

COUNTY OF RIVERSIDE, CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

**ROBERT E. BYRD, CGFM**  
COUNTY AUDITOR-CONTROLLER



COUNTY OF RIVERSIDE, CALIFORNIA  
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
FISCAL YEAR ENDED JUNE 30, 2010



PREPARED BY THE OFFICE OF:

**ROBERT E. BYRD, CGFM**

COUNTY AUDITOR-CONTROLLER







**COUNTY OF RIVERSIDE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 June 30, 2010**

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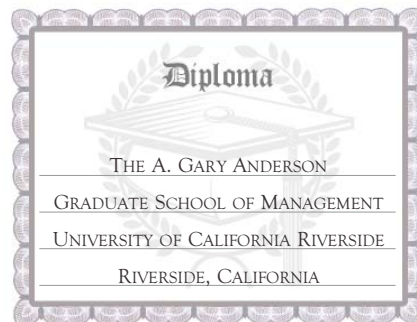
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# INTRODUCTORY SECTION





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**Robert E. Byrd, CGFM**  
AUDITOR-CONTROLLER

December 1, 2010

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 Riverside County:

The Comprehensive Annual Financial Report of the County of Riverside for the fiscal year ended June 30, 2010 is hereby submitted in accordance with the provision of Section 25253 of the Government Code of the State of California (the State). 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 twelve independent fiscal entities that are considered blended component units and two discretely presented component units. 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 is the fourth largest county by area in the state of California, it 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 east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties. There are 27 incorporated cities located within the County. The largest cities in the County are Riverside (the County seat) with a population of 304,051, Moreno Valley with a population of 188,537, Corona with a population of 150,416, Temecula with a population of 105,029, and Murrieta with a population of 101,487. Estimated population figures are developed by the California State Department of Finance, and each year it's revised on January 1, with a revised estimate for the prior year. Total County population was 2,139,535 on January 1, 2010, an increase of 1.5% as compared to the revised estimate for 2009, and approximately 21.8% of the residents live in unincorporated areas.

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 First District includes areas within the cities of Riverside, Lake Elsinore, Wildomar and the unincorporated communities of Lakeland Village, Lake Mathews, Mead Valley, Santa Rosa Rancho, as well as portions of Gavilan Hills and Woodcrest.

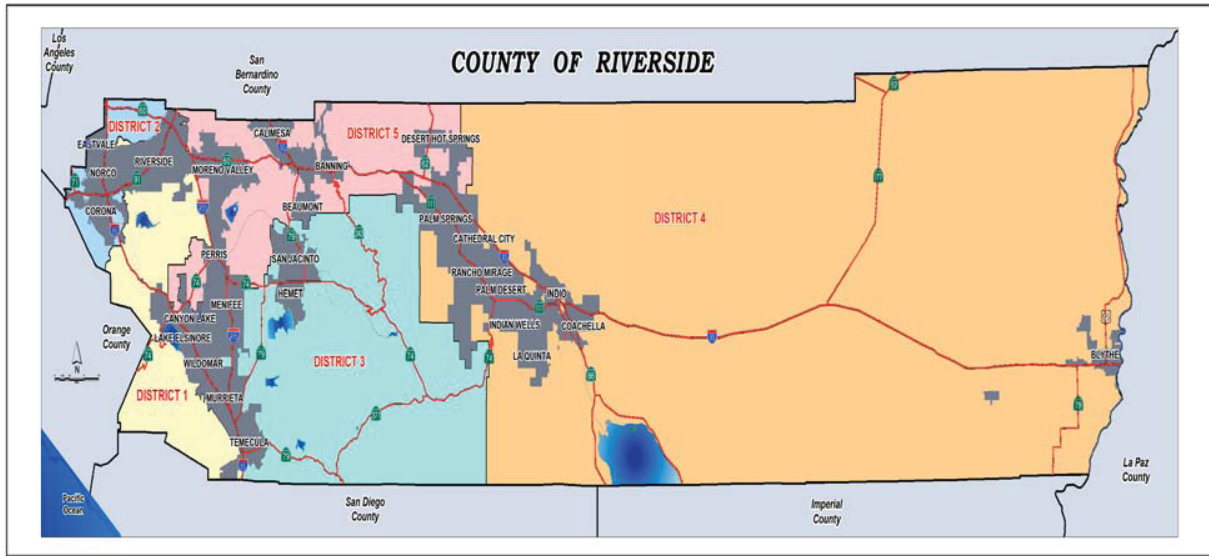
The Second District includes the cities of Corona, Norco, approximately 1/3 of the City of Riverside, and Eastvale (the newest city as of October 1, 2010). The unincorporated communities consist of Jurupa Valley (Rubidoux, Glen Avon, Sunny Slope, Pedley, and Mira Loma), Home Gardens, El Cerrito, Coronita, 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, 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, Chiriaco Summit, 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.

## County Of Riverside by Supervisorial Districts



Source: Riverside County GIS

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

<b>Certificates, Licenses, and Permits</b>	<b>Human Services</b>
Birth, marriage, and death certificates; animal licensing; and building permits	Assistance for Families, Veteran Services, and Utility Assistance
<b>Children's Services</b>	<b>Libraries and Museums</b>
Child Support Services, Mentor programs, Children Medical Services	Edward Dean Museum and Riverside County Law Library
<b>Criminal Justice</b>	<b>Parks and Recreation</b>
District Attorney, Probation, Public Defender, Sheriff	Regional Parks
<b>Education</b>	<b>Pets and Animal Services</b>
Office of Education	Animal Control and Animal Shelters
<b>Emergency Services</b>	<b>Property Information</b>
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, Record Map Inquiry, and Riverside County Land Information
<b>Environment</b>	<b>Public and Official Records</b>
Environmental Health, Fire Protection, Waste Reduction and Recycling	Official Recorded Documents, Fictitious Business Names Search, Grantor/Grantee Search, Vital Records, and Court Records Search

<b>Flood Control</b>	<b>Roads and Highways</b>
Flood Control and Water Conservation	Road Maintenance, Land Development, Engineering Services, and Survey
<b>Health</b>	<b>Taxes Services</b>
Community Health Agency, Mental Health, and Public Health	Property Tax Portal, Tax Bills, Review Your Property Tax Information, Pay Your Property Tax Online, Track Your Property Tax Online, Assessor-County Clerk
<b>Housing</b>	
First Time Home Buyer Programs, Low Income Housing, Rental Assistance Program, Homeless Shelter, and Neighborhood Stabilization Program	

## **FACTORS AFFECTING ECONOMIC CONDITION**

### **State Economy**

California is growing slowly, and the sluggish recovery continues due to the weak labor market. The labor market had shown signs of improvement by adding jobs since the start of the year; however the 31,500 jobs created by the private sector are well below the 1.3 million jobs lost during the recession. In August, 2010 the state’s unemployment rate remained high at 12.4% which is lightly less than peak unemployment rate of 12.6% recorded in March 2010. The unemployment rate is likely to remain at or above 12% for the remaining of the year. A few sectors such as healthcare, education, exports for the products in Asia are showing signs of recovery.

### **Local Economy**

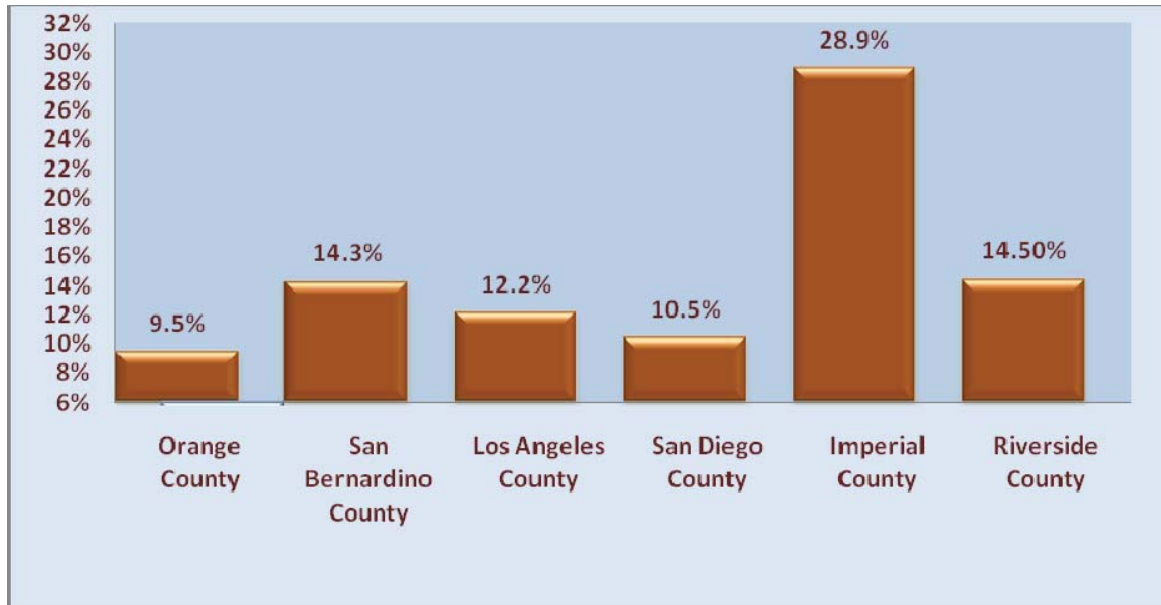
#### **Unemployment**

Unemployment and foreclosures are the two largest factors contributing to the sluggish economy. According to the latest economic update, few positive signs have been materialized: the sharp decline in employment levels appears to have stopped, housing prices have leveled off, and house affordability is at its highest in over one decade. However, these changes are trend reversals from previous large declines and they do not indicate an imminent improvement in economic activity. The county’s economy will experience a slow and protracted recovery with the unemployment rate expected to remain in double digits, continued state and local budget shortfall and issues in housing and commercial real estate. The unemployment rate in the Riverside-San Bernardino MSA was under 14.5% in April, May and June but rose to 15.1% in July and it remains relatively high at 14.8% in August. Job creation continues to be a drag on economic activity and nonfarm employment has declined for 36 months on a year-on-year basis since August 2007. Riverside County’s unemployment rate is the second highest compared to the surrounding counties.



## FACTORS AFFECTING ECONOMIC CONDITION – Continued

### Unemployment Comparison



Source: Employment Development Department (EDD)

### Real Estate

According to the latest economic update, housing affordability was 63% in the first quarter of 2010 and declined in the second quarter to 59%, which means that 59% of residents are able to afford the median prices home. At the current level, housing affordability is as high as in 1997, which should help the region's economy in the long-term. Housing prices exceeded \$200,000 in May, June and July partly due to the increased demand from the first time home buyers program, but they have fallen to \$195,092 in August with the termination of government programs. Single family building permits have increased by 576 in the first seven months of 2010 compared to the corresponding period in 2009. In addition, prices of new homes rose in the second quarter of 2010 but remain well below levels recorded in recent years. Foreclosures remain high at 7,274 in the fourth quarter of 2009 even though they are lower than the peak of 11,523 reached in the third quarter of 2008. Employment in logistics (transportation, warehousing and wholesale trade) has increased over the last four months and is expected to continue to grow through 2011 as trade volume rebound from rock-bottom levels.

Source: Most of the information about the state and local economy are derived from the California State University, Fullerton economists.

### County Budget Summary

The County's long-term outlook for discretionary revenue is showing improvement in fiscal year 2010-11 compared to fiscal years 2009-10 and 2008-09. The County is currently projecting a smaller revenue drop than the previous year. While fiscal year 2009-10 drop was as result of 10 percent loss in property value which equaled to loss of \$100 million, fiscal year 2010-11 loss estimated around \$27 million. Most of the County's discretionary revenue is directly related to property values: 45 percent comes from property taxes, 32 percent from "motor vehicle in lieu" which is actually property tax passed through

## **FACTORS AFFECTING ECONOMIC CONDITION - Continued**

from the state and 8 percent from penalties on delinquent property taxes. The Assessor projects a drop in assessed values for third year in a row. This expected drop of about five percent is already included in the budget.

### **Relevant Financial Information**

*Debt Advisory Committee (DAC)* has been in place to provide advice to the Board on debt issuance and management.

*Pension Advisory Review Committee (PARC)* was established in the fall of 2003 to develop an institutional framework to help guide policy decisions about retirement benefits

*Deferred Compensation Advisory Committee* was established to assure the financial stability of the Plan through prudent monitoring of investments and costs.

*Investment Oversight Committee* was established by Board of Supervisor's Policy B-21. The Investment Oversight Committee shall cause an annual audit to be performed, and review the annual audit prior to submittal to the Board, and to review the investment policies.

### **Financial Reporting Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the County of Riverside for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the twenty second consecutive years 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.

County of Riverside has also been awarded for *Outstanding Achievement* in Popular Annual Financial Report (PAFR), which also referred to as Financial Highlights for the fiscal year ended June 2009. In order to receive an Award for *Outstanding Achievement in Popular Annual Financial Reporting*, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

### **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, especially the staff members of the General Accounting Division who devoted a lot of efforts in the preparation of this report. I also like to extend my thanks to staff members of the contributing component units and departments for their participation in the preparation of this report.

I would like to express my appreciation to the Board of Supervisors and County Executive Office for their vision and support in the planning and administration of the financial operations of the County of Riverside. Finally, I would like to thank our independent auditors, Brown Armstrong Certified Public Accountants for their efforts throughout this audit engagement.

**Respectfully yours,**

A handwritten signature in cursive script that reads "Robert E. Byrd".

---

ROBERT E. BYRD, CGFM  
COUNTY AUDITOR-CONTROLLER



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# COUNTY OF RIVERSIDE

List of Principal Officials  
As of June 30, 2010

## ELECTED OFFICIALS

Board of Supervisors



**JOHN F.  
TAVAGLIONE**  
Second District



**MARION ASHLEY**  
Chairman  
Fifth District



**BOB BUSTER**  
Vice Chairman  
First District



**JEFF STONE**  
Third District



**JOHN BENOIT**  
Fourth 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



**DON KENT**  
Treasurer  
Tax Collector

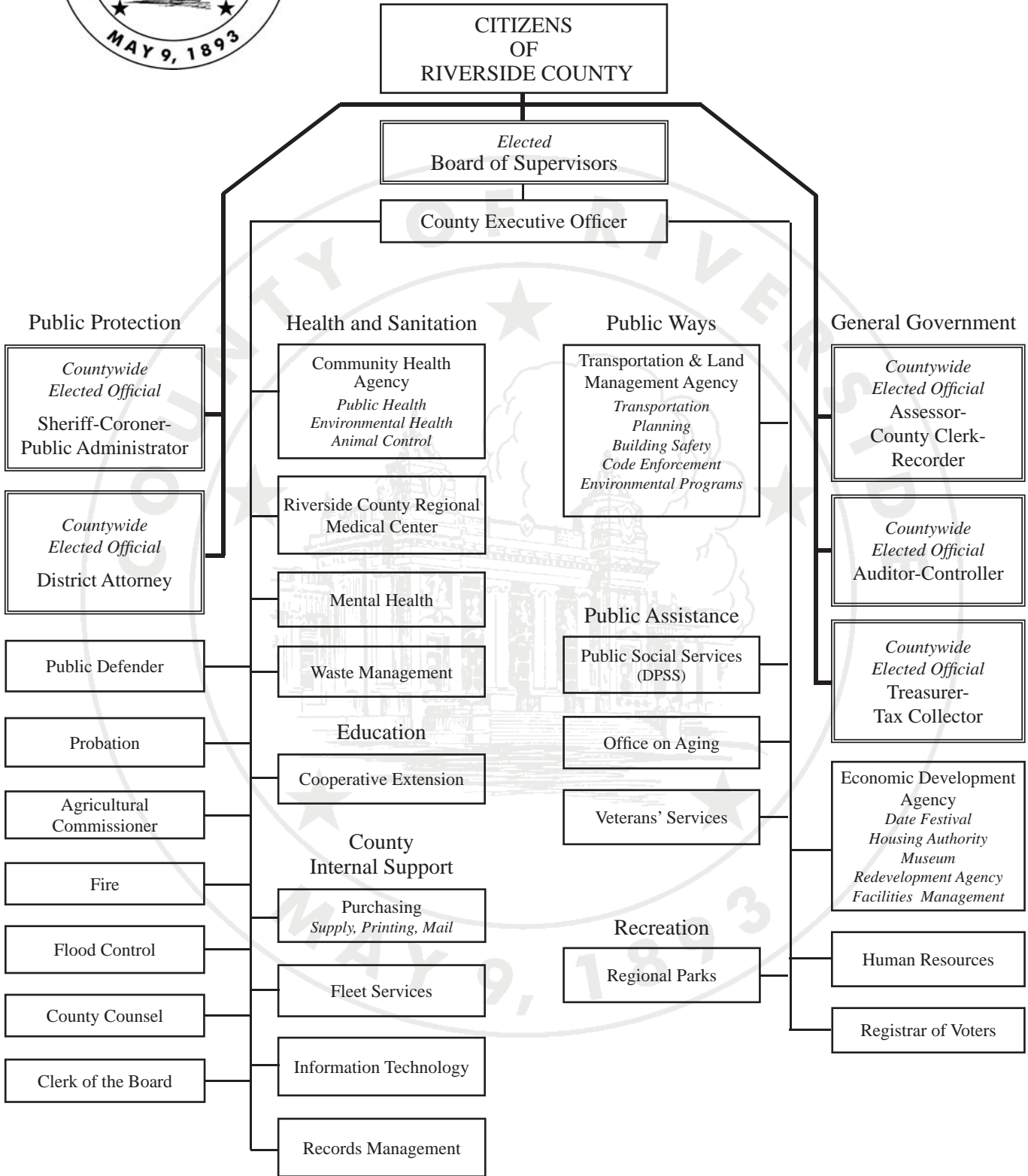
## APPOINTED OFFICIALS

**BILL LUNA**  
County Executive Officer

**PAMELA WALLS**  
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, 2009

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



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

President

A handwritten signature in black ink that reads "Jeffrey R. Emswiler".

Executive Director

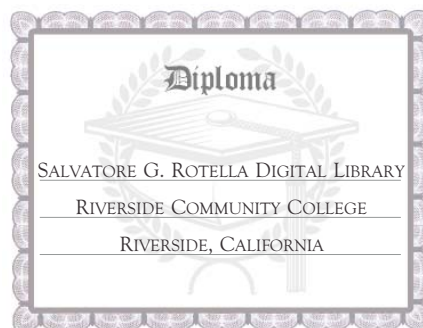


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# FINANCIAL SECTION

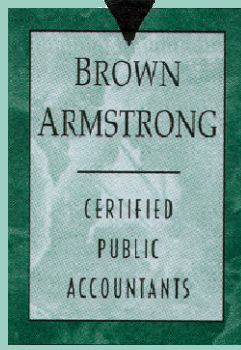
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Peter C. Brown, CPA  
 Burton H. Armstrong, CPA, MST  
 Andrew J. Paulden, CPA  
 Steven R. Starbuck, CPA  
 Chris M. Thornburgh, CPA  
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 Richard L. Halle, CPA, MST  
 Aileen K. Keeter, CPA



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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors  
 County of Riverside, California

We have audited the accompanying financial statements of governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Riverside, California, as of and for the year ended June 30, 2010, which collectively comprise the County of Riverside's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Riverside's management. Our responsibility is to express an opinion 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), Perris Valley Cemetery District (the Cemetery District), County of Riverside Redevelopment Agency (the RDA), and 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:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Revenues</u>
Governmental Activities	24%	8%
Business-Type Activities	7%	15%
Aggregate Remaining Fund Information	7%	1%
Discretely Presented Component Units	41%	84%

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, the Housing Authority, the Park District, the Cemetery District, the 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 examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 units, each major fund, and the aggregate remaining fund information of the County of Riverside, as of June 30, 2010, 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 of Riverside has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2010, on our consideration of the County of Riverside'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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Riverside's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, 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 and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION



Bakersfield, California  
December 1, 2010

# 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, 2010. 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, Permanent, 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 declining.

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture services. Governmental activities include five major funds, twenty-four nonmajor funds, and a representative allocation of the County's internal service funds. The five major Governmental funds are the General Fund, Flood Control Special Revenue 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 Palm Desert Financing Authority (RCPDFA) and the Children and Families Commission (the Commission), both legally separate component units whose governing bodies are appointed by and serve at the will of the County, are discretely presented separately from the financial information of the primary government.

The blended component units are:

- County of Riverside Asset Leasing Corporation (CORAL)



## Management's Discussion & Analysis (*Unaudited*)

- 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 2009-10)
- Riverside County Service Areas
- Inland Empire Tobacco Securitization Authority
- Perris Valley Cemetery

**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, capital projects, and permanent funds). The governmental fund statements present the financial information of each major fund (the General Fund, Flood Control Special Revenue 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 the Inland Empire Tobacco Securitization Authority. The budgetary comparison statements have been provided to demonstrate compliance with their respective budgets.

**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 with more detail. The County maintains the following two types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Regional Medical Center (RMC), Waste Management, County Service Areas, Housing Authority, and Flood Control. RMC and Waste Management financial statements are reported in separate columns of the proprietary fund

## Management's Discussion & Analysis (Unaudited)

statements due to the materiality criteria defined by GASB Statement No. 34. Financial information for the remaining enterprise funds (nonmajor funds) is combined into a single, aggregated presentation. 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 (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 \$7.2 billion exceeded its liabilities of \$3.4 billion resulting in \$3.8 billion net assets.
- Net assets includes \$1.5 billion of unrestricted net assets which may be used to meet the County's ongoing obligations to citizens and creditors; \$655.3 million of restricted net assets which is required by external sources or through enabling legislation to be used for specific purposes and \$1.7 billion is invested in capital assets, net of related debt.
- During fiscal year 2009-10, the County's net assets increased by \$115.8 million (net of \$52.1 million in prior year's restatement of net assets). Of this amount, \$119.3 million were from governmental activities and offset by \$3.5 million from business-type activities. The increase was chiefly due to the completion of major capital projects which increased the County's capital assets by \$468.3 million including the acquisition of Regency Tower Building of \$127.5 million. Countywide expenses of \$3.2 billion were offset by program revenues of \$2.5 billion leaving an operating deficit of \$737.4 million. The operating deficit was offset by general revenues of \$853.2 million.
- As of June 30, 2010, the total fund balances of the governmental funds were \$1.8 billion. This represents a decrease of 10.5%, or \$209.7 million, in comparison with the prior year. The decrease was a result of higher general government expenditures due to the acquisition, construction and completion of multiple capital projects, lower sales and use tax revenue, sharp decline in interest earnings, and increase in public protection services. Approximately 13.2%, or \$236.4 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, 2010, fund balance for the General Fund was \$386.5 million, or 17.3% of the total General Fund expenditures. This amount includes \$90.4 million of reserved fund balance and \$250.5 million of designated fund balance.
- The County's long-term debt showed a net increase of 3.6%, or \$89.1 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 \$3.8 billion.

The County's total net assets increased by 3.1%, or \$115.8 million, during fiscal year 2009-10 compared to the prior year's increase of 8.8%, or \$294.5 million. \$119.3 million of the increase in net assets were from governmental activities and offset by \$3.5 million from business-type activities. For the prior year, \$287.4 million of the increase in net assets were from governmental activities and \$7.1 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 44.3%, or \$1.7 billion, of the County's total net assets for fiscal year 2009-10 compared to 35.3%, or \$1.3 billion, for fiscal year 2008-09. The increase is attributable to the acquisition of Regency Tower Building, construction related to Ben Clark Training Center, Smith Correctional Facility, Palm Desert and Thermal Sheriff Stations, Western Riverside and San Jacinto Valley Animal Shelters, and added infrastructure for roads, signals and drainage. This component consists of capital assets (land and easements, structures and improvements, infrastructure, and equipment) net of accumulated depreciation. The amount is further 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 17.2%, or \$655.3 million, of the County's total net assets for fiscal year 2009-10 compared to 24.0%, or \$876.6 million, for fiscal year 2008-09. 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 38.5%, or \$1.5 billion, of the County's total net assets for fiscal year 2009-10 compared to 40.7%, or \$1.5 billion, for fiscal year 2008-09. 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 2009-10, \$1.4 billion is from governmental activities and \$72.4 million is for business-type activities compared to \$1.4 billion for governmental activities and \$80.2 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, 2010 as compared to the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2010	2009	2010	2009	2010	2009	%
Current and other assets	\$3,295,758	\$3,481,253	\$ 315,817	\$ 325,420	\$3,611,575	\$3,806,673	-5.1%
Capital assets	3,301,367	2,849,332	271,608	255,389	3,572,975	3,104,721	15.1%
Total assets	6,597,125	6,330,585	587,425	580,809	7,184,550	6,911,394	4.0%
Other liabilities	739,178	721,694	51,932	53,207	791,110	774,901	2.1%
Long-term liabilities	2,263,589	2,176,968	315,809	313,350	2,579,398	2,490,318	3.6%
Total liabilities	3,002,767	2,898,662	367,741	366,557	3,370,508	3,265,219	3.2%
Net assets:							
Invested in capital assets, net of related debt	1,594,275	1,204,971	96,901	81,512	1,691,176	1,286,483	31.5%
Restricted	604,942	824,139	50,386	52,502	655,328	876,641	-25.2%
Unrestricted	1,395,141	1,402,813	72,397	80,238	1,467,538	1,483,051	-1.0%
Total net assets	\$3,594,358	\$3,431,923	\$ 219,684	\$ 214,252	\$3,814,042	\$3,646,175	4.6%

## 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 2009-10 with a total of \$1.4 billion being recognized. Public Assistance received 56.9% of the governmental activity funding for fiscal year 2009-10 compared to 54.7% of the governmental activity funding from this source in the prior year. Public Protection received 15.6% of the governmental activity funding for fiscal year 2009-10, compared with 17.1% for fiscal year 2008-09.
- A total of \$567.3 million was earned as governmental activity charges for services compared to \$556.0 million for fiscal year 2008-09. 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 58.4% of this revenue source, compared to 56.0% from the prior year. General government generated 24.8% compared to 25.8% for prior year.
- Capital Grants and Contributions resulted in the least amount of program revenue from governmental activities with \$31.1 million earned for fiscal year 2009-10 compared to \$29.8 million earned for fiscal year 2008-09. This revenue category accounts for grants and contributions received for the restricted use of capital acquisition. In fiscal year 2009-10, 95.2% of the revenue, or \$29.6 million, as compared to 95.4%, or \$28.4 million, for fiscal year 2008-09, 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 \$440.3 million recognized during the year, as compared to \$506.2 million for fiscal year 2008-09. Investment earnings harshly decreased by 67.3%, from \$87.0 million to \$29.0 million, as a result of continual declines in interest earnings reflecting rate cuts by the Federal Reserves. Motor vehicle in-lieu of taxes revenue decreased 10.0% from \$273.8 million in fiscal year 2008-09 to \$246.5 million in fiscal year 2009-10.

**Expenses:** Total program expenses for governmental activities were \$2.7 billion for the current fiscal year, an increase of 0.4%, or \$10.9 million as compared to prior fiscal year. 39.4%, or \$1.1 billion, of total governmental activities expenses were for Public Protection; 30.4%, or \$820.6 million, for Public Assistance; 12.9%, or \$347.6 million, for Health and Sanitation; and 12.0%, or \$323.9 million, for General Government.

### Business-type Activities

**Revenues:** The County has two major business-type activities: The Riverside County Regional Medical Center (RMC), and Waste Management. In addition, Flood Control, County Service Areas, and Housing Authority are included in the business-type activities of the County. Business-type activities recover all or a significant portion of their costs through user fees and charges and provide services primarily to non-County entities. For the current year, 99.8%, \$501.5 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, \$367.3 million, was received by RMC as compared to \$360.6 million for the prior fiscal year.

**Expenses:** Total expenses for business-type activities were \$525.1 million for the fiscal year compared to \$525.8 million for the prior fiscal year. This represents a decrease of merely 0.1%, or \$0.8 million. 74.3%, or \$390.0 million, of total expenses were incurred by RMC compared to 72.1%, or \$379.3 million, for the prior fiscal year. In addition, expenses for the Housing Authority were 15.5% of total expenses for business-type activities, or \$81.4 million, compared to prior fiscal year's expenses of 15.4%, or \$81.1 million; Waste Management Department was 9.5%, or \$50.0 million, compared to 11.6%, or \$61.1 million, the prior fiscal year. Flood Control and County Service Areas account for the remaining 0.7% of expenses compared to 0.8% 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 2009-10, as compared to the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2010	2009	2010	2009	2010	2009	%
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 567,323	\$ 556,028	\$ 501,530	\$ 499,790	\$ 1,068,853	\$ 1,055,818	1.2%
Operating grants and contributions	1,384,791	1,344,611	-	-	1,384,791	1,344,611	3.0%
Capital grants and contributions	31,112	29,771	1,165	310	32,277	30,081	7.3%
General revenues:							
Property taxes	440,282	506,222	-	-	440,282	506,222	-13.0%
Sales and use taxes	36,289	47,683	-	-	36,289	47,683	-23.9%
Other taxes	8,610	13,771	-	-	8,610	13,771	-37.5%
Motor vehicle in-lieu taxes	246,493	273,825	-	-	246,493	273,825	-10.0%
Investment earnings	29,026	87,041	1,442	6,142	30,468	93,183	-67.3%
Other	91,044	121,880	-	-	91,044	121,880	-25.3%
<b>Total revenues</b>	<b>2,834,970</b>	<b>2,980,832</b>	<b>504,137</b>	<b>506,242</b>	<b>3,339,107</b>	<b>3,487,074</b>	<b>-4.2%</b>
<b>Expenses:</b>							
General government	323,949	285,393	-	-	323,949	285,393	13.5%
Public protection	1,062,213	1,095,587	-	-	1,062,213	1,095,587	-3.0%
Public ways and facilities	31,024	31,283	-	-	31,024	31,283	-0.8%
Health and sanitation	347,634	392,945	-	-	347,634	392,945	-11.5%
Public assistance	820,637	770,484	-	-	820,637	770,484	6.5%
Education	19,866	15,954	-	-	19,866	15,954	24.5%
Recreation and culture	12,206	6,039	-	-	12,206	6,039	102.1%
Interest on long-term debt	80,754	89,741	-	-	80,754	89,741	-10.0%
Regional Medical Center	-	-	389,991	379,278	389,991	379,278	2.8%
Waste Management	-	-	49,956	61,116	49,956	61,116	-18.3%
Housing Authority	-	-	81,426	81,139	81,426	81,139	0.4%
Flood Control	-	-	3,233	3,816	3,233	3,816	-15.3%
County Service Areas	-	-	454	457	454	457	-0.7%
<b>Total expenses</b>	<b>2,698,283</b>	<b>2,687,426</b>	<b>525,060</b>	<b>525,806</b>	<b>3,223,343</b>	<b>3,213,232</b>	<b>0.3%</b>
Excess (deficiency) before							
Transfers	136,687	293,406	(20,923)	(19,564)	115,764	273,842	-57.7%
Transfers in (out)	(17,436)	(25,713)	17,436	25,713	-	-	0.0%
<b>Change in net assets</b>	<b>119,251</b>	<b>267,693</b>	<b>(3,487)</b>	<b>6,149</b>	<b>115,764</b>	<b>273,842</b>	<b>-57.7%</b>
<b>Net Assets, Beginning of Year, as Restated</b>	<b>3,475,107</b>	<b>3,164,230</b>	<b>223,171</b>	<b>208,103</b>	<b>3,698,278</b>	<b>3,372,333</b>	<b>9.7%</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,594,358</b>	<b>\$ 3,431,923</b>	<b>\$ 219,684</b>	<b>\$ 214,252</b>	<b>\$ 3,814,042</b>	<b>\$ 3,646,175</b>	<b>4.6%</b>

## Management's Discussion & Analysis (Unaudited)

### FINANCIAL ANALYSIS OF FUND STATEMENTS

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

#### Governmental Funds

The focus of the County's governmental funds is to provide information on the sources, uses, and balances of current financial resources. Such information is useful in assessing the County's short-term financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, and Permanent Funds. As of June 30, 2010, the County's governmental funds reported combined fund balances of \$1.8 billion, a decrease of \$209.7 million, in comparison with the prior year. Of this total amount, \$864.3 million constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance, \$928.8 million is *reserved* to indicate that it is *not* available for new spending because it has been restricted for:

- Various County programs: \$160.6 million
- Outstanding debt service: \$99.0 million
- Liquidation of current contractual commitments: \$478.9 million
- Other smaller restrictions: \$190.3 million

Total governmental fund revenue decreased by 4.2%, or \$123.2 million, from the prior fiscal year with \$2.8 billion being recognized for the fiscal year-ended June 30, 2010. Expenditures increased by 1.6%, or \$47.8 million, from the prior fiscal year with \$3.1 billion being expended for governmental functions during fiscal year 2009-10. Overall, governmental fund balance decreased by 10.5%, or \$209.7 million. In comparison, fiscal year 2008-09 had a decrease in governmental fund balance of 6.4%, or \$137.5 million, over fiscal year 2007-08.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the General fund unreserved fund balance was \$296.1 million, as compared to \$280.9 million for the prior fiscal year. The current year fund balance was \$386.5 million as opposed to \$372.1 million for the prior year. The increase of \$14.4 million or 3.9% was a result of a significant reduction in General Fund expenditures, such as general government, public protection, and health and sanitation, although secured property tax levy and interest earnings drastically decreased in current 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 current year unreserved fund balance is 13.3% of the total General Fund expenditures of \$2.2 billion, as compared to 12.0% of the prior year expenditures total of \$2.4 billion. The total fund balance of the General Fund for the current year is 17.3% of the total General Fund expenditures as compared to 15.8% for the prior year.

Flood Control fund balance increased by 5.7%, or \$13.0 million, from \$228.9 million in fiscal year 2008-09 to \$241.9 million in fiscal year 2009-10 as a result of an excess of revenues over expenses in current year operating activities.

Teeter Debt Service fund taxes receivable balance increased by 12.6%, or \$12.7 million, from \$100.6 million in fiscal year 2008-09 to \$113.3 million in fiscal year 2009-10, due to lower delinquent taxes collected in fiscal year 2009-10. Teeter notes payable decreased by 3.5%, or \$9.3 million, from \$266.6 million in fiscal year 2008-09 to \$257.3 million in fiscal year 2009-10 due to decrease in actual borrowing based on delinquency property tax analysis.

Public Facilities Improvements Capital Projects fund balance decreased from \$538.4 million to \$338.7 million, 37.1% or \$199.8 million. The decrease in fund balance is attributable to the acquisition of Regency Tower Building and the utilization of the reserve for construction account to reimburse costs of multiple capital projects such as the correctional facility expansion, animal shelter, family clinics, and hub jail; a decrease in other revenue due to slower housing development; and a decrease in interest earnings due to a significant drop in interest rates caused by the sluggish economy.

Redevelopment Capital Projects fund balance decreased from \$305.7 million to \$268.3 million, 12.2% or \$37.4 million. The change was a result of lower tax revenues received and higher utilization of funds for public improvements, commercial projects, housing, and rehabilitation of properties.

## 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 as 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 which can be found in the supplemental information section.

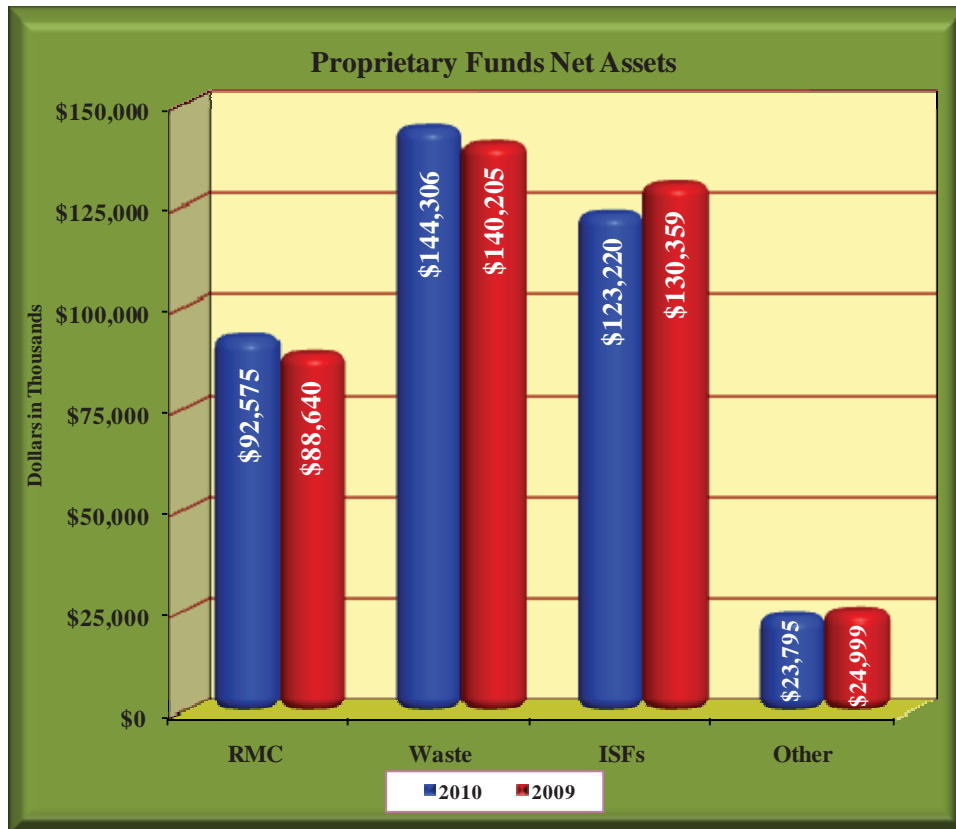
At the end of the fiscal year, total proprietary fund net assets were \$383.9 million, compared to \$384.2 million as restated for prior fiscal year. Total proprietary fund net assets decreased by 0.1% or \$0.3 million, compared to 13.0%, or \$43.1 million, increase for the prior fiscal year.

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

- Riverside County Regional Medical Center: \$49.0 million
- Waste Management: \$54.0 million
- Other enterprise fund activities: \$10.4 million
- Internal service fund activities: \$103.8 million

RMC's net assets increased from \$88.6 million to \$92.6 million, 4.4%, or \$3.9 million. The increase is attributable to higher net patient revenue and lower operating loss result in fiscal year 2009-10.

Waste Management's net assets increased from \$140.2 million, as restated, to \$144.3 million. The increase was a result of fund balance restatement of \$6.8 million and a significant decreased in operating expenses due to reduced staffing and early retirement.



## Management's Discussion & Analysis (Unaudited)

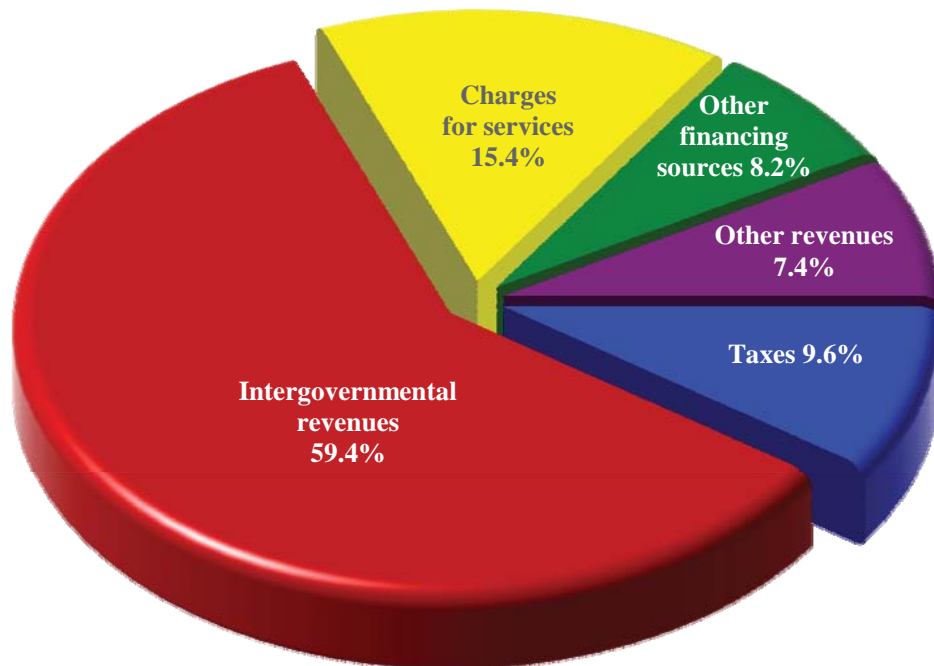
### GENERAL FUND FINANCIAL ANALYSIS

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 2009-10	Percent of Total	Fiscal Year 2008-09	Percent of Total	Variance
Taxes	\$ 229,631	9.6%	\$ 274,480	11.3%	-16.3%
Intergovernmental revenues	1,414,349	59.4%	1,476,356	60.6%	-4.2%
Charges for services	367,249	15.4%	364,649	15.0%	0.7%
Other revenue	176,340	7.4%	199,707	8.3%	-11.7%
Other financing sources	194,851	8.2%	122,571	5.0%	59.0%
<b>Total</b>	<b>\$ 2,382,420</b>	<b>100.0%</b>	<b>\$ 2,437,763</b>	<b>100.0%</b>	<b>-2.3%</b>

The decrease in tax revenue was attributable to a sharp decline in secured and supplemental property taxes and a decrease in sales and use taxes. The decrease in intergovernmental revenue was primarily attributable to a decrease in motor vehicle in-lieu of tax, a reduction in Proposition 172 public safety sales tax, an unexpected decrease in mandated client service programs provided by the Department of Public Social Services (DPSS), and a decrease in reimbursement through the Mental Health Service Act (MHSA) and Mental Health managed care from the State. The slight increase in charges for services was primarily the result of increased revenues from city law enforcement contracts with the Sheriff Department and new city fire protection contracts with the Fire Department. Other revenue decreased due to sharp declines in interest earnings.

