



County of Riverside, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011

Paul Angulo, CPA, MA-Mgmt
County Auditor-Controller

COUNTY OF RIVERSIDE, CALIFORNIA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2011



PREPARED BY THE OFFICE OF:
PAUL ANGULO, CPA, MA-MGMT
COUNTY AUDITOR-CONTROLLER

**COUNTY OF RIVERSIDE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 June 30, 2011**

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INTRODUCTORY SECTION



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AC | AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE
Paul Angulo, CPA, MA-Mgmt
Auditor-Controller

December 28, 2011

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 (CAFR) of the County of Riverside for the fiscal year ended June 30, 2011 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 complement 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 306,779, Moreno Valley 195,216, Corona 153,649, Temecula 101,657, and Murrieta 104,459. Estimated population figures are developed by the California State Department of Finance, and each year it is revised on January 1, with a revised estimate for the prior year. Total County population was

2,217,778 on January 1, 2011, an increase of 3.53% as compared to the revised estimate for January 1, 2010. Approximately 23.1% of the residents live in unincorporated areas.

The County is governed by a five-member Board of Supervisors, who serve four-year terms, and annually elect 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.

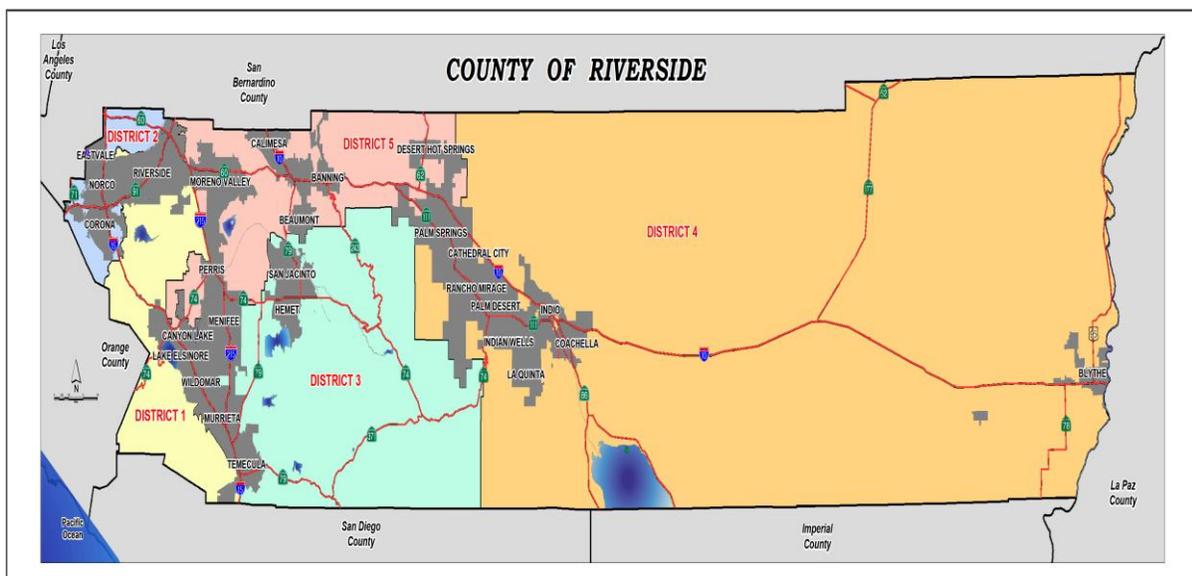
The Second District includes the cities of Corona, Norco, approximately one-third of the City of Riverside, and Eastvale (the newest city as of October 1, 2010). The unincorporated communities consist of Jurupa Valley (incorporated July 1, 2011), Home Gardens, El Cerrito, Coronita, and Green River.

District Three 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.

District Four is the largest district, covering the eastern two-thirds of the County. Within this District are the cities of Palm Springs (except the northern portion which resides in District 5), Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, and Blythe. Major unincorporated areas 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 the cities of Moreno Valley, Perris, Calimesa, Beaumont, Banning, Desert Hot Springs, and the northern portion of 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:

Certificate, Licenses and Permits	Human Services
Birth, marriage, and death certificates, animal licensing and building permits	Assistance for Families, Veteran Services, Utility Assistance
Children’s Services	Libraries and Museums
Child Support Services, Mentor programs, and Children Medical Services	Edward Dean Museum, Riverside County Law Library
Criminal Justice	Parks and Recreation
District Attorney, Probation, Public Defender, and Sheriff	Regional Parks
Education	Pets and Animal Services
Office of Education	Animal Control, Animal Shelters
Emergency Services	Property Information
Office of Emergency Services, Early Warning Notification System, Shelter Grant program, and Homeless program	Building permit report, obtain property information via GIS, pay property taxes online, track your property tax online, record map inquiry, information on new home owners and Riverside County land information
Environment	Public and Official Records
Solid waste, liquid waste, medical waste, sewage disposal, water systems, wells, backflow devices, food services, public pools and mobile home parks, vector control, hazardous materials services, fire protection services, waste reduction, and recycling	Official recorded documents, fictitious business names search, grantor/grantee search, vital records, and court records search
Flood Control	Roads and Highways
Flood Control and water conservation	Road maintenance, land development, engineering services, and survey
Health	Taxes
Family health centers, disease control, nutrition services, family planning, health education, injury prevention, emergency medical services, mental health services, industrial hygiene, laboratory, Epidemiology, medical marijuana identification cards	Property tax portal, tax bills, Assessor-County Clerk Recorder, Treasurer-Tax Collector, Auditor-Controller
Housing	
First time home buyer programs, low income housing, rental assistance program, homeless shelter, neighborhood stabilization program	

FACTORS AFFECTING ECONOMIC CONDITION

State Economy

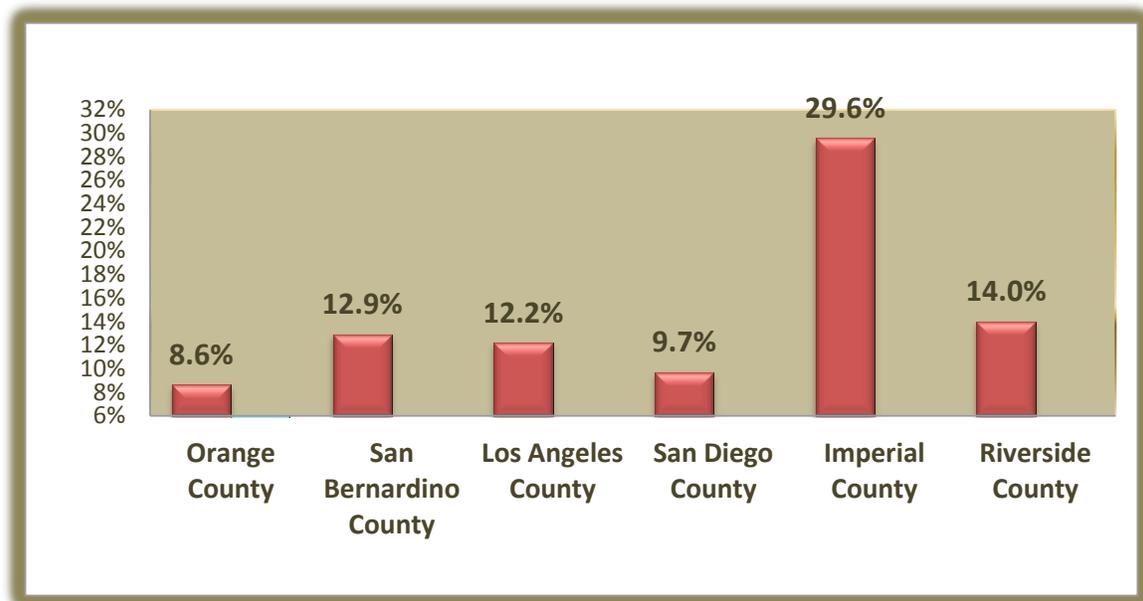
The California economy continues to work towards recovery. Weak real estate market conditions, depressed construction activity, and public sector fiscal problems remain the principal impediments to stronger job growth. The state budget includes a major realignment of the public safety programs from the state to local governments. The realignment moves program and fiscal responsibility to the level of government that can best provide the service, eliminating duplication of effort, generating savings, and increasing flexibility.

Local Economy

Unemployment and Foreclosures

Unemployment and foreclosures are the two largest factors contributing to the sluggish local economy. Riverside County's unemployment rate has slightly improved to 14 percent in September 2011, compared to a year ago when unemployment stood at 15 percent.

Unemployment Comparison of Neighboring Counties



Source: Employment Development Department, September 2011.

Real Estate

The commercial real estate sector continues to decline, however signs of recovery are seen in mega-warehouses and hotel properties. The residential real estate market has changed minimally since last year, with the median price of single family residences leveling off. Current data suggests that a positive movement in the consumer price index in 2012 may permit a return to the maximum 2 percent increase for properties subject to Proposition 13.

County Budget Summary

In the current climate of level off property values, and low demand for homes, it is difficult to make predictions as to when assessed values will improve. Uncertain property tax revenue creates stress on the County's ability to maintain current service levels.

Relevant Financial Information

Debt Advisory Committee provides advice to the Board on debt issuance and management.

Pension Advisory Committee provides an institutional framework to help guide policy decisions about retirement benefits.

Deferred Compensation Advisory Committee provides assurance of the financial stability of the Plan through prudent monitoring of investments and costs.

Investment Oversight Committee shall cause an annual audit to be performed, and review the annual audit report prior to submittal to the Board of Supervisors; and to review the County's investment policies.

Financial Reporting Awards

The Government Finance Officers Association (GFOA) 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 *CAFR* for the fiscal year ended June 30, 2010. This was the twenty-third consecutive year 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 *CAFR*. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current *CAFR* continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for new certificate.

The County of Riverside has also been awarded for *Outstanding Achievement* in the preparation of the Popular Annual Financial Report (PAFR), which is also referred to as Financial Highlights for the fiscal year ended June 2010. In order to receive an award for *Outstanding Achievement in Popular Annual Financial Reporting*, a government entity must publish a PAFR, with contents conforming to program standards of creativity, presentation, understandability and reader appeal.

Acknowledgments

The preparation of this *CAFR* could not have been 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 consistently produce award winning financial reports. I would also like to thank the staff members of the contributing component units and departments for their participation in the preparation of this report.

Additionally, I would like to offer my appreciation to the Board of Supervisors and County Executive Office for their visionary leadership making Riverside County a great place to live, work, and to conduct business. Finally, I would like to thank our independent auditors, Brown Armstrong Certified Public Accountants, for their efforts throughout this audit engagement.

