16,051	13,937
Juveniles in secure detention	b 293	343	322	310
Juveniles in treatment facilities	b 113	126	113	98
Juveniles in detention facilities	a 12,463	14,283	13,218	12,405
Waste Management				
Landfill tonnage	1,220,124	1,325,284	1,423,469	1,328,935
Recycling tonnage	3,385	3,048	3,758	2,619
County Library				
Total circulation - books	3,280,929	2,352,624	2,051,276	2,324,539
Reference questions answered	426,533	383,428	454,590	430,226
Patron door count	2,744,576	2,352,403	2,433,646	2,226,360
Programs offered	5,570	4,546	2,353	2,274
Program attendance	103,393	80,100	84,994	45,605
Assessor-Clerk-Recorder				
Assessments	938,462	920,555	896,998	859,413
Official records recorded	773,308	957,123	1,082,688	1,039,166
Vital records copies issued	97,427	88,640	82,015	73,379
Official records copies issued	34,711	35,319	35,691	36,480
County Regional Medical Center				
Emergency room treatments	82,584	76,666	73,448	68,105
Emergency room services - MH	7,867	7,624	7,536	8,076
Clinic visits	124,318	123,479	106,943	109,568
Admissions	23,433	24,393	22,262	21,723
Patient days	115,811	112,138	105,203	96,820
Discharges	23,440	24,430	22,244	21,741
Community Health Agency				
Facilities inspections	33,009	31,760	32,000	40,642
Patient visits	149,223	139,885	123,843	135,539
Patient services	601,889	438,639	369,041	339,095
Animal impounds	30,305	27,362	29,206	20,467
Spays and neuters	7,208	5,645	5,806	2,401

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

Table 19

<u>2004</u>	<u>2003</u>	<u>Function/Program</u>
Sheriff		
52,497	49,617	Number of bookings
7,826	7,772	Coroner case load
219,145	206,122	Calls for services
Fire		
76,601	70,851	Medical assistance
14,816	14,714	Fires extinguished
10,786	10,689	Other services
78	78	Communities served
Probation		
13,282	11,618	Adults on probation
367	355	Juveniles in secure detention
107	98	Juveniles in treatment facilities
14,435	13,708	Juveniles in detention facilities
Waste Management		
1,231,767	1,148,312	Landfill tonnage
2,850	2,066	Recycling tonnage
County Library		
2,222,575	2,293,424	Total circulation - books
423,925	461,598	Reference questions answered
1,447,505	1,621,147	Patrons
3,759	3,588	Programs offered
68,437	61,921	Program attendance
Assessor-Clerk-Recorder		
831,610	791,348	Assessments
1,019,271	794,257	Official records recorded
68,892	70,071	Vital records copies issued
36,231	33,506	Official records copies issued
County Regional Medical Center		
66,411	66,136	Emergency room treatments
8,276	8,126	Emergency room services - MH
113,171	118,477	Clinic visits
20,587	19,690	Admissions
92,643	91,114	Patient days
20,554	19,705	Discharges
Community Health Agency		
38,105	36,546	Facilities inspections
125,936	123,230	Patient visits
376,534	336,909	Patient services
21,307	21,661	Animal impounds
3,080	2,372	Spays and neuters

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Six Fiscal Years

<u>Function/Program</u>	<u>Fiscal year</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Public Social Services				
CalWORKs clients	22,310	20,336	19,880	20,846
Food stamp clients	36,339	30,781	28,749	27,992
Medi-Cal clients	101,542	105,578	108,887	110,994
In-home support services	14,845	13,934	12,590	12,171
Foster care placements	5,057	4,306	5,175	5,088
Child welfare services	11,912	12,333	11,639	11,153
Community Action Partnership				
Utility assistance (households)	9,902	13,337	10,944	11,783
Weatherization (households)	853	465	801	795
Energy education attendees	19,396	14,590	10,389	11,508
Disaster relief (residents)	16,366	13,551	8,605	1,514
Income tax returns prepared	1,828	1,384	2,651	-
After school programs (students)	10,905	10,905	537	51
Homeless program (bed nights)	12,822	13,198	31,328	40,245
Homeless program (meals)	25,644	26,396	142,578	372,048
Leadership program enrollment	209	-	113	11
Registrar of Voters				
Voting precincts	1,403	1,368	976	2,012
Polling places	721	610	486	1,090
Voters	837,389	818,584	934,940	1,481,719
Poll workers	4,331	2,696	1,908	4,675
Agricultural Commissioner				
Export phytosanitary certificates	29,288	22,266	21,746	20,037
Pesticide use inspections	903	840	1,199	1,105
Weights and measures regulated	119,496	117,039	110,837	106,149
Agriculture quality inspections	643	1,061	541	1,067
Plant pest inspections	25,987	14,532	4,975	5,933
Nursery acreage inspected	7,851	9,226	7,382	7,431
TLMA - Building & Safety				
Building permits issued	1,800	5,786	10,232	9,980
Building plans checked	1,507	5,151	8,759	8,251
Building structures inspected	3,158	8,580	9,593	8,182
Veterans' Services				
Phone inquiries answered	29,553	23,287	21,917	25,276
Client interviews	10,571	8,199	7,467	7,559
Claims filed	5,194	3,786	3,372	3,503
Auditor-Controller				
Invoices Paid	505,122	449,368	-	-
Vendor Warrants (Checks) Issued	255,767	237,645	-	-
Active Vendors	59,975	56,514	-	-
Payroll Warrants (Checks) Issued	522,215	496,386	-	-
Average Payroll Warrants (Checks) Per Pay Period	20,085	19,092	-	-