COUNTY OF RIVERSIDE  
General Fund Revenues and Other Financing Sources  
For The Year Ended June 30, 2010





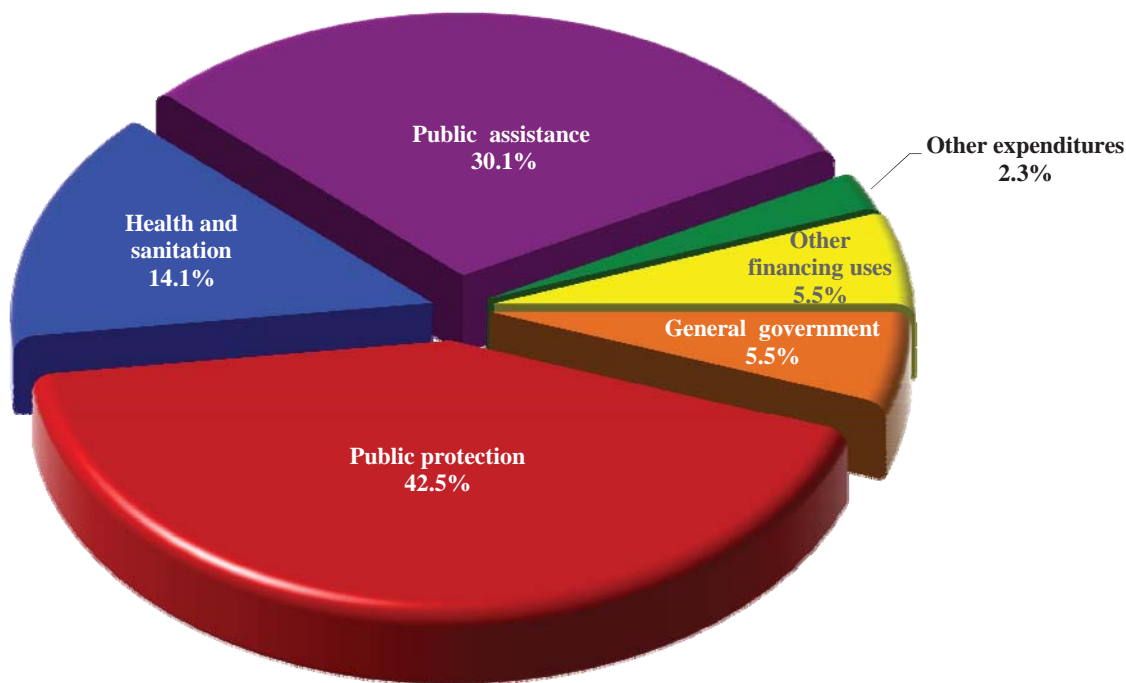
## Management's Discussion & Analysis (Unaudited)

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 2009-10	Percent of Total	Fiscal Year 2008-09	Percent of Total	Variance
General government	\$ 130,516	5.5%	\$ 146,816	5.8%	-11.1%
Public protection	1,005,679	42.5%	1,062,437	41.7%	-5.3%
Health and sanitation	333,068	14.1%	382,588	15.0%	-12.9%
Public assistance	712,353	30.1%	719,328	28.2%	-1.0%
Other expenditures	53,757	2.3%	50,530	2.0%	6.4%
Other financing uses	132,682	5.5%	185,719	7.3%	-28.6%
<b>Total</b>	<b>\$ 2,368,055</b>	<b>100.0%</b>	<b>\$ 2,547,418</b>	<b>100.0%</b>	<b>-7.0%</b>

The decrease of expenditures in general government was attributable to a reduction in salaries and benefits due to furloughs and position vacancies. Additionally, the Economic Development Agency (EDA) Real Estate Division had a reduction in lease, maintenance, and tenant improvement costs. The decrease of expenditures in public protection was mainly attributable to Sheriff, District Attorney, Fire, Public Defender, Animal Services, and Planning. Sheriff increased staffing efficiencies resulting in lower overtime costs. Additionally, Sheriff had a reduction of firearms and communication equipment. District Attorney decreased salaries and benefits through early retirements, attrition, and significantly fewer temporary employees. Additionally, District Attorney reduced lease and carpool expenditures. Fire reduced their State contract for fire protection services. Public Defender, Animal Services, and Planning had reductions in salaries and benefits due to furloughs and position vacancies. The decrease of expenditures in health and sanitation was attributable to the Community Health Agency and Mental Health. The Community Health Agency decreased costs due to furloughs, personnel reductions, professional services reductions, and loss of funding from the State. Mental Health decreased cost in salaries, tenant improvements, and equipment purchases. The decrease in public assistance was attributable to a reduction in staffing level, a smaller caseload due to newly implemented work participation regulations, and fewer tenant improvement projects for DPSS.

COUNTY OF RIVERSIDE  
General Fund Expenditures and Other Financing Uses  
For The Year Ended June 30, 2010



## 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 Variances

The original General Fund estimated revenue budget decreased by \$125.0 million, or 5.0%, from \$2.5 billion to the final amended revenue budget of \$2.4 billion. The \$125.0 million represents a decrease of \$78.8 million in charges for services, \$21.6 million in taxes, \$10.6 million in aid from other governmental agencies, \$9.1 million in rents and concessions, and \$5.1 million in other revenue.

Charges for Current Services: The net decrease of \$78.8 million, or 16.2%, for charges for current services was mainly the result of intergovernmental activities. Sheriff had a decrease of \$2.7 million from contract city and school services.

Taxes: The budget for taxes had a net decrease of \$21.6 million, or 8.8%, which consisted of a \$9.4 million decrease in current secured property taxes, a \$9.2 million decrease in sales and use taxes, and a \$3.0 million decrease in prior year supplemental property taxes.

Aid from Other Governmental Agencies: Aid received from other governmental agencies decreased by \$10.6 million, or 0.7%, and consisted of the following: Federal aid increased by \$12.5 million, State aid decreased by \$26.1 million, and other government aid increased by \$3.0 million. Increases in Federal aid include an increase to Fire by \$6.1 million for the State Fire Assistance Grant, the American Recovery and Reinvestment Act (ARRA) Grant for treatment of fuels, the United States Department of Homeland Security Grant, and other grants. Federal aid increased through Sheriff by \$7.4 million mainly for the ARRA Edward Byrne Memorial Justice Assistance Grant (JAG) award, the Solving Cold Cases with DNA Grant, the High Intensity Drug Trafficking Areas (HIDTA) Grant, the ARRA Cops for Rehiring Grant, and other grants. The decrease in State aid includes a \$15.2 million loss in Proposition 172 sales tax revenue primarily for Sheriff, District Attorney, Probation, and Fire. Other decreases in State aid include DPSS for \$13.0 million mainly due to reductions in public assistance programs, administration for child care services, foster care services, the adoption assistance program, the Cal WORKS program, and other State programs. The decrease in State aid was offset by an increase of \$1.4 million in MHSA funding for Mental Health. The increase in other governmental aid is a \$3.0 million growth in contract redevelopment revenue estimated for the Auditor-Controller.

Rents and Concessions: The budget for rents and concessions had a net decrease of \$9.1 million, or 29.8%, due to a decrease in building lease rates for departments.

Other Revenue: The decrease in other revenue of \$5.1 million, or 10.6%, was primarily the result of a reclassification of operating transfers to other financing sources.

##### Expenditure Appropriation Variances

The original General Fund appropriation budget decreased by \$153.7 million, or 5.9%, from \$2.6 billion to the final amended appropriation budget of \$2.5 billion. The significant appropriation changes were a decrease of \$85.4 million in general government, a decrease of \$41.3 million in public assistance, and a decrease of \$33.4 million in debt service offset by an increase of \$4.9 million in public protection and an increase of \$1.5 million in health and sanitation. The major appropriation variances are described below.

General Government: The appropriation budget decreased by \$85.4 million, or 31.8%, from the original budget of \$268.5 million to \$183.1 million. The following information describes the significant factors for the variances:

- Salaries and employee benefits decreased by \$2.0 million, or 1.7%, mainly due to intergovernmental activities and salary savings from furloughs and vacant positions.

## Management's Discussion & Analysis (*Unaudited*)

- Services and supplies increased by \$7.6 million, or 5.5%, mainly due to increases by Executive Office, EDA, and Registrar of Voters. Executive Office increased by \$1.9 million due to a court order for the County to pay court reporters and \$1.1 million due to a reimbursement for computer consultation and lease payment to EDA Facilities Management. EDA Energy Management increased by \$1.7 million mainly due to the increase in utility rates. Registrar of Voters increased by \$0.8 million due to the addition of three unscheduled elections.
- Other charges decreased by \$65.9 million, or 63.4%, mainly due to a decrease in rent, a decrease in contributions to other funds by the Executive Office, and intergovernmental activities.
- Capital assets increased by \$2.2 million, or 555.3%, mainly due to an increase of \$1.5 million for the Energy Efficiency and Conservation Block Grant (EECBG) by EDA Energy Management.
- Intrafund transfers decreased by \$4.7 million, or 3.9%, mainly due to payroll services and utility rate increases.
- Appropriation for contingencies decreased by \$22.7 million, or 75.8%. The contingency budget covers current and potential general fund liabilities. During the year, the major liabilities covered were a \$20.2 million decline in discretionary revenue, a \$15.2 million shortfall in proposition 172 sales tax revenue, a \$3.0 million increase in court costs, and \$2.0 million increase in salaries for Public Defender. This was offset by an increase of \$19.2 million in funding for DPSS. Discretionary revenues including property and sales taxes had to be reduced due to the economic downturn, resulting in a reduction of appropriation for contingency to offset losses.

Public Assistance: The appropriation budget decreased by \$41.3 million, or 5.1%, from the original budget of \$815.5 million to \$774.2 million. The following describe the significant factors for the variances:

- Salaries and employee benefits decreased by \$22.3 million, or 8.9%, mainly due to DPSS with salary savings transferred to contingency.
- Services and supplies decreased by \$7.7 million, or 8.1%, mainly due to the cancellation of projects and effort to conserve funding by DPSS.
- Other charges decreased by \$22.1 million, or 4.6%, mainly due to a decrease of \$12.8 million in DPSS which had slower than projected caseload growth in federal medical assistance, adoptions assistance, foster care, and group homes. Probation had a decrease of \$8.8 million due to a shift of expenses to DPSS for group home placement.
- Capital Assets increased by \$2.0 million, or 2,800.0%, mainly due to the purchase of computer equipment for DPSS.
- Intrafund transfers decreased by \$8.8 million, or 99.0%, mainly due to the discontinuance of group home placement in Probation.

Public Protection: The appropriation budget increased by \$4.9 million, or 0.5%, from the original budget of \$1.1 billion. The following information describes the significant factors for the variances:

- Salaries and employee benefits decreased by \$3.2 million, or 0.5%, mainly due to a decrease of \$12.0 million mainly for savings as a result of furloughs and position vacancies in all public protection departments. The decrease was primarily offset by increases of \$4.6 million by District Attorney to fund early retirements, \$3.6 million by Sheriff to fund early retirements and additional funded positions through grants and city contracts, and \$2.0 million by Public Defender to fill critical attorney and investigator positions.
- Services and supplies increased by \$10.6 million, or 3.4%, mainly due to Fire, Sheriff, Probation, Executive Office, and Public Defender. Fire increased by \$5.1 million due to increased fire and grant contract services. Sheriff increased by \$2.2 million mainly due to city contract law enforcement, grant awards, and professional services. Probation increased by \$1.5 million primarily due to facilities maintenance, improvements, and grants. Executive Office increased by \$1.2 million mainly due to the completion of projects at the Hall of Justice and the Larson Justice Center and services for confidential court orders.

## Management's Discussion & Analysis (Unaudited)

- Other Charges decreased by \$5.3 million, or 11.0%, mainly due to a decrease of \$7.6 million for intergovernmental activities primarily offset by a \$1.6 million increase in Sheriff for the rehabilitation of the Crestmore Heights building.
- Capital Assets increased by \$2.9 million, or 55.8%, mainly due to an increase to Fire of \$1.3 million primarily for the purchase of an integrated trucking system and the continued work on the Narrow Banding Project.

Health and Sanitation: The appropriation budget increased by \$1.5 million, or 0.4%, from the original budget of \$394.5 million to \$396.1 million. The following describe the significant factors for the variances:

- Salaries and employee benefits decreased by \$4.0 million, or 2.0%, mainly due to furloughs and position vacancies in the Community Health Agency. These one-time funds were transferred to upgrade the Environment Health information management system.
- Services and supplies increased by \$5.8 million, or 5.3%, mainly due to increases in the Community Health Agency and Mental Health. The increase of \$5.0 million to the Community Health Agency includes the non-closure of two clinics, a \$1.7 million increase for the Environmental Health system upgrade, maintenance services, a \$1.0 million increase in collections for drunken driving convictions, and other grant revenue. Mental Health had an increase of \$0.9 million mainly for the purchase of a Behavioral Health Information System (BHIS).

### 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 \$51.8 million resulting from unexpended appropriations of \$220.7 million, or 9.0%, and overestimated revenue of \$168.9 million, or 7.2%. The following contributed to the variance:

#### Expenditure Variances

General Fund actual expenditures of \$2.2 billion were 9.0%, or \$220.7 million, less than the final amended appropriation budget of \$2.5 billion. Health and sanitation, public assistance, public protection, general government, and debt service were the five most significant factors attributing to the unexpended appropriations as follows:

Health and Sanitation: Actual expenditures of \$333.1 million were less than the final amended budget of \$396.1 million by \$63.0 million, or 15.9%. The following describe the significant factors for the variances:

- Salaries and employee benefits were \$23.2 million, or 12.0%, less than budgeted primarily due to Mental Health and the Community Health Agency. Mental Health had savings of \$17.0 million mainly due to furlough savings, vacant positions that were left unfilled attributable to the hiring freeze, and salary reduction for per diem psychiatrists. The Community Health Agency had savings of \$9.7 million due to vacant positions and furlough savings.
- Services and supplies were \$23.6 million, or 20.8%, less than budgeted primarily due to a \$13.5 million savings in the Community Health Agency. Agency support costs were lower than budgeted due to various cost reductions in the support areas and the postponement for the Emergency Medical Services (EMS) improvement. Mental Health had a savings of \$9.4 million due to a delay in the implementation of the MHSA Workforce Education and Training (WET) program and a lesser requirement for IT support.
- Other charges were \$20.7 million, or 10.8%, less than budgeted primarily due to Mental Health, the Community Health Agency, and the Executive Office-Contribution to Health and Mental Health. Mental Health had savings of \$15.9 million due to private care provider contracts performing fewer children's services than anticipated, client housing support and full service partnerships (FSP) operating at less than full capacity, and pending cost report settlements not paid until the following fiscal year. The Community Health Agency had savings of \$3.7 million mainly due to a decrease in lease rates and less than expected payments to contract providers. The Executive Office-Contribution to Health and Mental Health had savings of \$1.4 million due to lower than anticipated motor vehicle license fee (VLF) allocation from the State.
- Capital Assets were \$1.2 million, or 62.5%, less than budgeted due to the Community Health Agency with \$1.1 million savings partially attributed to the delay in the purchase of computer equipment.

## Management's Discussion & Analysis (*Unaudited*)

- Intrafund transfers were \$5.7 million, or 5.5%, less than budgeted primarily due to the Community Health Agency and Mental Health. The Community Health Agency had a variance of \$4.5 million attributed to lower reimbursements due to cost reduction and furloughs.

Public Assistance: Actual expenditures of \$712.4 million were less than the final amended budget of \$774.2 million by \$61.8 million, or 8.0%. The following describe the significant factors for the variances:

- Salaries and employee benefits were reduced by \$17.0 million, or 7.5%, less than budgeted mainly due to furloughs and reduction in staffing levels by DPSS to meet budget cuts.
- Services and supplies were \$13.0 million, or 14.9%, less than budgeted primarily due to DPSS reducing costs to meet budget constraints. The savings reflect tenant improvement reductions in the following projects: Lake Elsinore, Hemet CPS, Hemet TAMD/GAIN, and 901 Ramsy Banning. Costs reduced also include a cutback in office supplies, a cut in temporary employees due to the STEP program, and savings from renegotiated leases.
- Other charges were \$30.6 million, or 6.7%, less than budgeted primarily due to DPSS with a net decrease of \$31.2 million. The savings was due to the redistribution of Federal Medical Assistance Payment (FMAP) rates, the increase in reimbursements for the group home placement rate, and reduction of costs in the Foster Family Agency (FFA).
- Capital assets were \$1.1 million, or 51.2%, less than budgeted due to computer and communication equipment being purchased rather than financed for DPSS.

Public Protection: Actual expenditures of \$1.0 billion were less than the final amended budget of \$1.1 billion by \$57.8 million, or 5.4%. The following describe the significant factors for the variances:

- Salaries and employee benefits were \$16.3 million, or 2.3%, less than budgeted primarily due to Sheriff, Probation, and the Department of Child Support Services (DCSS). Sheriff had savings of \$8.9 million due to early retirements and newly hired deputies which reduced overtime. Due to vacant positions and reduced temporary assistance, Probation had a salary savings of \$3.1 million. DCSS had savings of \$1.3 million mainly due to furloughs and vacancies.
- Services and supplies were \$29.6 million, or 9.1%, less than budgeted due to Fire, Sheriff, Public Defender, Executive Office, Animal Services, and County Clerk-Recorder. Fire had savings of \$21.1 million due to less than expected costs for CAL FIRE, contract partners, special program expense, equipment usage, weed abatement, professional services, fuel, protective gear, and medical and dental supplies. Sheriff had savings of \$5.4 million primarily due to less than expected costs for aircraft maintenance, aviation fuel, building maintenance, and support services. Public Defender had savings of \$1.2 million primarily from building maintenance and improvements, micrographic services, and office equipment. Executive Office had savings of \$1.2 million primarily from less than expected trial court funding costs. Due to loss of revenue, Animal Services had savings of \$1.1 million in administrative support, pharmaceuticals, animal feed, and communication services. County Clerk-Recorder had savings in software maintenance, micrographic services, and professional services of \$0.8 million mainly due to projects being carried into next fiscal year because of the lack of staff and budget concerns.
- Other charges were \$9.6 million, or 22.4%, less than budgeted due to Executive Office-Contribution to Trial Court, County Clerk Recorder, and Sheriff. Executive Office-Contribution to Trial Court had a \$1.3 million savings due to a lower Maintenance of Effort (MOE) payment. County Clerk-Recorder had savings of \$1.1 million due to delays in the clerk system upgrade, the recorder system upgrade, and the SB1287 Fraud Prevention Project. Sheriff had savings of \$1.1 million primarily due to reductions in building improvements.
- Capital assets were \$4.8 million, or 59.9%, less than budgeted due to Fire, Sheriff, and County Clerk-Recorder. Fire had savings of \$2.0 million mainly due to the purchase deferral of a fire engine and communication equipment. Sheriff had savings of \$1.5 million mainly due to patrol extending vehicle usage and not purchasing new vehicles and communication equipment. County Clerk-Recorder had savings of \$0.9 million in the purchase of an electronic recording system.
- Intrafund transfers were \$2.5 million, or 26.0%, less than budgeted primarily due to intergovernmental activities.

## Management's Discussion & Analysis (Unaudited)

General Government: Actual expenditures of \$130.5 million were less than the final amended budget of \$183.1 million by \$52.6 million, or 28.7%. The following describe the significant factors for the variances:

- Salaries and employee benefits were \$10.3 million less, or 9.2%, below budget primarily due to vacant positions at EDA for a savings of \$6.6 million. The department accommodated the required budget cuts and hiring restrictions by filling budgeted permanent positions with temporary employees and not filling all vacant positions. Human Resources had savings of \$2.0 million due to reduction in staff, furloughs, and vacant positions. Other General Government departments had similar savings of a lesser proportion.
- Services and supplies were \$25.3 million, or 17.2%, less than budgeted mainly due to EDA, Executive Office, Treasurer-Tax Collector, and Assessor. EDA accounts for approximately \$15.3 million of the variance mainly due to increased budgeted amounts for new leases or the renewal of leases, less than expected tenant improvements costs, and a decrease in project requests from County departments. Executive Office accounts for \$5.9 million mainly due to savings in construction contracts and communication equipment. Treasurer-Tax Collector had savings of \$1.9 million due to reduction in expenses for auditors and enhancement upgrades. Assessor had savings of \$1.2 million due to reductions in data processing services and postage mail services.
- Other charges were \$25.0 million, or 65.7%, less than budgeted due to intergovernmental activities. Contributions to other funds were less than projected due to the collection of revenue from recording and filing court fees and property taxes being less than expected.
- Capital assets were \$2.3 million, or 86.3%, less than budgeted mainly due to the Energy Efficiency and Conservation Block Grant (EECBG) for EDA which was deferred to the next year.
- Intrafund transfers were \$17.5 million, or 14.2%, less than budgeted primarily due to EDA. EDA acquires reimbursements for maintenance, real estate, and other project services provided to General Fund departments. Lease reimbursements were lower than projected due to leases being renegotiated at lower amounts or leases that expired and were not renewed. Reimbursements for project services were lower than anticipated because fewer services were requested by County departments than were originally projected, due to the slowing economy.
- Appropriations for Contingencies are budgeted by the Board of Supervisors based on Executive Office recommendations for potential liabilities from General Fund appropriations. During the fiscal year, the Board budgeted \$30.0 million for any such potential liabilities.

Debt Service: Actual expenditures of \$21.9 million were less than the final amended budget of \$38.2 million by \$16.3 million, or 42.8%, primarily due to a decrease in principal payments.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2010, the County's capital assets for both its governmental and business-type activities amounted to \$3.6 billion (net of accumulated depreciation). The capital assets include land and easements, land improvements, construction in progress, equipment, 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 15.1%, or \$468.3 million, from \$3.1 billion in fiscal year 2008-09 to \$3.6 billion in fiscal year 2009-10.

The increase of the County's capital assets was primarily due to construction in progress projects. Construction in progress rose from \$486.1 million in fiscal year 2008-09 to \$696.4 million in fiscal year 2009-10, a 43.3% increase. The 2010 balance includes additions of \$296.7 million, retirements of \$3.1 million, and transferred or completed projects of \$90.1 million. Structures and improvements increased by 29.0% as a result of acquisitions such as the downtown law buildings referred to as the Regency Tower by the Economic Development Agency.

In fiscal year 2009-10, new major projects budgeted for construction and design included the following: Mecca Boys and Girls Club with a budgeted amount of \$6.3 million will be a 30,000 square-foot youth recreation and counseling center. Riverside Centre Building Renovation budgeted at \$3.2 million and \$1.6 million for the building's fourth floor tenant improvement project. Mecca Downtown Street Revitalization Project at a budget amount of \$2.7 million,

## Management's Discussion & Analysis (Unaudited)

as well as \$2.4 million for the Mead Valley Road Improvement Project Phase 3. These projects are intended to eliminate blighted conditions by rehabilitating deteriorated infrastructure and provide necessary improvements within the communities. Energy projects include the Rubidoux Fleet Services solar shade structure for \$1.4 million, the County Farm central plant chiller upgrade for \$1.4 million, and \$1.1 million for the Riverside County Administrative Center Parking Structure Solar Project.

### Construction in Progress

#### Additions to Construction in Progress for Fiscal Year 2009-10:

In fiscal year 2009-10, additions in the amount of \$296.7 million consisted of costs related to existing projects and new projects.

Existing project costs include the following:

- The Economic Development Agency incurred \$135.8 million in costs for projects such as the 77,000 square foot Thermal Sheriff Station that will serve Eastern Coachella Valley and is 85 percent complete. Smith Correctional Facility 3<sup>rd</sup> expansion project in the City of Banning, as well as the Palm Desert Sheriff Station, one of the largest sheriff stations in Riverside County. Two new animal shelters, the Western Riverside Animal Shelters, which will be one of the largest animal shelters in the Inland Empire and Southern California, as well as the San Jacinto Valley Animal Shelter.
- Roads and signal infrastructures additions were \$63.2 million.
- Riverside County Regional Medical Center's Siemens Hospital Information System costs for the year were \$4.8 million. They also incurred \$2.6 million for the design and construction of an 84 bed Mental Health Facility, as well as \$2.5 million for the design and construction for the Emergency Department Expansion.
- Lake Skinner and Rancho Jurupa Parks incurred \$7.1 million in enhancements for water play splash pads, trails, and stages.

New project costs include the following:

- Public Safety Enterprise Communication experienced \$24.4 million in addition of radio communication sites. This project is to expand the County's radio tower network to approximately 70 locations and increase emergency telecommunication coverage to about 95 percent. The expansion of the systems capabilities and its associated infrastructure will help ensure the safety of the public and our safety officers.
- Roads and signal infrastructures additions were \$12.1 million.
- The Economic Development Agency experienced new projects in the amount of \$11.4 million. \$9.3 million for the Rubidoux Youth Opportunity Center and Rubidoux Boxing Club Project and \$2.1 million for the Jurupa Self Sufficiency Center, a 52,000 square foot facility that provides direct social services, employment training, and case management for clients of the Department of Public Social Services.
- Flood incurred \$6.6 million in new projects consisting of the Belltown Market Street Storm Drain, Stage 1 and the Calimesa Line L Storm Drain, intended to provide improved flood protection to existing residences, existing commercial development, and public roads.

#### Construction in Progress Transfers:

Completed construction in progress projects of approximately \$90.1 million were transferred from construction in progress to other designated capital asset accounts during fiscal year 2009-10. The major projects were as follows:

- \$57.8 million was transferred to structures and improvements. Examples include the Perris Sheriff's Complex and Family Care Clinic for \$29.8 million, the Ben Clark Training Center Drill Grounds Infrastructure for \$3.9 million, and \$2.6 million for the addition of 52 temporary modular classroom trailers to serve the training academies at the Ben Clark Training Center for Sheriff, Fire, and California Highway Patrol. \$2.3 million for the security camera systems for both the Riverside and Indio Juvenile Halls. \$1.9 million for the Western Coachella Valley Multi-Service Center in North Palm Springs and \$1.4 million for the Gilman Historic Ranch and Wagon Museum Expansion in Banning to accommodate the school population for educational field trips.

## Management's Discussion & Analysis (*Unaudited*)

- \$27.6 million was transferred to infrastructure. This included flood channels such as San Sevaine for \$8.3 million, Salt Creek for \$1.8 million, and the Norco Master Drainage Plan Line NA-S, Stage 2 consisting of 4,660 lineal feet of various sized underground storm drain for \$1.2 million. \$6.8 million in costs were incurred for the Edom Hill Sanitary Landfill closure construction. The Cajalco Road Resurfacing Project from La Sierra Avenue to Temescal Canyon Road for \$2.9 million and the drainage improvements project on Jamaica Sands Drive and Trinity Circle in the Bermuda Dunes area for \$1.3 million, both part of the Transportation Department. The ADA Paving Improvements Phase 3 project at the County's Fairground in Indio for \$2.7 million and \$2.0 million for construction of electrical upgrades at the Jacqueline Cochran Regional Airport by the Economic Development Agency, Aviation Division.

### Land and Easements

Additions of \$18.3 million in land were processed this fiscal year. Flood incurred additions of \$7.3 million for projects such as the Homeland/Romoland Master Drainage Plan. Approximately \$6.9 million consists of conveyed land from the Redevelopment Agency to the County for the construction of the Jurupa Youth and Opportunity Center, the Senior One-Stop in Hemet, and for the enhancement of communities within Jurupa Valley. \$3.9 million was acquired for the Downtown Law Building.

### Depreciable Capital Asset

The following is a breakdown of the additions, retirements, and transfers which make up the balance of depreciable capital assets:

#### Additions to Depreciable Assets:

Total fiscal year 2009-10 depreciable capital asset current year additions of \$251.1 million, were comprised of the following:

- Infrastructure in the amount of \$102.1 million:
  - Roads in the amount of \$90.0 million, of which \$83.6 million consisted of donated assets. Flood storm drains in the amount of \$11.9 million.
- Structures and improvements amounted to \$128.6 million:
  - Buildings and improvements incurred \$127.5 million for the purchase of the Downtown Law Buildings located on 3960 Orange Street in Riverside.
- Equipment in the amount of \$20.4 million:
  - Equipment leased - \$9.8 million
  - Computer and office equipment - \$2.6 million
  - Equipment field - \$2.2 million
  - Equipment vehicles - \$2.2 million
  - Miscellaneous equipment - \$2.2 million
  - Vehicles leased - \$1.3 million

#### Retirements of Depreciable Assets:

Retirement of depreciable assets amounted to \$32.6 million. Equipment in the amount of \$26.9 million was retired consisting of assets primarily in the categories of computer and office equipment from Riverside County Information Technology and vehicles from Fleet Services and Waste Management. \$5.7 million of structures and improvements were retired, which included the conveyance of La Quinta Fire Station to the City of La Quinta, the abandoned Thousand Palm Fire Station for the development of an affordable housing project, and the demolition of the Mecca Fire Station for the purpose of revitalizing the downtown area.

#### Transfers:

\$86.2 million was transferred from completed construction in progress projects as noted above.



## Management's Discussion & Analysis (Unaudited)

### 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 \$140.0 million in depreciation.

### Analysis of Capital Assets:

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

<b>Capital Assets (net of depreciation, in thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2010	2009	2010	2009	2010	2009	%
Infrastructure	\$1,377,579	\$1,326,055	\$ 53,885	\$ 50,752	\$1,431,464	\$1,376,807	4.0%
Land and easements	429,874	407,723	21,325	21,081	451,199	428,804	5.2%
Land improvements	99	99	4,826	5,360	4,925	5,459	-9.8%
Structures and improvements	732,044	532,844	136,098	140,277	868,142	673,121	29.0%
Equipment	100,136	117,964	20,673	16,451	120,809	134,415	-10.1%
Construction in progress	661,635	464,647	34,801	21,468	696,436	486,115	43.3%
Total	<u>\$3,301,367</u>	<u>\$2,849,332</u>	<u>\$271,608</u>	<u>\$255,389</u>	<u>\$3,572,975</u>	<u>\$3,104,721</u>	<u>15.1%</u>

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

### Debt Administration

Per Board policy, 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, 2010, the County had numerous debt issues outstanding, principally certificates of participation - lease rental obligations. (See Note 13)

Net bonded debt per capita equaled \$668.0 as of June 30, 2010. The calculated legal debt limit for the County is \$2.7 billion.

The following are credit ratings maintained by the County:

	<u>Moody's Investors Service, Inc.</u>	<u>Standard &amp; Poor's Corp.</u>	<u>Fitch</u>
Long-term lease debt	A1	AA-	AA-
Issuer credit	Aa2	AA	AA

The County issued tax-exempt Tax and Revenue Anticipation Notes (TRANS) to provide needed cash to cover the projected intra-period cash flow deficits of the County's General Fund during the fiscal year July 1 through June 30. In fiscal year 2009-10, the County, as a participant in the California Statewide Communities Development Authority composite offering, issued \$293.0 million in TRANS to satisfy short-term cash flow needs.

In December 1993, the Board of Supervisors formally passed a resolution necessary for the County to adopt the Teeter Plan (the 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. For fiscal year 2009-10, funding for the County's on-going obligations under Teeter was accomplished through the sale of Tax-Exempt Commercial Paper Notes, Series B in the amount of \$186.0 million and Series C in the amount of \$71.3 million. The approximately \$257.3 million in total financing was comprised of \$163.1 million, representing fiscal year 2008-09 delinquent property taxes and \$94.2 million representing prior years' delinquent property taxes. The County's General Fund is pledged to the repayment of both series of Notes, in addition to the pledge of the delinquent taxes that are pledged to the Series B.

## Management's Discussion & Analysis *(Unaudited)*

The table below provides summarized information (including comparative amounts from the preceding year) for the County's outstanding long-term liabilities at June 30, 2010.

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

	Governmental Activities		Business-Type Activities		Total		Increase/ (Decrease)
	2010	2009	2010	2009	2010	2009	%
Loans payable	\$ 6,987	\$ 7,222	\$ -	\$ -	\$ 6,987	\$ 7,222	-3.3%
Notes payable	15,000	6,000	-	-	15,000	6,000	150.0%
Bonds payable	1,408,017	1,359,277	147,924	159,959	1,555,941	1,519,236	2.4%
Certificates of participation	385,447	391,914	-	-	385,447	391,914	-1.7%
Capital Leases	123,890	117,611	20,842	14,028	144,732	131,639	9.9%
<b>Total Outstanding</b>	<b>\$1,939,341</b>	<b>\$1,882,024</b>	<b>\$ 168,766</b>	<b>\$173,987</b>	<b>\$2,108,107</b>	<b>\$2,056,011</b>	<b>2.5%</b>

Outstanding Debt: The County of Riverside's total debt increased by 2.5%, \$52.1 million (\$57.3 million in governmental funds and a decrease of \$5.2 million in business-type), during the current fiscal year. The increase in governmental activities was a result of the issuance of two (2) 2009 Certificates of Participation Refunding Bonds, two (2) 2010 RDA's Tax Housing Allocation Bonds, and 2010 Bond Anticipation Notes. The decrease in business-type activities was a result of the annual principal payments.

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 THE FISCAL YEAR 2010-11 BUDGET OUTLOOK

Riverside County's economy continues to experience the negative impact of the recession. Locally, the economy was hit harder and is recovering more slowly than the nation at large. The county continues to experience high unemployment rates with declines that are less severe for personal income, taxable sales, residential building permits, and the real estate market than in the prior fiscal year.

To fund the fiscal year 2010-11 budget, the County drew on reserves creating a structural budget imbalance totaling about \$60.0 million. Fiscal year 2010-11 discretionary revenue is expected to decline by approximately three percent (\$17.0 million) when compared to fiscal year 2009-10. The following table reflects anticipated discretionary revenue totals and sources for Fiscal Year 2010-11.

Source	Final Budget Estimate
Taxes	\$ 222,486
Other Taxes	33,935
Licenses, Permits, Franchise Taxes	7,000
Fines, Forfeitures, Penalties	25,471
Use of Money and Property	6,300
State	191,523
Federal	3,100
Other Government	50
Charges for Services	266
Miscellaneous	102,024
Total	<u>\$ 592,155</u>

The County's employee retirement benefit contribution rate for fiscal year 2010-11 for miscellaneous members is 12.2% and the Safety contribution rate is 19.3%. 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 2011-12 rates are projected at 13.1% (Miscellaneous) and 21.3% (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.

The fiscal year 2010-11 assessment roll value declined by 4.3%, yielding a total property tax roll of \$208.2 billion, compared to \$217.4 billion in fiscal year 2009-10. The \$9.2 billion decrease in assessment roll value reflected the continuing decline of residential market prices affecting new Proposition 13 base year value and reassessment of property per Proposition 8; and with a significant decrease in construction values of new residential, commercial, and industrial development.

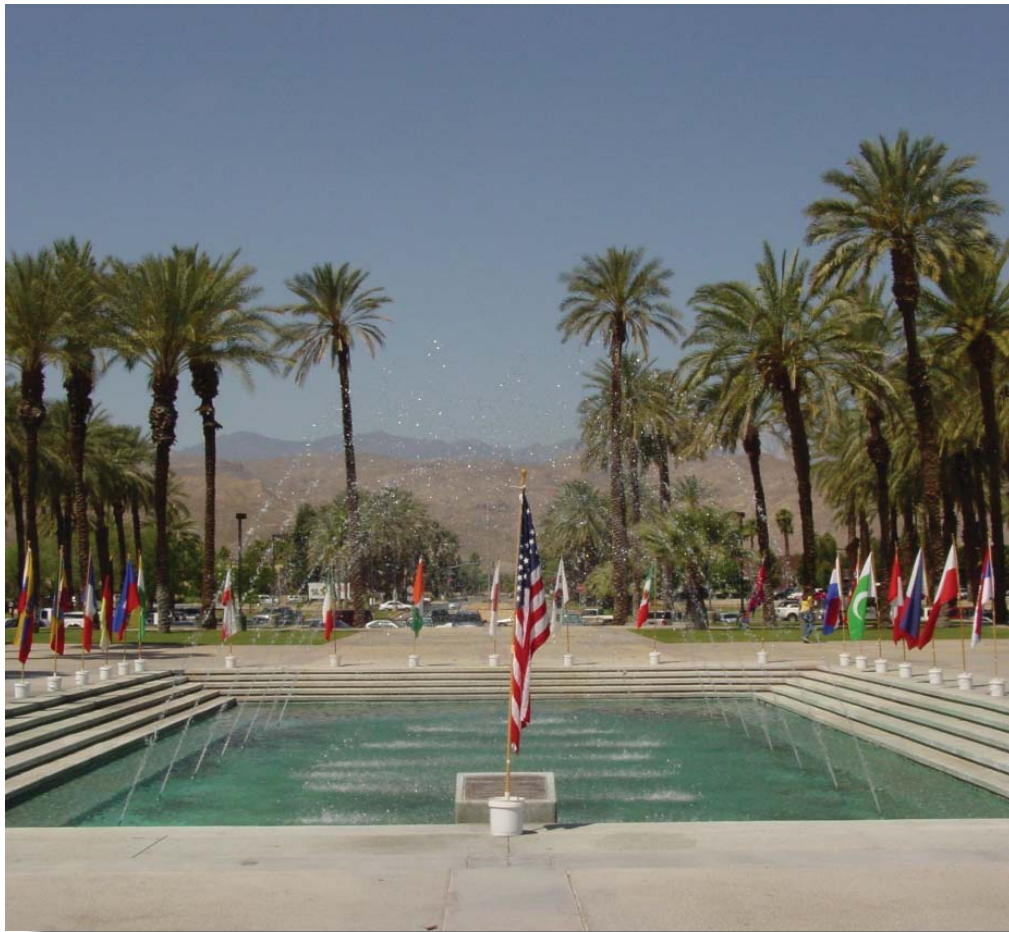
### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Riverside, Office of the Auditor-Controller, County Administrative Center, 4080 Lemon Street - 11<sup>th</sup> Floor, P.O. Box 1326, Riverside, CA 92502-1326; Phone: (951) 955-3800; Fax: (951) 955-3802; website: [www.auditorcontroller.org](http://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, 2010

(Dollars in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority
<b>ASSETS:</b>					
Cash and investments (Note 5)	\$ 1,535,478	\$ 102,759	\$ 1,638,237	\$ 58,220	\$ -
Receivables, net (Notes 1 and 7)	438,164	118,446	556,610	5,993	-
Inventories	6,449	7,683	14,132	-	-
Internal balances (Note 8)	43,518	(43,518)	-	-	-
Pension asset, net (Notes 18 and 19)	424,946	1,950	426,896	-	-
OPEB asset, net (Note 20)	18,523	62	18,585	-	-
Prepaid items and deposits	2,165	5,035	7,200	-	-
Restricted cash and investments (Notes 5 and 6)	592,477	122,330	714,807	-	25,459
Other noncurrent receivables (Note 7)	36,080	-	36,080	-	64,066
Notes receivable (Note 7)	67,192	-	67,192	-	-
Land held for resale	79,665	-	79,665	-	-
Unamortized bond issuance costs	23,211	1,070	24,281	-	1,206
Deferred outflows of resources (Note 13)	27,890	-	27,890	-	-
Capital assets (Note 9):					
Nondepreciable assets	1,091,509	56,126	1,147,635	-	-
Depreciable assets, net	2,209,858	215,482	2,425,340	1	-
Total assets	<u>6,597,125</u>	<u>587,425</u>	<u>7,184,550</u>	<u>64,214</u>	<u>90,731</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts payable	129,024	21,529	150,553	3,348	1,841
Salaries and benefits payable	54,169	9,065	63,234	93	-
Due to other governments	39,489	17,117	56,606	564	-
Interest payable	16,870	752	17,622	-	784
Deposits payable	3,434	87	3,521	-	-
Notes payable (Note 12)	257,300	-	257,300	-	-
Other liabilities	1,664	3,382	5,046	-	-
Unearned revenue (Note 7)	209,338	-	209,338	27	-
Interest rate swap (Note 13)	27,890	-	27,890	-	-
Long-term liabilities (Note 13) :					
Due within one year	193,361	38,408	231,769	149	5,030
Due beyond one year	2,070,228	277,401	2,347,629	104	83,946
Total liabilities	<u>3,002,767</u>	<u>367,741</u>	<u>3,370,508</u>	<u>4,285</u>	<u>91,601</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	1,594,275	96,901	1,691,176	-	-
Restricted for:					
Children's programs	-	-	-	59,929	-
Community development	246,626	-	246,626	-	-
Debt service	90,773	32,443	123,216	-	-
Health and sanitation	17,860	14,188	32,048	-	-
Public protection	46,521	-	46,521	-	-
Public ways & facilities	195,363	-	195,363	-	-
Other programs	7,799	3,755	11,554	-	-
Unrestricted	1,395,141	72,397	1,467,538	-	(870)
Total net assets	<u>\$ 3,594,358</u>	<u>\$ 219,684</u>	<u>\$ 3,814,042</u>	<u>\$ 59,929</u>	<u>\$ (870)</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, 2010  
(Dollars in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 323,949	\$ 140,723	\$ 158,445	\$ 33
Public protection	1,062,213	331,162	216,359	836
Public ways and facilities	31,024	38,177	29,193	29,619
Health and sanitation	347,634	48,103	185,231	-
Public assistance	820,637	2,688	788,038	-
Education	19,866	493	6,600	624
Recreation and culture	12,206	5,977	925	-
Interest on long-term debt	80,754	-	-	-
Total governmental activities	2,698,283	567,323	1,384,791	31,112
Business-type activities:				
Regional Medical Center	389,991	367,273	-	1,165
Waste Management Department	49,956	51,814	-	-
Housing Authority	81,426	80,630	-	-
Flood Control	3,233	1,436	-	-
County Service Areas	454	377	-	-
Total business-type activities	525,060	501,530	-	1,165
Total primary government	\$ 3,223,343	\$ 1,068,853	\$ 1,384,791	\$ 32,277
Component units:				
Children and Families Commission	\$ 30,347	\$ -	\$ 26,175	\$ -
Palm Desert Financing Authority	5,922	4,928	-	-
Total Component Units	\$ 36,269	\$ 4,928	\$ 26,175	\$ -
General revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Other taxes				
Intergovernmental revenue not restricted to programs:				
Motor vehicle in-lieu of taxes				
Investment earnings				
Other				
Transfers				
Total general revenues and transfers				
Changes in net assets				
NET ASSETS, BEGINNING OF YEAR, AS RESTATED (Note 4)				
NET ASSETS, END OF YEAR				

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



Net (Expenses) Revenues and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority	
					FUNCTION/PROGRAM ACTIVITIES:
					Primary government:
					Governmental activities:
\$ (24,748)	\$ -	\$ (24,748)			General government
(513,856)	-	(513,856)			Public protection
65,965	-	65,965			Public ways and facilities
(114,300)	-	(114,300)			Health and sanitation
(29,911)	-	(29,911)			Public assistance
(12,149)	-	(12,149)			Education
(5,304)	-	(5,304)			Recreation and culture
(80,754)	-	(80,754)			Interest on long-term debt
<u>(715,057)</u>	<u>-</u>	<u>(715,057)</u>			Total governmental activities
					Business-type activities:
-	(21,553)	(21,553)			Regional Medical Center
-	1,858	1,858			Waste Management Department
-	(796)	(796)			Housing Authority
-	(1,797)	(1,797)			Flood Control
-	(77)	(77)			County Service Areas
<u>-</u>	<u>(22,365)</u>	<u>(22,365)</u>			Total business-type activities
<u>(715,057)</u>	<u>(22,365)</u>	<u>(737,422)</u>			Total primary government
			\$ (4,172)	\$ -	Component unit:
			-	(994)	Children and Families Commission
			<u>(4,172)</u>	<u>(994)</u>	Palm Desert Financing Authority
					Total Component Units
440,282	-	440,282	-	-	
36,289	-	36,289	-	-	
8,610	-	8,610	-	-	
246,493	-	246,493	-	-	
29,026	1,442	30,468	566	4	
91,044	-	91,044	128	-	
(17,436)	17,436	-	-	-	
<u>834,308</u>	<u>18,878</u>	<u>853,186</u>	<u>694</u>	<u>4</u>	
119,251	(3,487)	115,764	(3,478)	(990)	
3,475,107	223,171	3,698,278	63,407	120	
<u>\$3,594,358</u>	<u>\$ 219,684</u>	<u>\$ 3,814,042</u>	<u>\$ 59,929</u>	<u>\$ (870)</u>	

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, 2010  
 (Dollars in Thousands)

	General	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects
<b>ASSETS:</b>				
Cash and investments (Note 5)	\$ 122,902	\$ 244,604	\$ -	\$ 346,620
Accounts receivable (Notes 1 and 7)	8,468	552	-	-
Interest receivable (Note 7)	2,091	393	175	478
Taxes receivable (Note 7)	27,714	5,668	113,346	-
Due from other governments (Note 7)	263,240	202	-	612
Inventories	1,941	-	-	-
Due from other funds (Note 8)	25,353	-	35	-
Prepaid items	888	832	-	-
Restricted cash and investments (Notes 5 and 6)	296,543	5,655	153,217	-
Advance to other funds (Note 8)	-	-	-	-
Notes receivable (Note 7)	-	-	-	-
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$ 749,140</b>	<b>\$ 257,906</b>	<b>\$ 266,773</b>	<b>\$ 347,710</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 57,236	\$ 8,169	\$ 23	\$ 9,057
Salaries and benefits payable	46,376	733	-	-
Due to other governments	35,161	2,057	-	-
Due to other funds (Note 8)	2,155	86	9,450	-
Deposits payable	3,050	-	-	-
Teeter notes payable (Note 12)	-	-	257,300	-
Advances from other funds (Note 8)	-	-	-	-
Deferred revenue (Note 7)	218,676	4,937	-	-
<b>Total liabilities</b>	<b>362,654</b>	<b>15,982</b>	<b>266,773</b>	<b>9,057</b>
<b>Fund balances (Note 14):</b>				
Reserved	90,374	833	-	327,803
Unreserved, designated, reported in:				
General fund	250,463	-	-	-
Special revenue funds	-	236,269	-	-
Capital projects funds	-	-	-	10,850
Unreserved, undesignated, reported in:				
General fund	45,649	-	-	-
Special revenue funds	-	4,822	-	-
<b>Total fund balances</b>	<b>386,486</b>	<b>241,924</b>	<b>-</b>	<b>338,653</b>
<b>Total liabilities and fund balances</b>	<b>\$ 749,140</b>	<b>\$ 257,906</b>	<b>\$ 266,773</b>	<b>\$ 347,710</b>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	ASSETS:
\$ 187,880	\$ 394,552	\$ 1,296,558	Cash and investments (Note 5)
5,992	2,888	17,900	Accounts receivable (Notes 1 and 7)
431	500	4,068	Interest receivable (Note 7)
-	4,094	150,822	Taxes receivable (Note 7)
-	34,034	298,088	Due from other governments (Note 7)
-	822	2,763	Inventories
2,971	229	28,588	Due from other funds (Note 8)
-	445	2,165	Prepaid items
-	136,059	591,474	Restricted cash and investments (Notes 5 and 6)
-	2,050	2,050	Advance to other funds (Note 8)
28,674	38,518	67,192	Notes receivable (Note 7)
50,583	29,082	79,665	Land held for resale
<u>\$ 276,531</u>	<u>\$ 643,273</u>	<u>\$ 2,541,333</u>	Total assets
LIABILITIES AND FUND BALANCES:			
Liabilities:			
\$ 8,184	\$ 32,169	\$ 114,838	Accounts payable
-	3,904	51,013	Salaries and benefits payable
-	2,231	39,449	Due to other governments
-	14,450	26,141	Due to other funds (Note 8)
-	384	3,434	Deposits payable
-	-	257,300	Teeter notes payable (Note 12)
-	2,050	2,050	Advances from other funds (Note 8)
-	30,370	253,983	Deferred revenue (Note 7)
<u>8,184</u>	<u>85,558</u>	<u>748,208</u>	Total liabilities
Fund balances (Note 14):			
178,505	331,320	928,835	Reserved
Unreserved, designated, reported in:			
-	-	250,463	General fund
-	32,782	269,051	Special revenue funds
89,842	7,734	108,426	Capital projects funds
Unreserved, undesignated, reported in:			
-	-	45,649	General fund
-	185,879	190,701	Special revenue funds
<u>268,347</u>	<u>557,715</u>	<u>1,793,125</u>	Total fund balances
<u>\$ 276,531</u>	<u>\$ 643,273</u>	<u>\$ 2,541,333</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, 2010  
(Dollars in Thousands)

Fund balances - total governmental funds (page 31) \$ 1,793,125

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. 3,259,190

Bond issuance costs are not current financial resources and therefore are not reported in the governmental funds. 23,211

Net OPEB and pension assets are not current financial resources and therefore are not reported in the governmental funds. 443,469

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. 44,645

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	\$ 1,408,017	
Capital lease obligations	101,165	
Certificates of participation	385,447	
Loans payable	6,987	
Notes payable	15,000	
Accrued interest payable	16,870	
Accreted interest payable	44,750	
Accrued remediation cost	2,014	
Compensated absences	153,244	(2,133,494)

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.