Respectfully submitted,



PAUL ANGULO, CPA, MA-Mgmt
AUDITOR-CONTROLLER



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COUNTY OF RIVERSIDE

List of Principal Officials As of June 30, 2011

ELECTED OFFICIALS

Board of Supervisors



JOHN F.
TAVAGLIONE
Vice Chairman
Second District



BOB BUSTER
Chairman
First District



JEFF STONE
Third District



JOHN BENOIT
Fourth District



MARION ASHLEY
Fifth District

COUNTYWIDE ELECTED OFFICIALS



PAUL ZELLERBACH
District Attorney



STANLEY SNIFF, JR.
Sheriff
Coroner
Public Administrator



PAUL ANGULO
Auditor
Controller



LARRY WARD
Assessor
Clerk
Recorder



DON KENT
Treasurer
Tax Collector

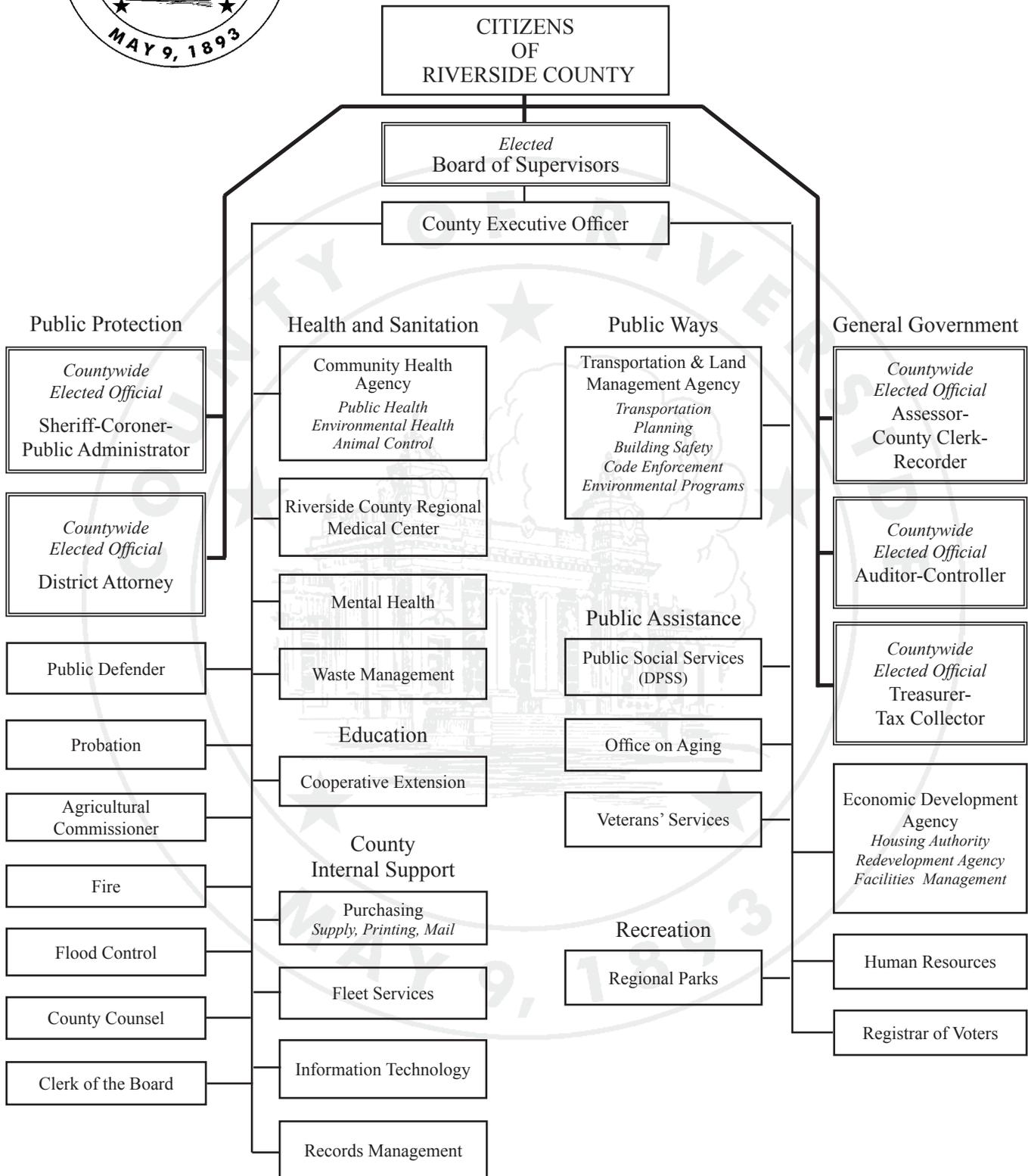
APPOINTED OFFICIALS

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, 2010

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.



President

Executive Director

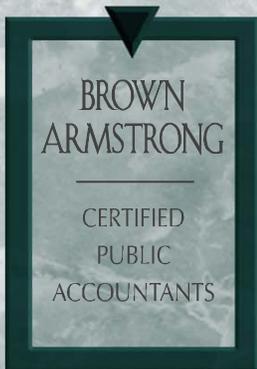


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FINANCIAL SECTION



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BROWN ARMSTRONG

Certified Public Accountants

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, 2011, 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	25%	7%
Business-Type Activities	6%	16%
Aggregate Remaining Fund Information	8%	1%
Discretely Presented Component Units	37%	73%

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.

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, 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 schedule 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 schedules, the budgetary comparison schedules for major debt service and capital project funds, 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 and schedules and the budgetary comparison schedules for major debt service and capital project funds 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 28, 2011

**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, 2011. 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-one 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 presented separately from the financial information of the primary government.

The blended component units are:

- County of Riverside Asset Leasing Corporation (CORAL)
- County of Riverside District Court Financing Corporation

Management's Discussion & Analysis (Unaudited)

- 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 2010-11)
- 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 Governmental Accounting Standards Board (GASB) Statement No. 34, as amended. 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 statements due to the materiality criteria defined by GASB Statement No. 34. Financial information for the

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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 \$7.4 billion exceeded its liabilities of \$3.5 billion resulting in \$3.9 billion of net assets.
- Net assets includes \$1.4 billion of unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors; \$0.7 billion of restricted net assets, which is required by external sources or through enabling legislation to be used for specific purposes, and \$1.8 billion is invested in capital assets, net of related debt.
- During fiscal year 2010-11, the County's net assets marginally increased by \$24.8 million. Of this amount, \$28.4 million were from governmental activities and offset by \$3.6 million decrease from business-type activities. The slight increase was primarily due to minimal favorable net results of operating activities caused by macroeconomic fluctuation. Countywide expenses of \$3.3 billion were offset by program revenues of \$2.5 billion, leaving an operating deficit of \$802.3 million. The operating deficit was offset by general revenues of \$827.1 million.
- As of June 30, 2011, the total fund balances of the governmental funds were \$1.8 billion. This represents a decrease of 1.5%, or \$27.6 million, in comparison with the prior year. The decrease was a result of fund balance restatement of \$5.5 million due to the Redevelopment Agency's overstatement of loans receivable from prior years, and lower net results of operation activities due to continuing decline in taxes and investment revenues.
- As of June 30, 2011, fund balance for the General Fund was \$343.6 million, or 15.3% of the total General Fund expenditures. This amount includes \$98.6 million of restricted fund balance and \$50.1 million of committed fund balance.
- The County's long-term debt showed a net increase of 4.3%, or \$110.4 million, compared to the prior year. These obligations are bonds payable, capital leases, certificates of participation, loans payable, and other long term debt.
- In June 2011, ABx1 26 and ABx1 27 were chaptered. These bills' impact to the California Redevelopment Agencies and the County's reaction to them are described in Note 22 to the financial statements.

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On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare the two bills as unconstitutional. They contend that the bills violated Proposition 22 which was passed by the voters in November 2010.

On August 11, 2011, the California Supreme Court issued an order in California Redevelopment Assn. v. Matosantos (S194861), directing the parties to show causes why the relief sought in the petition for a writ of mandate should not be granted.

The court established an expedited briefing schedule designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.

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 asset balances for both governmental and business-type activities, with total assets exceeding liabilities by \$3.9 billion.

The table below provides summarized data from the Statement of Net Assets of the County for June 30, 2011, as compared to the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease)
	2011	2010	2011	2010	2011	2010	%
Current and other assets	\$3,289,402	\$3,295,758	\$ 324,984	\$ 315,817	\$3,614,386	\$3,611,575	0.1%
Capital assets	3,494,794	3,301,367	270,293	271,608	3,765,087	3,572,975	5.4%
Total assets	6,784,196	6,597,125	595,277	587,425	7,379,473	7,184,550	2.7%
Other liabilities	760,630	739,178	73,802	51,932	834,432	791,110	5.5%
Long-term liabilities	2,384,434	2,263,589	305,350	315,809	2,689,784	2,579,398	4.3%
Total liabilities	3,145,064	3,002,767	379,152	367,741	3,524,216	3,370,508	4.6%
Net assets:							
Invested in capital assets, net of related debt	1,687,128	1,594,275	113,489	96,901	1,800,617	1,691,176	6.5%
Restricted	656,347	604,942	43,086	50,386	699,433	655,328	6.7%
Unrestricted	1,295,657	1,395,141	59,550	72,397	1,355,207	1,467,538	-7.7%
Total net assets	<u>\$3,639,132</u>	<u>\$3,594,358</u>	<u>\$ 216,125</u>	<u>\$ 219,684</u>	<u>\$3,855,257</u>	<u>\$3,814,042</u>	1.1%

The County's total net assets increased by 0.7%, or \$24.8 million, during fiscal year 2010-11 compared to the prior year's increase of 3.1%, or \$115.8 million. The \$28.4 million increase in net assets was from governmental activities and offset by \$3.6 million decrease from business-type activities. For the prior year, \$119.3 million of the increase in net assets were from governmental activities and a decrease of \$3.5 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 46.7%, or \$1.8 billion, of the County's total net assets for fiscal year 2010-11 compared to 44.3%, or \$1.7 billion, for fiscal year 2009-10. The increase is attributable to the completion of multiple construction projects including Larry D. Smith Correctional Facility Expansion, Palm Desert Sheriff Station, San Jacinto Valley Animal Shelter, Historic Courthouse Renovation, expansion of Rancho Jurupa Park, and Louis Rubidoux Library. 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

Management's Discussion & Analysis (Unaudited)

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

- **Restricted net assets** account for 18.1%, or \$699.4 million, of the County's total net assets for fiscal year 2010-11 compared to 17.2%, or \$655.3 million, for fiscal year 2009-10. 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 35.2%, or \$1.4 billion, of the County's total net assets for fiscal year 2010-11 compared to 38.5%, or \$1.5 billion, for fiscal year 2009-10. 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 2010-11, \$1.3 billion is from governmental activities and \$59.6 million is for business-type activities compared to \$1.4 billion for governmental activities and \$72.4 million for business-type activities for the prior year.