Notes: a - Number of pamphlets mailed
b - Program not yet started / not tracked
c - For 12-month period ending June 30, 2008

2004	2003	<u>Function/Program</u>
Public Social Services		
20,296	19,908	CalWORKs clients
24,796	23,026	Food stamp clients
105,598	99,332	Medi-Cal clients
11,314	10,201	In-home support services
4,418	4,215	Foster care placements
9,411	10,467	Child welfare services
Community Action Partnership		
12,846	14,706	Utility assistance (households)
711	857	Weatherization (households)
1,953	37,445 a	Energy education attendees
-	- b	Disaster relief (residents)
-	- b	Income tax returns prepared
271	51	After school programs (students)
30,316	63,703	Homeless program (bed nights)
170,937	453,238	Homeless program (meals)
-	- b	Leadership program enrollment
Registrar of Voters		
1,574	2,087	Voting precincts
815	1,136	Polling places
1,302,252	1,335,785	Voters
3,306	4,668	Poll workers
Agricultural Commissioner		
14,692	15,623	Export phytosanitary certificates
1,366	1,257	Pesticide use inspections
102,780	95,334	Weights and measures regulated
1,251	1,202	Agriculture quality inspections
6,296	5,421	Plant pest inspections
5,355	6,501	Nursery acreage inspected
TLMA - Building & Safety		
10,452	10,106	Building permits issued
9,128	8,776	Building plans checked
8,887	8,533	Building structures inspected
Veterans' Services		
-	- b	Phone inquiries answered
-	- b	Client interviews
-	- b	Claims filed
Auditor-Controller		
-	-	Invoices Paid
-	-	Vendor Warrants (Checks) Issued
-	-	Active Vendors
-	- c	Payroll Warrants (Checks) Issued
-	-	Average Payroll Warrants (Checks)
-	- c	Per Pay Period

Phytosanitary = Plant pest cleanliness

Pesticide Use Inspections = Environmental monitoring

Table 20

COUNTY OF RIVERSIDE
Capital Asset Statistics by Function
Last Six Fiscal Years

Function/Program	Fiscal year			
	2008	2007	2006	2005
Sheriff				
Patrol stations	10	10	10	10
Patrol vehicles	974	702	598	583
Fire				
Stations	49	49	48	48
Trucks	143	141	135	125
Waste Management				
Landfills	6	6	7	7
Capacity in tons	51,609,663	51,609,663	52,392,284	50,948,302
Parks and Recreation				
Regional parks	13	13	13	13
Historic sites	6	6	6	6
Nature centers	5	5	5	5
Archaeological sites	7	7	7	7
Wildlife reserves	16	16	16	16
County Libraries				
Branch libraries	33	29	29	29
Book mobiles	2	2	2	2
Books in collection	1,552,108	1,784,149	1,221,744	1,477,670
County Regional Medical Center				
Major clinics	4	4	4	4
Routine and specialty clinics	30	30	30	30
Beds licensed	439	439	439	439

Source: Various County Departments

Table 20

2004	2003	
		Function/Program
		Sheriff
10	10	Patrol stations
576	550	Patrol vehicles
		Fire
48	48	Stations
126	117	Trucks
		Waste Management
8	8	Landfills
50,872,281	42,712,387	Capacity in tons
		Parks and Recreation
13	13	Regional parks
6	6	Historic sites
5	5	Nature centers
7	7	Archaeological sites
16	16	Wildlife reserves
		County Libraries
28	27	Branch libraries
2	2	Book mobiles
1,098,082	1,029,424	Books in collection
		County Regional Medical Center
4	4	Major clinics
30	30	Routine and specialty clinics
439	439	Beds licensed



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Special Acknowledgements

The theme of this year's Comprehensive Annual Financial Report is "Action." The County of Riverside provides a variety of recreational activities through which its residents can participate to help achieve a balanced life. The photographs in this publication illustrate some of the opportunities available in our County.

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