164,212

Net assets of governmental activities (page 25) \$ 3,594,358

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, 2010

(Dollars in Thousands)

	General Fund	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects
<b>REVENUES:</b>				
Taxes	\$ 229,631	\$ 43,534	\$ -	\$ -
Licenses, permits, and franchise fees	16,724	-	-	-
Fines, forfeitures, and penalties	112,813	-	-	-
Use of money and property:				
Interest	12,197	2,263	1,005	4,101
Rents and concessions	3,936	180	-	-
Aid from other governmental agencies:				
Federal	504,605	165	-	-
State	820,432	630	-	-
Other	89,312	-	-	55,551
Charges for services	367,249	10,537	-	35,406
Other revenue	30,670	7,384	-	5,712
Total revenues	<u>2,187,569</u>	<u>64,693</u>	<u>1,005</u>	<u>100,770</u>
<b>EXPENDITURES:</b>				
Current:				
General government	130,516	-	597	219,654
Public protection	1,005,679	51,175	-	-
Public ways and facilities	-	-	-	635
Health and sanitation	333,068	-	-	-
Public assistance	712,353	-	-	-
Education	551	-	-	-
Recreation and culture	312	-	-	-
Debt service:				
Principal	13,958	-	-	-
Interest	7,918	-	2,629	-
Cost of issuance	-	-	-	-
Capital outlay	31,018	-	-	-
Total expenditures	<u>2,235,373</u>	<u>51,175</u>	<u>3,226</u>	<u>220,289</u>
Excess (deficiency) of revenues over (under) expenditures	(47,804)	13,518	(2,221)	(119,519)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	163,833	481	3,077	45,595
Transfers out	(132,682)	(991)	(856)	(125,854)
Issuance of debt	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Discount on long-term debt	-	-	-	-
Premium on long-term debt	-	-	-	-
Redemption of refunded debt	-	-	-	-
Capital leases	31,018	-	-	-
Total other financing sources (uses)	<u>62,169</u>	<u>(510)</u>	<u>2,221</u>	<u>(80,259)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>14,365</u>	<u>13,008</u>	<u>-</u>	<u>(199,778)</u>
Fund balances, beginning of year, as previously reported	372,121	228,916	-	538,431
Adjustments to beginning fund balances (Note 4)	-	-	-	-
Fund balances, beginning of year, as restated	<u>372,121</u>	<u>228,916</u>	<u>-</u>	<u>538,431</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 386,486</u>	<u>\$ 241,924</u>	<u>\$ -</u>	<u>\$ 338,653</u>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 166,270	\$ 439,435	REVENUES:
-	2,473	19,197	Taxes
-	1,507	114,320	Licenses, permits, and franchise fees
			Fines, forfeitures, and penalties
			Use of money and property:
2,733	4,630	26,929	Interest
98	13,179	17,393	Rents and concessions
			Aid from other governmental agencies:
-	131,397	636,167	Federal
-	36,129	857,191	State
-	27,735	172,598	Other
-	56,148	469,340	Charges for services
5,397	16,548	65,711	Other revenue
<u>8,228</u>	<u>456,016</u>	<u>2,818,281</u>	Total revenues
			EXPENDITURES:
			Current:
93,456	110,092	554,315	General government
-	11,197	1,068,051	Public protection
-	129,675	130,310	Public ways and facilities
-	8,176	341,244	Health and sanitation
-	100,495	812,848	Public assistance
-	18,359	18,910	Education
-	12,308	12,620	Recreation and culture
			Debt service:
-	59,420	73,378	Principal
75	68,067	78,689	Interest
-	1,819	1,819	Cost of issuance
-	8,826	39,844	Capital outlay
<u>93,531</u>	<u>528,434</u>	<u>3,132,028</u>	Total expenditures
			Excess (deficiency) of revenues
(85,303)	(72,418)	(313,747)	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
41,592	208,718	463,296	Transfers in
(21,561)	(197,199)	(479,143)	Transfers out
15,000	66,745	81,745	Issuance of debt
-	70,365	70,365	Issuance of refunding bonds
-	(626)	(626)	Discount on long-term debt
-	937	937	Premium on long-term debt
-	(65,713)	(65,713)	Redemption of refunded debt
-	-	31,018	Capital leases
<u>35,031</u>	<u>83,227</u>	<u>101,879</u>	Total other financing sources (uses)
(50,272)	10,809	(211,868)	NET CHANGE IN FUND BALANCES
305,703	557,614	2,002,785	Fund balances, beginning of year, as previously reported
12,916	(10,708)	2,208	Adjustments to beginning fund balances (Note 4)
<u>318,619</u>	<u>546,906</u>	<u>2,004,993</u>	Fund balances, beginning of year, as restated
<u>\$ 268,347</u>	<u>\$ 557,715</u>	<u>\$ 1,793,125</u>	FUND BALANCES, END OF YEAR

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



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**COUNTY OF RIVERSIDE**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
For the Fiscal Year Ended June 30, 2010  
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 35) \$ (211,868)

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	\$ 534,517	
Less loss on disposal of capital assets	(4,855)	
Less current year depreciation	<u>(104,764)</u>	424,898

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. 12,833

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. 828

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		(69,499)
Current amortization of bond premiums		127

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. (10,540)

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

Change in accrued interest	(60)	
Change in accreted interest	(16,298)	
Change in long-term compensated absences	<u>(14,350)</u>	(30,708)

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. 3,180

Change in net assets of governmental activities (page 27) \$ 119,251

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, 2010  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 245,003	\$ 223,403	\$ 229,631	\$ 6,228
Licenses, permits, and fees	20,680	20,480	16,724	(3,756)
Fines, forfeitures, and penalties	101,671	102,065	112,813	10,748
Use of money and property:				
Interest	8,685	8,685	12,197	3,512
Rents and concessions	30,604	21,490	3,936	(17,554)
Aid from other governmental agencies:				
Federal	497,562	510,023	504,605	(5,418)
State	959,347	933,271	820,432	(112,839)
Other government	85,191	88,191	89,312	1,121
Charges for current services	484,980	406,189	367,249	(38,940)
Other revenue	47,704	42,628	30,670	(11,958)
Total revenues	2,481,427	2,356,425	2,187,569	(168,856)
<b>EXPENDITURES:</b>				
Current:				
General government				
Salaries and employee benefits	114,047	112,078	101,802	(10,276)
Services and supplies	139,087	146,701	121,417	(25,284)
Other charges	103,915	38,047	13,046	(25,001)
Capital assets	400	2,621	360	(2,261)
Intrafund transfers	(118,962)	(123,622)	(106,109)	17,513
Appropriation for contingencies	30,000	7,271	-	(7,271)
Total general government	268,487	183,096	130,516	(52,580)
Public protection:				
Salaries and employee benefits	698,111	694,909	678,598	(16,311)
Services and supplies	316,849	327,471	297,826	(29,645)
Other charges	48,068	42,764	33,179	(9,585)
Capital assets	5,121	7,980	3,200	(4,780)
Intrafund transfers	(9,563)	(9,626)	(7,124)	2,502
Total public protection	1,058,586	1,063,498	1,005,679	(57,819)
Health and sanitation:				
Salaries and employee benefits	196,990	192,964	169,801	(23,163)
Services and supplies	107,604	113,356	89,726	(23,630)
Other charges	192,454	191,697	171,018	(20,679)
Capital assets	1,119	1,997	748	(1,249)
Intrafund transfers	(103,625)	(103,932)	(98,225)	5,707
Total health and sanitation	\$ 394,542	\$ 396,082	\$ 333,068	\$ (63,014)

(Continued)

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

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Statement  
 General Fund(Continued)  
 For the Fiscal Year Ended June 30, 2010  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Public assistance:				
Salaries and employee benefits	\$ 249,535	\$ 227,250	\$ 210,219	\$ (17,031)
Services and supplies	95,322	87,630	74,612	(13,018)
Other charges	479,398	457,265	426,645	(30,620)
Capital assets	73	2,117	1,034	(1,083)
Intrafund transfers	(8,849)	(90)	(157)	(67)
Total public assistance	815,479	774,172	712,353	(61,819)
Education:				
Salaries and employee benefits	292	287	227	(60)
Services and supplies	366	369	324	(45)
Total education	658	656	551	(105)
Recreation and culture:				
Salaries and employee benefits	127	125	100	(25)
Services and supplies	124	218	213	(5)
Other charges	84	4	-	(4)
Intrafund transfers	-	(1)	(1)	-
Total recreation and culture	335	346	312	(34)
Debt service:				
Principal	64,808	29,901	13,958	(15,943)
Interest	6,832	8,323	7,918	(405)
Total debt service	71,640	38,224	21,876	(16,348)
Capital outlay	-	-	31,018	31,018
Total expenditures	2,609,727	2,456,074	2,235,373	(220,701)
Excess (deficiency) of revenues over (under) expenditures	(128,300)	(99,649)	(47,804)	51,845
OTHER FINANCING SOURCES (USES):				
Transfers in	-	163,833	163,833	-
Transfers out	-	(132,682)	(132,682)	-
Capital leases	-	-	31,018	31,018
Total other financing sources (uses)	-	31,151	62,169	31,018
NET CHANGE IN FUND BALANCE	(128,300)	(68,498)	14,365	82,863
Fund balance, beginning of year	372,121	372,121	372,121	-
FUND BALANCE, END OF YEAR	\$ 243,821	\$ 303,623	\$ 386,486	\$ 82,863

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



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**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Statement  
 Flood Control Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2010  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 50,879	\$ 50,879	\$ 43,534	\$ (7,345)
Use of money and property:				
Interest	1,777	1,777	2,263	486
Rents and concessions	290	290	180	(110)
Aid from other governmental agencies:				
Federal	1	1	165	164
State	504	504	630	126
Charges for services	10,160	10,160	10,537	377
Other revenue	6,554	6,073	7,384	1,311
Total revenues	<u>70,165</u>	<u>69,684</u>	<u>64,693</u>	<u>(4,991)</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	128,711	128,419	51,175	(77,244)
Total expenditures	<u>128,711</u>	<u>128,419</u>	<u>51,175</u>	<u>(77,244)</u>
Excess (deficiency) of revenues over (under) expenditures	(58,546)	(58,735)	13,518	72,253
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	481	481	-
Transfers out	-	(991)	(991)	-
Total other financing sources (uses)	<u>-</u>	<u>(510)</u>	<u>(510)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(58,546)	(59,245)	13,008	72,253
Fund balance, beginning of year	228,916	228,916	228,916	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 170,370</u>	<u>\$ 169,671</u>	<u>\$ 241,924</u>	<u>\$ 72,253</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, 2010

(Dollars in Thousands)

ASSETS:	Business-type Activities - Enterprise Funds				Governmental
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
Current assets:					
Cash and investments (Note 5)	\$ 34,565	\$ 52,538	\$ 15,656	\$ 102,759	\$ 238,920
Accounts receivable - net (Notes 1 and 7)	62,809	4,137	1,699	68,645	2,453
Interest receivable (Note 7)	26	219	12	257	354
Taxes receivable (Note 7)	-	-	8	8	-
Due from other governments (Note 7)	47,658	570	1,308	49,536	559
Inventories	7,352	331	-	7,683	3,686
Pension asset, net (Note 18)	-	1,950	-	1,950	-
OPEB asset, net (Note 20)	-	62	-	62	-
Due from other funds (Note 8)	1,954	-	-	1,954	86
Restricted cash and investments (Notes 5 and 6)	32,636	86,559	3,135	122,330	1,003
Prepaid items and deposits	5,018	-	17	5,035	-
Total current assets	192,018	146,366	21,835	360,219	247,061
Noncurrent assets:					
Bond issuance costs	1,070	-	-	1,070	-
Capital assets (Note 9):					
Nondepreciable assets	39,813	10,242	6,071	56,126	1,699
Depreciable assets	139,032	65,910	10,540	215,482	40,478
Total noncurrent assets	179,915	76,152	16,611	272,678	42,177
Total assets	371,933	222,518	38,446	632,897	289,238
LIABILITIES:					
Current liabilities:					
Accounts payable	15,793	2,655	3,081	21,529	14,186
Salaries and benefits payable	8,228	816	21	9,065	3,156
Due to other funds (Note 8)	4,480	-	-	4,480	7
Due to other governments	17,106	4	7	17,117	40
Interest payable	744	-	8	752	-
Deposits payable	-	38	49	87	-
Other liabilities	-	597	2,785	3,382	1,664
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)	11,423	1,412	108	12,943	4,023
Capital lease obligations (Note 13)	6,430	-	-	6,430	12,282
Bonds payable (Note 13)	13,435	-	120	13,555	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	32,718
Total current liabilities	77,639	11,002	6,179	94,820	68,076
Noncurrent liabilities:					
Compensated absences (Note 13)	4,861	1,412	943	7,216	2,954
Accrued closure and post closure care costs (Note 10)	-	45,636	-	45,636	-
Accrued remediation costs (Note 21)	-	20,162	-	20,162	-
Capital lease obligations (Notes 1 and 13)	14,412	-	-	14,412	10,443
Bonds payable (Note 13)	133,635	-	734	134,369	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	84,545
Other long-term liabilities (Note 13)	48,811	-	6,795	55,606	-
Total noncurrent liabilities	201,719	67,210	8,472	277,401	97,942
Total liabilities	279,358	78,212	14,651	372,221	166,018
NET ASSETS:					
Invested in capital assets, net of related debt	10,933	76,152	9,816	96,901	19,452
Restricted for debt service	32,443	-	-	32,443	-
Restricted for health and sanitation	-	14,188	-	14,188	-
Restricted other	193	-	3,562	3,755	-
Unrestricted	49,006	53,966	10,417	113,389	103,768
Total net assets	\$ 92,575	\$ 144,306	\$ 23,795	260,676	\$ 123,220
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				(40,992)	
Net assets of business-type activities				\$ 219,684	

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, 2010

(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional	Waste	Other	Total	Internal
	Medical	Management			Service
	Center				Funds
<b>OPERATING REVENUES:</b>					
Net patient revenue (Notes 1 and 16)	\$ 319,114	\$ -	\$ -	\$ 319,114	\$ -
Charges for services	42,509	49,684	3,813	96,006	150,146
Other revenue	5,650	2,130	78,630	86,410	23,050
<b>Total operating revenues</b>	<b>367,273</b>	<b>51,814</b>	<b>82,443</b>	<b>501,530</b>	<b>173,196</b>
<b>OPERATING EXPENSES:</b>					
Cost of material used	-	109	-	109	1,548
Personnel services	207,929	18,218	8,387	234,534	67,729
Communications	2,435	319	1	2,755	3,088
Insurance	2,974	415	350	3,739	11,067
Maintenance of building and equipment	8,065	1,986	1,888	11,939	8,134
Insurance claims	-	-	-	-	79,181
Supplies	47,637	1,841	22	49,500	27,996
Purchased services	72,179	17,013	1,033	90,225	10,650
Depreciation and amortization	9,589	5,809	1,719	17,117	18,073
Rents and leases of equipment	4,050	39	13	4,102	3,977
Public assistance	-	-	68,356	68,356	-
Utilities	3,745	289	687	4,721	553
Closure and post-closure care costs	-	253	-	253	-
Other	10,359	3,086	1,012	14,457	3,941
<b>Total operating expenses</b>	<b>368,962</b>	<b>49,377</b>	<b>83,468</b>	<b>501,807</b>	<b>235,937</b>
<b>Operating income (loss)</b>	<b>(1,689)</b>	<b>2,437</b>	<b>(1,025)</b>	<b>(277)</b>	<b>(62,741)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	(19)	1,313	148	1,442	2,096
Interest expense	(13,419)	-	(169)	(13,588)	(2,005)
Gain (loss) on disposal of capital assets	(9)	663	-	654	(83)
<b>Total nonoperating revenues (expenses)</b>	<b>(13,447)</b>	<b>1,976</b>	<b>(21)</b>	<b>(11,492)</b>	<b>8</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(15,136)</b>	<b>4,413</b>	<b>(1,046)</b>	<b>(11,769)</b>	<b>(62,733)</b>
Capital contributions	1,165	-	-	1,165	57,183
Transfers in	22,017	-	-	22,017	3,507
Transfers out	(4,111)	(312)	(158)	(4,581)	(5,096)
<b>CHANGE IN NET ASSETS</b>	<b>3,935</b>	<b>4,101</b>	<b>(1,204)</b>	<b>6,832</b>	<b>(7,139)</b>
Net assets, beginning of the year, as previously reported	86,513	133,413	24,999		128,859
Adjustments to beginning net assets (Note 4)	2,127	6,792	-		1,500
Net assets, beginning of the year	88,640	140,205	24,999		130,359
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 92,575</b>	<b>\$ 144,306</b>	<b>\$ 23,795</b>		<b>\$ 123,220</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(10,319)	
Change in net assets of business-type activities				<u>\$ (3,487)</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, 2010  
(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	\$ 330,400	\$ 51,895	\$ 81,469	\$ 463,764	\$ 174,466
Cash paid to suppliers for goods and services	(139,718)	(25,809)	(73,197)	(238,724)	(149,878)
Cash paid to employees for services	(213,386)	(18,180)	(8,355)	(239,921)	(68,581)
Net cash provided by (used in) operating activities	<u>(22,704)</u>	<u>7,906</u>	<u>(83)</u>	<u>(14,881)</u>	<u>(43,993)</u>
Cash flows from noncapital financing activities					
Transfers received	22,017	-	-	22,017	3,507
Transfers paid	(4,111)	(312)	(158)	(4,581)	(5,096)
Net cash provided by (used in) noncapital financing activities	<u>17,906</u>	<u>(312)</u>	<u>(158)</u>	<u>17,436</u>	<u>(1,589)</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	663	800	1,463	437
Acquisition and construction of capital assets	(8,987)	(1,149)	(2,610)	(12,746)	(4,212)
Principal paid on capital leases	(5,666)	-	-	(5,666)	(15,002)
Capital contributions	1,165	-	-	1,165	57,183
Principal paid on bonds payable	(11,994)	-	(41)	(12,035)	-
Interest paid on long-term debt	(13,392)	-	(170)	(13,562)	(2,005)
Net cash provided by (used in) capital and related financing activities	<u>(38,874)</u>	<u>(486)</u>	<u>(2,021)</u>	<u>(41,381)</u>	<u>36,401</u>
Cash flows from investing activities					
Interest received on investments	303	1,440	158	1,901	2,359
Net cash provided by investing activities	<u>303</u>	<u>1,440</u>	<u>158</u>	<u>1,901</u>	<u>2,359</u>
Net increase (decrease) in cash and cash equivalents	(43,369)	8,548	(2,104)	(36,925)	(6,822)
Cash and cash equivalents, beginning of year	110,570	130,549	20,895	262,014	246,745
Cash and cash equivalents, end of year	<u>\$ 67,201</u>	<u>\$ 139,097</u>	<u>\$ 18,791</u>	<u>\$ 225,089</u>	<u>\$ 239,923</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, 2010  
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional	Waste	Other	Total	Internal
	Medical Center	Management			Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (1,689)	\$ 2,437	\$ (1,025)	\$ (277)	\$ (62,741)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	9,589	5,809	1,719	17,117	18,073
Decrease (Increase) accounts receivable	(6,056)	(141)	16	(6,181)	1,583
Decrease (Increase) taxes receivable	-	-	1	1	-
Decrease (Increase) bond issuance cost	175	-	-	175	-
Decrease (Increase) due from other funds	(1,954)	-	4	(1,950)	116
Decrease (Increase) due from other governments	(29,038)	222	(995)	(29,811)	(429)
Decrease (Increase) inventories	156	15	-	171	(861)
Decrease (Increase) prepaid items and deposits	(2,967)	-	(14)	(2,981)	-
Increase (Decrease) accounts payable	3,416	(1,293)	272	2,395	2,517
Increase (Decrease) due to other funds	2,115	-	(11)	2,104	(40)
Increase (Decrease) due to other governments	3,891	(23)	-	3,868	(225)
Increase (Decrease) deposits payable	-	41	1	42	-
Increase (Decrease) accrued closure costs	-	252	-	252	-
Increase (Decrease) accrued remediation costs	-	652	-	652	-
Increase (Decrease) other liabilities	5,115	(103)	(83)	4,929	(1,117)
Increase (Decrease) estimated claims liability	-	-	-	-	(17)
Increase (Decrease) salaries and benefits payable	(6,867)	(522)	(31)	(7,420)	(1,804)
Increase (Decrease) compensated absences	1,410	188	63	1,661	952
Decrease (Increase) pension assets, net	-	372	-	372	-
Net cash provided (used) by operating activities	<u>\$ (22,704)</u>	<u>\$ 7,906</u>	<u>\$ (83)</u>	<u>\$ (14,881)</u>	<u>\$ (43,993)</u>
Noncash investing, capital, and financing activities:					
Capital lease obligations	<u>\$ 12,641</u>			<u>\$ 12,641</u>	<u>\$ 2,545</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, 2010  
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
<b>ASSETS:</b>				
Cash and investments (Note 5)	\$ -	\$ -	\$ 14,820	\$ 265,977
Federal agency	14,672	2,108,106	-	-
Cash and equivalent	2,158	310,066	-	-
Commercial paper	200	28,604	-	-
Municipal bonds	168	24,027	-	-
Bond - U.S. Treasury	2,648	380,432	-	-
Local agency obligation	62	9,153	-	-
Accounts receivable	82	9,938	5	-
Interest receivable	31	4,858	15	412
Taxes receivable	-	7	-	85,136
Due from other governments	-	-	-	2,320
Total assets	<u>20,021</u>	<u>2,875,191</u>	<u>14,840</u>	<u>353,845</u>
<b>LIABILITIES:</b>				
Accounts payable	-	-	6,391	174,144
Salaries and benefits payable	-	-	-	4
Due to other governments	-	-	-	179,697
Total liabilities	<u>-</u>	<u>-</u>	<u>6,391</u>	<u>\$ 353,845</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 20,021</u>	<u>\$ 2,875,191</u>	<u>\$ 8,449</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, 2010  
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
<b>ADDITIONS:</b>			
Employer contributions	\$ 840	\$ -	\$ -
Employee contributions	1,205	-	-
Contributions to pooled investments	-	18,540,588	-
Contributions to private-purpose trust	-	-	6,308
Investment income	189	-	82
Total additions	<u>2,234</u>	<u>18,540,588</u>	<u>6,390</u>
<b>DEDUCTIONS:</b>			
Distribution from pension trust	1,285	-	-
Distributions from pooled investments	-	18,559,228	-
Distributions from private-purpose trust	-	-	7,078
Administrative and other expenses	393	-	-
Total deductions	<u>1,678</u>	<u>18,559,228</u>	<u>7,078</u>
Change in net assets	556	(18,640)	(688)
Net assets held in trust, beginning of the year	<u>19,465</u>	<u>2,893,831</u>	<u>9,137</u>
Net assets held in trust, end of the year	<u><u>20,021</u></u>	<u><u>\$ 2,875,191</u></u>	<u><u>\$ 8,449</u></u>

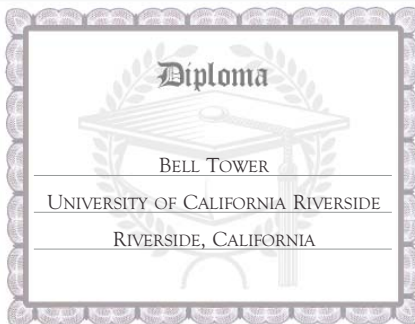
The notes to the basic financial statements are an integral part of this statement.



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# BASIC FINANCIAL STATEMENTS – NOTES TO THE BASIC FINANCIAL STATEMENTS





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**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements**  
**June 30, 2010**

**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 fiscal year-end.

**Blended Component Units**

*Housing Authority of the County of Riverside (Housing Authority)* The Board is the governing body of the Housing Authority. 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 Board is the governing body of Flood Control. 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 Board is the governing board of the Park District. 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 Board is the governing body of the RDA. 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 Board appoints the governing board of CORAL 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 Board is the governing body of the CSAs. 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 Board is the governing body of the Public Financing Authority. 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, 2010, this fund had no activity.

*County of Riverside District Court Financing Corporation (District Corporation)* The Board is the governing body of the District Corporation. The District Corporation assists the County by providing for the acquisition, construction and renovation of U.S. District Court facilities. The District Corporation is reported as a governmental fund type.

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

*In-home Support Services Public Authority (IHSS PA)* The Board is the governing body of the IHSS PA. 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 a governmental fund type.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Blended Components (Continued)**

*Perris Valley Cemetery District (the District)* The Board is the governing body of the District. The District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created in July 1927 for the purpose of operating a public cemetery for the residents of the Perris Valley. The District is reported as a governmental fund type.

*Inland Empire Tobacco Securitization Authority (the Authority)* The Board appoints two of the three members of the governing board of the Authority. The San Bernardino County Board of Supervisors appoints the third member. 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. The Authority was created for the purpose of securitizing 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 Units**

*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.

A governing Board of nine members, that administers the Commission, is appointed by the County Board of Supervisors. The Commission 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 remove some of 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.

*Palm Desert Financing Authority* The Palm Desert Financing Authority (Authority) is a joint powers authority between the County of Riverside and Palm Desert Redevelopment Agency (PDRDA) established on January 1, 2002 under Section 6502 of the Joint Powers Act, California Government Code Section 6500. The County and the PDRDA agreed to create the Authority for the purpose of establishing a vehicle to reduce local borrowing costs, promote greater use of existing and new financial instruments and mechanisms, and assist local agencies in the financing of public capital improvements. Although the Authority is a legally separate entity, in substance under Government Accounting Standards Board Statement 14, the County is financially accountable for the Authority's issuance of both lease revenue bonds that are under the Authority's management (2003 Series A and 2008 Series A).

The Authority's Commission is the governing body of the Authority, which consists of the County Administrative Officer, one member of the County Board of Supervisors, the Executive Director of the PDRDA and a member of the PDRDA's Board. It is discretely presented because its governing body is not substantially the same as the County's governing body.

Additional detailed financial information for each of the discretely presented component units can be obtained from the Auditor-Controller's Office at the Robert T. Anderson Administrative Center, 4080 Lemon Street - 11<sup>th</sup> Floor, (P.O. Box 1326), Riverside, CA 92502-1326.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**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. 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-six cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements since each entity conducts its own day-to-day operations and is controlled by its own governing board.

**Current Governmental Accounting Standards Board Statements**

*Governmental Accounting Standards Board Statement No. 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. The County's intangible assets have been reported in Note 9.

*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. CORAL has determined that the interest rate swap contract for the Southwest Justice Center Series 2008 Leasehold Revenue Refunding Bonds qualifies as an effective derivative instrument under GASB Statement No. 53 and has reported the fair value of this derivative instrument on the County's Statement of Net Assets in accordance with GASB Statement No. 53. Please also see note disclosures for the interest rate swap contract under Note 13.

*Governmental Accounting Standards Board Statement No. 58*

In December of 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. As of June 30, 2010, this statement is not applicable to the County.

**Future Governmental Accounting Standards Board Statements**

*Governmental Accounting Standards Board Statement No. 54*

In March of 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

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

requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. The County has elected not early implement GASB No. 54 and has not determined its effect on the County's financial statements.

*Governmental Accounting Standards Board Statement No. 57*

In December of 2009, GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions related to the frequency and timing of measurements—for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. The County has elected not to early implement GASB No 57 and has not determined its effect on the County's financial statements.

*Governmental Accounting Standards Board Statement No. 59*

In June of 2010, GASB issued Statement No. 59, Financial Instruments Omnibus. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. National council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010. The County has elected not to early implement GASB 59 and has not determined its effect on the County's financial statements.

**Basis of Presentation**

*Government-wide Financial Statements*

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

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Expenses by function have been adjusted for any internal service profit/loss existing at fiscal year-end. In addition, 14.7%, or \$6.8 million, of the County's \$46.5 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

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

The *Teeter Debt Service Fund* accounts for revenue from collection of delinquent taxes, which is then used to pay principal of the debt issued to finance 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.

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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

*Fund Financial Statements (Continued)*

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, purchasing, OASIS project (accounting, purchasing, 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 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.



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

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.

Securities, 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, 2010, which are carried at cost. Bond anticipation notes are carried at fair value. Commercial paper is carried at amortized cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value. Mutual funds are carried at fair value based on the funds' share price. Local Agency Obligations are carried at fair value based on the value of each participating dollar.

The fair value of a participants' position in the pool is not the same as the value of the pooled shares. The method used to determine the value of participants' equity withdrawn is based on the book value, amortized cost, and accrued interest of the participants' percentage participation at the date of such withdrawal.

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 73.5% of the funds on deposit in the County Treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 26.5% of the total funds on deposit in the County Treasury represented discretionary deposits.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

*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 \$396.0 million and \$946.6 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 2009-10 gross assessed valuation of the County was \$217.2 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.

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.

Supplemental 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

*Property Taxes (Continued)*

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 was distributed. This results in the General Fund receiving distributions of approximately 50-55% in December, 40-45% in April and the remaining balance in the Fall 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 2009-10, \$52.6 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 thousand; buildings, land and land improvements are \$1; and infrastructure and intangibles are \$150 thousand. Betterments result in more productive, efficient or long-lived assets. Significant betterments are considered capital assets when they result in an improvement of \$2.5 thousand or more.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

*Capital Assets (Continued)*

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. 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 \$210.6 thousand for the year ending June 30, 2010.

*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 obligations 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 \$79.7 million at June 30, 2010.

*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, 2010, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net assets was \$180.4 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 most 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

*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 are reported as debt service expenditures whether or not withheld from the actual debt proceeds received.

*Bond Issuance Costs*

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

*Landfill Closure and Post-Closure Care Costs*

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

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

*Interfund Transactions*

Interfund transactions are reflected as 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Basis of Presentation (Continued)**

*Interfund Transactions (Continued)*

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, 2010**

**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; the CORAL Capital Project Fund; and the Perris Valley Cemetery Permanent Fund.

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 “Adopted 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.

**Excess of expenditures over appropriations**

For the year ended June 30, 2010, expenditures exceeded appropriations in capital outlay by \$31.0 million in the General Fund. This excess of expenditure resulted from the acquisition of \$31.0 million of capital leases. Accordingly, this is being funded by other financing sources-capital leases.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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	\$ 1,296,558	\$ -	\$ 238,920	\$ -	\$ 1,535,478
Receivables:					
Accounts receivable	17,900	-	2,453	-	20,353
Interest	4,068	-	354	-	4,422
Taxes	150,822	-	-	-	150,822
Due from other governments	298,088	(36,080)	559	-	262,567
Notes receivable	67,192	-	-	-	67,192
Inventories	2,763	-	3,686	-	6,449
Due from other funds	28,588	-	86	(28,674)	-
Prepaid items	2,165	-	-	-	2,165
Internal balances	-	-	-	43,518	43,518
Pension asset, net	-	424,946	-	-	424,946
OPEB Pension asset, net	-	18,523	-	-	18,523
Restricted cash and investments	591,474	-	1,003	-	592,477
Other noncurrent receivables	-	36,080	-	-	36,080
Advances to other funds	2,050	-	-	(2,050)	-
Land held for resale	79,665	-	-	-	79,665
Unamortized bond issuance costs	-	23,211	-	-	23,211
Deferred outflow of resources	-	27,890	-	-	27,890
Capital assets:					
Nondepreciable	-	1,089,810	1,699	-	1,091,509
Depreciable, net	-	2,169,380	40,478	-	2,209,858
Total assets	<u>\$ 2,541,333</u>	<u>\$ 3,753,760</u>	<u>\$ 289,238</u>	<u>\$ 12,794</u>	<u>\$ 6,597,125</u>



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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	\$ 114,838	\$ -	\$ 14,186	\$ -	\$ 129,024
Salaries and benefits payable	51,013	-	3,156	-	54,169
Due to other funds	26,141	-	7	(26,148)	-
Due to other governments	39,449	-	40	-	39,489
Deposits payable	3,434	-	-	-	3,434
Deferred/unearned revenue	253,983	(44,645)	-	-	209,338
Notes payable	257,300	-	-	-	257,300
Interest payable	-	16,870	-	-	16,870
Other liabilities	-	-	1,664	-	1,664
Interest rate swap	-	27,890	-	-	27,890
Long-term liabilities due within one year:					
Bonds payable	-	27,720	-	-	27,720
Capital lease obligations	-	11,704	12,282	-	23,986
Certificates of participation	-	18,174	-	-	18,174
Loans payable	-	254	-	-	254
Compensated absences	-	86,261	4,023	-	90,284
Estimated claims liability	-	-	32,718	-	32,718
Accrued remediation cost	-	225	-	-	225
Advance from other funds	2,050	-	-	(2,050)	-
Long-term liabilities due in more than one year:					
Bonds payable	-	1,380,297	-	-	1,380,297
Capital lease obligations	-	89,461	10,443	-	99,904
Certificates of participation	-	367,273	-	-	367,273
Loans payable	-	6,733	-	-	6,733
Notes payable	-	15,000	-	-	15,000
Accreted interest payable	-	44,750	-	-	44,750
Compensated absences	-	66,983	2,954	-	69,937
Estimated claims liability	-	-	84,545	-	84,545
Accrued remediation cost	-	1,789	-	-	1,789
<b>Total liabilities</b>	<b>748,208</b>	<b>2,116,739</b>	<b>166,018</b>	<b>(28,198)</b>	<b>3,002,767</b>
Fund balances/net assets:					
Total fund balances/net assets	1,793,125	1,637,021	123,220	40,992	3,594,358
<b>Total liabilities and fund balances/net assets</b>	<b>\$ 2,541,333</b>	<b>\$ 3,753,760</b>	<b>\$ 289,238</b>	<b>\$ 12,794</b>	<b>\$ 6,597,125</b>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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, 2009 is as follows (in thousands):

**Government-wide:**

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Business Type</u>
Government-wide net assets, as of June 30, 2009, as previously reported	\$ 3,431,923	\$ 214,252
Fund financial statements:		
Land held for resale, not previously reported	12,916	
To defer revenue for pre-need services	(264)	
Expenditures incurred, not previously reported	(10,444)	
Capital assets understated in prior years		8,919
Notes payable, previously paid	1,500	
Government-wide financial statements:		
Acquisition of Capital Assets, not previously reported	17,219	
Accumulated depreciation was overstated in prior years	<u>22,257</u>	
Net assets as of June 30, 2009, as restated	<u>\$ 3,475,107</u>	<u>\$ 223,171</u>

**Fund Financials:**

Description	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	Major Fund	Non-Major Funds		Enterprise Funds		Internal Service Funds
		Perris				
	RDA Capital Project Fund	Valley Cemetery Special Revenue	PSEC Capital Project Fund	RCRMC	Waste Mgmt	Fleet Services
Fund balances as of June 30, 2009, as previously reported	\$305,703	\$ 959	\$ 15,926	\$ 86,513	\$ 133,413	\$ 16,389
Prior Period Adjustments:						
Land held for resale, not previously reported	12,916					
To defer revenue for pre-need services		(264)				
Expenditures incurred, not previously reported			(10,444)			
Capital assets understated in prior years				2,127	6,792	
Notes payable, previously paid						1,500
Fund balances, as of June 30, 2009, as restated	<u>\$318,619</u>	<u>\$ 695</u>	<u>\$ 5,482</u>	<u>\$ 88,640</u>	<u>\$ 140,205</u>	<u>\$ 17,889</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 5 – CASH AND INVESTMENTS**

**Cash and Investments**

As of June 30, 2010, 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	\$ 1,535,478	\$ 102,759	\$ 58,220	\$ 3,161,093	\$ 4,857,550
Restricted cash and investments	592,477	122,330	25,459	-	740,266
Total cash and investments	<u>\$ 2,127,955</u>	<u>\$ 225,089</u>	<u>\$ 83,679</u>	<u>\$ 3,161,093</u>	<u>\$ 5,597,816</u>

As of June 30, 2010, cash and investments consist of the following (in thousands):

Deposits	\$ 897,223
Investments	<u>4,700,593</u>
Total Cash and Investments	<u><u>\$ 5,597,816</u></u>

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

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, whichever is 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. A copy of the County's investment policy can be found at [www.treasurer-tax.co.riverside.ca.us](http://www.treasurer-tax.co.riverside.ca.us).

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Public Agency Bonds	3 Years	15%	4%
U.S. Treasury	5 Years	100%	N/A
Local Agency Obligations	3 Years	2.5%	2.50%
Federal Agencies	5 Years	100%	N/A
Bankers Acceptances	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	3 Years	20%	4% *
CalTrust Short Term Fund	Daily Liquidity	1%	1%
Money Market Mutual Funds	Daily Liquidity	20%	None
Local Agency Investment Funds	N/A	N/A	N/A

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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Investment in State Investment Pool**

The County of Riverside is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair market valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair market valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The fair value of the County's investment in this pool is reported in the accompanying financial statements at amounts based upon the County's prorata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Investments Authorized by Debt Agreements**

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County Treasurer 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, 2010, the County had the following investments (in thousands):

Investment	Maturity	Fair Market Value	Weighted Average Maturity (Years)
<b>Treasury Investments</b>			
Commercial Paper	07/09	\$ 49,943	0.19
Federal Farm Credit Bank	11/09 - 05/13	394,851	1.14
Federal Home Loan Bank	07/09 - 07/12	1,110,791	1.04
Federal Home Loan Mortgage	11/09 - 05/13	1,088,857	1.17
Federal National Mortgage Association	03/10 - 04/14	1,069,427	1.79
Local Agency Obligations	11/09 - 12/09	15,635	1.44
US Bills and Bonds	10/09 - 06/12	660,959	0.34
Municipal Bonds	07/09 - 07/11	41,548	0.49
Total Treasury Investments		4,432,011	
<b>Investments Outside the Treasury</b>			
Money Market	N/A	151,849	0.00
Investment Agreements	30 Years	16,093	26.94
Investment Agreements	11/11 - 11/36	82,669	3.69
Investment Agreements	10/10	8,041	0.25
Local Agency Investment Funds	N/A	9,930	0.00
Total Investments Outside the Treasury		268,582	
<b>Total Investments</b>		<b>\$ 4,700,593</b>	

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County’s investment policy contain legal or policy requirements that would limit the County’s exposure to custodial credit risk for deposits or investments except for the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. GASB Statement No. 40 requires that a 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 in the amount \$822.8 million. Investment securities are registered and held in the name of Riverside County.