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 2010-11 with a total of \$1.4 billion being recognized. The increase of \$8.2 million in current fiscal year is attributable to higher reimbursements from State and Federal funding for public assistance services, such as categorical aid, mental health services, and women, infants and children programs.
- A total of \$591.7 million was earned as governmental activity charges for services compared to \$567.3 million for fiscal year 2009-10. 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. The increase of \$24.4 million was largely attributable to an increase in cities' law enforcements and fire protection contracts. The Public Protection is primarily generated through contracted law enforcement services provided by the Sheriff's Department to various local governments.
- Capital Grants and Contributions resulted in the least amount of program revenue from governmental activities with \$32.1 million earned for fiscal year 2010-11 compared to \$31.1 million earned for fiscal year 2009-10. This revenue category accounts for grants and contributions received for the restricted use of capital acquisition. In fiscal year 2010-11, 91.8% of the revenue, or \$29.5 million, as compared to 95.2%, or \$29.6 million, for fiscal year 2009-10, 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 \$367.9 million recognized during the year, as compared to \$440.3 million for fiscal year 2009-10. Investment earnings decreased by 32.8%, from \$29.0 million to \$19.5 million, as a result of continual declines in interest earnings reflecting rate cuts by the Federal Reserve. Motor vehicle in-lieu of taxes revenue decreased 4.6% from \$246.5 million in fiscal year 2009-10 to \$235.2 million in fiscal year 2010-11.

Expenses: Total program expenses for governmental activities were \$2.8 billion for the current fiscal year, an increase of 3.7%, or \$99.8 million as compared to prior fiscal year. The 36.5%, or \$1.0 billion, of total governmental activities expenses were for Public Protection; 32.4%, or \$907.2 million, for Public Assistance; 13.2%, or \$370.0 million, for Health and Sanitation; and 10.7%, or \$298.0 million, for General Government.

Business-type Activities

Revenues: The County has two major business-type activities: The Riverside County Regional Medical Center (RMC), and Waste Management. In addition, Flood Control, County Service Areas, and Housing Authority are included in the business-type activities of the County. Business-type activities recover all or a significant portion of their costs through user fees and charges and provide services primarily to non-County entities. For the current year, 99.9%, or \$526.9 million, of business-type activities program revenue was received from charges for services, a

Management's Discussion & Analysis (Unaudited)

percentage consistent with the prior fiscal year. The majority of this revenue, \$386.5 million, was received by RMC as compared to \$367.3 million for the prior fiscal year.

Expenses: Total expenses for business-type activities were \$547.9 million for the fiscal year compared to \$525.1 million for the prior fiscal year. This represents an increase of 4.4%, or \$22.9 million. The 73.2%, or \$401.1 million, of total expenses were incurred by RMC compared to 74.3%, or \$390.0 million, for the prior fiscal year. In addition, expenses for the Housing Authority were 15.7% of total expenses for business-type activities, or \$86.0 million, compared to prior fiscal year's expenses of 15.5%, or \$81.4 million; Waste Management Department was 10.4%, or \$56.7 million, compared to 9.5%, or \$50.0 million, the prior fiscal year. Flood Control and County Service Areas account for the remaining 0.7% of expenses consistent with the prior fiscal year.

The following table provides information from the Statement of Activities of the County for the fiscal year 2010-11, as compared to the prior year:

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

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) %
	2011	2010	2011	2010	2011	2010	
Revenues:							
Program revenues:							
Charges for services	\$ 591,738	\$ 567,323	\$526,860	\$501,530	\$1,118,598	\$1,068,853	4.7%
Operating grants and contributions	1,393,016	1,384,791	-	-	1,393,016	1,384,791	0.6%
Capital grants and contributions	32,114	31,112	-	1,165	32,114	32,277	-0.5%
General revenues:							
Property taxes	367,867	440,282	-	-	367,867	440,282	-16.4%
Sales and use taxes	45,489	36,289	-	-	45,489	36,289	25.4%
Motor vehicle in-lieu taxes	235,153	246,493	-	-	235,153	246,493	-4.6%
Investment earnings	19,494	29,026	538	1,442	20,032	30,468	-34.3%
Other	151,970	99,654	6,617	-	158,587	99,654	59.1%
Total revenues	2,836,841	2,834,970	534,015	504,137	3,370,856	3,339,107	1.0%
Expenses:							
General government	298,032	323,949	-	-	298,032	323,949	-8.0%
Public protection	1,021,288	1,062,213	-	-	1,021,288	1,062,213	-3.9%
Public ways and facilities	87,424	31,024	-	-	87,424	31,024	181.8%
Health and sanitation	369,984	347,634	-	-	369,984	347,634	6.4%
Public assistance	907,202	820,637	-	-	907,202	820,637	10.5%
Education	15,816	19,866	-	-	15,816	19,866	-20.4%
Recreation and culture	9,364	12,206	-	-	9,364	12,206	-23.3%
Interest on long-term debt	88,998	80,754	-	-	88,998	80,754	10.2%
Regional Medical Center	-	-	401,120	389,991	401,120	389,991	2.9%
Waste Management	-	-	56,688	49,956	56,688	49,956	13.5%
Housing Authority	-	-	86,027	81,426	86,027	81,426	5.7%
Flood Control	-	-	3,711	3,233	3,711	3,233	14.8%
County Service Areas	-	-	383	454	383	454	-15.6%
Total expenses	2,798,108	2,698,283	547,929	525,060	3,346,037	3,223,343	3.8%
Excess (deficiency) before Transfers	38,733	136,687	(13,914)	(20,923)	24,819	115,764	-78.6%
Transfers in (out)	(10,355)	(17,436)	10,355	17,436	-	-	0.0%
Change in net assets	28,378	119,251	(3,559)	(3,487)	24,819	115,764	-78.6%
Net Assets, Beginning of Year, as Restated	3,610,754	3,475,107	219,684	223,171	3,830,438	3,698,278	3.6%
Net Assets, End of Year	\$3,639,132	\$3,594,358	\$216,125	\$219,684	\$3,855,257	\$3,814,042	1.1%

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 spendable resources. Such information is useful in assessing the County's short-term financial requirements. In particular, the total fund balance less the nonspendable amount 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, 2011, the County's governmental funds reported combined fund balances of \$1.8 billion, a decrease of \$27.5 million, in comparison with the prior year. The components of total fund balance are as follows (See Note 14 – Fund balances for additional information)

- Nonspendable fund balance – \$159.0 million, are amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted fund balance – \$668.0 million, are amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – \$433.7 million, are amounts that are committed for a specific purpose. These funds require action from the Board of Supervisors to remove or change the specified use.
- Assigned fund balance – \$315.7 million, are amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed. Assigned amounts cannot cause a deficit in unassigned fund balance.
- Unassigned fund balance – \$189.2 million, are funds that are not reported in any other category and are available for any purpose within the General Fund.

Total governmental fund revenue decreased by 0.8%, or \$23.6 million, from the prior fiscal year with \$2.8 billion being recognized for the fiscal year-ended June 30, 2011. Expenditures decreased by 4.7%, or \$146.4 million, from the prior fiscal year with \$3.0 billion being expended for governmental functions during fiscal year 2010-11. Overall, governmental fund balance decreased by 1.5%, or \$27.5 million. In comparison, fiscal year 2009-10 had a decrease in governmental fund balance of 10.5%, or \$209.7 million, over fiscal year 2008-09.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the General fund's total fund balance was \$343.6 million, as compared to \$386.5 million for the prior fiscal year. The decrease of \$42.9 million, or 11.1% was a result of a decline in tax revenues due to a decrease in assessed property values, a reduction in interest earnings attributable to a lower interest rate, less revenue from cases in the District Attorney's Consumer Fraud and Environmental Crimes Unit, an increase in service cost for public protection and public assistance, and an increase in categorical aid and caseload growth for group home placement and the Federal Medical Assistance Program (FMAP). As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. The nonspendable portion of fund balance was \$2.2 million, and the spendable portion was \$341.4 million. The current year unassigned fund balance is 8.4% of the total General Fund expenditures of \$2.2 billion, as compared to 13.3% of the prior year expenditures total of \$2.2 billion. The total fund balance of the General Fund for the current year is 15.3% of the total General Fund expenditures as compared to 17.3% for the prior year.

Flood Control fund balance increased by 3.7%, or \$9.0 million, from \$241.9 million in fiscal year 2009-10 to \$251.0 million in fiscal year 2010-11 as a result of an excess of revenues over expenses in current year operating activities.

Public Facilities Improvements Capital Projects fund balance decreased from \$338.7 million to \$293.1 million, 13.5% or \$45.6 million. The decrease is due to the completion of various construction projects 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; and, an incessant decrease in other revenue and interest earnings due to a significant drop in interest rates caused by the sluggish economy.

Management's Discussion & Analysis (Unaudited)

Redevelopment Capital Projects fund balance increased from \$261.3 million to \$271.5 million, 3.9% or \$10.2 million. The increase is attributable to the issuance of long term debt and prior year adjustment of \$7.0 million due to overstatement of loans receivable from prior years.

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.

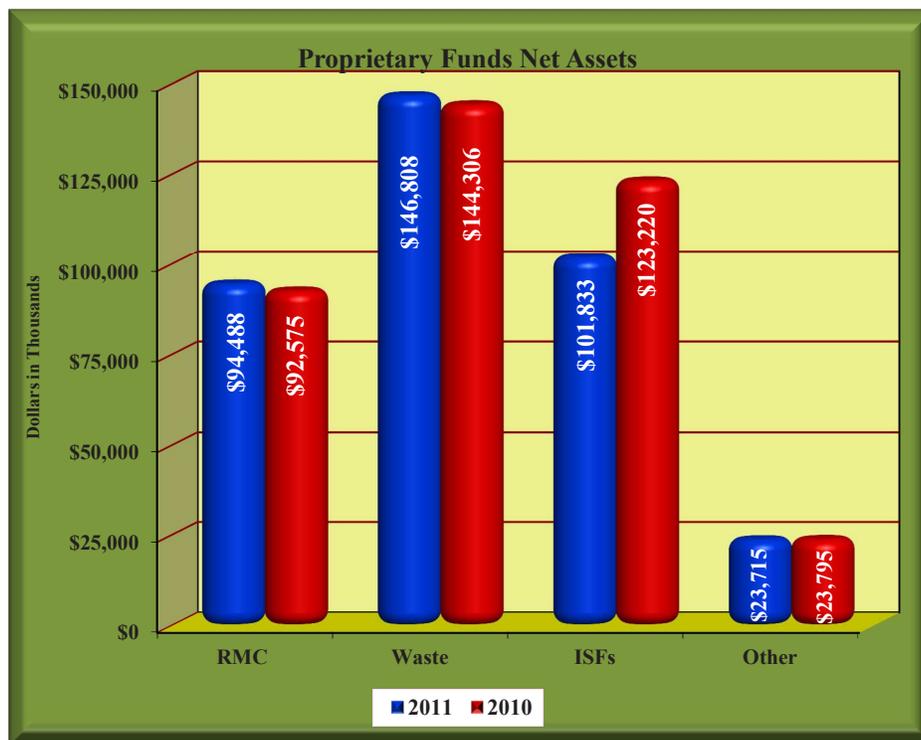
At the end of the fiscal year, total proprietary fund net assets were \$366.8 million, compared to \$383.9 million as restated for prior fiscal year. Total proprietary fund net assets decreased by 4.4% or \$17.1 million, compared to 0.1%, or \$0.3 million, decrease for the prior fiscal year.