**Concentration of Credit Risk**

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

Issuer	Investment Type	Amount
Federal Farm Credit Bank	Federal Agency	\$ 394,851
Federal Home Loan Bank	Federal Agency	1,110,791
Federal Home Loan Mortgage	Federal Agency	1,088,857
Federal National Mortgage Association	Federal Agency	1,069,427
US Treasury Bills and Bonds	US Treasury	660,959

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**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, 2010, the County had the following investments (in thousands):

Investment	Maturity	Minimum Legal Rating	Rating June 30, 2010	Fair Market Value
<b>Treasury Investments</b>				
Commercial Paper (1)	07/09	A1/P1	A1//P1(1)	\$ 49,943
Federal Farm Credit Bank	11/09 - 05/13	N/A	AAA	394,851
Federal Home Loan Bank	07/09 - 07/12	N/A	AAA	1,110,791
Federal Home Loan Mortgage	11/09 - 05/13	N/A	AAA	1,088,857
Federal National Mortgage Association	03/10 - 04/14	N/A	AAA	1,069,427
Local Agency Obligations	11/09 - 12/09	NA	NA	15,635
US Treasury Bonds	10/09 - 06/12	A	AA(2)	660,959
Municipal Bonds	07/09 - 07/11	A	AA	41,548
Total Treasury Investments				4,432,011
<b>Investments Outside the Treasury</b>				
Money Market	N/A	AAA	AAA	151,849
Investment Agreements	30 Years	N/A	N/R	16,093
Investment Agreements	11/11 - 11/36	AA-/Aa2	N/R	82,669
Investment Agreements	10/10	N/A	N/R	8,041
Local Agency Investment Funds	N/A	N/A	N/R	9,930
Total Investments Outside the Treasury				268,582
<b>Total Investments</b>				<b>\$4,700,593</b>

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

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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 6 – RESTRICTED CASH AND INVESTMENTS**

The amount of assets restricted by legal and contractual requirements at June 30, 2010 is as follows (in thousands):

<b>General Fund</b>	
Restricted Program Money	\$ 296,543
<b>Flood Special</b>	
Restricted Program Money - Flood	5,655
<b>Teeter Debt</b>	
Teeter Commercial Paper Notes	153,217
<b>Non Major Governmental Funds</b>	
1985 Certificates	21,795
1990 Monterey Avenue	133
1997 Historic Court House	279
2000 Southwest Justice Center	546
2001 CAC Annex	2,532
2003 A Historic Courthouse	1,361
2003 B Capital Facilities	608
2005 A Capital Improvement Family Law	4,100
2005 B Historic Refunding	2,517
2006 A Capital Improvements	3,005
2007 A&B Public Communication and Refunding	65,037
2008A Southwest Justice Center	668
2009 Larson Justice Center	2,495
2009 Public Safety & Woodcrest Lib Refunding	4,966
Bankruptcy Court	6,773
District Court Financing Corporation	1,233
Inland Empire Tobacco	18,011
Total Non Major Governmental Funds	<u>136,059</u>
<b>Regional Medical Center</b>	
1993 Hospital Bonds	32,636
<b>Waste Management Department</b>	
Remediation Cost	19,409
Closure and post-closure care costs	67,150
Total Waste Management Department	<u>86,559</u>
<b>Non Major Enterprise Funds</b>	
Housing Authority Bond	186
Restricted Program Money - Flood	2,949
Total Non Major Enterprise Funds	<u>3,135</u>
<b>Internal Service Funds</b>	
Flood Control Equipment	1,003
<b>Total Restricted Assets</b>	<u><u>\$ 714,807</u></u>
<b>Discretely Presented Component Units</b>	
<b>    Palm Desert Financing Authority</b>	
2003 Lease Revenue Bonds	\$ 1,498
2008 Lease Revenue Bonds	23,961
Total Discretely Presented Component Units	<u><u>\$ 25,459</u></u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 7 – RECEIVABLES AND DEFERRED/UNEARNED REVENUE**

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

<b>Receivables</b>						Total
<b>Governmental Activities:</b>	Accounts	Interest	Taxes	Due From Other Govts	Notes	Governmental
General Fund	\$ 8,468	\$ 2,091	\$ 27,714	\$ 263,240	-	\$ 301,513
Flood Control	552	393	5,668	202	-	6,815
Teeter Debt Service	-	175	113,346	-	-	113,521
Public Facilities Improvements	-	478	-	612	-	1,090
Redevelopment Capital Project	5,992	431	-	-	28,674	35,097
Nonmajor Governmental Funds	2,888	500	4,094	34,034	38,518	80,034
Internal Service Funds	2,453	354	-	559	-	3,366
Total receivables	<u>\$ 20,353</u>	<u>\$ 4,422</u>	<u>\$ 150,822</u>	<u>\$ 298,647</u>	<u>\$ 67,192</u>	<u>\$ 541,436</u>

<b>Receivables</b>						Total Business-
<b>Business-type Activities:</b>	Accounts	Interest	Taxes	Due From Other Govts	Allowance for uncollec- tibles	type Activities
Regional Medical Center	\$ 1,405,447	\$ 26	-	\$ 47,658	\$ (1,342,638)	\$ 110,493
Waste Management	4,141	219	-	570	(4)	4,926
Nonmajor Funds	1,699	12	8	1,308	-	3,027
Total receivables	<u>\$ 1,411,287</u>	<u>\$ 257</u>	<u>\$ 8</u>	<u>\$ 49,536</u>	<u>\$ (1,342,642)</u>	<u>\$ 118,446</u>

**Deferred/Unearned Revenue**

Of the total governmental receivable of \$541.4 million, \$36.1 million is SB-90 long-term receivable, which has been deferred as of June 30, 2010. 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, 2010, the components of deferred/unearned revenue were as follows (in thousands):

<b>Governmental activities:</b>	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Due from other governments	\$ 52,108	
Resources received that do not yet meet the criteria for revenue		\$ 166,568
Flood Special Revenue		
Resources received that do not yet meet the criteria for revenue		4,937
Nonmajor funds:		
Due from other governments	147	
Resources received that do not yet meet the criteria for revenue		30,223
<b>Total deferred revenue Governmental activities</b>	<u>\$ 52,255</u>	<u>201,728</u>
<b>Government-wide activities:</b>		
Redevelopment Agency		
Resources received that do not yet meet the criteria for revenue		7,610
<b>Total unearned revenue Government-wide activities</b>		<u>\$ 209,338</u>



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 8 – INTERFUND TRANSACTIONS**

**Interfund Receivables/ Payables**

The composition of interfund balances as of June 30, 2010 is as follows (in thousands):

*Due to/from other funds:*

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Teeter Debt Service Fund	\$ 9,450	Delinquent property taxes
	Regional Medical Center	4,480	Medical service
	Nonmajor Governmental Funds	11,416	Fire service
	Internal Service Funds	7	Interfund activities
		<u>25,353</u>	
Teeter Debt Service	General Fund	35	Capital project
Redevelopment Capital Project	Nonmajor Governmental Funds	2,971	Capital project
Nonmajor Governmental Funds	General Fund	166	Transportation
	Nonmajor Governmental Funds	63	Housing Redevelopment project
		<u>229</u>	
Internal Service Funds	Flood Control Special Revenue	86	Interfund activities
Regional Medical Center	General Fund	1,954	Medical service
	Total	<u>\$ 30,628</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:*

The Regional Park and Open-Space District Special Revenue Fund advanced \$2.0 million to the Regional Park and Open-Space District Capital Project Fund for the purpose of land improvements being constructed throughout the County Parks.

**Transfers**

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

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

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Regional Medical Center	\$ 10,000	Operating Contribution
Public Facilities Improvement	Regional Medical Center	12,017	Capital projects
Regional Medical Center	Nonmajor Governmental Funds	4,111	Pension Obligation
Waste Management	Nonmajor Governmental Funds	312	Pension Obligation
Nonmajor Enterprise	Nonmajor Governmental Funds	158	Pension Obligation
	Total	<u>\$ 26,598</u>	

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Transfers (Continued)**

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

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Nonmajor Governmental Funds	\$ 2,724	Overhead reimbursement
	Nonmajor Governmental Funds	13,041	Reimbursement
	Nonmajor Governmental Funds	22,985	Pension Obligation
	Nonmajor Governmental Funds	737	Leases
	Nonmajor Governmental Funds	909	Professional services
	Nonmajor Governmental Funds	2,796	Capital projects
	Nonmajor Governmental Funds	309	Miscellaneous
	Nonmajor Governmental Funds	33,416	Debt service
	Teeter	3,077	Debt service
	Redevelopment Capital	530	Leases
	Public Facilities Capital Project	41,864	Capital projects
	Internal Service Funds	94	Reimbursement
	Flood Control Special Revenue	200	Reimbursement
		<u>122,682</u>	
Flood Control Special Revenue	Nonmajor Governmental Funds	600	Capital projects
	Internal Service Funds	391	Reimbursement
		<u>991</u>	
Teeter	General Fund	856	Debt Service
Public Facilities Improvement	Nonmajor Governmental Funds	14,190	Capital projects
	General Fund	67,350	Capital projects
	General Fund	18,991	Reimbursement
	Redevelopment Capital	13,306	Capital projects
		<u>113,837</u>	
Redevelopment Capital Project	General Fund	564	Capital projects
	General Fund	632	Leases
	General Fund	1,039	Reimbursement
	Public Facilities Capital Project	2,296	Capital projects
	Nonmajor Governmental Funds	6,216	Capital projects
	Nonmajor Governmental Funds	6,305	Reimbursement
	Nonmajor Governmental Funds	4,509	Debt service
		<u>\$ 21,561</u>	

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Transfers (Continued)**

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

Transfer out	Transfer in	Amount	Purpose
<i>Operating or debt subsidy:</i>			
Nonmajor Governmental Funds	General Fund	\$ 155	Capital projects
	General Fund	51,630	Fire Services
	General Fund	379	Administrative support
	General Fund	685	CDGB
	General Fund	351	Debt Service
	General Fund	4,071	Leases
	General Fund	245	Law Enforcement
	General Fund	139	Pension Obligation
	General Fund	3,658	Professional services
	General Fund	11,267	Reimbursement
	General Fund	1,321	Miscellaneous
	Public Facilities Capital Project	13	Reimbursement
	Public Facilities Capital Project	1,422	Capital Projects
	Redevelopment Capital	484	Leases
	Redevelopment Capital	27,272	Capital Projects
	Nonmajor Governmental Funds	62,926	Debt Service
	Nonmajor Governmental Funds	2,107	Pension Obligation
	Nonmajor Governmental Funds	1,298	CDGB
	Nonmajor Governmental Funds	244	Leases
	Nonmajor Governmental Funds	783	Miscellaneous
	Nonmajor Governmental Funds	6,779	Administrative support
	Nonmajor Governmental Funds	129	Professional services
	Nonmajor Governmental Funds	19,509	Reimbursement
	Nonmajor Governmental Funds	332	Capital projects
		<u>197,199</u>	
Internal Service Funds	General Fund	500	Business services
	Flood Control Special Revenue	281	Reimbursement
	Internal Service Funds	3,022	Reimbursement
	Nonmajor Governmental Funds	1,293	Pension Obligation
		<u>5,096</u>	
	Total	<u>\$ 462,222</u>	

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

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 was as follows (in thousands):

	Balance July 1, 2009	Prior Period Adjustments*	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Governmental activities:</b>						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 407,723	\$ -	\$ 18,284	\$ (1)	\$ 3,868	\$ 429,874
Construction in progress	464,647	-	280,770	(2,463)	(81,319)	661,635
Total capital assets, not being depreciated	872,370	-	299,054	(2,464)	(77,451)	1,091,509
<i>Capital assets, being depreciated:</i>						
Infrastructure						
Flood channels	222,981	-	669	-	11,505	235,155
Flood storm drains	305,994	-	11,142	-	953	318,089
Flood dams and basins	30,956	-	45	-	214	31,215
Roads	1,575,455	-	90,013	-	3,741	1,669,209
Traffic signals	22,325	-	181	-	925	23,431
Bridges	105,380	-	-	-	1	105,381
Runways	13,613	-	1	-	2,632	16,246
Parks trails and improvements	9,503	-	21	-	-	9,524
Land improvements	110	-	-	-	-	110
Structures and improvements	830,167	12,370	128,064	(5,716)	57,407	1,022,292
Equipment	379,453	4,849	11,464	(18,761)	-	377,005
Total capital assets, being depreciated	3,495,937	17,219	241,600	(24,477)	77,378	3,807,657
Less accumulated depreciation for:						
Infrastructure	(960,152)	(148)	(70,382)	-	11	(1,030,671)
Land improvements	(11)	-	-	-	-	(11)
Structures and improvements	(297,323)	23,130	(19,685)	3,646	(16)	(290,248)
Equipment	(261,489)	(725)	(32,770)	18,006	109	(276,869)
Total accumulated depreciation	(1,518,975)	22,257	(122,837)	21,652	104	(1,597,799)
Total capital assets, being depreciated, net	1,976,962	39,476	118,763	(2,825)	77,482	2,209,858
Governmental activities capital assets, net	\$ 2,849,332	\$ 39,476	\$ 417,817	\$ (5,289)	\$ 31	\$ 3,301,367

\*Prior period adjustment represents \$17.2 million in capital assets not previously reported and \$22.3 in corrections to accumulated depreciation which was previously overstated.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

Capital asset activity for the year ended June 30, 2010 was as follows (in thousands):

	Balance July 1, 2009	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Business-type activities:</b>						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 21,081	\$ 244	\$ -	\$ -	\$ -	\$ 21,325
Construction in progress	21,468	6,841	15,977	(669)	(8,816)	34,801
Total capital assets, not being depreciated	42,549	7,085	15,977	(669)	(8,816)	56,126
<i>Capital assets, being depreciated:</i>						
Land improvements	11,662	-	-	-	-	11,662
Infrastructure-landfill liners	55,226	-	-	-	623	55,849
Infrastructure-other	13,586	1,663	30	-	6,270	21,549
Structures and improvements	214,757	-	574	(13)	1,408	216,726
Equipment	113,000	10	8,910	(8,155)	515	114,280
Total capital assets, being depreciated	408,231	1,673	9,514	(8,168)	8,816	420,066
Less accumulated depreciation for:						
Land improvements	(6,302)	48	(582)	-	-	(6,836)
Infrastructure-landfill liners	(14,735)	(1,107)	(2,721)	-	-	(18,563)
Infrastructure-other	(3,325)	(845)	(1,041)	-	261	(4,950)
Structures and improvements	(74,480)	359	(6,238)	12	(281)	(80,628)
Equipment	(96,549)	1,706	(6,535)	7,751	20	(93,607)
Total accumulated depreciation	(195,391)	161	(17,117)	7,763	-	(204,584)
Total capital assets, being depreciated, net	212,840	1,834	(7,603)	(405)	8,816	215,482
Business-type activities capital assets, net	\$ 255,389	\$ 8,919	\$ 8,374	\$ (1,074)	\$ -	\$ 271,608

**Depreciation**

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

General government	\$ 19,371
Public protection	16,975
Health and sanitation	1,328
Public assistance	1,158
Public ways and facilities	64,131
Recreation and culture	1,413
Education	388
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	18,073
Total depreciation expense – governmental functions	<u>\$ 122,837</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

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

Regional Medical Center	\$ 9,589
Waste Management	5,809
Housing Authority	1,693
County Service Areas	3
Flood Control	23
Total depreciation expense – business-type functions	<u>\$ 17,117</u>

**Capital Leases**

	<u>Governmental</u>	<u>Business Type</u>
Land	\$ 5,780	\$ -
Construction in Progress	32,720	-
Structures and Improvements	56,129	-
Equipment	136,302	19,584
Less: Accumulated amortization	(98,742)	(8,587)
Total leased property, net	<u>\$ 132,189</u>	<u>\$ 10,997</u>

**Discretely Presented Component Unit**

Activity for the Riverside County Children and Families Commission for the year ended June 30, 2010 was as follows (in thousands):

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
Capital assets, being depreciated:				
Equipment	\$ 250	\$ -	\$ (159)	\$ 91
Total capital assets, being depreciated	<u>250</u>	<u>-</u>	<u>(159)</u>	<u>91</u>
Less accumulated depreciation for:				
Equipment	(208)	(6)	124	(90)
Total accumulated depreciation	<u>(208)</u>	<u>(6)</u>	<u>124</u>	<u>(90)</u>
Total capital assets, net	<u>\$ 42</u>	<u>\$ (6)</u>	<u>\$ (35)</u>	<u>\$ 1</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

Waste Management (Waste) has recorded \$88.3 million as landfill closure and post-closure care expense to date (based on the use of the estimated capacities of the landfill ranging from 32% 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 \$33.3 million as the remaining estimated capacity of 19.5 million tons is filled. Waste expects all currently permitted landfill capacities to be filled by 2039. The total estimate of \$121.6 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, 2010 %	Estimated Years Remaining
Anza (Anza)	\$ 2,844	100.0	-
Badlands (Moreno Valley)	31,333	47.4	8
Blythe (Blythe)	7,784	32.8	31
Coachella (Coachella)	8,812	100.0	-
Desert Center (Desert Center)	1,109	69.1	3
Double Butte (Winchester)	10,101	100.0	-
Edom Hill (Cathedral City)	19,279	100.0	-
Highgrove (Riverside)	6,676	100.0	-
Lamb Canyon (Beaumont)	17,959	43.0	11
Mead Valley (Perris)	8,733	100.0	-
Mecca II (Mecca)	3,432	99.4	29
Oasis (Oasis)	<u>3,546</u>	71.7	14
	<u>\$ 121,608</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 complies with these requirements and investments of \$67.1 million are held for these purposes at June 30, 2010 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, 2010**

**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, 2010 (in thousands):

<u>Year Ending June 30</u>		
2011	\$	34,620
2012		30,462
2013		24,951
2014		19,736
2015		14,757
2016-2020		31,935
2021-2025		1,178
2026-2030		681
2031-2035		726
2036-2040		748
Total Minimum Payments	\$	<u>159,794</u>

Total rental expenditure/expense for the year ended June 30, 2010 was \$51.3 million of which \$4.0 million was recorded in the Enterprise Funds.

**NOTE 12 – SHORT TERM DEBT**

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

On July 1, 2009, the County issued \$293.0 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which were repaid June 30, 2010. The Notes were sold with a yield of 0.85%. This was to provide needed cash to cover the projected intra-period 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, the 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 2009-10, the County retired \$252.5 million of the \$266.6 million principal amount outstanding at June 30, 2009. The County then issued \$171.9 million of Series B notes and \$71.3 million in Series C notes, leaving an outstanding balance of \$257.3 million at June 30, 2010.

Short-term debt activity for the year ended June 30, 2010, was as follows (in thousands):

	Balance				Balance
	July 1, 2009	Additions	Reductions		June 30, 2010
FY 2009-10 TRANs	\$ -	\$ 293,000	\$ (293,000)	\$	-
Teeter Notes	266,629	243,200	(252,529)	\$	257,300
Total	<u>\$ 266,629</u>	<u>\$ 536,200</u>	<u>\$ (545,529)</u>	<u>\$</u>	<u>257,300</u>



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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 \$2.7 billion.

**Capital Leases**

Capital leases for governmental funds are recorded both as capital expenditures and as other financing sources 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, 2010 (in thousands):

<u>Year Ending June 30</u>	Component Units	Others	Total Governmental Activities	Business- type Activities
2011	\$ 6,730	\$ 22,668	\$ 29,398	\$ 7,222
2012	6,734	15,874	22,608	6,073
2013	6,737	9,982	16,719	4,897
2014	6,735	6,724	13,459	3,144
2015	14,188	6,086	20,274	1,308
2016-2020	29,929	5,377	35,306	-
2021-2025	14,167	620	14,787	-
2026-2030	5,464	369	5,833	-
2031-2035	2,981	-	2,981	-
Total minimum payments	93,665	67,700	161,365	22,644
Less amount representing interest	(29,599)	(7,876)	(37,475)	(1,802)
Present value of net minimum lease payments	<u>\$ 64,066</u>	<u>\$ 59,824</u>	<u>\$ 123,890</u>	<u>\$ 20,842</u>

The statement of net assets includes the Palm Desert Financing Authority capital lease of \$64.1 million for the construction and acquisition of certain public facilities within the County, including the Palm Desert Sheriff's Station, community centers, the Blythe County Administrative Center, an animal shelter 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, 2010 (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, 2010</u>
<i><u>Certificates of Participation:</u></i>					
<i><u>CORAL</u></i>					
1985 Serial Certificates	12/09 – 12/15	Variable	\$7,600 - \$14,800	\$ 169,400	\$ 68,300
				<u>169,400</u>	<u>68,300</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<i>Certificates of Participation (Continued):</i>					
<u><b>CORAL</b></u>					
1990 Monterey Avenue:					
Serial Certificate	11/09 – 11/20	Variable	\$300 - \$800	\$ 8,800	\$ 5,900
				<u>8,800</u>	<u>5,900</u>
<u><b>CORAL</b></u>					
2001 CAC Annex:					
Serial Certificates	11/09 – 11/26	5.13%	\$815 - \$1,880	27,120	22,165
Term Certificate	11/27 – 11/30	5.13%	\$1,980 - \$2,295	8,540	8,540
Term Certificate	11/31	5.75%	\$2,415	2,415	2,415
				<u>38,075</u>	<u>33,120</u>
<u><b>CORAL</b></u>					
2003 A - Historic Court Project:					
Serial Certificates	11/09 – 11/18	3.00% - 5.00%	\$280 - \$400	4,125	3,055
Term Certificate	11/19 – 11/23	5.00%	\$420 - \$510	2,320	2,320
Term Certificate	11/24 – 11/28	5.00%	\$535 - \$650	2,955	2,955
Term Certificate	11/29 – 11/33	5.13%	\$685 - \$835	3,790	3,790
				<u>13,190</u>	<u>12,120</u>
<u><b>CORAL</b></u>					
2003 B –Capital Facilities Refunding:					
Serial Certificates	11/09 – 11/18	2.00% - 4.20%	\$880 - \$395	8,685	3,670
				<u>8,685</u>	<u>3,670</u>
<u><b>CORAL</b></u>					
2005 A - Capital Improvement & Family Law Court Refunding:					
Serial Certificates	11/09 – 11/25	3.00% - 5.00%	\$1,090 - \$2,160	28,495	24,900
Term Certificate	11/26 – 11/33	5.00%	\$2,255 - \$2,145	9,905	9,905
Term Certificate	11/34 – 11/36	5.00%	\$2,265 - \$2,490	13,265	13,265
				<u>51,665</u>	<u>48,070</u>
<u><b>CORAL</b></u>					
2005 B - Historic Courthouse Refunding Project:					
Serial Certificates	11/09 – 11/25	3.00% - 5.00%	\$505 - \$1,740	18,835	16,730
Term Certificate	11/26 – 11/27	5.00%	\$1,860 - \$1,915	3,775	3,775
				<u>22,610</u>	<u>20,505</u>
<u><b>CORAL</b></u>					
2006 Series A - Cap Imp Project:					
Serial Certificates	11/09 – 11/26	3.75% - 5.13%	\$610 - \$1,235	16,425	15,230
Term Certificate	11/27 – 11/31	4.75%	\$1,295 - \$1,560	7,130	7,130
Term Certificate	11/32 – 11/35	5.00%	\$1,635 - \$1,895	7,050	7,050
Term Certificate	11/36 – 11/37	4.63%	\$1,990 - \$2,080	4,070	4,070
				<u>34,675</u>	<u>33,480</u>
<u><b>CORAL</b></u>					
2007 A & B Public Safety Communication and Refunding Projects:					
Series A	11/10 – 11/17	3.85% - 5.00%	\$1,625 - \$10,850	73,775	68,805
				<u>73,775</u>	<u>68,805</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<i>Certificates of Participation (Continued):</i>					
<u><b>CORAL</b></u>					
2009 Public Safety Communication and Woodcrest Library Refunding Projects: Series A	12/10 – 11/39	Variable	\$70 - \$420	\$ 45,685	\$ 45,685
				<u>45,685</u>	<u>45,685</u>
<u><b>CORAL</b></u>					
2009 Larson Justice Center Refunding: Serial Certificates	12/10 – 12/21	Variable	\$1,050 - \$4,860	24,680	24,680
				<u>24,680</u>	<u>24,680</u>
<u><b>Court Financing Corporation</b></u>					
Bankruptcy Courthouse: Acquisition Project Term Certificate	11/09 – 11/20	7.50%	\$835 - \$1,385	16,120	11,050
				<u>16,120</u>	<u>11,050</u>
<u><b>District Court Financing Corporation</b></u>					
U.S. District Court Project:					
Term /Series 1999	6/14/17	7.59%	\$902 - \$1,263	2,165	2,165
Term /Series 1999	6/15/15	1.93%	\$1,187 - \$1,658	17,635	7,287
Term /Series 2002	6/15/20	3.00%	\$50 - \$75	925	610
				<u>20,725</u>	<u>10,062</u>
<b>Total Certificates of Participation</b>				<u>\$ 528,085</u>	<u>\$ 385,447</u>
<b>Bonds Payable:</b>					
<u><b>CORAL</b></u>					
2000 A Southwest Justice Center: Term Certificate	11/09 – 11/13	4.88% - 5.40%	\$1,830 - \$2,240	\$ 17,945	\$ 8,240
				<u>17,945</u>	<u>8,240</u>
<u><b>CORAL</b></u>					
2008 A Southwest Justice Center: Term Certificate	12/08 – 11/32	Variable	\$2,480 - \$6,410	78,895	78,895
				<u>78,895</u>	<u>78,895</u>
<u><b>CORAL</b></u>					
1997 B & C (Hospital): Term Bonds (Series C)	06/01/19	5.81%	\$1,733	1,733	1,733
				<u>1,733</u>	<u>1,733</u>
<u><b>RDA</b></u>					
2005 Tax Allocation Revenue Bonds	10/09 – 10/37	4.50% - 5.00%	\$2,620 - \$6,490	144,075	134,440
				<u>144,075</u>	<u>134,440</u>
<u><b>RDA</b></u>					
2004 A Tax Allocation Housing Bonds	10/09 – 10/37	4.75% - 5.00%	\$1,905 - \$5,600	38,225	38,225
				<u>38,225</u>	<u>38,225</u>
<u><b>RDA</b></u>					
2004 A-T Tax Allocation Housing Bonds	10/09 – 10/28	2.90% - 4.87%	\$1,045 - \$760	37,000	31,230
				<u>37,000</u>	<u>31,230</u>
<u><b>RDA</b></u>					
2010 A Tax Allocation Housing Bonds	10/37 - 10/40	6.00%	\$2,845 - \$5,160	15,885	15,885
				<u>15,885</u>	<u>15,885</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<b><i>Bonds Payable (Continued):</i></b>					
<b><u>RDA</u></b>					
2010 A-T Tax Allocation Housing Bonds	10/12 - 10/39	4.75% - 7.75%	\$820 - \$1,550	\$ 50,860	\$ 50,860
				<u>50,860</u>	<u>50,860</u>
<b><u>RDA</u></b>					
2005 Tax Allocation Housing/Refunding	10/09 – 10/33	3.00% - 4.50%	\$395 - \$1,105	18,245	16,360
				<u>18,245</u>	<u>16,360</u>
<b><u>RDA</u></b>					
2007 A Tax Allocation Refunding Bonds	10/09 – 09/1/34	3.00% - 4.50%	\$1,795 - \$6,450	89,990	86,470
				<u>89,990</u>	<u>86,470</u>
<b><u>Taxable Pension Obligation Bond</u></b>					
Pension Obligation Bonds (Series 2005-A)	8/09 – 8/35	4.91% - 5.04%	\$3,425 - \$5,530	400,000	375,100
				<u>400,000</u>	<u>375,100</u>
<b><u>RDA</u></b>					
2004 Tax Allocation Revenue Bonds	10/09 – 10/37	2.50% - 5.00%	\$1,220 - \$14,395	102,785	95,470
2007 Tax Allocation Revenue - Series A	10/09 – 10/37	3.50% - 4.37%	\$2,945 - \$8,925	169,720	160,565
2007 Tax Allocation Revenue - Series B	10/09 – 10/37	4.00% - 4.75%	\$550 - \$1,955	33,820	32,090
				<u>306,325</u>	<u>288,125</u>
<b><u>Inland Empire Tobacco Securitization Authority</u></b>					
Series 2007 A	06/17 – 06/21	4.625% - 5.1%		87,650	76,020
Series 2007 B	06/20 – 06/26	5.75%		53,758	53,758
Series 2007 C-1	06/26 – 06/36	6.625%		53,542	53,542
Series 2007 C-2	06/33 – 06/45	6.750%		29,653	29,653
Series 2007 D	06/32 – 06/57	7.00%		23,457	23,457
Series 2007 E	06/35 – 06/57	7.63%		18,948	18,948
Series 2007 F	06/42 – 06/57	8.00%		27,076	27,076
				<u>294,084</u>	<u>282,454</u>
<b>Total Bonds Payable</b>				<u>\$ 1,493,262</u>	<u>\$ 1,408,017</u>
<b><i>Loans Payable:</i></b>					
<b><u>RDA</u></b>					
2000 Loans Payable	01/09 – 01/22	3.50% - 7.00%	\$82 - \$210	\$ 1,329	\$ 1,423
<b><u>CORAL</u></b>					
2007 Monroe Park Building	12/15	6.50%	\$154 - \$4,624	5,973	5,564
<b>Total Loans Payable</b>				<u>\$ 7,302</u>	<u>\$ 6,987</u>
<b><u>RDA</u></b>					
2009 Bond Anticipation Notes	07/09 - 07/11	Pool Rate	\$15,000	\$ 15,000	\$ 15,000
<b>Total Notes Payable</b>				<u>\$ 15,000</u>	<u>\$ 15,000</u>
<b>Total Governmental Activities</b>				<u>\$ 2,043,649</u>	<u>\$ 1,815,451</u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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, 2010
<b>Bonds Payable:</b>					
<b><u>Regional Medical Center</u></b>					
1993 A & B (Hospital):					
Term Bonds (Series A)	06/10 – 06/12	6.38%	\$12,230 - \$13,870	\$ 81,135	\$ 26,895
Term Bonds (Series B)	06/13 – 06/14	6.75%	\$7,050 - \$7,475	14,525	14,525
Loss on Defeasance (net)				-	(738)
				95,660	40,682
<b><u>Regional Medical Center</u></b>					
1997 A (Hospital): Serial Capital Cap Apprec. Bonds (net of future cap apprec \$130,470)					
	06/13 – 06/26	5.70% - 6.01%	\$3,034 - \$3,445	41,170	41,170
				41,170	41,170
<b><u>Regional Med Center 1997</u></b>					
Serial Bonds (Series B)	06/10 – 06/13	4.38% - 5.15%	\$395 - \$455	4,785	1,300
Term Bonds (Series B)	06/14 – 06/19	5.00% - 5.70%	\$475 - \$13,007	63,935	63,935
Term Bonds (Series C)	06/19	6.25%	\$3,265	3,265	3,265
Less: Sheriff's Part (Series C)				(1,733)	(1,733)
Bond Discount				-	(12)
Loss on Defeasance (net)				-	(1,537)
				70,252	65,218
<b><u>Housing Authority</u></b>					
1998 Series A:					
Term Bonds	12/09 – 12/18	6.85%	\$110 - \$200	1,625	1,410
Deferred Charges				-	(556)
				1,625	854
<b>Total Bonds Payable</b>				\$ 208,707	\$ 147,924
<b>Total Business-Type Activities</b>				\$ 208,707	\$ 147,924
<b>Discretely Presented Component Unit</b>					
<b>Bonds Payable:</b>					
<b><u>Palm Desert Financing Authority</u></b>					
2003 Lease Rev Bonds Series A:					
Serial Certificates	05/09 – 05/23	2.25% - 4.70%	\$595 - \$995	\$ 13,270	\$ 10,145
Term Certificate	05/24 – 05/27	4.750%	\$1,035 - \$715	3,975	3,975
Term Certificate	05/28 – 05/33	4.75% - 5.00%	\$750 - \$950	5,065	5,065
Bond Discount				-	(177)
				22,310	19,008
2008 Lease Rev Bonds Series A:					
Serial Certificates	05/10 – 05/18	4.00% - 5.50%	\$1,935 - \$6,200	43,845	41,910
Term Certificate	05/19 – 05/22	6.000%	\$6,540 - \$7,790	28,600	28,600
Bond Discount				-	(542)
				72,445	69,968
<b>Total Bonds Payable</b>				\$ 94,755	\$ 88,976
<b>Total Discretely Presented Component Unit</b>				\$ 94,755	\$ 88,976

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

As of June 30, 2010, 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
2011	\$ 254	\$ 508	\$ 18,174	\$ 22,512
2012	273	489	26,397	20,671
2013	296	466	28,361	18,684
2014	319	443	29,761	17,179
2015	214	317	32,208	14,196
2016-2020	5,421	509	118,655	46,805
2021-2025	210	21	55,200	23,915
2026-2030	-	-	36,295	14,220
2031-2035	-	-	27,690	6,138
2036-2040	-	-	12,706	869
<b>Total</b>	<b>\$ 6,987</b>	<b>\$ 2,753</b>	<b>\$ 385,447</b>	<b>\$ 185,189</b>

Governmental Year ending June 30	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2011	\$ 27,720	\$ 57,614	\$ -	\$ 191
2012	33,815	59,144	15,000	16
2013	36,510	53,627	-	-
2014	39,570	52,086	-	-
2015	43,000	48,325	-	-
2016-2020	271,866	247,532	-	-
2021-2025	271,655	175,018	-	-
2026-2030	179,000	117,295	-	-
2031-2035	220,080	66,931	-	-
2036-2040	183,122	19,045	-	-
2041-2045	-	-	-	-
2046-2050	29,653	1,945	-	-
2051-2055	-	-	-	-
2056-2058	72,026	4,671	-	-
<b>Total</b>	<b>\$ 1,408,017</b>	<b>\$ 903,233</b>	<b>\$ 15,000</b>	<b>\$ 207</b>

As of June 30, 2010, 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
2011	\$ 13,555	\$ 11,574	\$ -	\$ -
2012	14,430	11,026	-	-
2013	10,674	10,406	-	-
2014	10,930	9,920	-	-
2015	13,516	9,416	-	-
2016-2020	63,520	38,463	6,795	-
2021-2025	20,697	19,916	-	-
2026-2030	3,445	1,034	-	-
Total Requirements	150,767	111,755	\$ 6,795	\$ -
Bond Discount/Premium, net	(12)	-		
Deferred Charges (Housing)	(556)	-		
Loss on Defeasance (net)	(2,275)	-		
<b>Total</b>	<b>\$ 147,924</b>	<b>\$ 111,755</b>		

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

<u>Discretely Presented Component Unit</u> Year ending June 30	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 5,030	\$ 4,702
2012	5,250	4,484
2013	5,485	4,254
2014	5,750	3,989
2015	6,035	3,709
2016-2020	35,120	13,538
2021-2025	20,105	3,783
2026-2030	4,210	1,254
2031-2035	2,710	271
Total Requirements	<u>89,695</u>	<u>39,984</u>
Bond Discount/Premium, net	(719)	-
<b>Total</b>	<u><u>\$ 88,976</u></u>	<u><u>\$ 39,984</u></u>

**Accreted Interest Payable**

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2010 (in thousands):

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b><u>Governmental Activities:</u></b>				
<i>Certificates of Participation:</i>				
Court Financing (US District Court Project)	\$ 2,439	\$ 356	-	\$ 2,795
<i>Bonds:</i>				
Inland Empire Tobacco Securitization Authority	26,013	15,942	-	41,955
Total governmental-type activities	<u>\$ 28,452</u>	<u>\$ 16,298</u>	<u>-</u>	<u>\$ 44,750</u>
<b><u>Business-type Activities:</u></b>				
<i>Lease Revenue Bonds:</i>				
Regional Medical Center (1997 A Hosp)	\$ 43,696	\$ 5,115	-	\$ 48,811
Total business-type activities	<u>\$ 43,696</u>	<u>\$ 5,115</u>	<u>-</u>	<u>\$ 48,811</u>

The accreted interest payable balances at June 30, 2010 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, \$171.6 million for the 1997 A Hospital Serial Capital Appreciation Bonds, and \$3.5 billion for the 2007 Inland Empire Tobacco Securitization Authority Bonds. The County is under no obligation to make payments of accreted value of or redemption premiums, if any, or interest on the Series 2007 Bonds.

The increases of \$16.3 million and \$5.1 million represent current year's accretion for governmental activities and business activities respectively. The accumulated accretion for business-type activities is \$48.9 million at June 30, 2010. The accumulated accretion for U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority in governmental activities is \$44.8 million. The un-accreted balances at June 30, 2010 are \$81.7 million for the 1997-A Hospital (RCRMC) project, \$4.4 million for the U.S. District Court, and \$3.4 billion for the Tobacco Securitization Authority Capital Appreciation Bonds.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Bonds, Certificates of Participation/ Refunding**

During the fiscal year ended June 30, 2010, the Redevelopment Agency issued Tax Allocation Housing Bonds Series A for financing low and moderate income housing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas. The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture. The outstanding balance at June 30, 2010 is \$15.9 million.

During the fiscal year ended June 30, 2010, the Redevelopment Agency also issued Tax Allocation Housing Bonds Series A-T for financing low and moderate income housing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas. The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from the various project areas and from amounts on deposit in certain funds and accounts established pursuant to the Indenture. The total outstanding balance at June 30, 2010 is \$50.9 million.

In December 2009, CORAL issued 2009 Larson Justice Center Project Refunding Certificate of Participation to provide funds to refund and repay the certificates of participation relating to 1998 Larson Justice Center Project with an outstanding principal amount of \$22.3 million; to fund the reserve fund; and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carry amount of the old debt by \$975 thousand. The amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$3.7 million and a reduction of \$1.5 million future debt service payments. The outstanding balance at June 30, 2010 is \$24.7 million.

In December 2009, CORAL also issued 2009 Public Safety Communication and Woodcrest Library Projects Refunding Certificate of Participation to provide funds to refund and redeem the principal amount of \$37.4 million for certification of participation relating to 2007 Series B Public Safety Communication Project and 2006 Certificates of Participation Anticipation Note relating to Woodcrest Library Project with an outstanding principal amount of \$6.0 million; to fund capitalized interest on a portion of the certificates through July 1, 2012; to fund a security deposit with respect to Base Rental payable under the Sublease; and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carry amount of the old debts by \$2.3 million. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$3.3 million and an addition of \$6.9 million in future debt service payments. The outstanding balance at Jun 30, 2010 is \$45.7 million.

**County Bond Anticipation Note**

On July 21, 2009, the Redevelopment Agency entered into an agreement with the County of Riverside Treasurer and Tax Collector for a principal amount not to exceed \$15.0 million. The proceeds of the note will be used to finance certain redevelopment projects within and outside the Romoland Subarea of the I-215 Corridor project area as well as the Homeland Subarea of the MID County project area. The Agency will use future bond proceeds or tax increment to repay the note. The principal amount of the note is due on or before July 21, 2011. Interest accrues at a variable interest rate equal to the rate of interest payable with respect to the Riverside County Pooled Investment Fund plus 0.50%. The outstanding balance at June 30, 2010 is \$15.0 million.

**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 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, 2010, \$83.5 million in 2001 Tax Allocation Bonds held in trust were considered to be defeased and outstanding.



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Defeasance of Debt (Continued)**

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, 2010, was \$2.6 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 \$68.5 million of Mortgage Revenue Bonds has been issued and \$64.3 million is outstanding as of June 30, 2010. 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 \$120.9 million at June 30, 2010, to provide financing or improvements benefiting certain property owners. Special assessment bonds consist of Community Facilities District Bonds and Assessment District Bonds. The County, including its special districts, is not liable for the payment of principal or interest on the bonds, which are obligations solely of the benefited property owners. Certain debt service transactions relating to certain special assessment bonds are accounted for in the Agency Funds.

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

The Riverside County Flood Control and Water Conservation District (Flood Control) has issued special assessment bonds, totaling \$2.3 million as of June 30, 2010, 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Interest Rate Swap**

*Objective of the Interest Rate Swap:* As a means to lower financing costs and to reduce the risks to CORAL associated with the fluctuation in market interest rates, CORAL entered into an amended and restated interest rate swap in connection with the Southwest Justice Center Series 2008A Leasehold Revenue Bonds in the notional 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%.

*Terms:* The Bonds and the related swap agreement mature on November 1, 2032, and the swap's notional amount of \$76.3 million approximately matches a portion of \$78.9 million variable-rate Bonds. The swap was effective at the same time the Bonds were issued on May 24, 2000 due to the consistent critical terms between the swap and the associated debt and was amended and restated as of December 10, 2008. None of the critical terms were changed pursuant to this agreement. The notional value of the swap and the principal amount of the associated debt, decline starting in fiscal year 2014-2015. Under the amended and restated swap agreement, CORAL paid Citigroup Financial Products, Inc., (Citigroup) a fixed payment rate of 5.2%. CORAL receives an interest rate equal to an amount not to exceed the maximum interest rate payable on the Bonds, expressed as a decimal, equal to 64% of the monthly London Interbank Offered Rate (LIBOR) in the relevant calculation period. Conversely, the Bonds' variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA). Under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the interest rate swap contract qualifies as a derivative financial instrument and a cash flow hedging. CORAL's net cash outflow or payment under the interest rate swap contract was \$2.8 million for the year ended June 30, 2010. The swap is not subject to rollover risk because the maturity of the swap matches the maturity of the principal amount of the associated debt or market-access risk as no other embedded instrument is involved with the swap that would require accessing the credit markets.

*Fair Value:* As of June 30, 2010 and 2009, the swap had a negative fair value of \$27.9 million and \$24.7 million, respectively, a decrease in fair value of \$3.8 million occurred during the fiscal year 2009-10. The fair value was recorded in the County's Statement of Net Assets as interest rate swap liability and deferred outflow in the assets section. Because the coupons on the Southwest Justice Center Series 2008A Leasehold Revenue Refunding Bonds adjust to changing interest rates, the Bonds do not have a corresponding fair value increase. The fair value was the quoted market price from Citigroup at June, 30 2010.

*Credit Risks:* The swap counterparty was rated A+ by Moody's and A+ by Standard & Poor's as of June 30, 2010. 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:* The swap exposes CORAL to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the Bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2010, CORAL's rate was 64.0% of LIBOR, or .2%, whereas Municipal Swap Index or the reset rate on bonds was .2%. The synthetic rate on the bonds at June 30, 2010 was 5.2%.