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

- Riverside County Regional Medical Center: \$38.2 million
- Waste Management: \$61.1 million
- Other enterprise fund activities: \$9.1 million
- Internal service fund activities: \$80.4 million

RMC's net assets increased from \$92.6 million to \$94.5 million, 2.1%, or \$1.9 million. The increase is attributable to higher net patient revenue and other operating revenues in fiscal year 2010-11.

Waste Management's net assets increased from \$144.3 million to \$146.8 million. The increase resulted from net of operating revenues over expenses.



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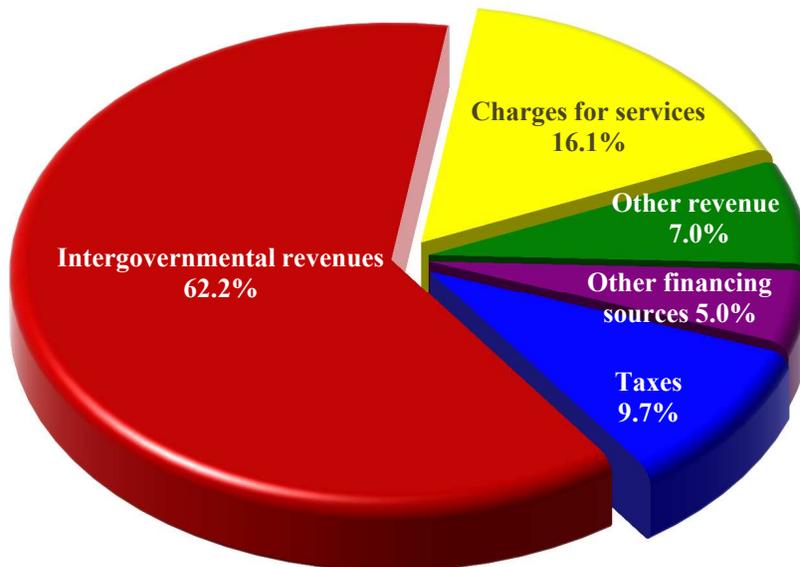
GENERAL FUND FINANCIAL ANALYSIS

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 2010-11	Percent of Total	Fiscal Year 2009-10	Percent of Total	Variance
Taxes	\$ 221,807	9.7%	\$ 229,631	9.6%	-3.4%
Intergovernmental revenues	1,428,562	62.2%	1,414,349	59.4%	1.0%
Charges for services	369,780	16.1%	367,249	15.4%	0.7%
Other revenue	161,234	7.0%	176,340	7.5%	-8.6%
Other financing sources	114,368	5.0%	194,851	8.1%	-41.3%
Total	\$ 2,295,751	100.0%	\$ 2,382,420	100.0%	-3.6%

The loss of tax revenue was attributable to a sharp decline in secured and supplemental property taxes due to a decrease in assessed values. The increase in intergovernmental revenue was primarily attributable to an increase in public assistance for categorical aid from the State, an increase in expenditures towards the Mental Health Services Act (MHSA) leading to greater reimbursements from the State, and Federal funding increases for the Women, Infant, and Children (WIC) program and the Homeland Security Metropolitan Medical Response System (MMRS). The slight increase in charges for services was primarily the result of increased revenues from city law enforcement contracts with the Sheriff Department and city fire protection contracts with the Fire Department. Other revenue decreased due to reduction in interest earnings attributable to a lower interest rate and due to less revenue from cases in the District Attorney's Consumer Fraud and Environmental Crimes Unit.

COUNTY OF RIVERSIDE
General Fund Revenues and Other Financing Sources
For The Year Ended June 30, 2011



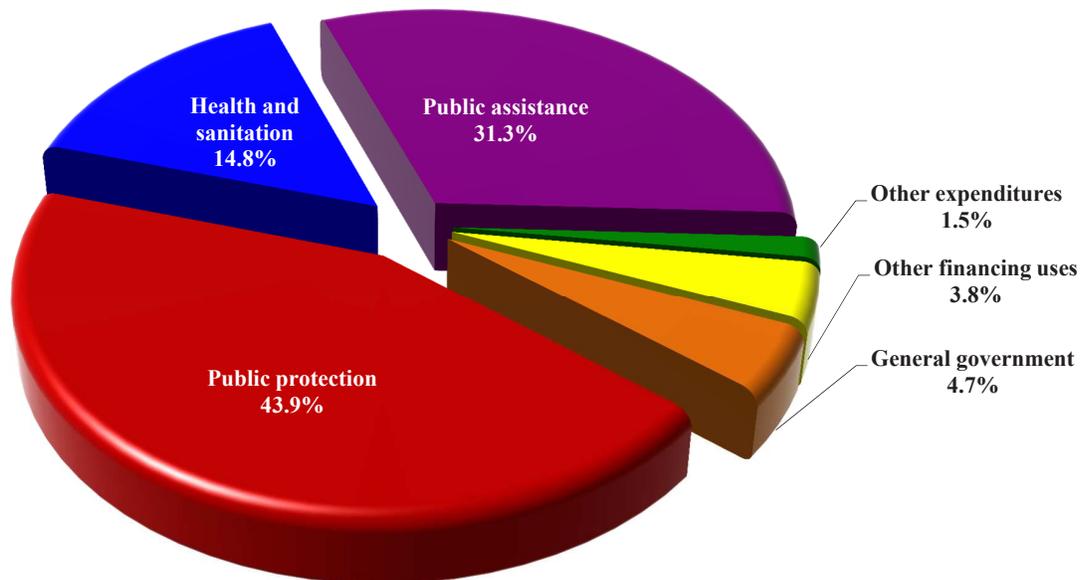
Management's Discussion & Analysis (Unaudited)

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 2010-11	Percent of Total	Fiscal Year 2009-10	Percent of Total	Variance
General government	\$ 109,146	4.7%	\$ 130,516	5.5%	-16.4%
Public protection	1,025,584	43.9%	1,005,679	42.5%	2.0%
Health and sanitation	345,649	14.8%	333,068	14.1%	3.8%
Public assistance	731,017	31.3%	712,353	30.1%	2.6%
Other expenditures	34,062	1.5%	53,757	2.3%	-36.6%
Other financing uses	93,217	3.8%	132,682	5.5%	-29.7%
Total	\$ 2,338,675	100.0%	\$ 2,368,055	100.0%	-1.2%

The decrease of expenditures in general government was attributable to a reduction in salaries and benefits due to position vacancies. Additionally, the Economic Development Agency (EDA) divisions of Custodial Services, Maintenance Services, and Real Estate, converted to internal service funds in FY 2010-2011. The increase of expenditures in public protection was mainly attributable to Sheriff, District Attorney, and Public Defender. Sheriff increased staffing which created, an increase in salary, retirement benefits, and overtime to cover needed positions. Additionally, Sheriff had an increase in lease payments for two Eurocopters. District Attorney had an increase in salaries and benefits due to furloughs expiring and a large payout of annual leave. Public Defender had established a new department for Capital Defenders. The increase of expenditures in health and sanitation was attributable to the Community Health Agency and Mental Health. The Community Health Agency increased costs due to retirements and additional funding for staff in the Women, Infant, and Children (WIC) program. Mental Health had an increase due to furloughs expiring, startup costs for the prevention program, and high usage of the Institute of Mental Disease (IMD). The increase in public assistance was attributable to an increase in categorical aid and caseload growth for group home placement and the Federal Medical Assistance Program (FMAP). The reduction in other expenditures is due to limited capital outlay expenditures and a decrease in principal payments. The decrease in other financing uses is due to less intergovernmental activities with the EDA divisions that were converted to internal service funds.

COUNTY OF RIVERSIDE
General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011



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 adopted 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 adopted General Fund estimated revenue budget decreased by \$82.8 million, or 3.4%, from \$2.4 billion to the final amended revenue budget of \$2.3 billion. The \$82.8 million represents a decrease of \$86.4 million in charges for services offset by an increase of \$3.5 million in other revenue.

Charges for Current Services: The net decrease of \$86.4 million, or 18.0%, for charges for current services was mainly the result of intergovernmental activities. Community Health Agency Animal Services had a decrease of \$1.4 million from a reduction in contracts with cities.

Other Revenue: The increase in other revenue of \$3.5 million, or 6.1%, was primarily the result of intergovernmental activities and a reclassification of operating transfers to other financing sources. This was offset by the Community Health Agency reduction of receipts in jail inspection and traffic fines.

Expenditure Appropriation Variances

The original adopted General Fund appropriation budget of \$2.5 billion decreased by \$51.2 million, or 2.0%, during the fiscal year. The significant appropriation changes were a decrease of \$33.3 million in debt service, a decrease of \$18.7 million in general government, and a decrease of \$12.8 million in public assistance offset by an increase of \$12.9 million in public protection and an increase of \$0.7 million in health and sanitation. The major appropriation variances are described below.

General Government: The appropriation budget decreased by \$18.7 million, or 9.6%, from the original adopted budget of \$195.3 million to \$176.6 million. The following information describes the significant factors for the variances:

- Salaries and employee benefits decreased by \$2.2 million, or 2.5%, mainly due to intergovernmental activities and salary savings from furloughs and vacant positions.
- Services and supplies increased by \$4.8 million, or 7.2%, mainly due to increases by Registrar of Voters, EDA, and Executive Office. Registrar of Voters increased by \$1.3 million due to enhancements implemented for the November 2010 general election, higher-than-budgeted costs of printing sample ballots, and increased amount of temporary help. EDA Energy increased by \$1.1 million to reflect the increase in utility accounts including the majority of County departments that are handled by the division. Executive Office increased by \$0.8 million due to newly awarded contracts for the dispute resolution program funded through statutory court fines and fees. Also, Executive Office increased by \$0.6 million due to an increase in court reporter transcripts.
- Other charges decreased by \$23.6 million, or 33.2%, mainly due to a decrease in contributions to other funds by the Executive Office and intergovernmental activities offset by increases by the Board of Supervisors with \$2.6 million in community improvement designations and EDA Project Management with \$1.5 million for repairs on the First American Title Company building and additional minor capital projects.
- Intrafund transfers decreased by \$3.0 million, or 5.5%, mainly due to position vacancies in EDA Facilities Administration, which decreased need for reimbursement by \$5.2 million from other General Fund departments. This was offset by an increase of \$1.6 million in payroll services and \$0.5 million in energy services.
- Appropriation for contingencies decreased by \$0.9 million, or 4.7%. The contingency budget covers current and potential General Fund liabilities. During the year, the major liabilities covered were a \$1.7 million Registrar of Voters increase for the November 2010 general election, higher costs of printing sample ballots, and salary payout costs, a \$0.7 million increase for foster care in DPSS, and a \$0.4 million payment to the

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March Joint Powers Authority (JPA) for franchise fees and services within the JPA. This was offset by a State reimbursement of \$1.9 million for the May 2009 statewide special election.