*Termination Risks:* CORAL always has the right to terminate the swaps. Citigroup is limited in so far as both CORAL and the insurer are not performing. The swap may be terminated by CORAL if Citigroup's credit quality rating falls below A- as issued by Standard & Poor's or A3 by Moody's. Additionally, the swaps may be terminated by Citigroup if CORAL's credit quality rating falls below BBB+ as issued by Standard & Poor's or Baa1 as issued by Moody's or if the Bonds credit quality ratings fall below BBB+ as issued by Standard & Poor's or Baa1 as issued by Moody's. If the swaps are terminated, the variable rate Bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swaps had negative fair values, CORAL, 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, 2010**

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

**Interest Rate Swap (Continued)**

*Swap Payment and Associated Debt:* Using rates as of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates 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		
2011	\$ -	\$ 1,099	\$ 2,835	\$ 3,934
2012	-	1,099	2,835	3,934
2013	-	1,099	2,835	3,934
2014	-	1,099	2,834	3,933
2015	-	1,099	2,834	3,933
2016-2020	14,260	4,988	12,870	17,858
2021-2025	19,025	3,786	9,767	13,553
2026-2030	24,715	2,215	5,714	7,929
2031-2033	18,300	382	981	1,363
	<u>\$ 76,300</u>	<u>\$ 16,866</u>	<u>\$ 43,505</u>	<u>\$ 60,371</u>

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

**Changes in long-term liabilities**

The following is a summary of governmental activities long-term liabilities transactions for the year ended June 30, 2010 (in thousands):

	Balance June 30, 2009	New Additions	Payments / Reclass	Balance June 30, 2010	Amounts Due Within One Year
<b>Governmental activities:</b>					
Debt long-term liabilities:					
Bonds payable	\$ 1,359,277	\$ 66,745	\$ (18,005)	\$ 1,408,017	\$ 27,720
Capital lease obligations	117,611	33,563	(27,284)	123,890	23,986
Certificates of participation	391,914	70,365	(76,832)	385,447	18,174
Loans payable	7,222	-	(235)	6,987	254
Notes payable	6,000	15,000	(6,000)	15,000	-
Total debt long-term liabilities	<u>1,882,024</u>	<u>185,673</u>	<u>(128,356)</u>	<u>1,939,341</u>	<u>70,134</u>
Other long-term liabilities:					
Accreted interest payable	28,452	16,298	-	44,750	-
Compensated absences*	144,919	15,577	(274)	160,221	90,284
Estimated claims liabilities	117,280	80,206	(80,223)	117,263	32,718
Accrued remediation costs	2,793	-	(779)	2,014	225
Other long-term liabilities (a)	1,500	-	(1,500)	-	-
Total other long-term liabilities	<u>294,944</u>	<u>112,081</u>	<u>(82,776)</u>	<u>324,248</u>	<u>123,227</u>
Total governmental activities – long-term liabilities	<u>\$ 2,176,968</u>	<u>\$ 297,754</u>	<u>\$ (211,132)</u>	<u>\$ 2,263,589</u>	<u>\$ 193,361</u>

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

(a) Fleet & Purchasing (ISF) loan for \$1.5 million was paid in previous fiscal years.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Changes in long-term liabilities (Continued)**

The following is a summary of business-type activities long-term liabilities transactions for the year ended June 30, 2010 (in thousands):

	Balance June 30, 2009	Additions	Payments / Reclass	Balance June 30, 2010	Amounts Due Within One Year
<b><u>Business-type activities:</u></b>					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses*	\$ 159,959	\$ -	\$ (12,035)	\$ 147,924	\$ 13,555
Capital lease (RCRMC)	14,028	12,641	(5,827)	20,842	6,430
Total debt long-term liabilities	173,987	12,641	(17,862)	168,766	19,985
Other long-term liabilities:					
Accreted interest payable	43,696	5,115	-	48,811	-
Accrued closure and post-closure	49,646	252	-	49,898	4,262
Compensated absences	18,498	1,697	(36)	20,159	12,943
Accrued remediation costs	20,728	652	-	21,380	1,218
Other long-term liabilities (a)	6,795	-	-	6,795	-
Total other long-term liabilities	139,363	7,716	(36)	147,043	18,423
Total business-type activities – long-term liabilities	\$ 313,350	\$ 20,357	\$ (17,898)	\$ 315,809	\$ 38,408
<b><u>Discretely Presented Component Unit</u></b>					
Debt long-term liabilities:					
Bonds payable	\$ 91,454	\$ -	\$ (2,478)	\$ 88,976	\$ 5,030
Other long-term liabilities:					
Compensated absences	253	-	-	253	149
Total discretely presented component unit – long-term liabilities	\$ 91,707	\$ -	\$ (2,478)	\$ 89,229	\$ 5,179

\* The reduction in bonds payable amount of \$12.0 million includes a bond discount amortization of \$12.0 thousand, deferred charges of \$555.5 thousand, and losses on bond defeasance of \$2.3 million during fiscal year 2009-10.

(a) The Housing Authority (Business-type activity) has two notes payable, totaling \$6.8 million, under “Other long-term liabilities.”

**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 solely 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 20.47% to the County and 79.53% to the Tobacco Securitization Authority for Calendar year 2010. During the fiscal year ended June 30, 2010, \$15.7 million was received by the Tobacco Authority; \$10.0 million, or 63.7%, was distributed to the County per the above agreement,

\*\*\* *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*

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

leaving \$5.7 million, or 36.3%, of the specific tobacco settlement revenues were pledged (see page 139). The County is under no obligation to make payments of the principal or accreted value of or redemption premiums, if any, or interest on the Series 2007 bonds in the event that revenues are insufficient for the payment thereof.

*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 \$1.3 billion, payable through fiscal year 2040. During the fiscal year ended June 30, 2010, \$80.3 million was received from tax increment and investment earnings combined. Of this amount, principal and interest paid were \$11.8 million and \$28.2 million respectively, or 0.5% 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 2010 were \$110.0 thousand (principal) and \$100.4 thousand (interest).

The Housing Authority reports the \$218.0 thousand received each year as revenue. In fiscal year 2009-10, the \$218.0 thousand represented about 0.3% 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, 2010, before applying the deferred charge, was \$1.4 million.

**Proposition 1A Borrowing by the State of California**

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County, Flood Control and Park District was \$38.4 million, \$4.2 million and \$386.7 thousand, respectively.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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, 2010 are as follows (in thousands):

	<b>Major Funds</b>			
	<b>General Fund</b>	<b>Flood Special Revenue</b>	<b>Public Facilities Improvements</b>	<b>Redevelopment Capital Projects</b>
<b><u>Reserved:</u></b>				
Encumbrances	\$ 3,022	\$ -	\$ -	\$ 99,248
Imprest cash	371	1	-	-
Inventories	1,941	-	-	-
Advances	-	-	-	-
Program operations	83,576	-	35,354	-
Construction	-	-	292,449	-
Notes receivable	-	-	-	28,674
General	122	-	-	-
Debt service	454	-	-	-
Land held for resale	-	-	-	50,583
Prepays	888	832	-	-
Total reserved fund balances	90,374	833	327,803	178,505
<b><u>Unreserved:</u></b>				
Unreserved, designated:				
Strategic planning	206,675	-	1,500	-
Program operations	43,788	236,269	-	89,842
Capital projects and programs	-	-	9,350	-
Total unreserved, designated fund balances	250,463	236,269	10,850	89,842
Total unreserved, undesignated fund balances	45,649	4,822	-	-
Total fund balances	\$ 386,486	\$ 241,924	\$ 338,653	\$ 268,347

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

<u>Nonmajor Funds</u>							
Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Government	Total Governmental Funds	<u>Reserved:</u>	
\$ 24,914	\$ -	\$ -	\$ -	\$ 24,914	\$ 127,184		Encumbrances
118	-	-	-	118	490		Imprest cash
822	-	-	-	822	2,763		Inventories
2,050	-	-	-	2,050	2,050		Advances
41,228	-	-	439	41,667	160,597		Program operations
1,674	-	57,570	-	59,244	351,693		Construction
38,518	-	-	-	38,518	67,192		Notes receivable
51	28,634	7,203	-	35,888	36,010		General
-	98,572	-	-	98,572	99,026		Debt service
29,082	-	-	-	29,082	79,665		Land held for resale
55	-	390	-	445	2,165		Prepays
<u>138,512</u>	<u>127,206</u>	<u>65,163</u>	<u>439</u>	<u>331,320</u>	<u>928,835</u>		Total reserved fund balances
							<u>Unreserved:</u>
							Unreserved, designated:
-	-	-	-	-	208,175		Strategic planning
32,782	-	3	-	32,785	402,684		Program operations
-	-	7,731	-	7,731	17,081		Capital projects and programs
<u>32,782</u>	<u>-</u>	<u>7,734</u>	<u>-</u>	<u>40,516</u>	<u>627,940</u>		Total unreserved, designated fund balances
185,879	-	-	-	185,879	236,350		Total unreserved, undesignated fund balances
<u>\$ 357,173</u>	<u>\$ 127,206</u>	<u>\$ 72,897</u>	<u>\$ 439</u>	<u>\$ 557,715</u>	<u>\$ 1,793,125</u>		Total fund balances

**Net Assets:** The government-wide statement of net assets reports \$604.9 million of restricted net assets for governmental activities, of which \$314.8 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 the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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 incurred but are not reported (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 in 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 \$280.0 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, 2010 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 may be 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, 2010 plus revenues to be collected during fiscal year 2010-11 are expected to be sufficient to cover all fiscal year 2010-11 payments. The carrying amount of unpaid claim liabilities is \$117.3 million. The liabilities are discounted at 4.0%.

	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Unpaid claims, beginning of year	\$ 135,320	\$ 117,280
Increase (decrease) in provision for insured events of prior years	(2,003)	1,202
Incurred claims for current year	50,341	79,004
Claim payments	<u>(66,378)</u>	<u>(80,223)</u>
Unpaid claims, end of year	<u>\$ 117,280</u>	<u>\$ 117,263</u>



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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, 2007 for Medi-Cal. Reports on the results of desk reviews have been received through June 30, 2007 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 \$70 million for SB-1100 for the year ended June 30, 2010.

All 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, 2010 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 the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

Coachella Valley Association of Governments was formed in November 1973. Currently, the association includes the following members: the cities of Blythe, Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage; the local tribes of Agua Caliente Band of Cahuilla Indians and the Cabazon Band of Mission Indians; and Riverside County. 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

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

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

**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 contract with the California Public Employees Retirement System (CalPERS) to provide retirement benefits. 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. 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. 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 8.0% (9.0% for safety employees) of their annual covered salary. Miscellaneous member (non-prosecution unit) employees 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.

**Early Retirement Incentive**

During FY 2009/10 the County Board of Supervisors authorized three early retirement incentives for all employees, other than elected officials covered by the CalPERS Local Miscellaneous and Local Safety contracts (see Table below). During FY 2008/09 The County Board of Supervisors authorized one early retirement incentive for all employees, other than elected officials covered by CalPERS Local Miscellaneous. The early retirement incentives offered eligible employees who elected to retire within a designated window specified by the County, two additional

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Early Retirement Incentive (Continued)**

years of service. Eligible employees were those who were in specified job classifications, had attained 50 years of age and who had five or more years of service credit with the County.

The County has the option to pay for the cost of each early retirement incentive in a single sum or over a 20 year period. The County has elected to pay the cost over a 20 year period. The additional cost will result in increased Employer Contribution rates and will first start to be payable two years after the end of the fiscal year in which the early retirement incentive window closes. The first estimated employer rate increase will occur in FY 2011/12 for the Early Retirement Incentive offered to Local Miscellaneous employees in FY 2008/09. The County estimates the cost of the early retirement incentive to be an additional 0.35% in the Employer Contribution rate. In FY 2012 /13 the Employer Contribution rate will increase an estimated 0.43% for Local Safety, and in FY 2013/14 the Employer Contribution rate will increase an estimated 0.27% for Local Miscellaneous as a result of the three early retirement incentives authorized in FY 2009/10.

**Early Retirement Incentive Table**

Early Retirement Incentive	Window Periods	Total Eligible Employees	Employees Electing Early Retirement Incentive	Estimated Increase in Employer Contribution Rate	FY in Which Employer Contribution Rate will Increase
Local Miscellaneous	01/01 - 03/31/2009	3,400	678	0.35%	2011/2012
Local Safety	07/11 - 10/08/2009 <sup>(1)</sup> 07/15 - 10/13/2009 <sup>(2)</sup>	653	151	0.43%	2012/2013
Local Miscellaneous	02/11 - 08/09/2010	3,597	578	0.27%	2013/2014

(1)=District Attorney (2)=Sheriff

**For fiscal year 2009-10, the contribution rates were:**

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
Contribution rates:					
County	11.999%	18.605%	12.829%	13.839%	14.526%
Plan Members	8.000%	9.000%	8.000%	8.000%	8.000%

**Annual Pension Cost**

For fiscal year 2009-10, the annual pension costs for CalPERS is equal to the employer's required and actual contributions as noted below (dollar amounts in thousands):

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
Annual required contribution	\$ 93,642	\$ 44,729	\$ 1,951	\$ 603	\$ 450
Interest on net pension obligation (asset)	(24,989)	(6,884)	-	-	-
Adjustment to annual required contribution	18,654	5,138	139	-	434
Annual pension cost	87,307	42,983	2,090	603	884
Contributions made	(93,642)	(44,729)	(1,951)	(603)	(450)
Increase (decrease) in net pension obligation (asset)	(6,335)	(1,746)	139	-	434
Net pension obligation (asset) beginning of year	(322,445)	(88,821)	(2,223)	-	(2,384)
Net pension obligation (asset) end of year	\$ (328,780)	\$ (90,567)	\$ (2,084)	\$ -	\$ (1,950)

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**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, 2008	\$ 79,320	107.68 %	\$ (316,231)
	June 30, 2009	88,406	107.03	(322,445)
	June 30, 2010	87,307	107.26	(328,780)
County - Safety	June 30, 2008	36,271	104.63	(87,109)
	June 30, 2009	40,951	104.18	(88,821)
	June 30, 2010	42,983	104.06	(90,567)
Flood Control	June 30, 2008	1,891	92.65	(2,362)
	June 30, 2009	1,874	93.09	(2,223)
	June 30, 2010	2,090	93.35	(2,084)
Parks District	June 30, 2008	596	100.00	-
	June 30, 2009	567	100.00	-
	June 30, 2010	603	100.00	-
Waste Management	June 30, 2008	1,040	61.22	(2,818)
	June 30, 2009	1,002	56.69	(2,384)
	June 30, 2010	884	50.90	(1,950)

**Actuarial Methods and Assumptions**

The following information as of the most recent actuarial valuation:

	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
Actuarial valuation	6/30/2009	6/30/2009	6/30/2009	6/30/2009	6/30/2009
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	28 years	30 years	28 years	18 years	18 years
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	3.55%-14.45%*	3.55%- 13.15%*	3.55%- 14.45%*	3.55%- 14.45%*	3.55%- 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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

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

**Funded Status and the Funding Progress**

The following is funded status information for each plan as of June 30, 2009, the most recent actuarial valuation date (dollar amounts 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	\$ 3,401,037	\$3,790,233	\$ 389,196	89.73 %	\$ 841,104	46.27 %
County - Safety	1,511,048	1,642,555	131,507	91.99	265,238	49.58
Flood Control	93,681	112,269	18,588	83.44	14,668	126.72
Parks District**	694,385	883,394	189,009	78.60	161,973	116.69
Waste Management**	694,385	883,394	189,009	78.60	161,973	116.69

\*\* 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.

**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. According to the June 30, 2009 valuation, the County's current required contribution rate is 0.55%. The County elected to contribute 2.0% of payroll in order to reach a target 90% funded ratio within one year. The plan's current funded ratio is 90.6%. The County's rate is impacted by the rate of return earned by Plan assets. The Plan actuary periodically calculates the minimum recommended employer contribution rate 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, 2009, the date of the latest actuarial valuation:

Number of Participants:	
Active plan members	1,243
Terminated and inactive members	7,306
Retirees	96
Total	<u><u>8,645</u></u>

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 19 – DEFINED BENEFIT PENSION PLAN (Continued)**

**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.

Schedule of Annual Pension cost and the Net Pension Obligation (NPO) for 2010 and the two preceding years were as follows (dollar amounts in thousands):

Fiscal Year Ending	Annual Required Contribution	Interest on NPO	Adjustment to the ARC	Annual Pension Cost	Actual Contribution	NPO End of Year	Percentage Contributed
2008	\$ 745	\$ -	\$ -	\$ 745	\$ 1,993	\$ (1,248)	268 %
2009	189	(67)	105	227	1,880	(2,901)	828
2010	144	(145)	227	226	840	(3,515)	372

**Annual Pension Cost and Net Pension Obligation** (dollar amounts in thousands)

Annual required contribution	\$ 144
Interest on net pension obligation (asset)	(145)
Adjustment to annual required contribution	227
Annual pension cost	<u>226</u>
Contributions made	<u>(840)</u>
Increase(decrease) in net pension obligation (asset)	(614)
Net pension obligation (asset) beginning of year	(2,901)
Net pension obligation (asset) end of year	<u><u>\$ (3,515)</u></u>

**Schedule of Funding Progress**

The funded status of the plan as of July 1, 2009, the most recent actuarial valuation date and the two preceding years were as follows (dollar amounts in thousands):

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)
July 1, 2007	\$ 13,778	\$ 20,468	\$ 6,690	67.31 %	\$ 41,333	16.19 %
July 1, 2008	16,989	19,471	2,482	87.25	27,928	8.89
July 1, 2009	19,384	21,402	2,018	90.57	26,550	7.60

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.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 19 – DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions**

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

Valuation date	7/1/2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar Projected Payroll
Remaining amortization period	20 years, Open
Asset valuation method	Market Value plus Receivables
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	3.0%
Inflation rate	3.0%

**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,
- Allowing non-Medicare eligible retirees to receive medical plan coverage at the active employee premium rates instead of normally higher retiree rates. Employees are eligible for this benefit if they retired prior to January 1, 2009 or retired under the CalPERS Early Retirement Incentive Program before March 31, 2009 for County employees or before April 15, 2009 for Component Units. The effect of the Early Retirement Incentive Program has been reflected in the actuarial accrued liability in the most recent actuarial study. The benefit will cease to be 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 has developed 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



**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 20 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

(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	Bargaining Unit Determined \$25-\$256	Bargaining Unit Determined \$25-\$256	Bargaining Unit Determined \$25-\$256
Plan members	\$307-\$745	\$307-\$745	\$307-\$745	\$307-\$745
Annual required contribution	\$ 4,454	\$ 47	\$ 9	\$ 99
Interest on net OPEB obligation	(1,006)	(11)	(17)	-
Adjustment to annual required contribution	790	9	12	-
Annual OPEB cost	<u>4,238</u>	<u>45</u>	<u>4</u>	<u>99</u>
Contributions made	<u>(8,363)</u>	<u>(179)</u>	<u>(22)</u>	<u>(158)</u>
Increase in net OPEB obligation	(4,125)	(134)	(18)	(59)
Net OPEB obligation (asset) beginning of year	<u>(13,890)</u>	<u>(141)</u>	<u>(215)</u>	<u>(3)</u>
Net OPEB obligation (asset) end of year	<u>\$ (18,015)</u>	<u>\$ (275)</u>	<u>\$ (233)</u>	<u>\$ (62)</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 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	06/30/08	\$ 4,390	340.1 %	\$ (10,540)
	06/30/09	3,755	189.2	(13,890)
	06/30/10	4,238	197.3	(18,015)
Flood Control	06/30/08	29	345.0	(71)
	06/30/09	23	404.3	(141)
	06/30/10	45	397.8	(275)
Park District	06/30/08	21	1,057.1	(201)
	06/30/09	6	333.3	(215)
	06/30/10	4	550.0	(233)
Waste Management	06/30/08	61	62.3	23
	06/30/09	63	141.3	(3)
	06/30/10	99	159.6	(62)

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 20 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Funded Status and Funding Progress**

The funded status of the plans as of June 30, 2010, 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)	\$ 55,288	\$ 660	\$ 144	\$ 1,089
Actuarial value of plan assets (b)	9,872	105	147	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ 45,416</u>	<u>\$ 555</u>	<u>\$ (3)</u>	<u>\$ 1,089</u>
Funded ratio (b) / (a)	17.9%	15.91%	102.08%	0%
Covered payroll (c)	\$ 1,011,963	\$ 14,396	\$ 4,429	\$ 3,302
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ( [(a) - (b)] / (c) )	4.5%	3.9%	0.1%	33.0%

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.

**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	1/1/2009	1/1/2009	1/1/2009	1/1/2009
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	13 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 (initial)	10%	10%	10%	10%
Health inflation rate (ultimate)	7%	7%	7%	7%

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**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, 2009, 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 2009-10 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 30, 2011.

**Commitments**

At June 30, 2010, 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. \$138.8 million will be payable upon future performance under the contracts.

**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 \$18.7 million. These additional costs will be capitalized as the costs are incurred.

**Remediation Contingencies**

*Governmental Funds*

Release of gasoline and diesel fuel has been reported at seven underground storage tanks. Orders have been issued by the California Regional Water Quality Control Board (CRWQCB) to assess and cleanup these sites by specific dates. Currently the County is performing the appropriate site assessments. As of June 30, 2010 the Governmental Activities reflect a \$2.0 million accrued remediation liability (Note 13). The liability has been calculated using the expected cash flow technique. The liability is subject to change over time. Cost may vary due to price fluctuations, changes in technology, results of environmental studies, changes to statute or regulations and other factors that could result in revisions to these estimates. The County continues to work with the CRWQCB on each of the tanks. Based on the work performed by the County, the CRWQCB will determine if additional assessments, monitoring and/or remediation will be required.

*Enterprise Funds*

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 \$21.4 million. At June 30, 2010, Waste has accrued \$21.4 million for the estimated costs related to the remediation of these landfills. Remediation expense for fiscal year 2010 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 required to be performed. Investments of \$19.4 million are held for these purposes at June 30, 2010 and are classified as restricted cash and investments in the accompanying statements of net assets.

**COUNTY OF RIVERSIDE**  
**Notes to the Basic Financial Statements (Continued)**  
**June 30, 2010**

**NOTE 22 – SUBSEQUENT EVENTS**

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

On July 1, 2010, the County issued \$343 million in Tax and Revenue Anticipation Notes in the form of Series A due March 31, 2011 and Series B due June 30, 2011. The stated interest rate for the A Bonds is set at 2.0% per annum with a yield of 0.43%. The interest rate for the B Bond is set at 2.0% per annum with a yield of 0.55%. A portion of the Note proceeds were used to prepay CalPERS contributions for 2010-11 in the amount of \$86.5 million. Between the prepayment discount of 3.6%, and earnings on cash flow the County expects to net \$3.2 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 2011 and legally available for payment thereof. Proceeds for the Bonds will be used for fiscal year 2011 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

**Teeter Obligation Notes, Series C**

In October 2010, the County issued \$20.8 million in 2010 Teeter Obligation Notes, Series C to refund a portion of the outstanding 2009 Teeter Obligations Notes, Series C. The 2010 Notes bear interest rate of 2% and a maturity date of October 12, 2011.

**Tax Allocation Bonds**

In July 2010, the Redevelopment Agency issued \$5.6 million in 2010 Tax Allocation Bonds, Series C, to fund projects of benefit to the Agency's Mid-County Redevelopment Project Area. Interest on the bond is payable October 1 and April 1 of each year. Interest on the bond accrues at rates varying from 2.0% to 6.2% per annum. Principal on the bonds is payable in annual installments that range from \$545.0 thousand to \$1.12 million and commence on October 1, 2011 through October 1, 2040.

In July 2010, the Redevelopment Agency issued \$32.4 million in 2010 Tax Allocation Bonds, Series D, to fund projects of benefit to the Agency's Desert Communities Redevelopment Project Area. Interest on the bond is payable October 1 and April 1 of each year. Interest on the bond accrues at rates varying from 2.0% to 6.0% per annum. Principal on the bonds is payable in annual installments that range from \$640.0 thousand to \$2.2 million and commence on October 1, 2011 through October 1, 2037.

In July 2010, the Redevelopment Agency issued \$50.5 million in 2010 Tax Allocation Bonds, Series E, to fund projects of benefit to the Agency's Interstate 215 Corridor Redevelopment Project Area. Interest on the bond is payable October 1 and April 1 of each year. Interest on the bond accrues at rates varying from 2.0% to 6.5% per annum. Principal on the bonds is payable in annual installments that range from \$585.0 thousand to \$6.4 million and commence on October 1, 2011 through October 1, 2040.

**Bond Anticipation Notes**

In July 2010, the Redevelopment Agency repaid the outstanding principal balance and interest accrued of the \$15.0 million notes payable. The outstanding principal was due on or before July 21, 2011.

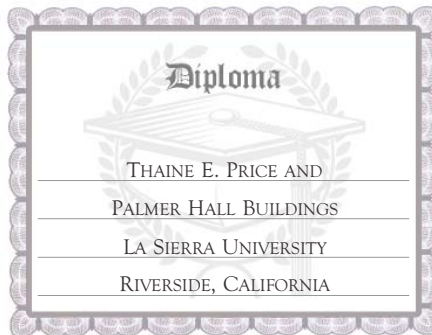
**AB 1653**

In 2009, California lawmakers created a hospital fee program under AB 1383, which imposes a fee on hospitals for the specific purpose of generating match monies to be used to draw down additional federal Medicaid funds. These funds will be used to increase Medi-Cal payments to hospitals and provide funding for children's health care coverage. AB 1653 is a follow-up piece of legislation that makes the statutory changes to hospital fee program required by Centers for Medicare & Medicaid Services (CMS). On October 7, 2010, AB 1653 was approved by CMS. As a result, the RMC is anticipated to receive an additional fee in the amount of approximately \$43.3 million, which covers a 27-month period (April 2009 through June 2011). The proportional share of the fee for fiscal year 2010 is approximately \$22.1 million. As of December 1, 2010, the RMC has received hospital fee revenue of \$12.5 million for the fiscal year 2010, which is determined to be a recognized subsequent event and has been accrued in the accompanying financial statements. The remaining hospital fee of \$9.6 million for the fiscal year 2010 is determined to be an unrecognized subsequent event due to uncertainties in the actual payment calculations and further CMS decisions.

# REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY  
INFORMATION





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**COUNTY OF RIVERSIDE**  
**Required Supplementary Information**  
**June 30, 2010**

**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*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
June 30, 2007	\$ 2,894,148	\$ 3,029,360	\$ 135,212	95.54 %	\$ 754,118	17.93 %
June 30, 2008	3,174,975	3,350,223	175,248	94.77	841,613	20.82
June 30, 2009	3,401,037	3,790,233	389,196	89.73	841,104	46.27

*Riverside County - Safety*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
June 30, 2007	\$ 1,291,421	\$ 1,369,534	\$ 78,113	94.30 %	\$ 214,634	36.39 %
June 30, 2008	1,414,120	1,469,416	55,296	96.24	240,746	22.97
June 30, 2009	1,511,048	1,642,555	131,507	91.99	265,238	49.58

*Flood Control and Water Conservation District*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
June 30, 2007	\$ 82,383	\$ 90,833	\$ 8,450	90.70 %	\$ 13,818	61.15 %
June 30, 2008	88,463	98,300	9,837	89.99	14,137	69.58
June 30, 2009	93,681	112,269	18,588	83.44	14,668	126.72

*Regional Park and Open-Space District\**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
June 30, 2007	\$ 576,070	\$ 699,664	\$ 123,594	82.34 %	\$ 139,335	88.70 %
June 30, 2008	641,168	776,167	134,999	82.61	155,115	87.03
June 30, 2009	694,385	883,394	189,009	78.60	161,973	116.69

\*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, 2010**

**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, 2007	\$ 576,070	\$ 699,664	\$ 123,594	82.34 %	\$ 139,335	88.70 %
June 30, 2008	641,168	776,167	134,999	82.61	155,115	87.03
June 30, 2009	694,385	883,394	189,009	78.60	161,973	116.69

\*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, 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
June 30, 2008	16,989	19,471	2,482	87.25	27,928	8.89
June 30, 2009	19,384	21,402	2,018	90.57	26,550	7.60

\*\*All amounts provided prior to June 30, 2007 were based on information from reports from the prior actuary. The prior actuary's reports are based on the Entry Age Normal cost method. The Projected Unit Credit cost method is used as of 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
2005	\$ 616	100 %	\$ -
2006	633	100	-
2007	1,914	100	-
2008	745	267	(1,248)
2009	227	828	(2,901)
2010	226	372	(3,515)



**COUNTY OF RIVERSIDE**  
**Required Supplementary Information**  
**June 30, 2010**

**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)
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
January 1, 2009	9,872	55,288	45,416	17.86	1,011,963	4.49

*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)
January 1, 2007	\$ -	\$ 303	\$ 303	0.00 %	\$ 14,656	2.07 %
January 1, 2008	100	337	237	29.67	N/A	N/A
January 1, 2009	105	660	555	15.91	14,396	3.86

*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)
January 1, 2007	\$ -	\$ 190	\$ 190	0.00 %	\$ 7,204	2.64 %
January 1, 2008***	190	193	3	98.45	N/A	N/A
January 1, 2009	147	144	(3)	102.08	4,429	0.07

*Waste Management Department*

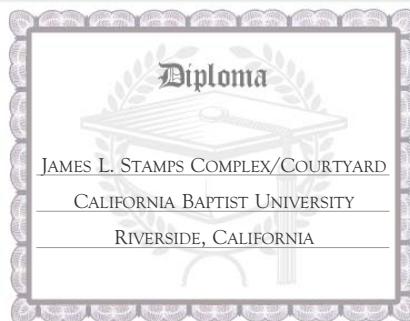
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2007	\$ -	\$ 654	\$ 654	0.00 %	\$ 4,405	14.85 %
January 1, 2008***	-	658	658	0.00	N/A	N/A
January 1, 2009	-	1,089	1,089	0.00	3,302	32.98

\*\*\*Estimate only.



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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, 2010**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 1,005	\$ 1,005
Other revenue	4,173	4,173	-	(4,173)
Total revenues	4,173	4,173	1,005	(3,168)
<b>EXPENDITURES:</b>				
Current:				
General government	1,856	1,000	597	(403)
Debt service:				
Interest	5,394	5,394	2,629	(2,765)
Total expenditures	7,250	6,394	3,226	(3,168)
Excess (deficiency) of revenues over (under) expenditures	(3,077)	(2,221)	(2,221)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,077	3,077	3,077	-
Transfers out	-	(856)	(856)	-
Total other financing sources (uses)	3,077	2,221	2,221	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Public Facilities Improvements Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 18,194	\$ 18,194	\$ 4,101	\$ (14,093)
Aid from other governmental agencies:				
Other	16,142	60,636	55,551	(5,085)
Charges for services	255,818	246,945	35,406	(211,539)
Other revenue	83,494	47,849	5,712	(42,137)
Total revenues	373,648	373,624	100,770	(272,854)
<b>EXPENDITURES:</b>				
Current:				
General government	559,132	529,238	219,654	(309,584)
Public ways and facilities	37,598	30,213	635	(29,578)
Total expenditures	596,730	559,451	220,289	(339,162)
Excess (deficiency) of revenues over (under) expenditures	(223,082)	(185,827)	(119,519)	66,308
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	45,595	45,595	-
Transfers out	-	(125,854)	(125,854)	-
Total other financing sources (uses)	-	(80,259)	(80,259)	-
<b>NET CHANGE IN FUND BALANCE</b>	(223,082)	(266,086)	(199,778)	66,308
Fund balance, beginning of year	538,431	538,431	538,431	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 315,349	\$ 272,345	\$ 338,653	\$ 66,308

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Redevelopment Agency Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

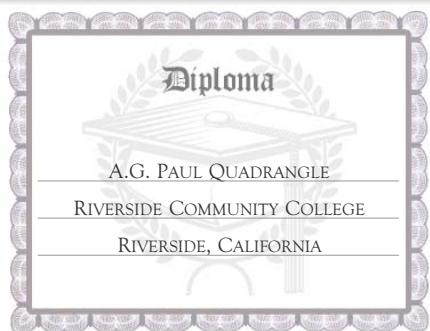
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget Over (Under)</u>
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 732	\$ 732	\$ 2,733	\$ 2,001
Rents and concessions	50	50	98	48
Charges for current services	185	5,045	-	(5,045)
Other revenue	180,389	138,797	5,397	(133,400)
Total revenues	<u>181,356</u>	<u>144,624</u>	<u>8,228</u>	<u>(136,396)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	181,356	179,581	93,456	(86,125)
Interest	-	75	75	-
Total expenditures	<u>181,356</u>	<u>179,656</u>	<u>93,531</u>	<u>(86,125)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(35,032)	(85,303)	(50,271)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	41,592	41,592	-
Transfers out	-	(21,561)	(21,561)	-
Issuance of debt	-	15,000	15,000	-
Total other financing sources (uses)	<u>-</u>	<u>35,031</u>	<u>35,031</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(1)	(50,272)	(50,271)
Fund balance, beginning of year, as previously reported	305,703	305,703	305,703	-
Adjustments to beginning fund balance	-	-	12,916	12,916
Fund balance, beginning of year	<u>305,703</u>	<u>305,703</u>	<u>318,619</u>	<u>12,916</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 305,703</u>	<u>\$ 305,702</u>	<u>\$ 268,347</u>	<u>\$ (37,355)</u>



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# NONMAJOR GOVERNMENTAL FUNDS





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**COUNTY OF RIVERSIDE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**  
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
<b>ASSETS:</b>					
Cash and investments	\$ 319,561	\$ 59,107	\$ 15,446	\$ 438	\$ 394,552
Accounts receivable	1,299	1,589	-	-	2,888
Interest receivable	282	175	42	1	500
Taxes receivable	4,094	-	-	-	4,094
Due from other governments	33,312	-	722	-	34,034
Inventories	822	-	-	-	822
Due from other funds	229	-	-	-	229
Prepaid items	55	-	390	-	445
Restricted cash and investments	-	70,469	65,590	-	136,059
Advances to other funds	2,050	-	-	-	2,050
Notes receivable	38,518	-	-	-	38,518
Land held for resale	29,082	-	-	-	29,082
	<u>\$ 429,304</u>	<u>\$ 131,340</u>	<u>\$ 82,190</u>	<u>\$ 439</u>	<u>\$ 643,273</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ 23,968	\$ 1,129	\$ 7,072	\$ -	\$ 32,169
Salaries and benefits payable	3,751	-	153	-	3,904
Due to other governments	2,231	-	-	-	2,231
Due to other funds	11,427	3,005	18	-	14,450
Deposits payable	384	-	-	-	384
Advance from other funds	-	-	2,050	-	2,050
Deferred revenue	30,370	-	-	-	30,370
	<u>72,131</u>	<u>4,134</u>	<u>9,293</u>	<u>-</u>	<u>85,558</u>
Fund balances:					
Reserved	138,512	127,206	65,163	439	331,320
Unreserved, designated, reported in:					
Special revenue funds	32,782	-	-	-	32,782
Capital projects funds	-	-	7,734	-	7,734
Unreserved, undesignated, reported in:					
Special revenue funds	185,879	-	-	-	185,879
Total fund balances	<u>357,173</u>	<u>127,206</u>	<u>72,897</u>	<u>439</u>	<u>557,715</u>
Total liabilities and fund balances	<u>\$ 429,304</u>	<u>\$ 131,340</u>	<u>\$ 82,190</u>	<u>\$ 439</u>	<u>\$ 643,273</u>

## COUNTY OF RIVERSIDE

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

#### Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2010

(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
<b>REVENUES:</b>					
Taxes	\$ 91,088	\$ 75,182	\$ -	\$ -	\$ 166,270
Licenses, permits and franchise fees	2,473	-	-	-	2,473
Fines, forfeitures and penalties	1,507	-	-	-	1,507
Use of money and property:					
Interest	1,623	2,644	363	-	4,630
Rents and concessions	7,405	5,774	-	-	13,179
Aid from other governmental agencies:					
Federal	131,364	-	33	-	131,397
State	35,578	-	551	-	36,129
Other	23,452	4,283	-	-	27,735
Charges for services	52,079	2,152	1,893	24	56,148
Other revenue	10,854	5,654	40	-	16,548
Total revenues	<u>357,423</u>	<u>95,689</u>	<u>2,880</u>	<u>24</u>	<u>456,016</u>
<b>EXPENDITURES:</b>					
Current:					
General government	32,097	70,534	7,461	-	110,092
Public protection	11,197	-	-	-	11,197
Public ways and facilities	129,675	-	-	-	129,675
Health and sanitation	8,176	-	-	-	8,176
Public assistance	100,495	-	-	-	100,495
Education	18,359	-	-	-	18,359
Recreation and culture	10,885	-	1,423	-	12,308
Debt service:					
Principal	1,542	36,651	21,227	-	59,420
Interest	137	67,930	-	-	68,067
Cost of issuance	510	1,309	-	-	1,819
Capital outlay	73	771	7,982	-	8,826
Total expenditures	<u>313,146</u>	<u>177,195</u>	<u>38,093</u>	<u>-</u>	<u>528,434</u>
Excess (deficiency) of revenues					
Over (under) expenditures	44,277	(81,506)	(35,213)	24	(72,418)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	66,120	132,209	10,344	45	208,718
Transfers out	(109,431)	(84,831)	(2,937)	-	(197,199)
Issuance of debt	58,568	8,177	-	-	66,745
Issuance of refunding bonds	-	70,365	-	-	70,365
Discount on long-term debt	(626)	-	-	-	(626)
Premium on long-term debt	-	937	-	-	937
Redemption of refunded debt	-	(65,713)	-	-	(65,713)
Total other financing sources (uses)	<u>14,631</u>	<u>61,144</u>	<u>7,407</u>	<u>45</u>	<u>83,227</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>58,908</u>	<u>(20,362)</u>	<u>(27,806)</u>	<u>69</u>	<u>10,809</u>
Fund balances, beginning of year,					
as previously reported	298,529	147,568	111,147	370	557,614
Adjustments to beginning fund balances	(264)	-	(10,444)	-	(10,708)
Fund balances, beginning of year, as restated	<u>298,265</u>	<u>147,568</u>	<u>100,703</u>	<u>370</u>	<u>546,906</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 357,173</u>	<u>\$ 127,206</u>	<u>\$ 72,897</u>	<u>\$ 439</u>	<u>\$ 557,715</u>

# SPECIAL REVENUE FUNDS

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.

### 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.

### 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.

# 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.

### PERRIS VALLEY CEMETERY DISTRICT

The District is a public cemetery district operating under the provisions of the Health and Safety Code of the State of California. The District was created in July 1927 for the purpose operating a public cemetery for the residents of the Perris Valley.