Public Assistance: The appropriation budget decreased by \$12.8 million, or 1.6%, from the original adopted budget of \$779.9 million to \$767.1 million. The following describes the significant factors for the variances:

- Salaries and employee benefits decreased by \$5.1 million, or 2.2%, mainly due to intergovernmental activities and salary savings from frozen merit increases and furloughs within negotiated union contracts.
- Services and supplies decreased by \$10.7 million, or 11.5%, mainly due to a change in the State's Consortium IV Project billing methodology for maintaining and operating the statewide automated welfare system, resulting in decreased expenditures and revenue for DPSS.
- Other charges increased by \$3.0 million, or 0.7%, mainly due to an increase of \$15.0 million in categorical aid for mandated client assistance programs such as Cal Works Assistance, Foster Care, Emergency Assistance, and Adoptions Assistance, and an increase of \$2.9 million in provider wages for AB1612 mandated client services. This was offset by a decrease of \$14.1 million primarily due to a reduction of \$9.5 million for Stage 1 childcare services and a loss of \$4.7 million from the Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund (ECF).

Public Protection: The appropriation budget increased by \$12.9 million, or 1.2%, from the original adopted budget of \$1.1 billion. The following information describes the significant factors for the variances:

- Salaries and employee benefits increased by \$6.7 million, or 1.0%, mainly due to an increase in salary costs among Sheriff and District Attorney, offset by salary savings with the Child Support Services, Probation, Public Defender, Fire, Animal Services, and Code Enforcement as a result of furloughs, position vacancies, and decreased city contracts for Animal Services.
- Services and supplies increased by \$4.2 million, or 1.3%, mainly due to Fire with an increase of \$4.6 million due to intergovernmental activities and acceptance of the following grants: Emergency Management Performance, Hazard Mitigation, FY10 Homeland Security, FY09 Buffer Zone Protection, Ron Auen Berger Foundation, CA Volunteers State Homeland Security, and Regional Catastrophic Preparedness. Child Support Services also had an increase of \$1.5 million for additional costs in office equipment, professional services, lease payments, computer software, and temporary help services. This was offset by a decrease of \$1.8 million by Sheriff, due to savings in supplies and services in various divisions.
- Other charges decreased by \$2.1 million, or 4.6%, mainly due to a decrease of \$5.5 million for intergovernmental activities primarily offset by a \$1.3 million increase in Probation for kitchen equipment failures, security upgrades, maintenance, construction of new facilities at Riverside Juvenile Hall, and real estate expenses for an SB81 project. The decrease was also offset by Sheriff with a \$1.2 million increase primarily for the Smith Correctional Warehouse Project.
- Capital assets increased by \$4.4 million, or 124.2%, mainly due to an increase to Sheriff of \$3.7 million primarily for the purchase of night vision binoculars, thirty court services vehicles, computer equipment, and AgencyWeb-Administrator and CourtNotify software packages with installation and training. Fire also had an increase of \$0.6 million primarily for a fire engine and communications equipment.

Health and Sanitation: The appropriation budget increased by \$0.7 million, or 0.2%, from the original adopted budget of \$396.0 million to \$396.7 million. The Community Health Agency had an increase due to expenditures related to a statewide audit of targeted case management claims and the maximizing of existing clinic space to increase services in various family care centers. Mental Health had an increase due to the purchase of Prevention Specialty Treatment vehicles.

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 \$58.0 million resulting from unexpended appropriations of \$217.1 million, or 8.8%, and overestimated revenue of \$159.1 million, or 6.8%. The following contributed to the variance:

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Expenditure Variances

General Fund actual expenditures of \$2.3 billion were 8.8%, or \$216.9 million, less than the final amended appropriation budget of \$2.5 billion. General government, health and sanitation, public protection, public assistance, and debt service were the five most significant factors attributing to the unexpended appropriations as follows:

General Government: Actual expenditures of \$109.1 million were less than the final amended budget of \$176.6 million by \$67.5 million, or 38.2%. The following describes the significant factors for the variances:

- Salaries and employee benefits were \$6.7 million, or 7.6%, below budget primarily due to vacant positions at EDA for a savings of \$2.6 million. Human Resources and Treasurer-Tax Collector had savings of \$0.5 million each due to reduction in staff, furloughs, and vacant positions. Other general government departments had similar savings of a lesser proportion.
- Services and supplies were \$11.4 million, or 16.2%, less than budgeted mainly due to Executive Office, EDA, Assessor, and Treasurer-Tax Collector. Executive Office accounts for \$6.7 million mainly due to savings in construction contracts and communication equipment. EDA accounts for approximately \$3.1 million of the variance mainly due to a \$1.8 million savings in utility costs. The remaining savings in EDA included fewer information technology charges and less parking improvements made than planned. Assessor had savings of \$0.6 million due to reductions in janitorial services, telephone services, and carpool expenditures. Treasurer-Tax Collector had savings of \$0.5 million due to reduction in expenses for printing, legally required notices, and software consultants.
- Other charges were \$33.9 million, or 71.7%, less than budgeted primarily due to intergovernmental activities. Contributions to other funds by the Executive Office were less than projected. EDA had savings due to lower costs for the tenant improvements at the Riverside Centre and postponed improvements for the First American Title Company building.
- Capital outlays were \$2.4 million, or 59.2%, less than budgeted mainly due to EDA and Registrar of Voters. Projects in various buildings for the Energy Efficiency and Conservation Block Grant (EECBG) for EDA Energy were completed at a slower rate than expected. Registrar of Voters delayed purchase of a mail sorter and 400C scanner.
- Intrafund transfers were \$6.0 million, or 11.6%, less than budgeted primarily due to EDA and County-wide Cost Allocation Plan (COWCAP) Reimbursement. EDA acquires reimbursements for project management, energy, and parking provided to General Fund departments. Reimbursements to the EDA Energy department were lower due to reduced utility costs. 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. COWCAP reimbursements were lower than anticipated due to the allocations for EDA Custodial, Maintenance, and Real Estate Services departments being transferred to newly created Internal Service Funds (ISF).

Health and Sanitation: Actual expenditures of \$345.6 million were less than the final amended budget of \$396.7 million by \$51.1 million, or 12.9%. The following describes the significant factors for the variances:

- Salaries and employee benefits were \$16.1 million, or 8.5%, less than budgeted primarily due to vacant positions in Mental Health with savings of \$6.9 million and the Community Health Agency with savings of \$4.8 million. Savings was also achieved through intergovernmental activities of \$4.0 million.
- Services and supplies were \$21.4 million, or 18.8%, less than budgeted primarily due to a \$10.7 million savings in the Community Health Agency and a \$10.6 million savings in Mental Health. The Community Health Agency had savings in payments for the MADDY Emergency Medical Services (EMS) program to County physicians and hospitals for their share of uncompensated emergency medical costs. The Agency also had savings in system maintenance and administrative support services. Mental Health administration had savings due to a delay in the implementation of the MHSA Workforce Education and Training (WET) program and a gradual implementation of the Behavioral Health Information System (BHIS). Mental Health Treatment had savings in information technology services, administrative support, and a legal services contract that was not renewed.
- Other charges were \$18.8 million, or 10.0%, less than budgeted primarily due to Mental Health. Mental Health had savings of \$18.7 million mainly due to gradual implementation of private care provider contracts for the prevention program. Also, Mental Health clinics had less dependence on client assistance than

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anticipated, and a contractor has not been found to provide services for the Augmented Board and Care (ABC) program.

- Capital assets were \$1.3 million, or 69.6%, less than budgeted primarily due to Mental Health with \$1.0 million savings mainly attributed to the gradual implementation of the BHIS.
- Intrafund transfers were \$6.6 million, or 6.7%, less than budgeted primarily due to the Community Health Agency, MISP, and Detention Health Systems (DHS). The Community Health Agency administration had a variance of \$2.8 million attributed to lower reimbursements due to cost reductions within the department. MISP had a variance of \$2.0 million due to a lower allocation of Vehicle License Fee (VLF) realignment revenue. DHS had a variance of \$0.6 million due to a lower reimbursement from Mental Health attributed to the reduction in cost of 340B drugs.

Public Protection: Actual expenditures of \$1.0 billion were less than the final amended budget of \$1.1 billion by \$49.7 million, or 4.6%. The following describes the significant factors for the variances:

- Salaries and employee benefits were \$22.0 million, or 3.1%, less than budgeted primarily due to intergovernmental activities with \$11.0 million savings, Probation, Department of Child Support Services (DCSS), and Sheriff. Due to vacant positions, Probation had a salary savings of \$5.7 million. DCSS had savings of \$1.4 million mainly due to furloughs and position vacancies. Sheriff had savings of \$1.2 million due to retirements not fulfilled and salary savings in administration, court services, and the public administrator division. The salary savings is also due to \$0.9 million from Assessor-County Clerk-Recorder, \$0.7 million from Fire, and \$0.6 million from Planning.
- Services and supplies were \$24.5 million, or 7.6%, less than budgeted due to Fire, Sheriff, Probation, Executive Office, Animal Services, County Clerk-Recorder, and Public Defender. Fire had savings of \$13.5 million due to less than expected costs to Cal Fire including professional services, weed abatement, miscellaneous purchases for grants, equipment usage, and medical supplies. Sheriff had savings of \$5.3 million primarily due to less expenditure for the High-Intensity Drug Trafficking Area (HIDTA) grant and less than expected costs for janitorial services, utilities, carpool, communication equipment, and computer lines. Probation had savings of \$1.9 million partly due to the consolidation of food purchases for all institutions and detention facilities and other reductions in costs across divisions. Executive Office had savings of \$1.2 million primarily from less than expected costs in trial court funding and confidential court orders. Animal Services had savings of \$1.0 million in administrative support, utilities, insurance costs, and janitorial services. County Clerk-Recorder had savings of \$0.9 million mainly in software maintenance, micrographic services, and mailing expenditures. Public Defender had savings of \$0.6 million primarily from their Capital Defenders office for reductions in legal services for death penalty cases and office equipment.
- Capital assets were \$2.8 million, or 35.5%, less than budgeted due to Fire and Sheriff. Fire had savings of \$1.2 million mainly due to the purchase deferral of fire engines and equipment. Sheriff had savings of \$1.5 million mainly due to patrol not purchasing aircraft, computer, and other equipment. Also, Sheriff Corrections delayed purchase of a vehicle and Sheriff Court Services did not purchase communications and computer equipment as planned.

Public Assistance: Actual expenditures of \$731.0 million were less than the final amended budget of \$767.1 million by \$36.1 million, or 4.7%. The following describes the significant factors for the variances:

- Salaries and employee benefits were \$12.4 million, or 5.4%, less than budgeted mainly due to furloughs and reduction in staffing levels by DPSS to meet budget cuts.
- Services and supplies were \$11.0 million, or 13.4%, less than budgeted primarily due to DPSS reducing costs to meet budget constraints. The savings reflect a drop in cell phone rates and tenant improvement reductions in the following projects: Hemet Building 1 lobby renovation, Desert Hot Springs, Cathedral City carpet, and new buildings for Perris and information technology in mid-County.
- Other charges were \$12.5 million, or 2.7%, less than budgeted primarily due to DPSS with savings in several areas. The savings in DPSS administration was due to low caseloads for childcare Stage 1 and 3 Welfare-to-Work (WTW) exemptions. Also, the Regional Market Rate (RMR), which is the maximum amount that childcare providers can be reimbursed, was reduced from 90% to 80%. In client services, expenditures came in lower for the Subsidized Temporary Employment Program (STEP) and Promoting Safe and Stable Families (PSSF). Also, price rates for the SB163 Wrap-around program were lower than

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anticipated. In Mandated Client Services, savings were due to a decrease in In-Home Supportive Service (IHSS) contract caseload hours and a reduction in the Child Welfare Services (CWS) program.

Debt Service: Actual expenditures of \$24.8 million were less than the final amended budget of \$45.7 million by \$20.8 million, or 45.6%, primarily due to a decrease in principal payments for capital asset leases for buildings and other purchases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the County's capital assets for both its governmental and business-type activities amounted to \$3.8 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 5.4%, or \$192.0 million, from \$3.6 billion in fiscal year 2009-10 to \$3.8 billion in fiscal year 2010-11.

Construction in progress, equipment purchases, and land improvement experienced a decrease as the current economic slowdown presents challenges to balance budget with capital projects for use of scarce one-time general funds. Structures and improvements rose from \$868.1 million in fiscal year 2009-10 to \$1.1 billion in fiscal year 2010-11, a 26.0% increase as projects in construction were completed and transferred, noting the priority of the Board of Supervisors to focus attention on capital projects underway and bringing them to completion within budget.

In fiscal year 2010-11, new major projects budgeted for construction and design included the following: U.S. Federal Courts Riverside Facility Expansion and Remodel with a budgeted amount of \$125.0 million, located on 12th Street in Riverside and an estimated \$99.0 million for the County of Riverside Enterprise Solution for Property Taxation (CREST) project to re-engineer and replace the County's property tax system by the joined forces of the Assessor-County Clerk-Recorder, Treasurer-Tax Collector, and Auditor-Controller. Cabazon Civic Center budgeted at \$17.8 million, which will include a library, a child development center, and an administration building for Cabazon Water District. Library projects include \$9.8 million for the new building in Mead Valley, \$3.5 million for the Palm Desert renovation, and \$2.5 million for the Idyllwild remodel to the 5,800 square foot commercial site on Village Center. The Cajalco Expressway Interchange/Interstate 215 at Ramona Expressway project by the Department of Transportation at \$8.7 million is intended to alleviate significant congestion at the interchange ramp terminal intersections and improve safety, capacity, and operation of the interchange as it is a gateway into the unincorporated Mead Valley area of the County and the City of Perris.

Construction in Progress

Additions to Construction in Progress for Fiscal Year 2010-11:

In fiscal year 2010-11, additions in the amount of \$248.3 million consisted of costs related to existing projects and new projects.

Existing project costs include the following:

- Roads and signal infrastructures additions were \$87.4 million.
- The EDA incurred \$18.4 million in costs for projects such as the 30,636 square foot Mecca Boys and Girls Clubhouse geared towards its young population, as it will provide computer access and a safe environment for the children to study and foster teamwork. Lake Mathews Fire Station on the corner of El Sobrante and Cajalco Road, the Thermal Sheriff Station, which will be the Eastern Coachella Valley regional headquarters for the Sheriff Department, and the Desert Hot Springs Family Care Center that will provide crucial health services to the surrounding communities.
- Flood incurred \$7.0 million in storm drain projects such as the Belltown Market Street and the Hawthorne Avenue in Menifee.
- Riverside County Regional Medical Center's Siemens Hospital Information System costs for the year were \$4.2 million. They also incurred \$2.5 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.

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New project costs include the following:

- The EDA started new projects in the amount of \$51.2 million. The largest public works project in Riverside County, the Big League Dreams Perris Valley Sports Park for \$19.8 million, providing needed recreational facilities and encouraging economic growth by bringing thousands of athletes to the City of Perris and \$18.2 million for the Jurupa Valley Aquatic Center, a 7.5 acre state of the art water park composed of the Cove Water Park and a competition pool.
- Roads and signal infrastructures additions were \$20.0 million.
- Public Safety Enterprise Communication incurred \$17.2 million in costs related to the standards-based digital radio system. In April 2011, 35 of 68 sites were energized making the new radios functional and available for testing. Construction of 32 new sites is complete and 11 new perspective sites are in progress.
- CREST project additions of \$3.4 million towards the system that will replace inefficient business processes and outdated technologies.

Construction in Progress Transfers:

Completed construction in progress projects of approximately \$298.7 million were transferred from construction in progress to other designated capital asset accounts during fiscal year 2010-11. The major projects were as follows:

- \$229.2 million was transferred to structures and improvements. Examples include \$75.1 million for the Larry D. Smith Correctional Facility Expansion No. 3, which consists of a 582 bed expansion, \$29.3 million for the Palm Desert Sheriff Station, the first building constructed by the County to receive the Leadership in Energy and Environmental Design gold certification, the San Jacinto Valley Animal Shelter for \$18.4 million, and \$14.6 million for the Historic Courthouse Renovation. Rubidoux experienced large project transfers, such as the Louis Rubidoux Library, Rubidoux Youth Opportunity Center, and the Don Schroeder Family Care Clinic for \$28.7 million. The County's Regional Park and Open Space District incurred \$12.1 million for the upgrade and expansion of the Rancho Jurupa Park that has expanded the park by 50 acres, a camp store, an 18-hole miniature golf course and their headquarter expansion project for \$5.3 million to provide an additional room with 200 person capacity to expand wedding marketability and increase revenue.
- \$68.4 million was transferred to infrastructure. Transportation and Land Management Agency transferred \$47.9 million with examples such as the Miles Avenue Bridge over the Whitewater River in Indio for \$22.3 million and \$8.7 million for the construction of roadway widening, reconstruction, and traffic signals on Scott Road to reduce congestion and improve safety. The Flood Department transferred \$13.5 million for storm drains, such as the Belltown Market Street and the Calimesa Avenue projects to provide improved flood protection to the surrounding areas.

Land and Easements

Additions of \$11.4 million in land were processed this fiscal year. Flood Control obtained \$9.2 million through cooperative agreements between Flood Control, the County, and the developer for the Benton Creek Channel and the San Sevaine-Birtcher Drive and Belle grave Avenue Storm Drains, where the District will assume operation and maintenance at the completion of the projects. Approximately \$1.9 million by the Economic Development Agency for land in the City of Indio for a new 43,000 square foot 150 bed rescue mission on Van Buren Blvd. to meet the needs of the community.

Depreciable Capital Assets

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 2010-11 depreciable capital asset current year additions of \$82.5 million were comprised of the following:

- Infrastructure in the amount of \$50.9 million consisting of donated roads in the amount of \$26.3 million and \$24.6 million in flood storm drains and channels.

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- Structures and improvements amounted to \$11.7 million in assets, such as the El Cerrito Sports Park Community Center, the official home of Corona's National Little League consisting of three fields for soccer and football, two courts for basketball and tennis, and a tot lot.
- Equipment in the amount of \$19.9 million distributed as follows:
 - Equipment leased - \$4.3 million
 - Equipment field - \$4.3 million
 - Vehicles leased - \$3.8 million
 - Equipment vehicles - \$3.0 million
 - Miscellaneous equipment - \$2.6 million
 - Computer and office equipment - \$1.9 million

Retirements of Depreciable Assets:

Retirement of depreciable assets totaled \$178.7 million. Infrastructure in the amount of \$117.3 million was retired from the Transportation and Land Management Agency for the transfer of roads to the newly incorporated Cities of Menifee, Wildomar, and Eastvale. Equipment was retired ranging from the categories of computer and office equipment to vehicle and leased equipment in the amount of \$50.5 million, which includes \$27.4 million disposed of and unaccounted for capital assets that were not physically transferred from Riverside General Hospital to the new facility when the Moreno Valley campus of RMC opened. Structures and Improvements for approximately \$11.0 million were disposed of, which includes the transfer of a Probation building on 47671 Oasis Street to the State with the intent to construct a new juvenile court facility.

Transfers:

Completed construction in progress transferred for approximately \$298.4 million as noted above.

Depreciation Note:

In the government-wide financial statements, depreciable capital assets are depreciated from the acquisition date to the end of the fiscal year. However, in the fund financial statements of the governmental funds, depreciable capital assets are accounted for as expenditures when payments are made. This fiscal year, depreciable capital assets for governmental and business type activities combined incurred \$138.2 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:

	Capital Assets (net of depreciation, in thousands)						Increase/ (Decrease) %
	Governmental Activities		Business-type Activities		Total		
	2011	2010	2011	2010	2011	2010	
Infrastructure	\$1,411,930	\$1,377,579	\$ 50,421	\$ 53,885	\$1,462,351	\$1,431,464	2.2%
Land and easements	433,594	429,874	21,325	21,325	454,919	451,199	0.8%
Land improvements	89	99	4,244	4,826	4,333	4,925	-12.0%
Structures and improvements	960,444	732,044	132,228	136,098	1,092,672	868,142	25.9%
Equipment	86,912	100,136	17,707	20,673	104,619	120,809	-13.4%
Construction in progress	601,825	661,635	44,368	34,801	646,193	696,436	-7.2%
Total	\$3,494,794	\$3,301,367	\$270,293	\$271,608	\$3,765,087	\$3,572,975	5.4%

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

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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, 2011, the County had numerous debt issues outstanding, principally certificates of participation - lease rental obligations. (See Note 13)

Net bonded debt per capita equaled \$692.0 as of June 30, 2011. The calculated legal debt limit for the County is \$2.6 billion.

The following are credit ratings maintained by the County:

	<u>Moody's Investors Service, Inc.</u>	<u>Standard & 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 2010-11, the County, as a participant in the California Statewide Communities Development Authority composite offering, issued \$343.0 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 2010-11, 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 \$20.8 million. The approximately \$206.8 million in total financing was comprised of \$101.6 million, representing fiscal year 2009-10 delinquent property taxes and \$105.2 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.

The table below provides summarized information (including comparative amounts from the preceding year) for the County's outstanding long-term liabilities at June 30, 2011.

County's Outstanding Debt Obligations (In Thousands)

	Governmental Activities		Business-Type Activities		Total		Increase/ (Decrease)
	2011	2010	2011	2010	2011	2010	%
Loans payable	\$ 5,355	\$ 6,987	\$ -	\$ -	\$ 5,355	\$ 6,987	-23.4%
Notes payable	-	15,000	-	-	-	15,000	-100.0%
Bonds payable	1,551,323	1,408,017	134,983	147,924	1,686,306	1,555,941	8.4%
Certificates of participation	367,272	385,447	-	-	367,272	385,447	-4.7%
Capital Leases	111,128	123,890	15,830	20,842	126,958	144,732	-12.3%
Total Outstanding	\$2,035,078	\$1,939,341	\$150,813	\$168,766	\$2,185,891	\$2,108,107	3.7%

Outstanding Debt: The County of Riverside's total debt increased by 3.8%, \$79.1 million (\$97.1 million in governmental funds and a decrease of \$18.0 million in business-type), during the current fiscal year. The increase in governmental activities was a result of the issuance of 2011 Monroe Park Building Refunding, and nine 2011 RDA's Tax Allocation Bonds. 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.