### 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, 2010

(Dollars in Thousands)

	Transportation	Community Services	Redevelopment Agency	County Service Areas	Regional Park and Open-Space
<b>ASSETS:</b>					
Cash and investments	\$ 128,734	\$ 37,702	\$ 99,183	\$ 17,365	\$ 12,601
Accounts receivable	975	191	-	-	52
Interest receivable	153	12	42	26	18
Taxes receivable	88	3,247	-	406	272
Due from other governments	18,342	13,638	-	143	275
Inventories	822	-	-	-	-
Due from other funds	167	-	62	-	-
Prepaid items	-	55	-	-	-
Advances to other funds	-	-	-	-	2,050
Notes receivable	-	-	38,518	-	-
Land held for resale	-	-	29,082	-	-
Total assets	<u>\$ 149,281</u>	<u>\$ 54,845</u>	<u>\$ 166,887</u>	<u>\$ 17,940</u>	<u>\$ 15,268</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 15,384	\$ 4,086	\$ 3,306	\$ 133	\$ 651
Salaries and benefits payable	1,991	1,190	-	66	262
Due to other governments	1,477	752	-	1	-
Due to other funds	-	11,393	27	-	-
Deposits payable	-	-	-	122	-
Deferred revenue	25,431	3,460	-	-	23
Total liabilities	<u>44,283</u>	<u>20,881</u>	<u>3,333</u>	<u>322</u>	<u>936</u>
<b>Fund balances (Note 14):</b>					
Reserved:	41,267	4,297	90,513	18	2,055
Unreserved:					
Designated	-	526	27,442	5	4,808
Undesignated	63,731	29,141	45,599	17,595	7,469
Total fund balances	<u>104,998</u>	<u>33,964</u>	<u>163,554</u>	<u>17,618</u>	<u>14,332</u>
Total liabilities and fund balances	<u>\$ 149,281</u>	<u>\$ 54,845</u>	<u>\$ 166,887</u>	<u>\$ 17,940</u>	<u>\$ 15,268</u>

Air Quality Improvement	In-Home Support Services	Perris Valley Cemetery	Other Special Revenue	Total	
\$ 939	\$ 857	\$ 856	\$ 21,324	\$ 319,561	ASSETS:
-	-	-	81	1,299	Cash and investments
1	1	1	28	282	Accounts receivable
-	-	41	40	4,094	Interest receivable
135	570	-	209	33,312	Taxes receivable
-	-	-	-	822	Due from other governments
-	-	-	-	229	Inventories
-	-	-	-	55	Due from other funds
-	-	-	-	2,050	Prepaid items
-	-	-	-	38,518	Advances to other funds
-	-	-	-	29,082	Notes receivable
-	-	-	-	29,082	Land held for resale
<u>\$ 1,075</u>	<u>\$ 1,428</u>	<u>\$ 898</u>	<u>\$ 21,682</u>	<u>\$ 429,304</u>	Total assets
					LIABILITIES AND FUND BALANCES:
					Liabilities:
\$ 10	\$ 1	\$ 14	\$ 383	\$ 23,968	Accounts payable
-	67	-	175	3,751	Salaries and benefits payable
-	-	-	1	2,231	Due to other governments
7	-	-	-	11,427	Due to other funds
-	-	262	-	384	Deposits payable
-	-	33	1,423	30,370	Deferred revenue
<u>17</u>	<u>68</u>	<u>309</u>	<u>1,982</u>	<u>72,131</u>	Total liabilities
					Fund balances (Note 14):
-	5	14	343	138,512	Reserved:
-	-	-	1	32,782	Unreserved:
1,058	1,355	575	19,356	185,879	Designated
<u>1,058</u>	<u>1,360</u>	<u>589</u>	<u>19,700</u>	<u>357,173</u>	Undesignated
					Total fund balances
<u>\$ 1,075</u>	<u>\$ 1,428</u>	<u>\$ 898</u>	<u>\$ 21,682</u>	<u>\$ 429,304</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, 2010  
(Dollars in Thousands)

	Transportation	Community Services	Redevelopment Agency	County Service Areas	Regional Park and Open-Space
<b>REVENUES:</b>					
Taxes	\$ 17,376	\$ 48,945	\$ 18,795	\$ 876	\$ 4,079
Licenses, permits, and franchise fees	2,446	-	-	-	-
Fines, forfeitures, and penalties	1	525	-	-	-
Use of money and property:					
Interest	888	16	294	141	92
Rents and concessions	23	710	84	2	783
Aid from other governmental agencies:					
Federal	19,331	108,490	-	-	-
State	27,824	4,351	-	12	227
Other	9,223	13,016	1,071	8	129
Charges for services	30,044	638	-	8,250	4,143
Other revenue	2,930	7,117	223	131	98
Total revenues	<u>110,086</u>	<u>183,808</u>	<u>20,467</u>	<u>9,420</u>	<u>9,551</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	21,138	6,157	-	-
Public protection	6,526	-	-	-	56
Public ways and facilities	118,436	-	-	3,838	-
Health and sanitation	-	3,996	-	764	-
Public assistance	-	100,495	-	-	-
Education	-	18,359	-	-	-
Recreation and culture	-	-	-	712	10,173
Debt service:					
Principal	1,210	332	-	-	-
Interest	137	-	-	-	-
Cost of issuance	-	-	510	-	-
Capital outlay	-	-	-	-	50
Total expenditures	<u>126,309</u>	<u>144,320</u>	<u>6,667</u>	<u>5,314</u>	<u>10,279</u>
Excess (deficiency) of revenues over (under) expenditures	(16,223)	39,488	13,800	4,106	(728)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	33,964	26,084	-	709	3,028
Transfers out	(17,119)	(71,497)	(8,964)	(2,418)	(2,139)
Issuance of debt	-	-	58,568	-	-
Discount on long-term debt	-	-	(626)	-	-
Total other financing sources (uses)	<u>16,845</u>	<u>(45,413)</u>	<u>48,978</u>	<u>(1,709)</u>	<u>889</u>
<b>NET CHANGE IN FUND BALANCES</b>	622	(5,925)	62,778	2,397	161
Fund balances, beginning of year, as previously reported	104,376	39,889	100,776	15,221	14,171
Adjustments to beginning fund balances	-	-	-	-	-
Fund balances, beginning of year, as restated	<u>104,376</u>	<u>39,889</u>	<u>100,776</u>	<u>15,221</u>	<u>14,171</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 104,998</u>	<u>\$ 33,964</u>	<u>\$ 163,554</u>	<u>\$ 17,618</u>	<u>\$ 14,332</u>

Air Quality Improvement	In-Home Support Services	Perris Valley Cemetery	Other Special Revenue	Total	
\$ -	\$ -	\$ 207	\$ 810	\$ 91,088	REVENUES:
-	-	-	27	2,473	Taxes
-	-	-	981	1,507	Licenses, permits, and franchise fees
9	5	12	166	1,623	Fines, forfeitures, and penalties
-	-	-	5,803	7,405	Use of money and property:
-	1,248	-	2,295	131,364	Interest
518	808	3	1,835	35,578	Rents and concessions
-	-	-	5	23,452	Aid from other governmental agencies:
-	-	205	8,799	52,079	Federal
-	-	6	349	10,854	State
527	2,061	433	21,070	357,423	Other
					Charges for services
					Other revenue
					Total revenues
					EXPENDITURES:
258	-	-	4,544	32,097	Current:
-	-	444	4,171	11,197	General government
-	-	-	7,401	129,675	Public protection
-	1,852	-	1,564	8,176	Public ways and facilities
-	-	-	-	100,495	Health and sanitation
-	-	-	-	18,359	Public assistance
-	-	-	-	10,885	Education
-	-	-	-	-	Recreation and culture
-	-	-	-	1,542	Debt service:
-	-	-	-	137	Principal
-	-	-	-	510	Interest
-	-	-	-	73	Cost of issuance
-	-	23	-	73	Capital outlay
258	1,852	467	17,680	313,146	Total expenditures
					Excess (deficiency) of revenues
269	209	(34)	3,390	44,277	over (under) expenditures
					OTHER FINANCING SOURCES (USES):
-	163	2	2,170	66,120	Transfers in
(543)	(555)	(74)	(6,122)	(109,431)	Transfers out
-	-	-	-	58,568	Issuance of debt
-	-	-	-	(626)	Discount on long-term debt
(543)	(392)	(72)	(3,952)	14,631	Total other financing sources (uses)
(274)	(183)	(106)	(562)	58,908	NET CHANGE IN FUND BALANCES
1,332	1,543	959	20,262	298,529	Fund balances, beginning of year,
-	-	(264)	-	(264)	as previously reported
1,332	1,543	695	20,262	298,265	Adjustments to beginning fund balances
					Fund balances, beginning of year, as restated
\$ 1,058	\$ 1,360	\$ 589	\$ 19,700	\$ 357,173	FUND BALANCES, END OF YEAR

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Transportation Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 23,938	\$ 23,938	\$ 17,376	\$ (6,562)
License, permits, and franchise fees	2,330	2,330	2,446	116
Fines, forfeitures, and penalties	1	1	1	-
Use of money and property:				
Interest	2,787	2,787	888	(1,899)
Rents and concessions	22	22	23	1
Aid from other governmental agencies:				
Federal	30,049	30,049	19,331	(10,718)
State	30,722	30,722	27,824	(2,898)
Other	8,000	8,000	9,223	1,223
Charges for current services	86,493	56,112	30,044	(26,068)
Other revenue	14,325	11,274	2,930	(8,344)
Total revenues	<u>198,667</u>	<u>165,235</u>	<u>110,086</u>	<u>(55,149)</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	9,873	8,274	6,526	(1,748)
Public ways and facilities	186,010	171,871	118,436	(53,435)
Debt service:				
Principal	1,393	1,303	1,210	(93)
Interest	184	174	137	(37)
Total expenditures	<u>197,460</u>	<u>181,622</u>	<u>126,309</u>	<u>(55,313)</u>
Excess (deficiency) of revenues over (under) expenditures	1,207	(16,387)	(16,223)	164
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	33,964	33,964	-
Transfers out	-	(17,119)	(17,119)	-
Total other financing sources (uses)	<u>-</u>	<u>16,845</u>	<u>16,845</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,207	458	622	164
Fund balance, beginning of year	<u>104,376</u>	<u>104,376</u>	<u>104,376</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 105,583</u>	<u>\$ 104,834</u>	<u>\$ 104,998</u>	<u>\$ 164</u>

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Community Services Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2010  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 64,213	\$ 64,213	\$ 48,945	\$ (15,268)
Fines, forfeitures, and penalties	169	323	525	202
Use of money and property:				
Interest	41	41	16	(25)
Rents and concessions	711	711	710	(1)
Aid from other governmental agencies:				
Federal	126,867	158,840	108,490	(50,350)
State	4,380	4,121	4,351	230
Other	13,158	13,338	13,016	(322)
Charges for current services	23,076	4,499	638	(3,861)
Other revenue	9,712	3,932	7,117	3,185
Total revenues	<u>242,327</u>	<u>250,018</u>	<u>183,808</u>	<u>(66,210)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	37,842	40,843	21,138	(19,705)
Public protection	63,905	12,752	-	(12,752)
Health and sanitation	3,177	6,865	3,996	(2,869)
Public assistance	124,726	134,477	100,495	(33,982)
Education	23,454	21,283	18,359	(2,924)
Debt service:				
Principal	1,859	1,142	332	(810)
Total expenditures	<u>254,963</u>	<u>217,362</u>	<u>144,320</u>	<u>(73,042)</u>
Excess (deficiency) of revenues over (under) expenditures	(12,636)	32,656	39,488	6,832
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	26,084	26,084	-
Transfers out	-	(71,497)	(71,497)	-
Total other financing sources (uses)	<u>-</u>	<u>(45,413)</u>	<u>(45,413)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(12,636)	(12,757)	(5,925)	6,832
Fund balance, beginning of year	39,889	39,889	39,889	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 27,253</u>	<u>\$ 27,132</u>	<u>\$ 33,964</u>	<u>\$ 6,832</u>

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Redevelopment Agency Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2010  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 19,411	\$ 19,411	\$ 18,795	\$ (616)
Use of money and property:				
Interest	828	828	294	(534)
Rents and concessions	-	-	84	84
Aid from other governmental agencies:				
Other	34,348	34,348	1,071	(33,277)
Other revenue	2,027	108	223	115
Total revenues	<u>56,614</u>	<u>54,695</u>	<u>20,467</u>	<u>(34,228)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	56,613	46,595	6,157	(40,438)
Cost of issuance	-	510	510	-
Total expenditures	<u>56,613</u>	<u>47,105</u>	<u>6,667</u>	<u>(40,438)</u>
Excess (deficiency) of revenues over (under) expenditures	1	7,590	13,800	6,210
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(8,964)	(8,964)	-
Issuance of debt	-	2,000	58,568	56,568
Discount on long-term debt	-	(626)	(626)	-
Total other financing sources (uses)	<u>-</u>	<u>(7,590)</u>	<u>48,978</u>	<u>56,568</u>
<b>NET CHANGE IN FUND BALANCE</b>	1	-	62,778	62,778
Fund balance, beginning of year	100,776	100,776	100,776	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 100,777</u>	<u>\$ 100,776</u>	<u>\$ 163,554</u>	<u>\$ 62,778</u>



**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**County Service Areas Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 702	\$ 702	\$ 876	\$ 174
Use of money and property:				
Interest	250	250	141	(109)
Rents and concessions	-	-	2	2
Aid from other governmental agencies:				
State	8	8	12	4
Other	-	-	8	8
Charges for current services	7,487	6,778	8,250	1,472
Other revenue	1,942	2,705	131	(2,574)
Total revenues	10,389	10,443	9,420	(1,023)
<b>EXPENDITURES:</b>				
Current:				
Public protection	443	308	-	(308)
Public ways and facilities	7,827	6,681	3,838	(2,843)
Health and sanitation	800	800	764	(36)
Recreation and cultural services	1,319	1,151	712	(439)
Total expenditures	10,389	8,940	5,314	(3,626)
Excess (deficiency) of revenues over (under) expenditures	-	1,503	4,106	2,603
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	709	709	-
Transfers out	-	(2,418)	(2,418)	-
Total other financing sources (uses)	-	(1,709)	(1,709)	-
<b>NET CHANGE IN FUND BALANCE</b>	-	(206)	2,397	2,603
Fund balance, beginning of year	15,221	15,221	15,221	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 15,221	\$ 15,015	\$ 17,618	\$ 2,603

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Regional Park and Open-Space Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 4,598	\$ 4,284	\$ 4,079	\$ (205)
Use of money and property:				
Interest	343	328	92	(236)
Rents and concessions	674	674	783	109
Aid from other governmental agencies:				
State	401	401	227	(174)
Other	95	140	129	(11)
Charges for current services	5,963	4,495	4,143	(352)
Other revenue	1,015	36	98	62
Total revenues	13,089	10,358	9,551	(807)
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public protection	5	172	56	(116)
Recreation and cultural services	14,775	13,235	10,173	(3,062)
Capital outlay	332	307	50	(257)
Total expenditures	15,112	13,714	10,279	(3,435)
Excess (deficiency) of revenues over (under) expenditures	(2,023)	(3,356)	(728)	2,628
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	3,028	3,028	-
Transfers out	-	(2,139)	(2,139)	-
Total other financing sources (uses)	-	889	889	-
<b>NET CHANGE IN FUND BALANCE</b>	(2,023)	(2,467)	161	2,628
Fund balance, beginning of year	14,171	14,171	14,171	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 12,148	\$ 11,704	\$ 14,332	\$ 2,628

**COUNTY OF RIVERSIDE**  
 Budgetary Comparison Schedule  
 Air Quality Improvement Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2010  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ 20	\$ 9	\$ (11)
Aid from other governmental agencies:				
State	-	650	518	(132)
Total revenues	-	670	527	(143)
<b>EXPENDITURES:</b>				
Current:				
General government	-	682	258	(424)
Total expenditures	-	682	258	(424)
Excess (deficiency) of revenues over (under) expenditures	-	(12)	269	281
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(543)	(543)	-
Total other financing sources (uses)	-	(543)	(543)	-
<b>NET CHANGE IN FUND BALANCE</b>	-	(555)	(274)	281
Fund balance, beginning of year	1,332	1,332	1,332	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 1,332	\$ 777	\$ 1,058	\$ 281

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**In-Home Support Services Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(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>		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ -	\$ -	\$ 5	\$ 5
Aid from other governmental agencies:				
Federal	1,307	1,307	1,248	(59)
State	1,378	1,215	808	(407)
Total revenues	<u>2,685</u>	<u>2,522</u>	<u>2,061</u>	<u>(461)</u>
<b>EXPENDITURES:</b>				
Current:				
Health and sanitation	3,505	2,950	1,852	(1,098)
Total expenditures	<u>3,505</u>	<u>2,950</u>	<u>1,852</u>	<u>(1,098)</u>
Excess (deficiency) of revenues over (under) expenditures	(820)	(428)	209	637
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	163	163	-
Transfers out	-	(555)	(555)	-
Total other financing sources (uses)	<u>-</u>	<u>(392)</u>	<u>(392)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(820)	(820)	(183)	637
Fund balance, beginning of year	1,543	1,543	1,543	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 723</u>	<u>\$ 723</u>	<u>\$ 1,360</u>	<u>\$ 637</u>

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Perris Valley Cemetery Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 231	\$ 231	\$ 207	\$ (24)
Interest	15	15	12	(3)
Aid from other governmental agencies:				
State	-	-	3	3
Charges for current services	354	352	205	(147)
Other revenue	-	-	6	6
Total revenues	<u>600</u>	<u>598</u>	<u>433</u>	<u>(165)</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	490	416	444	28
Capital outlay	110	110	23	(87)
Total expenditures	<u>600</u>	<u>526</u>	<u>467</u>	<u>(59)</u>
Excess (deficiency) of revenues over (under) expenditures	-	72	(34)	(106)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	2	2	-
Transfers out	-	(74)	(74)	-
Total other financing sources / (uses)	<u>-</u>	<u>(72)</u>	<u>(72)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(106)	(106)
Fund balance, beginning of year, as previously reported	959	959	959	-
Adjustments to beginning fund balance	-	-	(264)	(264)
Fund balance, beginning of year, restated	<u>959</u>	<u>959</u>	<u>695</u>	<u>(264)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 959</u>	<u>\$ 959</u>	<u>\$ 589</u>	<u>\$ (370)</u>

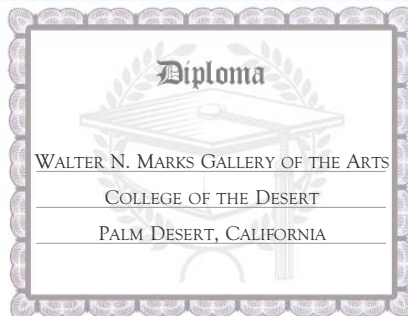
**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 908	\$ 906	\$ 810	\$ (96)
License, permits, and franchise fees	20	23	27	4
Fines, forfeitures, and penalties	-	-	981	981
Use of money and property:				
Interest	181	181	166	(15)
Rents and concessions	5,987	6,117	5,803	(314)
Aid from other governmental agencies:				
Federal	2,780	4,510	2,295	(2,215)
State	2,065	2,397	1,835	(562)
Other	-	-	5	5
Charges for current services	6,087	5,279	8,799	3,520
Other revenue	1,407	1,102	349	(753)
Total revenues	19,435	20,515	21,070	555
<b>EXPENDITURES:</b>				
Current:				
General government	4,845	5,087	4,544	(543)
Public protection	5,621	4,962	4,171	(791)
Public ways and facilities	11,337	11,037	7,401	(3,636)
Health and sanitation	1,824	1,982	1,564	(418)
Total expenditures	23,627	23,068	17,680	(5,388)
Excess (deficiency) of revenues over (under) expenditures	(4,192)	(2,553)	3,390	5,943
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	2,170	2,170	-
Transfers out	-	(6,122)	(6,122)	-
Total other financing sources (uses)	-	(3,952)	(3,952)	-
<b>NET CHANGE IN FUND BALANCE</b>	(4,192)	(6,505)	(562)	5,943
Fund balance, beginning of year	20,262	20,262	20,262	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 16,070	\$ 13,757	\$ 19,700	\$ 5,943

# DEBT SERVICE FUNDS



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 Financing Corporation 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 Employees' 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, 2010

(Dollars in Thousands)

	<u>CORAL</u>	<u>Redevelopment Agency</u>	<u>District Court Financing Corporation</u>	<u>Bankruptcy Court</u>
<b>ASSETS:</b>				
Cash and investments	\$ -	\$ 49,045	\$ -	\$ -
Accounts receivable	-	391	-	-
Interest receivable	2	98	-	-
Restricted cash and investments	<u>44,452</u>	<u>-</u>	<u>1,233</u>	<u>6,773</u>
Total assets	<u><u>\$ 44,454</u></u>	<u><u>\$ 49,534</u></u>	<u><u>\$ 1,233</u></u>	<u><u>\$ 6,773</u></u>
 <b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	\$ 223	\$ 617	\$ -	\$ -
Due to other funds	<u>-</u>	<u>3,005</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>223</u>	<u>3,622</u>	<u>-</u>	<u>-</u>
Fund balances (Note 14):				
Reserved	<u>44,231</u>	<u>45,912</u>	<u>1,233</u>	<u>6,773</u>
Total fund balances	<u>44,231</u>	<u>45,912</u>	<u>1,233</u>	<u>6,773</u>
Total liabilities and fund balances	<u><u>\$ 44,454</u></u>	<u><u>\$ 49,534</u></u>	<u><u>\$ 1,233</u></u>	<u><u>\$ 6,773</u></u>

Pension Obligation	Inland Empire Tobacco Securitization Authority	Total
\$ 10,062	\$ -	\$ 59,107
1,198	-	1,589
10	65	175
-	18,011	70,469
<u>\$ 11,270</u>	<u>\$ 18,076</u>	<u>\$ 131,340</u>

ASSETS:

Cash and investments	\$ 59,107
Accounts receivable	1,589
Interest receivable	175
Restricted cash and investments	70,469
Total assets	<u>\$ 131,340</u>

LIABILITIES AND FUND BALANCES:

Liabilities:

\$ 289	\$ -	\$ 1,129
-	-	3,005
<u>289</u>	<u>-</u>	<u>4,134</u>

Accounts payable	\$ 1,129
Due to other funds	3,005

Total liabilities

Fund balances (Note 14):

10,981	18,076	127,206
<u>10,981</u>	<u>18,076</u>	<u>127,206</u>
<u>\$ 11,270</u>	<u>\$ 18,076</u>	<u>\$ 131,340</u>

Reserved

Total fund balances

Total liabilities and fund balances

**COUNTY OF RIVERSIDE**

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

Debt Service Funds

For the Fiscal Year Ended June 30, 2010

(Dollars in Thousands)

	CORAL	Redevelopment Agency	District Court Financing Corporation
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES:			
Taxes	\$ -	\$ 75,182	\$ -
Use of money and property:			
Interest	490	573	22
Rents and concessions	924	-	2,382
Aid from other governmental agencies:			
Other	-	4,283	-
Charges for services	-	-	-
Other revenue	-	-	-
Total revenues	<u>1,414</u>	<u>80,038</u>	<u>2,404</u>
EXPENDITURES:			
Current:			
General government	1,285	54,656	3
Debt service:			
Principal	16,885	10,664	1,232
Interest	16,600	28,115	554
Cost of issuance	1,309	-	-
Capital outlay	-	-	208
Total expenditures	<u>36,079</u>	<u>93,435</u>	<u>1,997</u>
Excess (deficiency) of revenues over (under) expenditures	(34,665)	(13,397)	407
OTHER FINANCING SOURCES (USES):			
Transfers in	91,014	10,229	-
Transfers out	(56,930)	(27,901)	-
Issuance of debt	-	8,177	-
Issuance of refunding bonds	70,365	-	-
Premium on long-term debt	787	150	-
Redemption of refunded debt	(65,713)	-	-
Total other financing sources (uses)	<u>39,523</u>	<u>(9,345)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,858	(22,742)	407
Fund balances, beginning of year	39,373	68,654	826
FUND BALANCES, END OF YEAR	<u>\$ 44,231</u>	<u>\$ 45,912</u>	<u>\$ 1,233</u>

Bankruptcy Court	Pension Obligation	Inland Empire Tobacco Securitization Authority	Total	
\$ -	\$ -	\$ -	\$ 75,182	REVENUES:
				Taxes
2	715	842	2,644	Use of money and property:
2,468	-	-	5,774	Interest
				Rents and concessions
-	-	-	4,283	Aid from other governmental agencies:
-	2,152	-	2,152	Other
-	1	5,653	5,654	Charges for services
2,470	2,868	6,495	95,689	Other revenue
				Total revenues
				EXPENDITURES:
				Current:
2	14,435	153	70,534	General government
				Debt service:
835	3,425	3,610	36,651	Principal
613	18,254	3,794	67,930	Interest
-	-	-	1,309	Cost of issuance
563	-	-	771	Capital outlay
2,013	36,114	7,557	177,195	Total expenditures
				Excess (deficiency) of revenues
457	(33,246)	(1,062)	(81,506)	over (under) expenditures
				OTHER FINANCING SOURCES (USES):
-	30,966	-	132,209	Transfers in
-	-	-	(84,831)	Transfers out
-	-	-	8,177	Issuance of debt
-	-	-	70,365	Issuance of refunding bonds
-	-	-	937	Premium on long-term debt
-	-	-	(65,713)	Redemption of refunded debt
-	30,966	-	61,144	Total other financing sources (uses)
457	(2,280)	(1,062)	(20,362)	NET CHANGE IN FUND BALANCES
6,316	13,261	19,138	147,568	Fund balances, beginning of year
\$ 6,773	\$ 10,981	\$ 18,076	\$ 127,206	FUND BALANCES, END OF YEAR

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Redevelopment Agency Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 77,643	\$ 77,643	\$ 75,182	\$ (2,461)
Use of money and property:				
Interest	795	795	573	(222)
Aid from other governmental agencies:				
Other	324	4,000	4,283	283
Other revenue	10,230	5,720	-	(5,720)
Total revenues	88,992	88,158	80,038	(8,120)
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	88,992	55,832	54,656	(1,176)
<b>Debt service:</b>				
Principal	-	10,664	10,664	-
Interest	-	28,115	28,115	-
Total expenditures	88,992	94,611	93,435	(1,176)
Excess (deficiency) of revenues over (under) expenditures	-	(6,453)	(13,397)	(6,944)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	10,229	10,229	-
Transfers out	-	(27,901)	(27,901)	-
Issuance of debt	-	-	8,177	8,177
Premium on long-term debt	-	-	150	150
Total other financing sources (uses)	-	(17,672)	(9,345)	8,327
<b>NET CHANGE IN FUND BALANCE</b>	-	(24,125)	(22,742)	1,383
Fund balance, beginning of year	68,654	68,654	68,654	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 68,654	\$ 44,529	\$ 45,912	\$ 1,383

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Pension Obligation Bond Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ -	\$ -	\$ 715	\$ 715
Charges for current services	7,424	7,424	2,152	(5,272)
Other revenue	-	-	1	1
Total revenues	<u>7,424</u>	<u>7,424</u>	<u>2,868</u>	<u>(4,556)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	16,711	16,711	14,435	(2,276)
Debt service:				
Principal	3,425	3,425	3,425	-
Interest	18,254	18,254	18,254	-
Total expenditures	<u>38,390</u>	<u>38,390</u>	<u>36,114</u>	<u>(2,276)</u>
Excess (deficiency) of revenues over (under) expenditures	(30,966)	(30,966)	(33,246)	(2,280)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	30,966	30,966	30,966	-
Total other financing sources (uses)	<u>30,966</u>	<u>30,966</u>	<u>30,966</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(2,280)	(2,280)
Fund balance, beginning of year	13,261	13,261	13,261	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 13,261</u>	<u>\$ 13,261</u>	<u>\$ 10,981</u>	<u>\$ (2,280)</u>



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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.

### **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, 2010

(Dollars in Thousands)

	<u>PSEC</u>	<u>CORAL</u>	<u>Flood Control</u>
<b>ASSETS:</b>			
Cash and investments	\$ -	\$ -	\$ 356
Interest receivable	-	22	-
Due from other governments	33	-	-
Prepaid items	390	-	-
Restricted cash and investments	-	65,590	-
Total assets	<u>\$ 423</u>	<u>\$ 65,612</u>	<u>\$ 356</u>
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts payable	\$ 228	\$ 5,461	\$ -
Salaries and benefits payable	104	-	-
Due to other funds	18	-	-
Advances from other funds	-	-	-
Total liabilities	<u>350</u>	<u>5,461</u>	<u>-</u>
Fund balances (Note 14):			
Reserved	73	60,151	-
Unreserved:			
Designated	-	-	356
Total fund balances	<u>73</u>	<u>60,151</u>	<u>356</u>
Total liabilities and fund balances	<u>\$ 423</u>	<u>\$ 65,612</u>	<u>\$ 356</u>

Regional Park and Open-Space	CREST	Total	
\$ 10,665	\$ 4,425	\$ 15,446	ASSETS:
15	5	42	Cash and investments
689	-	722	Interest receivable
-	-	390	Due from other governments
-	-	65,590	Prepaid items
<u>11,369</u>	<u>4,430</u>	<u>82,190</u>	Restricted cash and investments
			Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
\$ 1,349	\$ 34	\$ 7,072	Accounts payable
-	49	153	Salaries and benefits payable
-	-	18	Due to other funds
2,050	-	2,050	Advances from other funds
<u>3,399</u>	<u>83</u>	<u>9,293</u>	Total liabilities
			Fund balances (Note 14):
592	4,347	65,163	Reserved
7,378	-	7,734	Unreserved:
<u>7,970</u>	<u>4,347</u>	<u>72,897</u>	Designated
			Total fund balances
<u>\$ 11,369</u>	<u>\$ 4,430</u>	<u>\$ 82,190</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, 2010  
 (Dollars in Thousands)

	<u>PSEC</u>	<u>CORAL</u>	<u>Flood Control</u>
<b>REVENUES:</b>			
Interest	\$ (24)	\$ 175	\$ 2
Aid from other governmental agencies:			
Federal	33	-	-
State	-	-	-
Charges for services	-	-	-
Other revenue	-	-	-
Total revenues	<u>9</u>	<u>175</u>	<u>2</u>
<b>EXPENDITURES:</b>			
Current:			
General government	5,192	170	-
Recreation and culture	-	-	-
Debt service:			
Principal	-	21,227	-
Capital outlay	-	-	413
Total expenditures	<u>5,192</u>	<u>21,397</u>	<u>413</u>
Excess (deficiency) of revenues over (under) expenditures	(5,183)	(21,222)	(411)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	882	264	600
Transfers out	<u>(1,108)</u>	<u>(933)</u>	<u>-</u>
Total other financing sources (uses)	<u>(226)</u>	<u>(669)</u>	<u>600</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5,409)	(21,891)	189
Fund balances, beginning of year, as previously reported	15,926	82,042	167
Adjustments to beginning fund balances	<u>(10,444)</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year, restated	<u>5,482</u>	<u>82,042</u>	<u>167</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 73</u></u>	<u><u>\$ 60,151</u></u>	<u><u>\$ 356</u></u>

Regional Park and Open-Space	CREST	Total	
\$ 183	\$ 27	\$ 363	REVENUES:
-	-	33	Interest
551	-	551	Aid from other governmental agencies:
-	1,893	1,893	Federal
40	-	40	State
<u>774</u>	<u>1,920</u>	<u>2,880</u>	Charges for services
			Other revenue
			Total revenues
			EXPENDITURES:
			Current:
-	2,099	7,461	General government
1,423	-	1,423	Recreation and culture
			Debt service:
-	-	21,227	Principal
7,569	-	7,982	Capital outlay
<u>8,992</u>	<u>2,099</u>	<u>38,093</u>	Total expenditures
			Excess (deficiency) of revenues
(8,218)	(179)	(35,213)	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
6,411	2,187	10,344	Transfers in
(592)	(304)	(2,937)	Transfers out
<u>5,819</u>	<u>1,883</u>	<u>7,407</u>	Total other financing sources (uses)
(2,399)	1,704	(27,806)	NET CHANGE IN FUND BALANCES
10,369	2,643	111,147	Fund balances, beginning of year,
-	-	(10,444)	as previously reported
<u>10,369</u>	<u>2,643</u>	<u>100,703</u>	Adjustments to beginning fund balances
			Fund balances, beginning of year, restated
<u>\$ 7,970</u>	<u>\$ 4,347</u>	<u>\$ 72,897</u>	FUND BALANCES, END OF YEAR

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**PSEC Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ -	\$ -	\$ (24)	\$ (24)
Aid from other governmental agencies:				
Federal	-	697	33	(664)
Other revenue	4,349	4,176	-	(4,176)
Total revenues	<u>4,349</u>	<u>4,873</u>	<u>9</u>	<u>(4,864)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	5,849	7,072	5,192	(1,880)
Total expenditures	<u>5,849</u>	<u>7,072</u>	<u>5,192</u>	<u>(1,880)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,500)</u>	<u>(2,199)</u>	<u>(5,183)</u>	<u>(2,984)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	882	882	-
Transfers out	-	(1,108)	(1,108)	-
Total other financing sources (uses)	<u>-</u>	<u>(226)</u>	<u>(226)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,500)	(2,425)	(5,409)	(2,984)
Fund balance, beginning of year, as previously reported	5,482	5,482	15,926	10,444
Adjustments to beginning fund balance	-	-	(10,444)	(10,444)
Fund balance, beginning of year, restated	<u>5,482</u>	<u>5,482</u>	<u>5,482</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,982</u>	<u>\$ 3,057</u>	<u>\$ 73</u>	<u>\$ (2,984)</u>



**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Flood Control Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(Dollars in Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 2	\$ 2
Charges for current services	1	1	-	(1)
Other revenue	4,975	4,375	-	(4,375)
Total revenues	4,976	4,376	2	(4,374)
<b>EXPENDITURES:</b>				
Capital outlay	4,975	4,975	413	(4,562)
Total expenditures	4,975	4,975	413	(4,562)
Excess (deficiency) of revenues over (under) expenditures	1	(599)	(411)	188
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	600	600	-
Total other financing sources (uses)	-	600	600	-
<b>NET CHANGE IN FUND BALANCE</b>	1	1	189	188
Fund balance, beginning of year	167	167	167	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 168	\$ 168	\$ 356	\$ 188

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**Regional Park and Open-Space District Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 244	\$ 226	\$ 183	\$ (43)
Aid from other governmental agencies:				
State	2,937	2,937	551	(2,386)
Other revenue	12,825	10,215	40	(10,175)
Total revenues	16,006	13,378	774	(12,604)
<b>EXPENDITURES:</b>				
Current:				
Recreation and cultural services	4,608	5,399	1,423	(3,976)
Capital outlay	13,232	15,632	7,569	(8,063)
Total expenditures	17,840	21,031	8,992	(12,039)
Excess (deficiency) of revenues over (under) expenditures	(1,834)	(7,653)	(8,218)	(565)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	6,411	6,411	-
Transfers out	-	(592)	(592)	-
Total other financing sources (uses)	-	5,819	5,819	-
<b>NET CHANGE IN FUND BALANCE</b>	(1,834)	(1,834)	(2,399)	(565)
Fund balance, beginning of year	10,369	10,369	10,369	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 8,535</u>	<u>\$ 8,535</u>	<u>\$ 7,970</u>	<u>\$ (565)</u>

**COUNTY OF RIVERSIDE**  
**Budgetary Comparison Schedule**  
**CREST Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**  
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property:				
Interest	\$ 5	\$ 5	\$ 27	\$ 22
Charges for current services	2,000	2,000	1,893	(107)
Other revenue	2,437	250	-	(250)
Total revenues	4,442	2,255	1,920	(335)
<b>EXPENDITURES:</b>				
Current:				
General government	5,289	4,985	2,099	(2,886)
Total expenditures	5,289	4,985	2,099	(2,886)
Excess (deficiency) of revenues over (under) expenditures	(847)	(2,730)	(179)	2,551
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	2,187	2,187	-
Transfers out	-	(304)	(304)	-
Total other financing sources (uses)	-	1,883	1,883	-
<b>NET CHANGE IN FUND BALANCE</b>	(847)	(847)	1,704	2,551
Fund balance, beginning of year	2,643	2,643	2,643	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 1,796	\$ 1,796	\$ 4,347	\$ 2,551



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# PERMANENT FUNDS





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# COUNTY OF RIVERSIDE

## PERMANENT FUNDS

### PERRIS VALLEY CEMETERY ENDOWMENT FUND

This fund is used to account for financial resources to be used for future maintenance of the Cemetery. The resources are derived from an endowment care fee assessed on each sale of a burial right and earnings on these resources. Only income earned on these resources may be used for services, supplies or capital asset acquisition. The principal must be preserved intact.



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**COUNTY OF RIVERSIDE**  
 Combining Balance Sheet  
 Permanent Fund  
 June 30, 2010  
 (Dollars in Thousands)

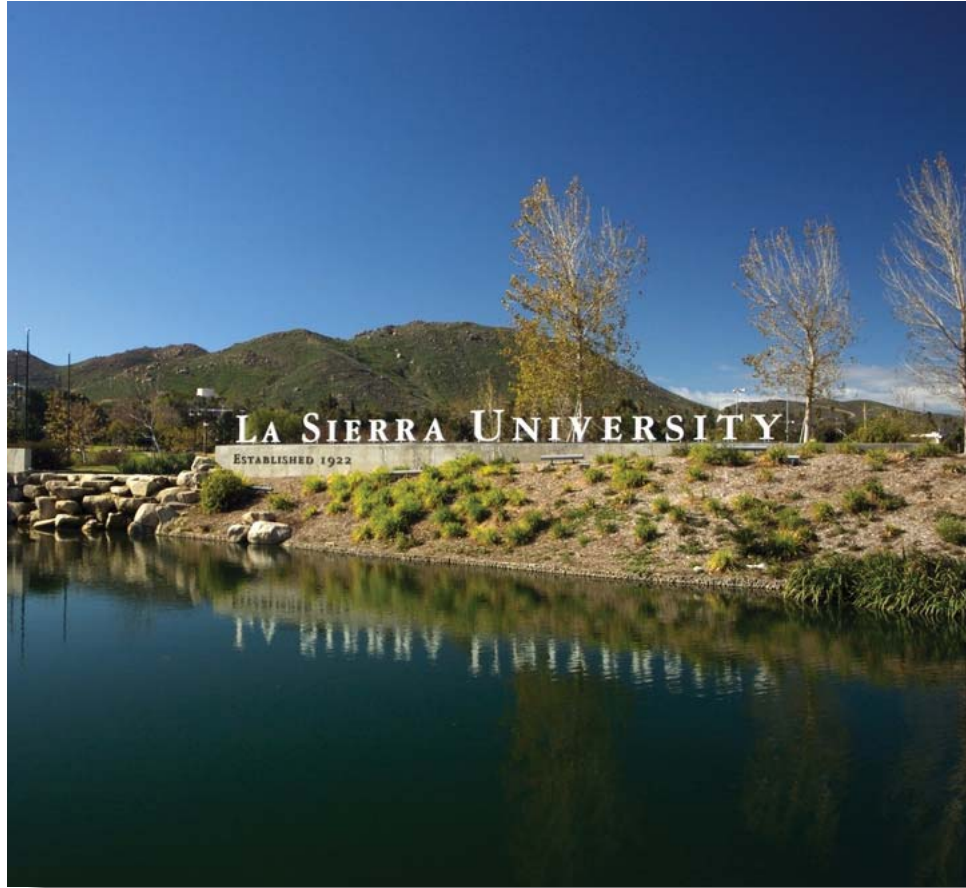
	Perris Valley Cemetery Endowment Fund
	<u>                    </u>
<b>ASSETS:</b>	
Cash and investments	\$ 438
Interest receivable	<u>1</u>
Total assets	<u><u>\$ 439</u></u>
 <b>LIABILITIES AND FUND BALANCES:</b>	
Liabilities:	
Total liabilities	<u>-</u>
 Fund balances (Note 14):	
Reserved	<u>439</u>
Total fund balances	<u>439</u>
Total liabilities and fund balances	<u><u>\$ 439</u></u>

**COUNTY OF RIVERSIDE**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Permanent Fund  
For the Fiscal Year Ended June 30, 2010  
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
REVENUES:	
Charges for services	\$ 24
Total revenues	24
EXPENDITURES:	
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	24
OTHER FINANCING SOURCES (USES):	
Transfers in	45
Total other financing sources (uses)	45
NET CHANGE IN FUND BALANCES	69
Fund balances, beginning of year	370
FUND BALANCES, END OF YEAR	\$ 439

# NONMAJOR ENTERPRISE FUNDS

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, 2010  
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
<b>ASSETS:</b>				
Current assets:				
Cash and investments	\$ 243	\$ 13,237	\$ 2,176	\$ 15,656
Accounts receivable-net	-	133	1,566	1,699
Interest receivable	-	-	12	12
Taxes receivable	8	-	-	8
Due from other governments	-	1,236	72	1,308
Restricted cash and investments	-	186	2,949	3,135
Prepaid items and deposits	-	17	-	17
Total current assets	<u>251</u>	<u>14,809</u>	<u>6,775</u>	<u>21,835</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	-	6,071	-	6,071
Depreciable assets	30	10,497	13	10,540
Total noncurrent assets	<u>30</u>	<u>16,568</u>	<u>13</u>	<u>16,611</u>
Total assets	<u>281</u>	<u>31,377</u>	<u>6,788</u>	<u>38,446</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	9	45	3,027	3,081
Salaries and benefits payable	-	-	21	21
Due to other governments	-	7	-	7
Interest payable	-	8	-	8
Deposits payable	49	-	-	49
Other liabilities	-	2,392	393	2,785
Compensated absences	-	97	11	108
Bonds payable	-	120	-	120
Total current liabilities	<u>58</u>	<u>2,669</u>	<u>3,452</u>	<u>6,179</u>
Noncurrent portion of long-term liabilities:				
Noncurrent liabilities:				
Compensated absences	-	882	61	943
Bonds payable	-	734	-	734
Other long-term liabilities	-	6,795	-	6,795
Total noncurrent liabilities	<u>-</u>	<u>8,411</u>	<u>61</u>	<u>8,472</u>
Total liabilities	<u>58</u>	<u>11,080</u>	<u>3,513</u>	<u>14,651</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	30	9,773	13	9,816
Restricted	62	3,500	-	3,562
Unrestricted	131	7,024	3,262	10,417
Total net assets	<u>\$ 223</u>	<u>\$ 20,297</u>	<u>\$ 3,275</u>	<u>\$ 23,795</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, 2010

(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 353	\$ 2,167	\$ 1,293	\$ 3,813
Other	24	78,463	143	78,630
Total operating revenues	<u>377</u>	<u>80,630</u>	<u>1,436</u>	<u>82,443</u>
<b>OPERATING EXPENSES:</b>				
Personnel services	277	7,451	659	8,387
Communications	1	-	-	1
Insurance	1	349	-	350
Maintenance of building and equipment	53	1,835	-	1,888
Supplies	6	-	16	22
Purchased services	-	-	1,033	1,033
Depreciation and amortization	3	1,693	23	1,719
Rents and leases of equipment	8	-	5	13
Public assistance	-	68,356	-	68,356
Utilities	87	600	-	687
Other	18	973	21	1,012
Total operating expenses	<u>454</u>	<u>81,257</u>	<u>1,757</u>	<u>83,468</u>
Operating income (loss)	<u>(77)</u>	<u>(627)</u>	<u>(321)</u>	<u>(1,025)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income	3	63	82	148
Interest expense	-	(169)	-	(169)
Total nonoperating revenues (expenses)	<u>3</u>	<u>(106)</u>	<u>82</u>	<u>(21)</u>
Income (loss) before transfers	<u>(74)</u>	<u>(733)</u>	<u>(239)</u>	<u>(1,046)</u>
Transfers out	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>(158)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(74)</u>	<u>(891)</u>	<u>(239)</u>	<u>(1,204)</u>
Net assets, beginning of year	<u>297</u>	<u>21,188</u>	<u>3,514</u>	<u>24,999</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 223</u>	<u>\$ 20,297</u>	<u>\$ 3,275</u>	<u>\$ 23,795</u>

**COUNTY OF RIVERSIDE**  
Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ending June 30, 2010  
(Dollars in Thousands)

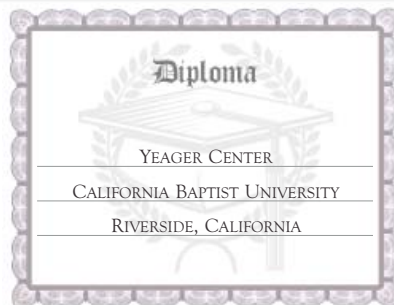
	County Service Areas	Housing Authority	Flood Control	Total
Cash flows from operating activities				
Cash receipts from customers / other funds	\$ 378	\$ 79,670	\$ 1,421	\$ 81,469
Cash paid to suppliers for goods and services	(169)	(72,434)	(594)	(73,197)
Cash paid to employees for services	(277)	(7,352)	(726)	(8,355)
Net cash provided by (used in) operating activities	<u>(68)</u>	<u>(116)</u>	<u>101</u>	<u>(83)</u>
Cash flows from noncapital financing activities				
Transfers paid	-	(158)	-	(158)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(158)</u>	<u>-</u>	<u>(158)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	800	-	800
Acquisition and construction of capital assets	-	(2,610)	-	(2,610)
Principal paid on bonds payable	-	(41)	-	(41)
Interest paid on long-term debt	-	(170)	-	(170)
Net cash used in capital and related financing activities	<u>-</u>	<u>(2,021)</u>	<u>-</u>	<u>(2,021)</u>
Cash flows from investing activities				
Interest received on investments	4	63	91	158
Net cash provided by investing activities	<u>4</u>	<u>63</u>	<u>91</u>	<u>158</u>
Net increase (decrease) in cash and cash equivalents	(64)	(2,232)	192	(2,104)
Cash and cash equivalents, beginning of year	307	15,655	4,933	20,895
Cash and cash equivalents, end of year	<u>\$ 243</u>	<u>\$ 13,423</u>	<u>\$ 5,125</u>	<u>\$ 18,791</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (77)	\$ (627)	\$ (321)	\$ (1,025)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	3	1,693	23	1,719
Decrease (Increase) accounts receivable	-	15	1	16
Decrease (Increase) taxes receivable	1	-	-	1
Decrease (Increase) due from other funds	-	-	4	4
Decrease (Increase) due from other governments	-	(975)	(20)	(995)
Decrease (Increase) prepaid items and deposits	-	(14)	-	(14)
Increase (Decrease) accounts payable	5	44	223	272
Increase (Decrease) due to other funds	-	-	(11)	(11)
Increase (Decrease) other liabilities	-	(351)	269	(82)
Increase (Decrease) salaries and benefits payable	-	-	(31)	(31)
Increase (Decrease) compensated absences	-	99	(36)	63
Net cash provided by (used in) operating activities	<u>\$ (68)</u>	<u>\$ (116)</u>	<u>\$ 101</u>	<u>\$ (83)</u>



# INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS





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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, 2010**  
**(Dollars in Thousands)**

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
<b>ASSETS:</b>					
Current assets:					
Cash and investments	\$ 1,105	\$ 10,576	\$ 19,649	\$ 2,735	\$ 5,163
Accounts receivable-net	12	8	269	33	6
Interest receivable	2	10	26	4	4
Due from other government	-	43	30	58	-
Inventories	-	498	2,089	236	608
Due from other funds	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total current assets	<u>1,119</u>	<u>11,135</u>	<u>22,063</u>	<u>3,066</u>	<u>5,781</u>
Noncurrent assets:					
Capital assets:					
Non depreciable assets	-	1,490	209	-	-
Depreciable assets	<u>266</u>	<u>27,359</u>	<u>5,021</u>	<u>1,336</u>	<u>227</u>
Total noncurrent assets	<u>266</u>	<u>28,849</u>	<u>5,230</u>	<u>1,336</u>	<u>227</u>
Total assets	<u>1,385</u>	<u>39,984</u>	<u>27,293</u>	<u>4,402</u>	<u>6,008</u>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	32	407	601	65	1,987
Salaries and benefits payable	59	148	845	74	31
Due to other funds	-	-	-	-	-
Due to other governments	-	-	1	-	4
Other liabilities	-	1,251	-	-	-
Compensated absences	115	262	1,470	116	51
Capital lease obligation	-	10,246	1,047	222	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	<u>206</u>	<u>12,314</u>	<u>3,964</u>	<u>477</u>	<u>2,073</u>
Noncurrent liabilities:					
Compensated absences	80	284	1,109	19	19
Capital lease obligation	-	6,428	2,181	236	-
Estimated claims liabilities	-	-	-	-	-
Total noncurrent liabilities	<u>80</u>	<u>6,712</u>	<u>3,290</u>	<u>255</u>	<u>19</u>
Total liabilities	<u>286</u>	<u>19,026</u>	<u>7,254</u>	<u>732</u>	<u>2,092</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	266	12,175	2,002	878	227
Unrestricted	<u>833</u>	<u>8,783</u>	<u>18,037</u>	<u>2,792</u>	<u>3,689</u>
Total net assets	<u>\$ 1,099</u>	<u>\$ 20,958</u>	<u>\$ 20,039</u>	<u>\$ 3,670</u>	<u>\$ 3,916</u>