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ECONOMIC FACTORS AND THE FISCAL YEAR 2011-12 BUDGET OUTLOOK

While most economists agree that the recession has officially ended, the most optimistic economic forecasts project slow growth, if any, over the near future. Reminiscent of this last fiscal year, Riverside County's budget plans for fiscal year 2011-12 anticipate minimal support from the economy or the State. Reports of stabilizing job and housing markets produce guarded optimism at best. These reports fuel the hope that the worst is in the past.

To fund the fiscal year 2011-12 budget, the County drew on reserves creating a structural budget imbalance totaling about \$27.8 million. Fiscal year 2011-12 discretionary revenue is expected to decline by approximately 1.0% (\$7.7 million) when compared to fiscal year 2010-11. The following table reflects anticipated discretionary revenue totals and sources for Fiscal Year 2011-12.

Source	Final Budget Estimate (In Thousands)
Taxes	\$ 216,752
Other Taxes	33,626
Licenses, Permits, Franchise Taxes	5,080
Fines, Forfeitures, Penalties	27,035
Use of Money and Property	5,447
State	191,950
Federal	3,100
Charges for Services	266
Miscellaneous	101,147
Total	<u>\$ 584,403</u>

The County's employee retirement benefit contribution rate for fiscal year 2011-12 for miscellaneous members is 13.1% and the Safety contribution rate is 21.3%. 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 2012-13 rates are projected at 13.5% (Miscellaneous) and 22.0% (Safety). Additional information regarding the County's retirement plans are included in Notes 18, 19, and 20 of the financial statements and schedules of retirement funding progress are included in the required supplementary information section.

The fiscal year 2011-12 assessment roll value declined by 1.5%, yielding a total property tax roll of \$205.2 billion, compared to \$208.2 billion in fiscal year 2010-11. The \$3.0 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, practically non-existence of construction for 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 - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326 Phone: (951) 955-3800; Fax: (951) 955-3802; website: www.auditorcontroller.org.

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



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COUNTY OF RIVERSIDE
Statement of Net Assets
June 30, 2011
(Dollars in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Children and Families Commission	Palm Desert Financing Authority
ASSETS:					
Cash and investments (Note 5)	\$ 1,603,735	\$ 131,974	\$ 1,735,709	\$ 43,395	\$ -
Receivables, net (Notes 1 and 7)	432,190	129,986	562,176	5,310	-
Inventories	6,307	7,094	13,401	-	-
Internal balances (Note 8)	48,777	(48,777)	-	-	-
Prepaid items and deposits	1,261	4,747	6,008	89	-
Restricted cash and investments (Notes 5 and 6)	500,874	97,498	598,372	-	16,106
Other noncurrent receivables (Note 7)	34,669	-	34,669	-	66,574
Notes receivable (Note 7)	61,999	-	61,999	-	-
Pension asset, net (Notes 18 and 19)	433,216	1,516	434,732	-	-
OPEB asset, net (Note 20)	21,818	-	21,818	-	-
Land held for resale	92,570	-	92,570	-	-
Unamortized bond issuance costs	27,317	946	28,263	-	1,123
Deferred outflows of resources (Note 13)	24,669	-	24,669	-	-
Capital assets (Note 9):					
Nondepreciable assets	1,035,419	65,693	1,101,112	-	-
Depreciable assets, net	2,459,375	204,600	2,663,975	-	-
Total assets	6,784,196	595,277	7,379,473	48,794	83,803
LIABILITIES:					
Current Liabilities:					
Accounts payable	153,063	17,734	170,797	4,032	450
Salaries and benefits payable	59,275	10,274	69,549	101	-
Due to other governments	36,446	42,316	78,762	30,091	-
Interest payable	20,292	591	20,883	-	747
Deposits payable	2,328	87	2,415	-	-
Notes payable (Note 12)	206,805	-	206,805	-	-
OPEB obligation, net (Note 20)	-	49	49	-	-
Other liabilities	1,590	2,751	4,341	-	-
Unearned revenue (Note 7)	256,162	-	256,162	-	-
Interest rate swap (Note 13)	24,669	-	24,669	-	-
Long-term liabilities (Note 13) :					
Due within one year	212,393	39,834	252,227	138	5,250
Due beyond one year	2,172,041	265,516	2,437,557	133	78,747
Total liabilities	3,145,064	379,152	3,524,216	34,495	85,194
NET ASSETS:					
Invested in capital assets, net of related debt	1,687,128	113,489	1,800,617	-	-
Restricted for:					
Children's programs	-	-	-	14,299	-
Community development	269,112	-	269,112	-	-
Debt service	112,019	22,674	134,693	-	-
Health and sanitation	19,943	14,188	34,131	-	-
Public protection	31,275	-	31,275	-	-
Public ways & facilities	192,111	-	192,111	-	-
Other programs	31,887	6,224	38,111	-	-
Unrestricted	1,295,657	59,550	1,355,207	-	(1,391)
Total net assets	\$ 3,639,132	\$ 216,125	\$ 3,855,257	\$ 14,299	\$ (1,391)

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, 2011

(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	\$ 298,032	\$ 159,570	\$ 125,019	\$ 748
Public protection	1,021,288	326,237	214,328	1,190
Public ways and facilities	87,424	45,205	55,639	29,475
Health and sanitation	369,984	52,174	209,327	-
Public assistance	907,202	3,051	773,742	-
Education	15,816	726	10,027	701
Recreation and culture	9,364	4,775	4,934	-
Interest on long-term debt	88,998	-	-	-
Total governmental activities	<u>2,798,108</u>	<u>591,738</u>	<u>1,393,016</u>	<u>32,114</u>
Business-type activities:				
Regional Medical Center	401,120	386,533	-	-
Waste Management Department	56,688	51,206	-	-
Housing Authority	86,027	87,211	-	-
Flood Control	3,711	1,517	-	-
County Service Areas	383	393	-	-
Total business-type activities	<u>547,929</u>	<u>526,860</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,346,037</u>	<u>\$ 1,118,598</u>	<u>\$ 1,393,016</u>	<u>\$ 32,114</u>
Component units:				
Children and Families Commission	\$ 39,950	\$ -	\$ 24,049	\$ -
Palm Desert Financing Authority	9,590	9,030	-	-
Total Component Units	<u>\$ 49,540</u>	<u>\$ 9,030</u>	<u>\$ 24,049</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes

Sales and use taxes

Other taxes

Motor vehicle in-lieu of taxes

Investment earnings

Other

Extraordinary Item -AB99

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:
\$ (12,695)	\$ -	\$ (12,695)			General government
(479,533)	-	(479,533)			Public protection
42,895	-	42,895			Public ways and facilities
(108,483)	-	(108,483)			Health and sanitation
(130,409)	-	(130,409)			Public assistance
(4,362)	-	(4,362)			Education
345	-	345			Recreation and culture
(88,998)	-	(88,998)			Interest on long-term debt
(781,240)	-	(781,240)			Total governmental activities
					Business-type activities:
-	(14,587)	(14,587)			Regional Medical Center
-	(5,482)	(5,482)			Waste Management Department
-	1,184	1,184			Housing Authority
-	(2,194)	(2,194)			Flood Control
-	10	10			County Service Areas
-	(21,069)	(21,069)			Total business-type activities
(781,240)	(21,069)	(802,309)			Total primary government
					Component unit:
			\$ (15,901)	\$ -	Children and Families Commission
			-	(560)	Palm Desert Financing Authority
			(15,901)	(560)	Total Component Units
					General revenues:
					Taxes:
367,867	-	367,867	-	-	Property taxes
45,489	-	45,489	-	-	Sales and use taxes
9,004	-	9,004	-	-	Other taxes
235,153	-	235,153	-	-	Motor vehicle in-lieu of taxes
19,494	538	20,032	255	39	Investment earnings
142,966	6,617	149,583	107	-	Other
-	-	-	(30,091)	-	Extraordinary Item -AB99
(10,355)	10,355	-	-	-	Transfers
809,618	17,510	827,128	(29,729)	39	Total general revenues and transfers
28,378	(3,559)	24,819	(45,630)	(521)	Changes in net assets
3,610,754	219,684	3,830,438	59,929	(870)	NET ASSETS, BEGINNING OF YEAR
\$ 3,639,132	\$ 216,125	\$ 3,855,257	\$ 14,299	\$ (1,391)	NET ASSETS, END OF YEAR

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, 2011

(Dollars in Thousands)

	General	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects
ASSETS:				
Cash and investments (Note 5)	\$ 160,887	\$ 253,582	\$ -	\$ 298,646
Accounts receivable (Notes 1 and 7)	12,771	514	-	-
Interest receivable (Note 7)	1,119	197	45	214
Taxes receivable (Note 7)	17,790	4,124	114,632	-
Due from other governments (Note 7)	276,656	42	-	-
Inventories	1,564	-	-	-
Due from other funds (Note 8)	19,787	655	35	-
Prepaid items	277	9	-	-
Restricted cash and investments (Notes 5 and 6)	283,095	5,122	101,176	-
Advance to other funds (Note 8)	3,692	-	-	-
Notes receivable (Note 7)	-	-	-	-
Land held for resale	-	-	-	-
Total assets	\$ 777,638	\$ 264,245	\$ 215,888	\$ 298,860
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 84,116	\$ 7,110	\$ 23	\$ 5,025
Salaries and benefits payable	50,374	852	-	-
Due to other governments	34,550	222	-	-
Due to other funds (Note 8)	2,639	767	9,060	733
Deposits payable	2,054	-	-	-
Teeter notes payable (Note 12)	-	-	206,805	-
Advances from other funds (Note 8)	-	-	-	-
Deferred revenue (Note 7)	260,343	4,341	-	-
Total liabilities	434,076	13,292	215,888	5,758
Fund balances (Note 14):				
Nonspendable	2,214	1	-	-
Restricted	98,552	-	-	158,628
Committed	50,097	237,211	-	6,451
Assigned	3,463	13,741	-	128,023
Unassigned	189,236	-	-	-
Total fund balances	343,562	250,953	-	293,102
Total liabilities and fund balances	\$ 777,638	\$ 264,245	\$ 215,888	\$ 298,860