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
					ASSETS:
					Current assets:
\$ 6,001	\$ 182,059	\$ 5,992	\$ 5,640	\$ 238,920	Cash and investments
-	2,115	-	10	2,453	Accounts receivable-net
10	288	-	10	354	Interest receivable
-	411	-	17	559	Due from other government
-	-	-	255	3,686	Inventories
-	-	-	86	86	Due from other funds
-	-	-	1,003	1,003	Restricted cash and investments
<u>6,011</u>	<u>184,873</u>	<u>5,992</u>	<u>7,021</u>	<u>247,061</u>	Total current assets
					Noncurrent assets:
					Capital assets:
-	-	-	-	1,699	Non depreciable assets
<u>2,896</u>	<u>581</u>	<u>5</u>	<u>2,787</u>	<u>40,478</u>	Depreciable assets
<u>2,896</u>	<u>581</u>	<u>5</u>	<u>2,787</u>	<u>42,177</u>	Total noncurrent assets
<u>8,907</u>	<u>185,454</u>	<u>5,997</u>	<u>9,808</u>	<u>289,238</u>	Total assets
					LIABILITIES:
					Current liabilities:
62	10,760	55	217	14,186	Accounts payable
265	834	850	50	3,156	Salaries and benefits payable
-	-	7	-	7	Due to other funds
-	-	-	35	40	Due to other governments
-	413	-	-	1,664	Other liabilities
538	1,325	108	38	4,023	Compensated absences
767	-	-	-	12,282	Capital lease obligation
-	32,718	-	-	32,718	Estimated claims liability
<u>1,632</u>	<u>46,050</u>	<u>1,020</u>	<u>340</u>	<u>68,076</u>	Total current liabilities
					Noncurrent liabilities:
374	812	49	208	2,954	Compensated absences
1,598	-	-	-	10,443	Capital lease obligation
-	84,545	-	-	84,545	Estimated claims liabilities
<u>1,972</u>	<u>85,357</u>	<u>49</u>	<u>208</u>	<u>97,942</u>	Total noncurrent liabilities
<u>3,604</u>	<u>131,407</u>	<u>1,069</u>	<u>548</u>	<u>166,018</u>	Total liabilities
					NET ASSETS:
					Invested in capital assets, net of related debt
531	581	5	2,787	19,452	Unrestricted
<u>4,772</u>	<u>53,466</u>	<u>4,923</u>	<u>6,473</u>	<u>103,768</u>	
<u>\$ 5,303</u>	<u>\$ 54,047</u>	<u>\$ 4,928</u>	<u>\$ 9,260</u>	<u>\$ 123,220</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, 2010

(Dollars in Thousands)

	Records				
	Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 2,633	\$ 32,779	\$ 34,113	\$ 5,096	\$ 8,046
Other revenue	-	336	1	2,475	5,328
<b>Total operating revenues</b>	<b>2,633</b>	<b>33,115</b>	<b>34,114</b>	<b>7,571</b>	<b>13,374</b>
<b>OPERATING EXPENSES:</b>					
Cost of materials used	-	1,510	-	-	-
Personnel services	1,570	3,894	19,835	1,958	814
Communications	49	112	2,075	40	27
Insurance	42	80	148	12	20
Maintenance of building and equipment	128	2,477	2,459	503	117
Insurance claims	-	-	-	-	-
Supplies	62	7,008	567	3,138	11,806
Purchased services	89	406	1,156	1,090	579
Depreciation and amortization	50	11,616	3,662	276	34
Rents and leases of equipment	297	393	1,145	6	-
Utilities	43	105	169	109	-
Other	27	163	620	73	114
<b>Total operating expenses</b>	<b>2,357</b>	<b>27,764</b>	<b>31,836</b>	<b>7,205</b>	<b>13,511</b>
<b>Operating income (loss)</b>	<b>276</b>	<b>5,351</b>	<b>2,278</b>	<b>366</b>	<b>(137)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	9	49	146	19	26
Interest expense	-	(1,796)	(122)	(11)	-
Gain (loss) on disposal of capital assets	-	(107)	(14)	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>9</b>	<b>(1,854)</b>	<b>10</b>	<b>8</b>	<b>26</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>285</b>	<b>3,497</b>	<b>2,288</b>	<b>374</b>	<b>(111)</b>
Capital contributions	-	-	-	-	-
Transfers in	-	-	-	339	-
Transfers out	(37)	(428)	(463)	(44)	(18)
<b>CHANGE IN NET ASSETS</b>	<b>248</b>	<b>3,069</b>	<b>1,825</b>	<b>669</b>	<b>(129)</b>
Net assets, beginning of year, as previously reported	851	16,389	18,214	3,001	4,045
Adjustments to beginning net assets	-	1,500	-	-	-
Net assets, beginning of year, restated	851	17,889	18,214	3,001	4,045
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,099</b>	<b>\$ 20,958</b>	<b>\$ 20,039</b>	<b>\$ 3,670</b>	<b>\$ 3,916</b>

OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
\$ 11,336	\$ 35,165	\$ 19,280	\$ 1,698	\$ 150,146	OPERATING REVENUES:
12	9,725	3	5,170	23,050	Charges for services
					Other revenue
<u>11,348</u>	<u>44,890</u>	<u>19,283</u>	<u>6,868</u>	<u>173,196</u>	Total operating revenues
					OPERATING EXPENSES:
-	-	-	38	1,548	Cost of materials used
6,892	15,676	14,724	2,366	67,729	Personnel services
348	358	67	12	3,088	Communications
21	10,732	12	-	11,067	Insurance
1,754	149	12	535	8,134	Maintenance of building and equipment
-	79,181	-	-	79,181	Insurance claims
212	4,117	152	934	27,996	Supplies
681	3,861	1,538	1,250	10,650	Purchased services
1,009	383	2	1,041	18,073	Depreciation and amortization
573	1,351	205	7	3,977	Rents and leases of equipment
44	75	8	-	553	Utilities
20	2,003	258	663	3,941	Other
<u>11,554</u>	<u>117,886</u>	<u>16,978</u>	<u>6,846</u>	<u>235,937</u>	Total operating expenses
<u>(206)</u>	<u>(72,996)</u>	<u>2,305</u>	<u>22</u>	<u>(62,741)</u>	Operating income (loss)
					NONOPERATING REVENUES (EXPENSES):
60	1,733	(5)	59	2,096	Investment income
(76)	-	-	-	(2,005)	Interest expense
-	-	-	38	(83)	Gain (loss) on disposal of capital assets
<u>(16)</u>	<u>1,733</u>	<u>(5)</u>	<u>97</u>	<u>8</u>	Total nonoperating revenues (expenses)
					Income (loss) before capital contributions and transfers
(222)	(71,263)	2,300	119	(62,733)	Capital contributions
-	57,183	-	-	57,183	Transfers in
-	2,777	-	391	3,507	Transfers out
<u>(163)</u>	<u>(3,071)</u>	<u>(591)</u>	<u>(281)</u>	<u>(5,096)</u>	
(385)	(14,374)	1,709	229	(7,139)	CHANGE IN NET ASSETS
5,688	68,421	3,219	9,031	128,859	Net assets, beginning of year, as previously reported
-	-	-	-	1,500	Adjustments to beginning net assets
<u>5,688</u>	<u>68,421</u>	<u>3,219</u>	<u>9,031</u>	<u>130,359</u>	Net assets, beginning of year, restated
<u>\$ 5,303</u>	<u>\$ 54,047</u>	<u>\$ 4,928</u>	<u>\$ 9,260</u>	<u>\$ 123,220</u>	NET ASSETS, END OF YEAR

**COUNTY OF RIVERSIDE**  
Combining Statements of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2010  
(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	\$ 2,631	\$ 33,151	34,236	\$ 7,616	\$ 13,371
Cash paid to suppliers for goods and services	(706)	(13,916)	(8,698)	(5,160)	(11,630)
Cash paid to employees for services	(1,610)	(3,953)	(20,252)	(1,999)	(824)
Net cash provided (used) by operating activities	315	15,282	5,286	457	917
Cash flows from noncapital financing activities					
Transfers received	-	-	-	339	-
Transfers paid	(37)	(428)	(463)	(44)	(18)
Net cash provided (used) by noncapital financing activities	(37)	(428)	(463)	295	(18)
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	399	-	-	-
Acquisition and construction of capital assets	(67)	(1,019)	(631)	(533)	(1)
Principal paid on capital leases	-	(12,874)	(1,133)	(248)	-
Capital contributions	-	-	-	-	-
Interest paid on long-term debt	-	(1,796)	(122)	(11)	-
Net cash provided (used) by capital and related financing activities	(67)	(15,290)	(1,886)	(792)	(1)
Cash flows from investing activities					
Interest received on investments	9	56	157	21	29
Net cash provided by investing activities	9	56	157	21	29
Net increase (decrease) in cash and cash equivalents	220	(380)	3,094	(19)	927
Cash and cash equivalents, beginning of year	885	10,956	16,555	2,754	4,236
Cash and cash equivalents, end of year	\$ 1,105	\$ 10,576	19,649	\$ 2,735	\$ 5,163
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 276	\$ 5,351	2,278	\$ 366	\$ (137)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	50	11,616	3,662	276	34
Decrease (Increase) accounts receivable	(2)	50	152	2	(3)
Decrease (Increase) due from other funds	-	-	-	-	-
Decrease (Increase) due from other governments	-	(14)	(30)	43	-
Decrease (Increase) inventories	-	80	(612)	(75)	(226)
Increase (Decrease) accounts payable	31	(213)	253	(114)	1,259
Increase (Decrease) due to other funds	-	-	-	-	-
Increase (Decrease) due to other governments	-	-	-	-	-
Increase (Decrease) other liabilities	-	(1,529)	-	-	-
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) salaries and benefits payable	(61)	(140)	(677)	(68)	(26)
Increase (Decrease) compensated absences	21	81	260	27	16
Net cash provided (used) by operating activities	\$ 315	\$ 15,282	5,286	\$ 457	\$ 917
Noncash investing, capital, and financing activities:					
Capital lease obligations		\$ 1,024	1,521		



OASIS Project	Risk Management	Temporary Assistance Pool	Flood Control Equipment	Total	
\$ 11,348	\$ 45,864	\$ 19,283	\$ 6,966	\$ 174,466	Cash flows from operating activities
(3,618)	(100,501)	(2,317)	(3,332)	(149,878)	Cash receipts from internal services provided
(7,099)	(15,957)	(14,510)	(2,377)	(68,581)	Cash paid to suppliers for goods and services
					Cash paid to employees for services
631	(70,594)	2,456	1,257	(43,993)	Net cash provided (used) by operating activities
					Cash flows from noncapital financing activities
-	2,777	-	391	3,507	Transfers received
(163)	(3,071)	(591)	(281)	(5,096)	Transfers paid
(163)	(294)	(591)	110	(1,589)	Net cash provided (used) by noncapital financing activities
					Cash flows from capital and related financing activities
-	-	-	38	437	Proceeds from sale of capital assets
(626)	(439)	-	(896)	(4,212)	Acquisition and construction of capital assets
(747)	-	-	-	(15,002)	Principal paid on capital leases
-	57,183	-	-	57,183	Capital contributions
(76)	-	-	-	(2,005)	Interest paid on long-term debt
(1,449)	56,744	-	(858)	36,401	Net cash provided (used) by capital and related financing activities
					Cash flows from investing activities
69	1,953	-	65	2,359	Interest received on investments
69	1,953	-	65	2,359	Net cash provided by investing activities
(912)	(12,191)	1,865	574	(6,822)	Net increase (decrease) in cash and cash equivalents
6,913	194,250	4,127	6,069	246,745	Cash and cash equivalents, beginning of year
\$ 6,001	\$ 182,059	\$ 5,992	\$ 6,643	\$ 239,923	Cash and cash equivalents, end of year
					Reconciliation of operating income (loss) to net cash provided (used) by operating activities
\$ (206)	\$ (72,996)	\$ 2,305	\$ 22	\$ (62,741)	Operating income (loss)
					Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities
1,009	383	2	1,041	18,073	Depreciation and amortization
-	1,385	-	(1)	1,583	Decrease (Increase) accounts receivable
-	-	-	116	116	Decrease (Increase) due from other funds
-	(411)	-	(17)	(429)	Decrease (Increase) due from other governments
-	-	-	(28)	(861)	Decrease (Increase) inventories
35	1,157	(72)	181	2,517	Increase (Decrease) accounts payable
-	-	7	(47)	(40)	Increase (Decrease) due to other funds
-	(226)	-	1	(225)	Increase (Decrease) due to other governments
-	412	-	-	(1,117)	Increase (Decrease) other liabilities
-	(17)	-	-	(17)	Increase (Decrease) estimated claims liability
(289)	(604)	122	(61)	(1,804)	Increase (Decrease) salaries and benefits payable
82	323	92	50	952	Increase (Decrease) compensated absences
\$ 631	\$ (70,594)	\$ 2,456	\$ 1,257	\$ (43,993)	Net cash provided (used) by operating activities
					Noncash investing, capital, and financing activities:
				\$ 2,545	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, 2010  
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
<b>ASSETS:</b>					
Cash and investments	\$ 80,050	\$ 10,312	\$ 94,608	\$ 81,007	\$ 265,977
Interest receivable	404	7	-	1	412
Taxes receivable	120	-	85,016	-	85,136
Due from other governments	2,320	-	-	-	2,320
Total assets	<u>\$ 82,894</u>	<u>\$ 10,319</u>	<u>\$ 179,624</u>	<u>\$ 81,008</u>	<u>\$ 353,845</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 81,322	\$ 10,319	\$ 1,495	\$ 81,008	\$ 174,144
Salaries and benefits payable	4	-	-	-	4
Due to other governments	1,568	-	178,129	-	179,697
Total liabilities	<u>\$ 82,894</u>	<u>\$ 10,319</u>	<u>\$ 179,624</u>	<u>\$ 81,008</u>	<u>\$ 353,845</u>

**COUNTY OF RIVERSIDE**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2010  
(Dollars in Thousands)

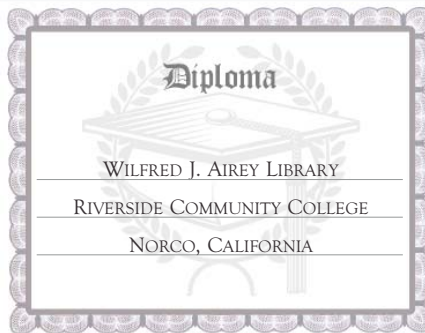
Other	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>Assets</u>				
Cash and investments	\$ 64,823	\$ 4,465,704	\$ 4,450,477	\$ 80,050
Accounts receivable	12	120	132	-
Interest receivable	78	406	80	404
Taxes receivable	138	120	138	120
Due from other governments	1,483	2,557	1,720	2,320
Total assets	<u>66,534</u>	<u>4,468,907</u>	<u>4,452,547</u>	<u>82,894</u>
<u>Liabilities</u>				
Accounts payable	66,525	341,849	327,052	81,322
Salaries and benefits payable	9	12	17	4
Due to other governments	-	3,740,667	3,739,099	1,568
Total liabilities	<u>\$ 66,534</u>	<u>\$ 4,082,528</u>	<u>\$ 4,066,168</u>	<u>\$ 82,894</u>
<u>Payroll Deductions</u>				
<u>Assets</u>				
Cash and investments	\$ 2,807	\$ 1,659,179	\$ 1,651,674	\$ 10,312
Interest receivable	9	6	8	7
Total assets	<u>2,816</u>	<u>1,659,185</u>	<u>1,651,682</u>	<u>10,319</u>
<u>Liabilities</u>				
Accounts payable	2,816	1,021,290	1,013,787	10,319
Total liabilities	<u>\$ 2,816</u>	<u>\$ 1,021,290</u>	<u>\$ 1,013,787</u>	<u>\$ 10,319</u>
<u>Property Tax Assessments</u>				
<u>Assets</u>				
Cash and investments	\$ 147,417	\$ 4,168,888	\$ 4,221,697	\$ 94,608
Taxes receivable	136,777	-	51,761	85,016
Total assets	<u>284,194</u>	<u>4,168,888</u>	<u>4,273,458</u>	<u>179,624</u>
<u>Liabilities</u>				
Accounts payable	1,449	489,373	489,327	1,495
Due to other governments	282,745	3,621,667	3,726,283	178,129
Total liabilities	<u>\$ 284,194</u>	<u>\$ 4,111,040</u>	<u>\$ 4,215,610</u>	<u>\$ 179,624</u>

**COUNTY OF RIVERSIDE**  
Combining Statement of Changes in Fiduciary Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2010  
(Dollars in Thousands)

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<u>Warrants</u>				
<u>Assets</u>				
Cash and investments	\$ 89,384	\$ 9,620,166	\$ 9,628,543	\$ 81,007
Interest receivable	3	1	3	1
Total assets	<u>89,387</u>	<u>9,620,167</u>	<u>9,628,546</u>	<u>81,008</u>
<u>Liabilities</u>				
Accounts payable	89,387	5,321,629	5,330,008	81,008
Total liabilities	<u>\$ 89,387</u>	<u>\$ 5,321,629</u>	<u>\$ 5,330,008</u>	<u>\$ 81,008</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 304,431	\$ 19,913,937	\$ 19,952,391	\$ 265,977
Accounts receivable	12	120	132	-
Interest receivable	90	413	91	412
Taxes receivable	136,915	120	51,899	85,136
Due from other government	1,483	2,557	1,720	2,320
Total assets	<u>442,931</u>	<u>19,917,147</u>	<u>20,006,233</u>	<u>353,845</u>
<u>Liabilities</u>				
Accounts payable	160,177	7,174,141	7,160,174	174,144
Salaries and benefits payable	9	12	17	4
Due to other government	282,745	7,362,334	7,465,382	179,697
Total liabilities	<u>\$ 442,931</u>	<u>\$ 14,536,487</u>	<u>\$ 14,625,573</u>	<u>\$ 353,845</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.

### **Contents**

### **Table(s)**

#### **Financial Trends Information**

**T1 – T5**

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

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

#### **Revenue Capacity Information**

**T6 – T10**

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

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

#### **Debt Capacity Information**

**T11 – T15**

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

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

#### **Economic and Demographic Information**

**T16 – T17**

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

- Demographic and Economic Statistics
- Principal Employers

#### **Operating Information**

**T18 – T20**

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

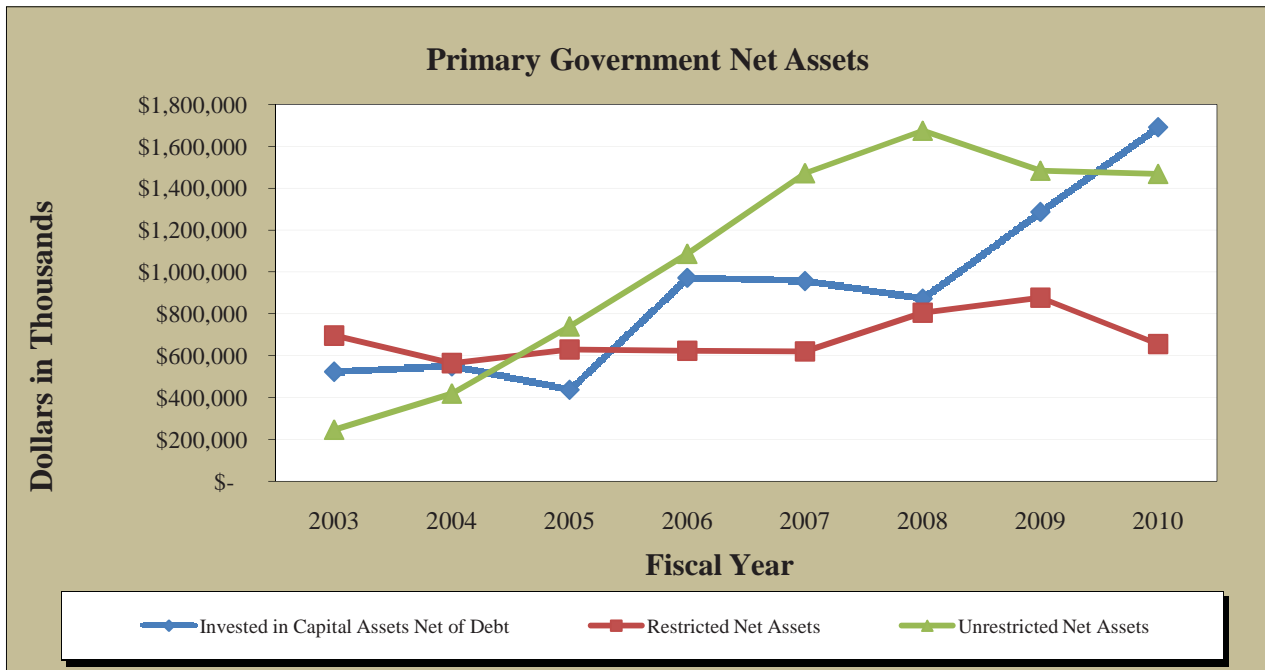
- Full-time Equivalent County Government Employees by Function/Program
- Operating Indicators by Function
- Capital Asset Statistics by Function

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

Table 1

**COUNTY OF RIVERSIDE**  
**Net Assets by Component**  
**Last Eight Fiscal Years**  
**(Accrual basis of accounting)**  
**(Dollars in Thousands)**

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 1,594,275	\$ 1,204,971	\$ 802,981	\$ 903,076	\$ 930,800
Restricted	604,942	824,139	769,368	569,477	582,037
Unrestricted	1,395,141	1,402,813	1,572,150	1,370,350	999,992
Governmental activities, total net assets	<u>\$ 3,594,358</u>	<u>\$ 3,431,923</u>	<u>\$ 3,144,499</u>	<u>\$ 2,842,903</u>	<u>\$ 2,512,829</u>
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	\$ 96,901	\$ 81,512	\$ 69,441	\$ 53,321	\$ 40,986
Restricted	50,386	52,502	36,074	50,629	41,287
Unrestricted	72,397	80,238	101,683	100,567	85,971
Business-type activities, total net assets	<u>\$ 219,684</u>	<u>\$ 214,252</u>	<u>\$ 207,198</u>	<u>\$ 204,517</u>	<u>\$ 168,244</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 1,691,176	\$ 1,286,483	\$ 872,422	\$ 956,397	\$ 971,786
Restricted	655,328	876,641	805,442	620,106	623,324
Unrestricted	1,467,538	1,483,051	1,673,833	1,470,917	1,085,963
Primary government, total net assets	<u>\$ 3,814,042</u>	<u>\$ 3,646,175</u>	<u>\$ 3,351,697</u>	<u>\$ 3,047,420</u>	<u>\$ 2,681,073</u>



Source: Auditor-Controller, County of Riverside

**Table 1**

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General Government	\$ 140,723	\$ 143,644	\$ 171,403	\$ 171,070	\$ 174,781
Public Protection	331,162	311,565	316,719	307,288	286,877
Other Activities	95,438	100,819	123,483	130,837	113,413
Operating grants and contributions	1,384,791	1,344,611	1,315,716	1,210,941	1,100,674
Capital grants and contributions	31,112	29,771	25,333	48,186	31,001
Governmental activities program revenues	<u>1,983,226</u>	<u>1,930,410</u>	<u>1,952,654</u>	<u>1,868,322</u>	<u>1,706,746</u>
Business-type Activities:					
Charges for services:					
Regional Medical Center	367,273	360,584	333,414	337,905	330,125
Other Activities	134,257	139,206	146,065	137,706	135,266
Capital grants and contributions	1,165	310	306	261	227
Business-type activities program revenues	<u>502,695</u>	<u>500,100</u>	<u>479,785</u>	<u>475,872</u>	<u>465,618</u>
Primary government program revenues	<u>2,485,921</u>	<u>2,430,510</u>	<u>2,432,439</u>	<u>2,344,194</u>	<u>2,172,364</u>
<b>Expenses</b>					
Governmental Activities:					
General government	323,949	285,393	331,741	296,917	259,993
Public protection	1,062,213	1,095,587	1,122,370	935,550	801,044
Public ways and facilities	31,024	31,283	20,558	57,578	61,443
Health and sanitation	347,634	392,945	330,206	350,082	350,451
Public assistance	820,637	770,484	752,779	688,213	634,522
Education	19,866	15,954	17,977	14,847	11,168
Recreation and cultural	12,206	6,039	12,457	11,941	7,188
Interest on long-term debt	80,754	89,741	96,173	81,197	75,721
Governmental activities expenses	<u>2,698,283</u>	<u>2,687,426</u>	<u>2,684,261</u>	<u>2,436,325</u>	<u>2,201,530</u>
Business-type Activities:					
Regional Medical Center	389,991	379,278	353,481	329,128	290,962
Waste Management Department	49,956	61,116	64,538	60,772	66,453
Housing Authority	81,426	81,139	74,252	70,218	62,909
Flood Control	3,233	3,816	5,201	6,242	5,705
County Service Areas	454	457	343	329	285
Business-type activities expense	<u>525,060</u>	<u>525,806</u>	<u>497,815</u>	<u>466,689</u>	<u>426,314</u>
Primary government expenses	<u>3,223,343</u>	<u>3,213,232</u>	<u>3,182,076</u>	<u>2,903,014</u>	<u>2,627,844</u>
<b>Net (expense)/revenue</b>					
Governmental activities	(715,057)	(757,016)	(731,607)	(568,003)	(494,784)
Business-type activities	(22,365)	(25,706)	(18,030)	9,183	39,304
Primary government, net (expense) / revenue	<u>\$ (737,422)</u>	<u>\$ (782,722)</u>	<u>\$ (749,637)</u>	<u>\$ (558,820)</u>	<u>\$ (455,480)</u>

Table 2

<u>2005</u>	<u>2004</u>	<u>2003</u>	
			<b>Program Revenues</b>
			Governmental Activities:
			Charges for services:
\$ 125,937	\$ 105,248	\$ 118,494	General Government
235,873	237,681	192,179	Public Protection
97,182	93,100	82,809	Other Activities
983,290	1,086,456	1,050,230	Operating grants and contributions
64,252	33,041	32,537	Capital grants and contributions
<u>1,506,534</u>	<u>1,555,526</u>	<u>1,476,249</u>	Governmental activities program revenues
			Business-type Activities:
			Charges for services:
354,510	266,484	189,141	Regional Medical Center
125,945	118,544	110,278	Other Activities
-	125	9,712	Capital grants and contributions
<u>480,455</u>	<u>385,153</u>	<u>309,131</u>	Business-type activities program revenues
<u>1,986,989</u>	<u>1,940,679</u>	<u>1,785,380</u>	Primary government program revenues
			<b>Expenses</b>
			Governmental Activities:
187,911	232,322	183,132	General government
792,287	710,053	620,663	Public protection
79,649	93,529	87,092	Public ways and facilities
290,001	376,338	330,830	Health and sanitation
552,298	590,719	588,502	Public assistance
10,112	10,280	8,609	Education
8,617	9,666	8,842	Recreation and cultural
48,717	29,890	33,666	Interest on long-term debt
<u>1,969,592</u>	<u>2,052,797</u>	<u>1,861,336</u>	Governmental activities expenses
			Business-type Activities:
356,255	296,227	228,339	Regional Medical Center
55,563	40,056	36,579	Waste Management Department
62,206	61,599	57,977	Housing Authority
4,928	4,318	2,054	Flood Control
320	329	294	County Service Areas
<u>479,272</u>	<u>402,529</u>	<u>325,243</u>	Business-type activities expense
<u>2,448,864</u>	<u>2,455,326</u>	<u>2,186,579</u>	Primary government expenses
			<b>Net (expense)/revenue</b>
(463,058)	(497,271)	(385,087)	Governmental activities
1,183	(17,376)	(16,112)	Business-type activities
<u>\$ (461,875)</u>	<u>\$ (514,647)</u>	<u>\$ (401,199)</u>	Primary government, net (expense) / revenue

Continued

Table 2

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Continued:					
Primary government, net (expense) / revenue	\$ (737,422)	\$ (782,722)	\$ (749,637)	\$ (558,820)	\$ (455,480)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes:					
Property taxes	440,282	506,222	506,327	462,817	396,167
Sales tax and use tax	36,289	47,683	40,985	51,093	44,286
Other taxes	8,610	13,771	15,898	16,865	15,603
Intergovernmental revenue - not restricted to programs:					
Motor vehicle in-lieu taxes	246,493	273,825	274,282	245,723	220,190
Fines, forfeitures, and penalties	-	-	-	-	-
Investment earnings	29,026	87,041	138,071	122,517	78,288
Proceeds on sale of capital assets	-	-	-	-	-
Other	91,044	121,880	85,924	13,191	96,265
Transfers	(17,436)	(25,713)	(10,322)	(16,892)	19,888
Governmental activities	<u>834,308</u>	<u>1,024,709</u>	<u>1,051,165</u>	<u>895,314</u>	<u>870,687</u>
Business-type Activities:					
Investment earnings	1,442	6,142	10,389	10,198	6,381
Gain on sale of capital assets	-	-	-	-	-
Transfers	17,436	25,713	10,322	16,892	(19,888)
Business-type activities	<u>18,878</u>	<u>31,855</u>	<u>20,711</u>	<u>27,090</u>	<u>(13,507)</u>
Total primary government	<u>853,186</u>	<u>1,056,564</u>	<u>1,071,876</u>	<u>922,404</u>	<u>857,180</u>
<b>Change in net assets</b>					
Governmental activities	119,251	267,693	319,558	327,311	375,903
Business-type activities	(3,487)	6,149	2,681	36,273	25,797
Primary government change in net assets	<u>\$ 115,764</u>	<u>\$ 273,842</u>	<u>\$ 322,239</u>	<u>\$ 363,584</u>	<u>\$ 401,700</u>

Source: Auditor-Controller, County of Riverside



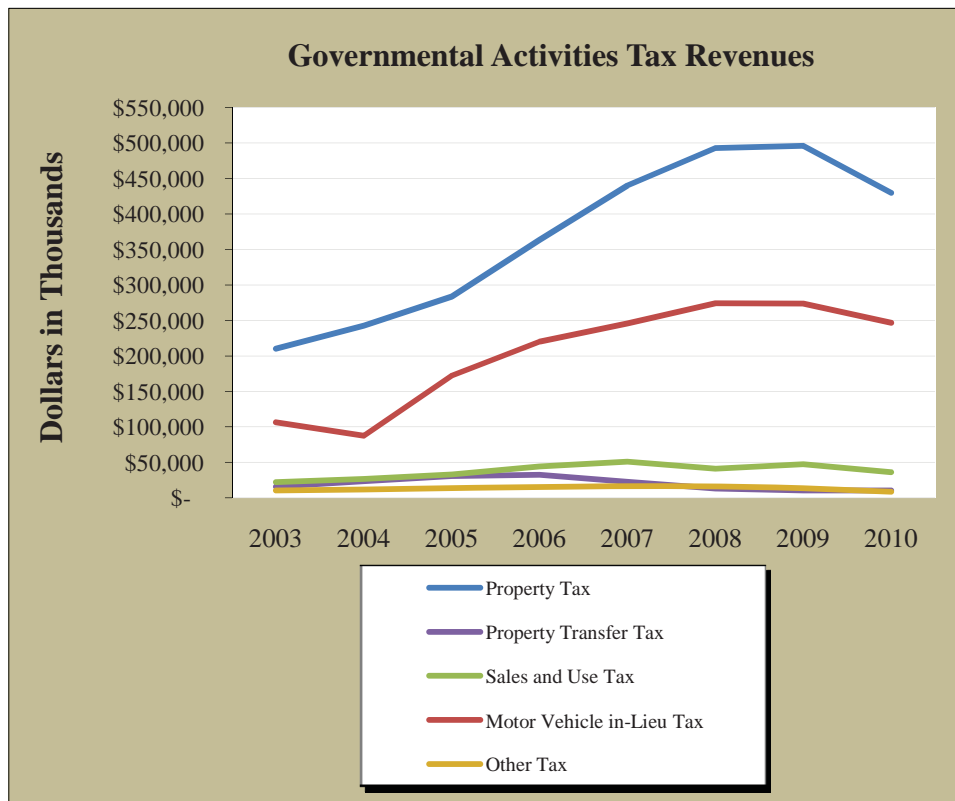
Table 2

2005	2004	2003	
			Continued:
\$ (461,875)	\$ (514,647)	\$ (401,199)	Primary government, net (expense) / revenue
			<b>General Revenues and Other Changes in Net Assets</b>
			Governmental Activities:
			Taxes:
314,666	266,391	225,775	Property taxes
33,091	26,633	22,444	Sales tax and use tax
13,885	12,108	10,377	Other taxes
			Intergovernmental revenue - not restricted to programs:
172,265	87,435	106,466	Motor vehicle in-lieu taxes
70,578	43,344	37,914	Fines, forfeitures, and penalties
39,907	16,835	24,909	Investment earnings
-	1,491	504	Proceeds on sale of capital assets
99,330	146,392	117,706	Other
(31,000)	(16,791)	(13,287)	Transfers
<u>712,722</u>	<u>583,838</u>	<u>532,808</u>	Governmental activities
			Business-type Activities:
4,234	2,505	3,235	Investment earnings
346	4,208	754	Gain on sale of capital assets
31,000	16,791	13,287	Transfers
<u>35,580</u>	<u>23,504</u>	<u>17,276</u>	Business-type activities
<u>748,302</u>	<u>607,342</u>	<u>550,084</u>	Total primary government
			<b>Change in net assets</b>
249,664	86,567	147,721	Governmental activities
36,763	6,128	1,164	Business-type activities
<u>\$ 286,427</u>	<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 Eight Fiscal Years**  
**(Accrual basis of accounting)**  
**(Dollars in Thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Property Transfer Tax</b>	<b>Sales and Use Tax</b>	<b>Motor Vehicle In-Lieu Tax</b>	<b>Other Tax</b>	<b>Total</b>
<b>2010</b>	\$ 429,604	\$ 10,678	\$ 36,289	\$ 246,493	\$ 8,610	\$ 731,674
<b>2009</b>	495,598	10,624	47,683	273,825	13,771	841,501
<b>2008</b>	492,849	13,478	40,985	274,282	15,898	837,492
<b>2007</b>	439,981	22,836	51,093	245,723	16,865	776,498
<b>2006</b>	363,407	32,760	44,286	220,190	15,603	676,246
<b>2005</b>	283,660	31,006	33,091	172,265	13,885	533,907
<b>2004</b>	242,647	23,744	26,633	87,435	12,108	392,567
<b>2003</b>	209,979	15,796	22,444	106,466	10,377	365,062



Source: Auditor-Controller, County of Riverside



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**Table 4**

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

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>General Fund</b>					
Reserved	\$ 90,374	\$ 91,196	\$ 84,466	\$ 88,233	\$ 100,436
Unreserved, designated	250,463	203,821	335,630	339,773	277,833
Unreserved, undesignated	45,649	77,104	58,672	142,958	68,649
Total general fund	<u>386,486</u>	<u>372,121</u>	<u>478,768</u>	<u>570,964</u>	<u>446,918</u>
<b>Flood Control</b>					
Reserved	833	1,794	4,500	-	940
Unreserved, designated	236,269	30,149	1,755	134,396	133,906
Unreserved - Undesignated	4,822	196,973	193,170	32,724	3,044
Total Flood Control	<u>241,924</u>	<u>228,916</u>	<u>199,425</u>	<u>167,120</u>	<u>137,890</u>
<b>Public Facilities Improvements</b>					
Reserved	327,803	538,431	590,915	256,338	222,983
Unreserved, undesignated	10,850	-	-	-	-
Total public facilities improvements	<u>338,653</u>	<u>538,431</u>	<u>590,915</u>	<u>256,338</u>	<u>222,983</u>
<b>Redevelopment Capital Projects</b>					
Reserved	178,505	189,627	122,036	269,263	88,391
Unreserved, designated	89,842	116,076	234,582	118,186	120,313
Total redevelopment capital projects	<u>268,347</u>	<u>305,703</u>	<u>356,618</u>	<u>387,449</u>	<u>208,704</u>
<b>Nonmajor Governmental Funds</b>					
Reserved	331,320	371,076	331,147	192,566	196,938
Unreserved, designated reported in:					
Special revenue funds	32,782	27,666	37,121	53,268	78,501
Capital projects funds	7,734	6,933	6,935	9,671	2,056
Unreserved, undesignated reported in:					
Special revenue funds	185,879	151,939	139,367	115,637	106,564
Capital projects funds	-	-	-	-	-
Total nonmajor governmental funds	<u>557,715</u>	<u>557,614</u>	<u>514,570</u>	<u>371,142</u>	<u>384,059</u>
Total all governmental funds	<u>\$ 1,793,125</u>	<u>\$ 2,002,785</u>	<u>\$ 2,140,296</u>	<u>\$ 1,753,013</u>	<u>\$ 1,400,554</u>

Source: Auditor-Controller, County of Riverside

Table 4

	<u>2005</u>	<u>2004</u>	<u>2003</u>			
				<b>General Fund</b>		
\$	121,249	\$	100,940	\$	103,489	Reserved
	185,014		70,361		89,011	Unreserved, designated
	46,191		77,752		26,078	Unreserved, undesignated
	<u>352,454</u>		<u>249,053</u>		<u>218,578</u>	Total general fund
						<b>Flood Control</b>
	3,914		19,051		7,097	Reserved
	-		-		-	Unreserved, designated
	120,052		107,482		116,173	Unreserved - Undesignated
	<u>123,966</u>		<u>126,533</u>		<u>123,270</u>	Total Flood Control
						<b>Public Facilities Improvements</b>
	175,699		152,842		146,588	Reserved
	-		184		-	Unreserved, undesignated
	<u>175,699</u>		<u>153,026</u>		<u>146,588</u>	Total public facilities improvements
						<b>Redevelopment Capital Projects</b>
	61,460		-		-	Reserved
	75,702		-		-	Unreserved, designated
	<u>137,162</u>		<u>-</u>		<u>-</u>	Total redevelopment capital projects
						<b>Nonmajor Governmental Funds</b>
	149,222		159,413		159,357	Reserved
						Unreserved, designated reported in:
	86,593		13,041		11,929	Special revenue funds
	1,805		20,353		5,128	Capital projects funds
						Unreserved, undesignated reported in:
	197,438		189,570		186,964	Special revenue funds
	-		(8,241)		981	Capital projects funds
	<u>435,058</u>		<u>374,136</u>		<u>364,359</u>	Total nonmajor governmental funds
\$	<u>1,224,339</u>	\$	<u>902,748</u>	\$	<u>852,795</u>	Total all governmental funds

**Table 5**

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

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Revenues</b>					
Taxes	\$ 439,435	\$ 525,238	\$ 553,158	\$ 523,028	\$ 457,117
Licenses, permits, and franchise fees	19,197	22,546	24,652	25,981	21,733
Fines, forfeitures, and penalties	114,320	108,572	92,029	82,946	62,984
Use of money and property:					
Interest	26,929	81,040	128,307	113,789	73,838
Rents and concessions	17,393	17,151	15,486	43,171	41,798
Aid from other governmental agencies:					
Federal	636,167	546,030	544,587	496,685	451,036
State	857,191	955,389	971,299	937,630	830,634
Other	172,598	140,757	103,858	89,111	69,042
Charges for services	469,340	460,439	447,889	431,676	439,594
Other revenue	65,711	84,348	102,132	115,863	110,870
Total revenues	<u>2,818,281</u>	<u>2,941,510</u>	<u>2,983,397</u>	<u>2,859,880</u>	<u>2,558,646</u>
<b>Expenditures</b>					
General government	554,315	430,712	409,336	320,254	270,340
Public protection	1,068,051	1,126,662	1,083,719	972,006	855,133
Public ways and facilities	130,310	148,544	152,603	157,055	141,017
Health and sanitation	341,244	390,668	375,259	348,921	346,738
Public assistance	812,848	766,407	747,576	686,295	629,553
Education	18,910	15,731	17,907	14,830	11,108
Recreation and culture	12,620	12,801	11,647	11,707	12,727
Debt service:					
Principal	73,378	54,587	46,483	44,222	45,516
Interest	78,689	86,768	91,126	78,204	73,707
Cost of issuance	1,819	2,436	3,868	5,565	4,925
Capital outlay	39,844	48,899	36,691	58,525	25,639
Total expenditures	<u>3,132,028</u>	<u>3,084,215</u>	<u>2,976,215</u>	<u>2,697,584</u>	<u>2,416,403</u>
Revenues over (under) expenditures	(313,747)	(142,705)	7,182	162,296	142,243
<b>Other financing sources (uses)</b>					
Transfers in	463,296	538,029	805,400	313,044	294,835
Transfers out	(479,143)	(562,345)	(814,607)	(328,624)	(277,680)
Issuance of debt	81,745	-	294,084	34,173	178,750
Issuance of refunding bonds	70,365	78,895	111,125	259,600	-
Discount on long-term debt	(626)	-	(2,898)	-	-
Premium on long-term debt	937	-	3,272	2,876	857
Payment to escrow agent	(65,713)	(76,300)	(24,290)	(103,396)	(35,684)
Proceeds from the sale of capital assets	-	-	1,159	916	2,064
Capital leases	31,018	22,746	8,670	8,811	7,929
Total other financing sources (uses)	<u>101,879</u>	<u>1,025</u>	<u>381,915</u>	<u>187,400</u>	<u>171,071</u>
Net change in fund balances	<u>\$ (211,868)</u>	<u>\$ (141,680)</u>	<u>\$ 389,097</u>	<u>\$ 349,696</u>	<u>\$ 313,314</u>
Debt service as a % of non-capital expenditures	5.85%	5.54%	5.28%	5.07%	5.47%

Source: Auditor-Controller, County of Riverside

**Table 5**

<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 346,248	\$ 305,132	\$ 258,596
22,343	26,418	25,677
70,578	43,297	37,241
37,624	16,145	23,331
39,831	31,952	39,833
446,628	430,970	428,433
705,289	713,146	696,466
55,661	46,750	46,099
383,497	368,497	327,918
146,800	100,404	132,900
<u>2,254,499</u>	<u>2,082,711</u>	<u>2,016,494</u>
250,568	217,416	204,861
1,039,822	677,798	613,781
111,088	133,973	120,490
339,444	365,727	339,123
652,069	576,267	570,458
9,889	10,241	9,261
20,058	9,242	10,722
34,452	32,118	37,643
46,439	24,523	31,220
9,283	504	-
9,680	1,604	22,489
<u>2,522,792</u>	<u>2,049,413</u>	<u>1,960,048</u>
(268,293)	33,298	56,446
203,411	163,383	58,661
(229,835)	(179,701)	(71,879)
596,330	21,645	-
74,200	-	-
-	-	-
4,827	-	-
(53,338)	-	-
35	494	-
6,616	1,008	8,435
<u>602,246</u>	<u>6,829</u>	<u>(4,783)</u>
<u>\$ 333,953</u>	<u>\$ 40,127</u>	<u>\$ 51,663</u>
3.35%	2.86%	3.68%

**Revenues**

Taxes
Licenses, permits, and franchise fees
Fines, forfeitures, and penalties
Use of money and property:
Interest
Rents and concessions
Aid from other governmental agencies:
Federal
State
Other
Charges for services
Other revenue
Total revenues

**Expenditures**

General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Education
Recreation and culture
Debt service:
Principal
Interest
Cost of issuance
Capital outlay
Total expenditures
Revenues over (under) expenditures

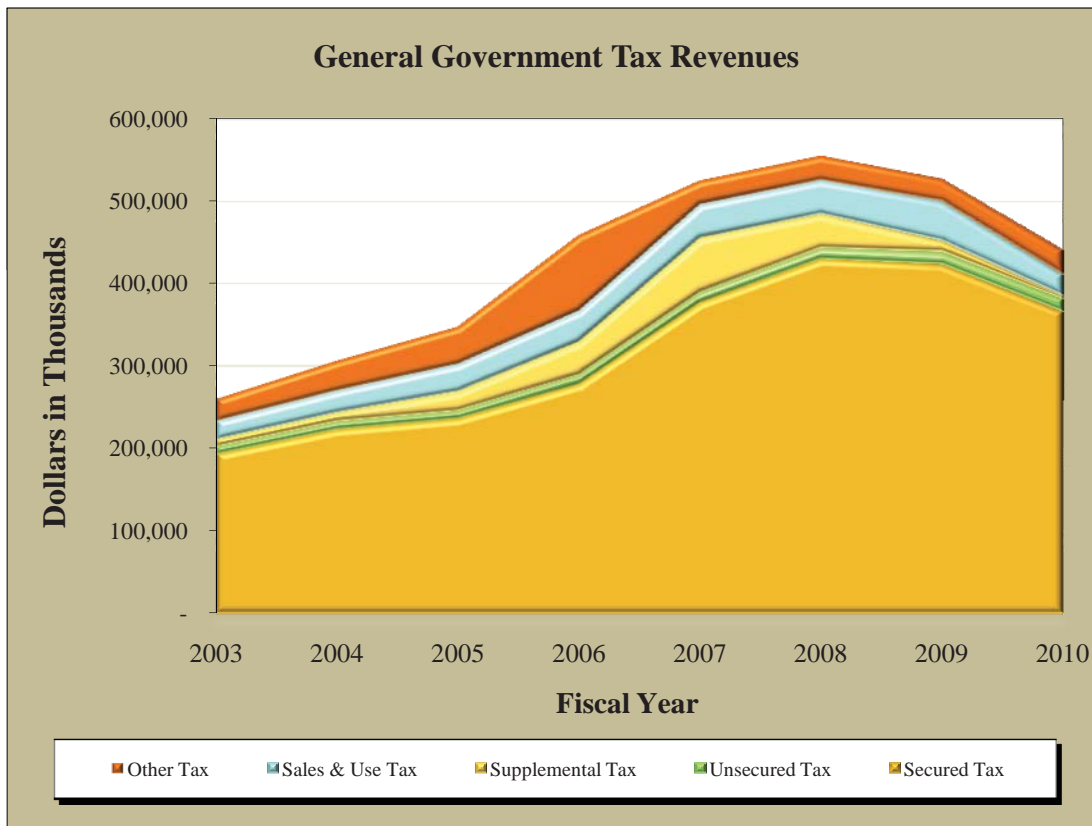
**Other financing sources (uses)**

Transfers in
Transfers out
Issuance of debt
Issuance of refunding bonds
Discount on long-term debt
Premium on long-term debt
Payment to escrow agent
Proceeds from the sale of capital assets
Capital leases
Total other financing sources (uses)
Net change in fund balances
Debt service as a % of non-capital expenditures

Table 6

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

<b>Fiscal Year</b>	<b>Secured Tax</b>	<b>Unsecured Tax</b>	<b>Supplemental Tax</b>	<b>Sales &amp; Use Tax</b>	<b>Other Taxes</b>	<b>Total</b>
<b>2010</b>	\$ 364,810	\$ 15,270	\$ 3,778	\$ 25,762	\$ 29,815	\$ 439,435
<b>2009</b>	422,329	15,071	12,981	47,683	27,174	525,238
<b>2008</b>	428,790	13,193	40,815	40,985	29,375	553,158
<b>2007</b>	375,924	12,301	65,537	40,607	28,659	523,028
<b>2006</b>	277,266	11,405	39,661	37,532	91,253	457,117
<b>2005</b>	235,636	9,501	23,129	33,091	44,891	346,248
<b>2004</b>	222,635	9,600	10,411	26,633	35,853	305,132
<b>2003</b>	192,684	9,112	8,182	22,444	26,174	258,596



Source: Auditor-Controller, County of Riverside



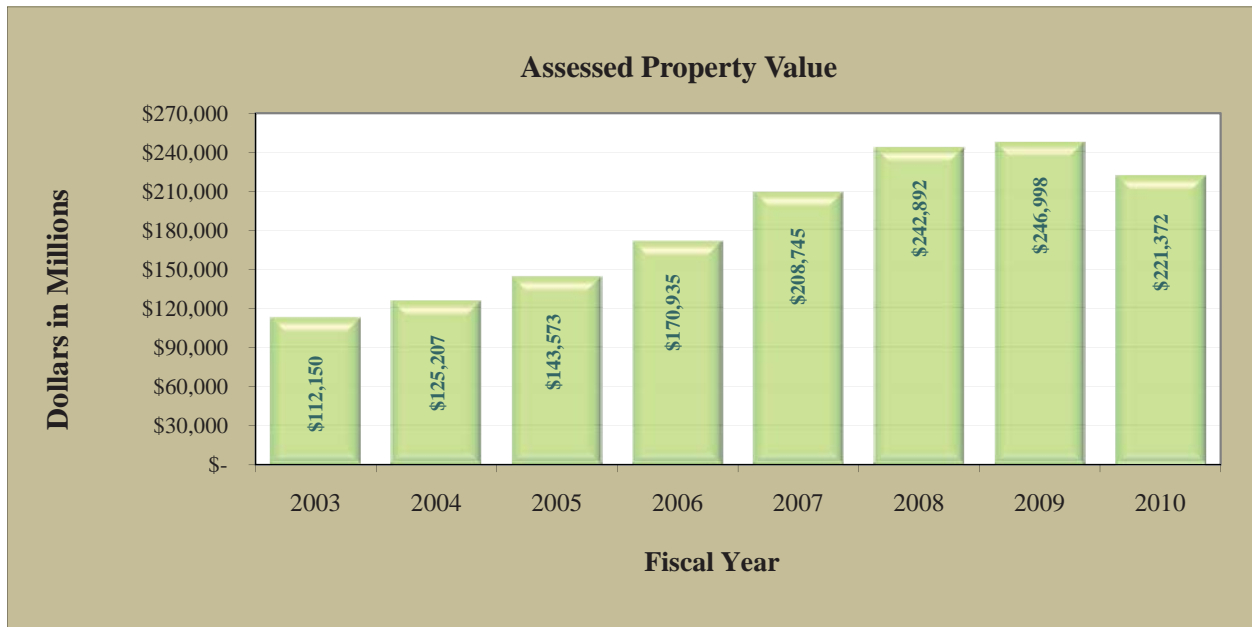


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Table 7

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

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Real Property</b>					
Secured property	\$ 213,144,336	\$ 238,312,506	\$ 235,351,116	\$ 202,009,520	\$ 164,618,837
Unsecured property	8,227,172	8,685,393	7,540,803	6,735,421	6,316,569
<b>Total Gross Assessed Value</b>	<b>221,371,508</b>	<b>246,997,899</b>	<b>242,891,919</b>	<b>208,744,941</b>	<b>170,935,406</b>
<b>Less:</b>					
Tax-exempt real property	6,424,030	6,111,231	5,574,813	5,125,567	5,014,256
<b>Total Taxable Assessed Value</b>	<b>\$ 214,947,478</b>	<b>\$ 240,886,668</b>	<b>\$ 237,317,106</b>	<b>\$ 203,619,374</b>	<b>\$ 165,921,150</b>
<b>Total Direct Tax Rate</b>	1.1222	1.1095	1.0919	1.0772	1.0805
<b>Estimated Actual Taxable Value</b>	\$ 286,596,637	\$ 321,182,224	\$ 316,422,808	\$ 271,492,499	\$ 221,228,200
<b>Assessed Value as a % of Actual Value</b>	77.24%	76.90%	76.76%	76.89%	77.27%



Source: Auditor-Controller, County of Riverside

**Table 7**

<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 137,784,611	\$ 119,840,527	\$ 107,159,352
5,787,971	5,365,993	4,990,478
<u>143,572,582</u>	<u>125,206,520</u>	<u>112,149,830</u>
4,730,573	4,301,937	3,878,514
<u>\$ 138,842,009</u>	<u>\$ 120,904,583</u>	<u>\$ 108,271,316</u>
1.0866	1.0771	1.0787
\$ 185,122,679	\$ 161,206,111	\$ 144,361,755
77.56%	77.67%	77.69%

**Real Property**

Secured property  
Unsecured property

**Total Gross Assessed Value**

**Less:**

Tax-exempt real property

**Total Taxable Assessed Value**

**Total Direct Tax Rate**

**Estimated Actual Taxable Value**

**Assessed Value as a % of Actual Value**

**Table 8**

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

Fiscal Year	County of Riverside	Range of Overlapping Rates			Total Direct & Overlapping Rates
	Total Direct Tax Rate	Total City Rate	Total School District Rate	Total Special District Rate	
2010	1.12220%	.00064% to .00577%	.01242% to .12628%	0% to .50000%	1.12220% to 1.50000%
2009	1.10950%	.00119% to .00747%	.01254% to .10963%	0% to .50000%	1.10950% to 1.50000%
2008	1.09190%	.00178% to .00627%	.00549% to .08521%	0% to .50000%	1.09190% to 1.50000%
2007	1.07720%	.00249% to .00821%	.00578% to .10282%	0% to .54324%	1.07720% to 1.54324%
2006	1.08050%	.00426% to .00861%	.01435% to .10210%	0% to .50997%	1.08050% to 1.50997%
2005	1.08660%	.00529% to .01092%	.01192% to .09581%	0% to .50000%	1.08660% to 1.50000%
2004	1.07710%	0% to .00608%	0% to .09819%	0% to .72543%	1.07710% to 1.72543%
2003	1.07870%	0% to .00792%	0% to .72543%	0% to .71888%	1.07870% to 1.71888%

Note: Total direct tax rate encompasses general levy, special assessments, and fixed charges.

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**

<b>Tax Payer</b>	<b>Fiscal Year</b>			
	<b>2010</b>		<b>2001</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total County Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total County Taxable Assessed Value</b>
So. California Edison Co.	\$ 16,374	0.56%	\$ 6,905	0.61%
Verizon California Inc.	8,607	0.29%	-	
Inland Empire Energy Center LLC	7,768	0.26%	-	
Deutsche Bank National Trust Co.	7,610	0.26%	-	
So. California Gas Co.	5,694	0.19%	3,150	0.28%
U S Bank National Association	5,420	0.18%	-	
Centex Homes	4,586	0.16%	-	
Bank of New York	3,744	0.13%	-	
Tyler Mall LTD Partnership	3,270	0.11%	-	
Abbott Vascular Inc.	3,238	0.11%	-	
General Telephone Co. of California	-		7,182	0.64%
KSL Desert Resort	-		2,677	0.24%
Pacific Bell	-		2,392	0.21%
Lennar Homes of California	-		2,220	0.20%
OTR	-		2,140	0.19%
Pardee Grossman	-		2,078	0.18%
Mckenzie Vista	-		2,025	0.18%
Desert Springs Marriott LTD Partnership	-		1,903	0.17%
<b>Total</b>	<b>\$ 66,311</b>	<b>2.25%</b>	<b>\$ 32,672</b>	<b>2.89%</b>

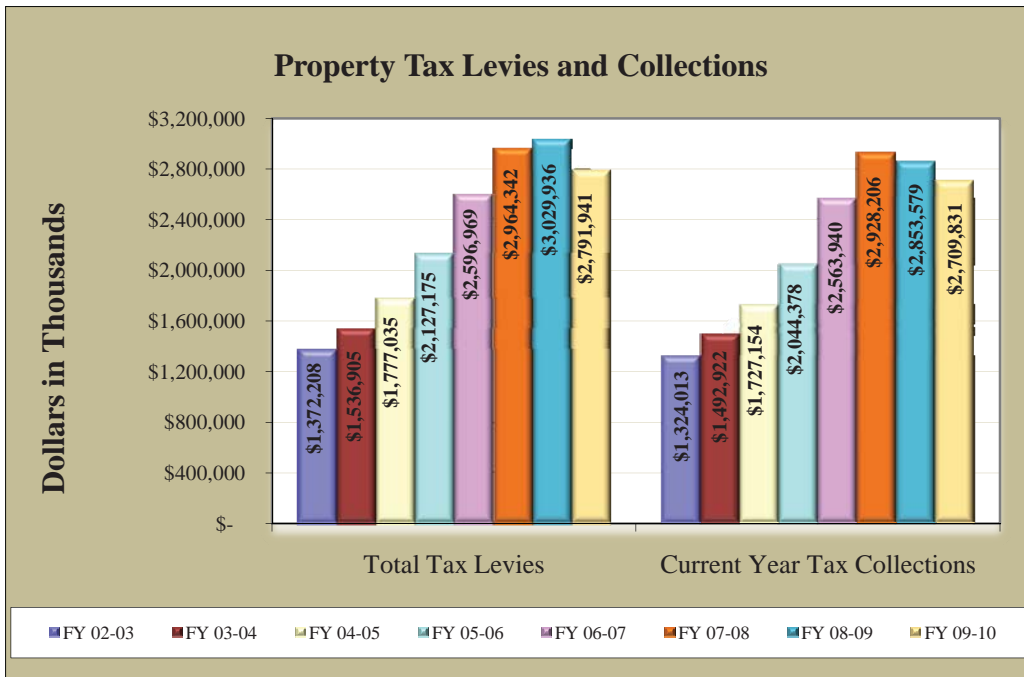
Source: Treasurer-Tax Collector, County of Riverside

Table 10

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

Fiscal Year	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent* Tax Collections	Total Collections as of 6/30	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 2,791,941	\$ 2,709,831	97.06%	\$ 247,241	\$ 2,957,072	105.91%
2009	3,029,936	2,853,579	94.18%	275,009	3,128,588	103.26%
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

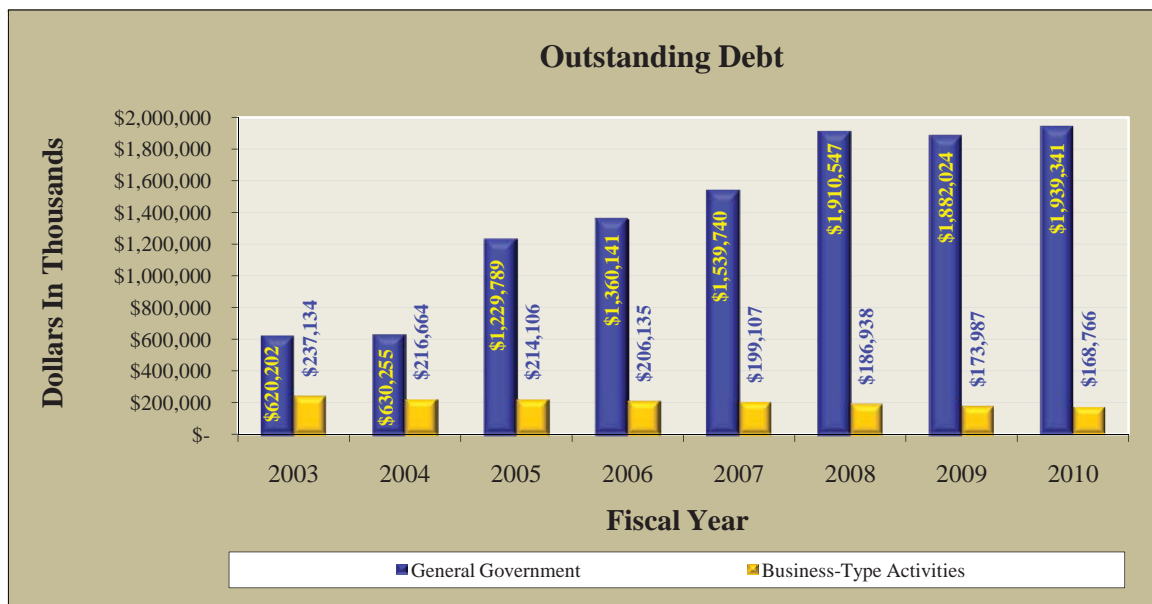


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Table 11

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

	Fiscal year				
	2010	2009	2008	2007	2006
<b>General Government</b>					
Bonds	\$1,408,017	\$1,359,277	\$1,086,397	\$ 806,398	\$ 814,443
Certificates of participation	385,447	391,914	408,024	335,866	348,486
Note and loans	21,987	13,222	310,809	310,139	113,383
Capital leases	123,890	117,611	105,317	87,337	83,829
<b>Business-Type Activities</b>					
Bonds	147,924	159,959	170,814	181,263	191,142
Certificates of participation	-	-	-	-	-
Capital leases	20,842	14,028	16,124	17,844	14,993
<b>Total Primary Government</b>	<b>\$2,108,107</b>	<b>\$2,056,011</b>	<b>\$2,097,485</b>	<b>\$1,738,847</b>	<b>\$1,566,276</b>
<b>Percentage of Personal Income</b>	3.13%	3.17%	3.34%	2.91%	2.81%
<b>Per Capita</b>	\$ 985	\$ 975	\$ 1,004	\$ 856	\$ 807



Note: Per Capita is an estimate for fiscal year 2009 and 2010

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



**Table 11**

<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 678,028	\$ 91,758	\$ 91,758
325,572	387,869	357,855
150,344	67,010	68,060
75,845	83,618	102,529
200,555	210,558	228,392
1,040	2,040	3,000
12,511	4,066	5,742
<b>\$1,443,895</b>	<b>\$ 846,919</b>	<b>\$ 857,336</b>
2.92%	1.88%	2.01%
\$ 769	\$ 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 Eight Fiscal Years**  
**(Dollars in Thousands, Except Per Capita Amount)**

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Bonds</b>	\$ 1,555,941	\$ 1,519,236	\$ 1,257,211	\$ 987,661	\$ 1,005,585
<b>Less:</b>					
Amounts available in debt service fund	127,206	147,568	119,597	73,308	79,935
<b>Total Net Obligation Bonds Outstanding</b>	<b>\$ 1,428,735</b>	<b>\$ 1,371,668</b>	<b>\$ 1,137,614</b>	<b>\$ 914,353</b>	<b>\$ 925,650</b>
<b>Percentage of Estimated</b>					
<b>Actual Taxable Value of Property</b>	0.51%	0.43%	0.36%	0.34%	0.43%
<b>Per Capita</b>	\$ 668	\$ 651	\$ 545	\$ 450	\$ 477

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>2005</u>	<u>2004</u>	<u>2003</u>	
\$ 878,583	\$ 302,316	\$ 320,150	<b>Bonds</b>
61,941	72,798	133,049	<b>Less:</b>
			Amounts available in debt service fund
<u>\$ 816,642</u>	<u>\$ 229,518</u>	<u>\$ 187,101</u>	<b>Total Net Obligation Bonds Outstanding</b>
0.32%	0.46%	0.44%	<b>Percentage of Estimated</b>
			<b>Actual Taxable Value of Property</b>
\$ 435	\$ 129	\$ 109	<b>Per Capita</b>

**Table 13**

**COUNTY OF RIVERSIDE  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2010  
(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	\$ 8,363,095	86.71%	<u>\$ 7,251,567</u>
Subtotal, overlapping debt			7,251,567
County of Riverside direct debt			<u>1,111,528</u>
Total direct and overlapping debt			<u><u>\$ 8,363,095</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.



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**Table 14**

**COUNTY OF RIVERSIDE  
Legal Debt Margin Information  
Last Eight Fiscal Years  
(Dollars in Thousands)**

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Debt limit	\$2,686,843	\$3,011,083	\$2,966,464	\$ 2,598,369	\$2,125,832
Total net debt applicable to limit	<u>(1,428,735)</u>	<u>(1,211,709)</u>	<u>(966,800)</u>	<u>(733,090)</u>	<u>(603,194)</u>
Legal debt margin	<u>\$1,258,108</u>	<u>\$1,799,374</u>	<u>\$1,999,664</u>	<u>\$ 1,865,279</u>	<u>\$1,522,638</u>
Total net debt applicable to the limit as a percentage of debt limit	53.2%	40.2%	32.6%	28.2%	28.4%

**Legal Debt Margin Calculated for Fiscal Year 2010**

Assessed value	\$ 217,166,024
Less: Homeowners exemptions	<u>2,218,546</u>
Total assessed value	<u>214,947,478</u>
Debt limit (1.25% of total assessed value)	<u>2,686,843</u>
Debt applicable to limit:	
General obligation bonds (Governmental & Business-type)	1,555,941
Less: Amount set aside for repayment of general obligation debt	<u>127,206</u>
Total net debt applicable to limit	<u>1,428,735</u>
Legal debt margin	<u>\$ 1,258,108</u>

**Definitions:**

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

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

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

Source: Auditor-Controller, County of Riverside

**Table 14**

<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$1,735,525	\$1,511,307	\$1,353,391	Debt limit
<u>(616,087)</u>	<u>(635,290)</u>	<u>(620,202)</u>	Total net debt applicable to limit
<u>\$1,119,438</u>	<u>\$ 876,017</u>	<u>\$ 733,189</u>	Legal debt margin
35.5%	42.0%	45.8%	Total net debt applicable to the limit as a percentage of debt limit

Table 15

**COUNTY OF RIVERSIDE  
Pledged-Revenue Coverage  
Last Eight 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		
2010	\$ 30,318	\$ 3,336	\$ 26,982	\$ 14,455	\$ 16,642	0.8677	
2009	39,334	10,682	28,652	13,160	16,865	0.9543	
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



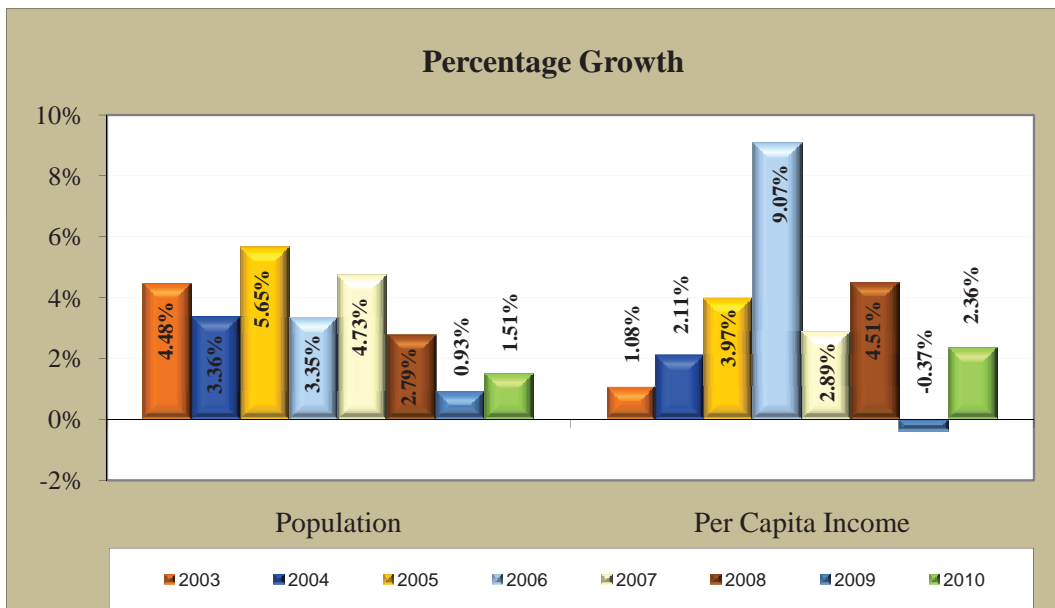
Table 15

<b>Inland Empire Tobacco Securitization Bonds</b>							
<b>Revenue from Tobacco Settlement</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>	<b>Fiscal Year</b>	
			<b>Principal</b>	<b>Interest</b>			
\$ 6,496	\$ 155	\$ 6,341	\$ 3,610	\$ 3,794	0.8564	<b>2010</b>	
9,500	134	9,366	4,235	3,995	1.1380	<b>2009</b>	
7,798	2,448	5,350	3,785	3,306	0.7545	<b>2008</b>	
-	-	-	-	-	-	<b>2007</b>	
-	-	-	-	-	-	<b>2006</b>	
-	-	-	-	-	-	<b>2005</b>	
-	-	-	-	-	-	<b>2004</b>	
-	-	-	-	-	-	<b>2003</b>	

Table 16

**COUNTY OF RIVERSIDE**  
**Demographic and Economic Statistics**  
**Last Eight 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
2010	2,139,535	\$ 66,943,000 <sup>1</sup>	\$ 31,504 <sup>1</sup>	33 <sup>2</sup>	12.2 <sup>2</sup>	423,986	14.50%
2009	2,107,653	64,582,000 <sup>1</sup>	30,779 <sup>1</sup>	33 <sup>2</sup>	12.2 <sup>2</sup>	419,643	14.00%
2008	2,088,322	64,504,000	30,894	33 <sup>2</sup>	12.2 <sup>2</sup>	420,450	8.40%
2007	2,031,625	61,024,000	29,560	33 <sup>2</sup>	12.2 <sup>2</sup>	404,331	5.70%
2006	1,939,814	53,246,505	28,730	33 <sup>2</sup>	12.2 <sup>2</sup>	394,687	5.10%
2005	1,877,000	49,443,185	26,342	33 <sup>2</sup>	12.2 <sup>2</sup>	380,267	5.20%
2004	1,776,700	45,016,790	25,337	33 <sup>2</sup>	12.2 <sup>2</sup>	364,857	5.80%
2003	1,719,000	42,655,266	24,814	33 <sup>2</sup>	12.2 <sup>2</sup>	349,607	6.20%



Notes: Projection based on 17 years' running average (1992 - 2008)  
 Median age and education level based on census 2000 (2010 census results not yet available)

Source: 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			
	2010		2001	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	18,456	2.36%	-	-
March Air Reserve Base	8,600	1.10%	-	-
U. C. Riverside	7,321	0.94%	-	-
Stater Brothers Market	6,900	0.88%	5,300	0.79%
Wal-Mart	6,550	0.84%	3,400	0.51%
Riverside Unified School District	5,099	0.65%	-	-
Abbott Vascular	4,500	0.58%	-	-
Pechanga Resort & Casino	4,000	0.51%	-	-
Kaiser Permanente Riverside Medical Center	3,600	0.46%	3,521	0.52%
Temecula Valley Unified School District	2,752	0.35%	-	-
Ralphs Grocery Co.	-	-	3,284	0.49%
Guidant Corporation	-	-	2,300	0.34%
Fleetwood Enterprises, Inc.	-	-	2,125	0.32%
Eisenhower Medical Center	-	-	1,880	0.28%
Marriott Desert Springs Resort	-	-	1,800	0.27%
KSL Desert Resorts Inc.	-	-	1,700	0.25%
Valley Health System	-	-	1,586	0.24%
Total	67,778	8.67%	26,896	4.01%

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

Source: The Business Press, Riverside, California

Table 18

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

<u>Function/Program</u>	<b>Full-time Equivalent Employees</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>General government</b>					
Legislative and administrative	98	92	96	92	93
Finance	438	456	522	477	445
Counsel	70	69	69	69	58
Personnel	167	182	216	191	179
Elections	42	41	40	39	31
Communication	12	11	10	-	-
Property management	489	494	468	387	323
Plant acquisition	11	-	-	-	-
Promotion	180	186	177	168	142
Other general	36	36	39	-	-
<b>Public protection</b>					
Judicial	1,444	1,485	1,506	1,371	1,204
Police protection	2,449	2,586	2,474	2,354	2,113
Detention and correction	2,076	2,220	2,174	1,972	1,811
Fire protection	188	190	199	165	145
Protection/inspection	100	98	114	274	254
Other protection	667	737	778	541	523
Administration	65	58	60	50	39
<b>Public ways and facilities</b>					
Public ways	467	506	532	517	497
Parking Facilities	20	-	-	-	-
<b>Health and sanitation</b>					
Health	2,024	2,075	2,214	2,023	1,939
Hospital care	31	30	30	31	28
California children's services	143	148	168	159	152
<b>Public assistance</b>					
Aid programs	3,132	3,159	3,297	2,948	2,841
Veterans' services	12	12	13	12	11
Other assistance	348	285	305	302	283
<b>Education, recreation and culture</b>					
Library services	-	1	1	1	1
Agricultural extension	5	5	6	5	5
Cultural services	3	3	2	2	2
<b>County business-type functions</b>					
Hospital care	2,246	2,186	2,097	1,889	1,680
Sanitation	198	211	206	170	158
<b>Internal service</b>	2,418	1,723	2,202	2,934	2,538
<b>Special districts/Component units</b>	547	533	534	526	540
<b>Total</b>	<b>20,126</b>	<b>19,818</b>	<b>20,549</b>	<b>19,669</b>	<b>18,035</b>

Note: Temporary employees, 1,446, filled as of 5/3/10, are included in the total number employees.

Source: County of Riverside

Table 18

<u>2005</u>	<u>2004</u>	<u>2003</u>	
			<b><u>Function/Program</u></b>
			<b>General government</b>
87	92	93	Legislative and administrative
424	445	449	Finance
52	50	50	Counsel
160	153	144	Personnel
34	36	39	Elections
-	11	10	Communication
305	312	306	Property management
-	-	-	Plant acquisition
126	121	110	Promotion
1	1	1	Other general
			<b>Public protection</b>
1,150	1,213	1,260	Judicial
1,926	1,914	1,902	Police protection
1,748	1,803	1,832	Detention and correction
126	135	122	Fire protection
233	216	206	Protection/inspection
441	446	419	Other protection
36	37	35	Administration
			<b>Public ways and facilities</b>
488	491	476	Public ways
-	-	-	Parking Facilities
			<b>Health and sanitation</b>
1,862	1,901	1,929	Health
30	32	31	Hospital care
143	127	119	California children's services
			<b>Public assistance</b>
2,796	2,744	2,720	Aid programs
10	10	11	Veterans' services
309	338	452	Other assistance
			<b>Education, recreation and culture</b>
1	1	1	Library services
4	4	5	Agricultural extension
2	2	-	Cultural services
			<b>County business-type functions</b>
1,589	1,526	1,538	Hospital care
149	130	94	Sanitation
2,147	2,305	2,058	
528	528	514	
			<b>Internal service</b>
			<b>Special districts/Component units</b>
<u>16,907</u>	<u>17,124</u>	<u>16,926</u>	<b>Total</b>

Table 19

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

<u>Function/Program</u>	<u>Fiscal year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Sheriff</b>					
Number of bookings	55,306	62,007	59,054	61,697	56,926
Coroner case load	10,027	9,582	9,394	9,212	8,943
Calls for services	c 255,601	302,400	280,000	279,415	250,000
<b>Fire</b>					
Medical assistance	94,193	91,707	89,404	89,329	86,129
Fires extinguished	4,449	4,406	5,659	6,372	5,060
Other services	17,076	18,486	19,472	16,310	19,035
Communities served	78	78	78	78	78
<b>Probation</b>					
Adults on probation	a 17,790	17,469	17,022	15,974	16,051
Juveniles in secure detention	b 248	241	293	343	322
Juveniles in treatment facilities	b 125	112	113	126	113
Juveniles in detention facilities	a 13,385	10,783	12,463	14,283	13,218
<b>Waste Management</b>					
Landfill tonnage	1,032,942	1,024,267	1,220,124	1,325,284	1,423,469
Recycling tonnage	1,803	2,356	3,385	3,048	3,758
<b>County Library</b>					
Total circulation - books	3,718,343	3,464,547	3,280,929	2,352,624	2,051,276
Reference questions answered	370,619	382,795	426,533	383,428	454,590
Patron door count	3,599,064	3,170,424	2,744,576	2,352,403	2,433,646
Programs offered	7,214	5,618	5,570	4,546	2,353
Program attendance	148,612	127,717	103,393	80,100	84,994
<b>Assessor-Clerk-Recorder</b>					
Assessments	941,928	942,174	938,462	920,555	896,998
Official records recorded	673,674	682,708	773,308	957,123	1,082,688
Vital records copies issued	87,194	97,422	97,427	88,640	82,015
Official records copies issued	26,348	33,135	34,711	35,319	35,691
<b>County Regional Medical Center</b>					
Emergency room treatments	96,993	88,459	82,584	76,666	73,448
Emergency room services - MH	14,288	9,702	7,867	7,624	7,536
Clinic visits	131,624	129,171	124,318	123,479	106,943
Admissions	23,536	23,253	23,433	24,393	22,262
Patient days	121,915	118,452	115,811	112,138	105,203
Discharges	23,559	23,238	23,440	24,430	22,244
<b>Community Health Agency</b>					
Facilities inspections	31,213	34,273	33,009	31,760	32,000
Patient visits	142,617	125,767	149,223	139,885	123,843
Patient services	313,409	466,800	601,889	438,639	369,041
Animal impounds	62,770	71,834	30,305	27,362	29,206
Spays and neuters	7,225	8,480	7,208	5,645	5,806

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

Table 19

2005	2004	2003	
<b>Function/Program</b>			
<b>Sheriff</b>			
55,375	52,497	49,617	Number of bookings
8,558	7,826	7,772	Coroner case load
240,182	219,145	206,122	Calls for services
<b>Fire</b>			
80,484	76,601	70,851	Medical assistance
14,696	14,816	14,714	Fires extinguished
10,870	10,786	10,689	Other services
78	78	78	Communities served
<b>Probation</b>			
13,937	13,282	11,618	Adults on probation
310	367	355	Juveniles in secure detention
98	107	98	Juveniles in treatment facilities
12,405	14,435	13,708	Juveniles in detention facilities
<b>Waste Management</b>			
1,328,935	1,231,767	1,148,312	Landfill tonnage
2,619	2,850	2,066	Recycling tonnage
<b>County Library</b>			
2,324,539	2,222,575	2,293,424	Total circulation - books
430,226	423,925	461,598	Reference questions answered
2,226,360	1,447,505	1,621,147	Patrons
2,274	3,759	3,588	Programs offered
45,605	68,437	61,921	Program attendance
<b>Assessor-Clerk-Recorder</b>			
859,413	831,610	791,348	Assessments
1,039,166	1,019,271	794,257	Official records recorded
73,379	68,892	70,071	Vital records copies issued
36,480	36,231	33,506	Official records copies issued
<b>County Regional Medical Center</b>			
68,105	66,411	66,136	Emergency room treatments
8,076	8,276	8,126	Emergency room services - MH
109,568	113,171	118,477	Clinic visits
21,723	20,587	19,690	Admissions
96,820	92,643	91,114	Patient days
21,741	20,554	19,705	Discharges
<b>Community Health Agency</b>			
40,642	38,105	36,546	Facilities inspections
135,539	125,936	123,230	Patient visits
339,095	376,534	336,909	Patient services
20,467	21,307	21,661	Animal impounds
2,401	3,080	2,372	Spays and neuters

Continued

Table 19

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

<u>Function/Program</u>	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Public Social Services</b>					
CalWORKs clients	31,022	26,905	22,310	20,336	19,880
Food stamp clients	74,484	52,877	36,339	30,781	28,749
Medi-Cal clients	116,758	107,904	101,542	105,578	108,887
In-home support services	16,852	16,307	14,845	13,934	12,590
Foster care placements	3,085	3,486	5,057	4,306	5,175
Child welfare services	9,591	10,217	11,912	12,333	11,639
<b>Community Action Partnership</b>					
Utility assistance (households)	27,956	12,869	9,902	13,337	10,944
Weatherization (households)	2,083	1,033	853	465	801
Energy education attendees	11,725	10,775	19,396	14,590	10,389
Disaster relief (residents)	17,989	15,336	16,366	13,551	8,605
Income tax returns prepared	2,257	2,011	1,828	1,384	2,651
After school programs (students)	13,800	11,000	10,905	10,905	537
Homeless program (bed nights)	-	-	12,822	13,198	31,328
Homeless program (meals)	-	-	25,644	26,396	142,578
Leadership program enrollment	182	-	209	-	113
Mediation (cases)	2,237	1,821	2,144	2,133	2,099
<b>Registrar of Voters</b>					
Voting precincts	2,370	2,387	3,474	1,472	1,872
Polling places	1,158	1,205	2,017	610	1,060
Voters	1,815,892	1,747,556	1,705,406	931,821	1,658,509
Poll workers	4,186	6,287	8,355	2,622	3,992
<b>Agricultural Commissioner</b>					
Export phytosanitary certificates	25,745	36,772	29,288	22,266	21,746
Pesticide use inspections	682	831	903	840	1,199
Weights and measures regulated	131,175	129,528	129,726	121,986	120,211
Agriculture quality inspections	643	668	643	1,061	541
Plant pest inspections	9,667	48,944	25,987	14,532	4,975
Nursery acreage inspected	6,923	7,627	7,851	9,226	7,382
Weights and measures inspected	77,278	80,862	83,269	97,039	150,308
<b>TLMA - Building &amp; Safety</b>					
Building permits issued	1,248	986	1,800	5,786	10,232
Building plans checked	1,241	918	1,507	5,151	8,759
Building structures inspected	1,321	1,780	3,158	8,580	9,593
<b>Veterans' Services</b>					
Phone inquiries answered	41,569	39,393	29,553	23,287	21,917
Client interviews	25,209	13,955	10,571	8,199	7,467
Claims filed	5,581	5,812	5,194	3,786	3,372

Notes:

a - Number of pamphlets mailed

b - Program not yet started / not tracked

c - Number of voters that were mailed voting materials for all elections in the fiscal year

Phytosanitary = Plant pest cleanliness

Pesticide Use Inspections = Environmental monitoring



Table 19

2005	2004	2003	
<b>Function/Program</b>			
<b>Public Social Services</b>			
20,846	20,296	19,908	CalWORKs clients
27,992	24,796	23,026	Food stamp clients
110,994	105,598	99,332	Medi-Cal clients
12,171	11,314	10,201	In-home support services
5,088	4,418	4,215	Foster care placements
11,153	9,411	10,467	Child welfare services
<b>Community Action Partnership</b>			
11,783	12,846	14,706	Utility assistance (households)
795	711	857	Weatherization (households)
11,508	1,953	37,445 a	Energy education attendees
1,514	-	- b	Disaster relief (residents)
-	-	- b	Income tax returns prepared
51	271	51	After school programs (students)
40,245	30,316	63,703	Homeless program (bed nights)
372,048	170,937	453,238	Homeless program (meals)
11	-	- b	Leadership program enrollment
2,002	2,042	1,869	Mediation (cases)
<b>Registrar of Voters</b>			
1,160	2,389	2,087	Voting precincts
613	1,299	1,136	Polling places
870,300	1,919,561	1,335,785 c	Voters
2,692	4,911	4,668	Poll workers
<b>Agricultural Commissioner</b>			
20,037	14,692	15,623	Export phytosanitary certificates
1,105	1,366	1,257	Pesticide use inspections
114,529	102,780	95,334	Weights and measures regulated
1,067	1,251	1,202	Agriculture quality inspections
5,933	6,296	5,421	Plant pest inspections
7,431	5,355	6,501	Nursery acreage inspected
101,223	31,794	27,990	Weights and measures inspected
<b>TLMA - Building &amp; Safety</b>			
9,980	10,452	10,106	Building permits issued
8,251	9,128	8,776	Building plans checked
8,182	8,887	8,533	Building structures inspected
<b>Veterans' Services</b>			
25,276	-	- b	Phone inquiries answered
7,559	-	- b	Client interviews
3,503	-	- b	Claims filed

Continued

**Table 19**

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

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Auditor-Controller</b>					
Invoices paid	488,192	522,097	504,866	449,367	457,439
Vendor warrants (checks) issued	300,428	320,613	255,767	237,645	235,044
Active vendors	64,761	59,685	75,575	68,358	62,699
Payroll warrants (checks) issued	532,904	532,202	522,215	496,386	469,692
Average payroll warrants (checks) per pay period	19,737	20,469	20,085	19,092	18,065
<b>Mental Health</b>					
Mental health clients (crisis/long-term care)	30,657	30,065	29,814	28,476	26,435
Substance abuse clients	16,736	18,712	17,746	18,597	18,120
Detention clients	10,831	12,781	9,441	5,522	6,351
Probate conservatorship clients	474	256	206	232	266
Mental health conservatorship clients	675	240	279	279	294

**Table 19**

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>Function/Program</u>
			<b>Auditor-Controller</b>
472,942	492,675	563,252	Invoices paid
242,763	220,649	235,121	Vendor warrants (checks) issued
56,686	49,970	42,937	Active vendors
449,011	448,845	448,571	Payroll warrants (checks) issued
17,270	17,263	17,253	Average payroll warrants (checks) per pay period
			<b>Mental Health</b>
26,578	28,411	30,181	Mental health clients (crisis/long-term care)
18,188	18,432	18,613	Substance abuse clients
6,041	6,402	4,629	Detention clients
281	282	284	Probate conservatorship clients
275	239	212	Mental health conservatorship clients

Table 20

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

<b>Function/Program</b>	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Sheriff</b>					
Patrol stations	10	10	10	10	10
Patrol vehicles	883	923	974	702	598
<b>Fire</b>					
Stations	49	49	49	49	48
Trucks	154	149	143	141	135
<b>Waste Management</b>					
Landfills	6	6	6	6	7
Capacity in tons	51,794,663	51,794,663	51,609,663	51,609,663	52,392,284
<b>Parks and Recreation</b>					
Regional parks	12	13	13	13	13
Historic sites	4	6	6	6	6
Nature centers	4	5	5	5	5
Archaeological sites	6	7	7	7	7
Wildlife reserves	9	16	16	16	16
RV and Mobile Home Parks	3	-	-	-	-
Managed Areas	5	-	-	-	-
<b>County Libraries</b>					
Branch libraries	33	33	33	29	29
Book mobiles	2	2	2	2	2
Books in collection	1,612,925	1,564,186	1,552,108	1,784,149	1,221,744
<b>County Regional Medical Center</b>					
Major clinics	4	4	4	4	4
Routine and specialty clinics	30	30	30	30	30
Beds licensed	439	439	439	439	439

Source: Various County Departments

Table 20

2005	2004	2003	
			<b>Function/Program</b>
			<b>Sheriff</b>
10	10	10	Patrol stations
583	576	550	Patrol vehicles
			<b>Fire</b>
48	48	48	Stations
125	126	117	Trucks
			<b>Waste Management</b>
7	8	8	Landfills
50,948,302	50,872,281	42,712,387	Capacity in tons
			<b>Parks and Recreation</b>
13	13	13	Regional parks
6	6	6	Historic sites
5	5	5	Nature centers
7	7	7	Archaeological sites
16	16	16	Wildlife reserves
-	-	-	RV and Mobile Home Parks
-	-	-	Managed Areas
			<b>County Libraries</b>
29	28	27	Branch libraries
2	2	2	Book mobiles
1,477,670	1,098,082	1,029,424	Books in collection
			<b>County Regional Medical Center</b>
4	4	4	Major clinics
30	30	30	Routine and specialty clinics
439	439	439	Beds licensed



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# *Special Acknowledgements*

The theme of this year's Comprehensive Annual Financial Report is focused on "Institutions of Higher Learning." This year we have featured images from Colleges and Universities throughout Riverside County. The photographs selected have captured some great images of the buildings and campuses taken at varying times of the day and seasons. The photographs present these Colleges and Universities in a perspective that has even amazed many of the students who are currently enrolled. We hope that you are inspired to visit our beautiful Educational Institutions and perhaps consider enrolling and achieving your degree of Higher Learning.

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

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

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

Photography and artistic design  
M. Bernard Edmonds, I  
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