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	ASSETS:
\$ 207,556	\$ 450,995	\$ 1,371,666	Cash and investments (Note 5)
2,669	2,543	18,497	Accounts receivable (Notes 1 and 7)
265	402	2,242	Interest receivable (Note 7)
-	2,490	139,036	Taxes receivable (Note 7)
3	26,222	302,923	Due from other governments (Note 7)
-	1,073	2,637	Inventories
-	2,393	22,870	Due from other funds (Note 8)
-	577	863	Prepaid items
-	110,479	499,872	Restricted cash and investments (Notes 5 and 6)
-	1,300	4,992	Advance to other funds (Note 8)
17,642	44,357	61,999	Notes receivable (Note 7)
54,413	38,157	92,570	Land held for resale
<u>\$ 282,548</u>	<u>\$ 680,988</u>	<u>\$ 2,520,167</u>	Total assets
LIABILITIES AND FUND BALANCES:			
Liabilities:			
\$ 10,304	\$ 29,473	\$ 136,051	Accounts payable
-	4,348	55,574	Salaries and benefits payable
-	1,657	36,429	Due to other governments
691	7,598	21,488	Due to other funds (Note 8)
-	274	2,328	Deposits payable
-	-	206,805	Teeter notes payable (Note 12)
-	1,300	1,300	Advances from other funds (Note 8)
-	29,933	294,617	Deferred revenue (Note 7)
<u>10,995</u>	<u>74,583</u>	<u>754,592</u>	Total liabilities
Fund balances (Note 14):			
72,055	84,769	159,039	Nonspendable
-	410,787	667,967	Restricted
115,617	24,277	433,653	Committed
83,881	86,572	315,680	Assigned
-	-	189,236	Unassigned
<u>271,553</u>	<u>606,405</u>	<u>1,765,575</u>	Total fund balances
<u>\$ 282,548</u>	<u>\$ 680,988</u>	<u>\$ 2,520,167</u>	Total liabilities and fund balances



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COUNTY OF RIVERSIDE

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2011
(Dollars in Thousands)

Fund balances - total governmental funds (page 29) \$ 1,765,575

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. 3,458,352

Bond issuance costs are not current financial resources and therefore are not reported in the governmental funds. 27,317

Net OPEB and pension assets are not current financial resources and therefore are not reported in the governmental funds. 455,034

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. 38,455

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	\$ 1,551,323	
Capital lease obligations	96,089	
Certificates of participation	367,272	
Loans payable	5,355	
Accrued interest payable	20,292	
Accreted interest payable	61,963	
Accrued remediation cost	2,332	
Compensated absences	151,694	(2,256,320)

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. 150,719

Net assets of governmental activities (page 23) \$ 3,639,132

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, 2011

(Dollars in Thousands)

	General Fund	Flood Control	Teeter Debt Service	Public Facilities Improvements Capital Projects
REVENUES:				
Taxes	\$ 221,807	\$ 40,814	\$ -	\$ -
Licenses, permits, and franchise fees	18,187	-	-	-
Fines, forfeitures, and penalties	93,528	-	-	-
Use of money and property:				
Interest	8,196	1,387	1,611	1,562
Rents and concessions	3,669	123	-	209
Aid from other governmental agencies:				
Federal	490,088	76	-	-
State	856,327	635	-	-
Other	82,147	-	-	18,822
Charges for services	369,780	5,470	-	21,283
Other revenue	37,654	7,258	43	4,738
Total revenues	<u>2,181,383</u>	<u>55,763</u>	<u>1,654</u>	<u>46,614</u>
EXPENDITURES:				
Current:				
General government	109,146	-	686	44,335
Public protection	1,025,584	45,249	-	-
Public ways and facilities	-	-	-	310
Health and sanitation	345,649	-	-	-
Public assistance	731,017	-	-	-
Education	548	-	-	-
Recreation and culture	364	-	-	-
Debt service:				
Principal	17,005	-	-	760
Interest	7,824	-	1,724	-
Cost of issuance	-	-	-	-
Capital outlay	8,321	-	-	-
Total expenditures	<u>2,245,458</u>	<u>45,249</u>	<u>2,410</u>	<u>45,405</u>
Excess (deficiency) of revenues over (under) expenditures	(64,075)	10,514	(756)	1,209
OTHER FINANCING SOURCES (USES):				
Transfers in	106,047	-	845	6,959
Transfers out	(93,217)	(1,485)	(89)	(53,719)
Issuance of debt	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Capital leases	8,321	-	-	-
Total other financing sources (uses)	<u>21,151</u>	<u>(1,485)</u>	<u>756</u>	<u>(46,760)</u>
NET CHANGE IN FUND BALANCES	<u>(42,924)</u>	<u>9,029</u>	<u>-</u>	<u>(45,551)</u>
Fund balances, beginning of year, as previously reported	386,486	241,924	-	338,653
Adjustments to beginning fund balances (Note 4)	-	-	-	-
Fund balances, beginning of year, as restated	<u>386,486</u>	<u>241,924</u>	<u>-</u>	<u>338,653</u>
FUND BALANCES, END OF YEAR	<u>\$ 343,562</u>	<u>\$ 250,953</u>	<u>\$ -</u>	<u>\$ 293,102</u>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 165,271	\$ 427,892	REVENUES:
-	2,107	20,294	Taxes
-	1,762	95,290	Licenses, permits, and franchise fees
			Fines, forfeitures, and penalties
			Use of money and property:
1,781	3,768	18,305	Interest
410	13,248	17,659	Rents and concessions
			Aid from other governmental agencies:
71	119,296	609,531	Federal
-	64,367	921,329	State
-	29,393	130,362	Other
-	62,211	458,744	Charges for services
1,721	43,865	95,279	Other revenue
<u>3,983</u>	<u>505,288</u>	<u>2,794,685</u>	Total revenues
			EXPENDITURES:
			Current:
87,329	69,529	311,025	General government
-	10,656	1,081,489	Public protection
-	175,874	176,184	Public ways and facilities
-	8,255	353,904	Health and sanitation
-	93,454	824,471	Public assistance
-	18,734	19,282	Education
-	18,391	18,755	Recreation and culture
			Debt service:
15,000	48,163	80,928	Principal
-	74,354	83,902	Interest
-	5,212	5,212	Cost of issuance
-	22,118	30,439	Capital outlay
<u>102,329</u>	<u>544,740</u>	<u>2,985,591</u>	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
(98,346)	(39,452)	(190,906)	
			OTHER FINANCING SOURCES (USES):
6,531	147,603	267,985	Transfers in
(22,930)	(106,503)	(277,943)	Transfers out
124,970	45,511	170,481	Issuance of debt
-	6	6	Proceeds from sale of capital assets
-	-	8,321	Capital leases
<u>108,571</u>	<u>86,617</u>	<u>168,850</u>	Total other financing sources (uses)
10,225	47,165	(22,056)	NET CHANGE IN FUND BALANCES
268,347	557,715	1,793,125	Fund balances, beginning of year, as previously reported
(7,019)	1,525	(5,494)	Adjustments to beginning fund balances (Note 4)
<u>261,328</u>	<u>559,240</u>	<u>1,787,631</u>	Fund balances, beginning of year, as restated
<u>\$ 271,553</u>	<u>\$ 606,405</u>	<u>\$ 1,765,575</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, 2011
(Dollars in Thousands)

Net change in fund balances - total governmental funds (page 33) \$ (22,056)

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	\$ 315,867	
Less loss on disposal of capital assets	(32,945)	
Less current year depreciation	<u>(105,650)</u>	177,272

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. 11,565

Bond issuance costs are expended in the governmental funds when paid but are capitalized and amortized in the statement of net assets. This is the net amount of capitalized bond issuance cost. 4,106

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	(103,741)	
Current amortization of bond premiums	<u>282</u>	(103,459)

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. (6,472)

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

Change in accrued interest	(3,422)	
Change in accreted interest	(17,213)	
Change in long-term compensated absences	<u>1,550</u>	(19,085)

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. (13,493)

Change in net assets of governmental activities (page 25) \$ 28,378

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, 2011
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
REVENUES:				
Taxes	\$ 220,421	\$ 220,421	\$ 221,807	\$ 1,386
Licenses, permits, and fees	19,793	19,843	18,187	(1,656)
Fines, forfeitures, and penalties	103,963	104,122	93,528	(10,594)
Use of money and property:				
Interest	6,432	6,432	8,196	1,764
Rents and concessions	24,744	25,074	3,669	(21,405)
Aid from other governmental agencies:				
Federal	501,224	492,974	490,088	(2,886)
State	921,720	929,526	856,327	(73,199)
Other government	87,445	87,446	82,147	(5,299)
Charges for current services	479,970	393,582	369,780	(23,802)
Other revenue	57,547	61,082	37,654	(23,428)
Total revenues	<u>2,423,259</u>	<u>2,340,502</u>	<u>2,181,383</u>	<u>(159,119)</u>
EXPENDITURES:				
Current:				
General government				
Salaries and employee benefits	90,035	87,804	81,106	(6,698)
Services and supplies	65,739	70,502	59,099	(11,403)
Other charges	70,906	47,346	13,410	(33,936)
Capital assets	3,842	4,101	1,672	(2,429)
Intrafund transfers	(55,230)	(52,187)	(46,141)	6,046
Appropriation for contingencies	20,000	19,052	-	(19,052)
Total general government	<u>195,292</u>	<u>176,618</u>	<u>109,146</u>	<u>(67,472)</u>
Public protection:				
Salaries and employee benefits	701,876	708,553	686,556	(21,997)
Services and supplies	318,425	322,582	298,107	(24,475)
Other charges	45,530	43,431	44,036	605
Capital assets	3,528	7,909	5,103	(2,806)
Intrafund transfers	(7,009)	(7,213)	(8,218)	(1,005)
Total public protection	<u>1,062,350</u>	<u>1,075,262</u>	<u>1,025,584</u>	<u>(49,678)</u>
Health and sanitation:				
Salaries and employee benefits	190,291	189,931	173,876	(16,055)
Services and supplies	111,436	113,645	92,238	(21,407)
Other charges	189,153	188,809	169,969	(18,840)
Capital assets	1,817	1,910	580	(1,330)
Intrafund transfers	(96,651)	(97,580)	(91,014)	6,566
Total health and sanitation	<u>\$ 396,046</u>	<u>\$ 396,715</u>	<u>\$ 345,649</u>	<u>\$ (51,066)</u>

(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, 2011
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
Public assistance:				
Salaries and employee benefits	\$ 233,751	\$ 228,610	\$ 216,164	\$ (12,446)
Services and supplies	93,141	82,427	71,409	(11,018)
Other charges	453,080	456,064	443,611	(12,453)
Capital assets	113	174	88	(86)
Intrafund transfers	(141)	(141)	(255)	(114)
Total public assistance	<u>779,944</u>	<u>767,134</u>	<u>731,017</u>	<u>(36,117)</u>
Education:				
Salaries and employee benefits	276	260	254	(6)
Services and supplies	321	321	288	(33)
Other Charges	-	-	6	6
Total education	<u>597</u>	<u>581</u>	<u>548</u>	<u>(33)</u>
Recreation and culture:				
Salaries and employee benefits	65	106	99	(7)
Services and supplies	215	265	265	-
Other charges	50	-	-	-
Capital assets	5	-	-	-
Intrafund transfers	(1)	(1)	-	1
Total recreation and culture	<u>334</u>	<u>370</u>	<u>364</u>	<u>(6)</u>
Debt service:				
Principal	72,130	38,844	17,005	(21,839)
Interest	6,832	6,832	7,824	992
Total debt service	<u>78,962</u>	<u>45,676</u>	<u>24,829</u>	<u>(20,847)</u>
Capital outlay	-	-	8,321	8,321
Total expenditures	<u>2,513,525</u>	<u>2,462,356</u>	<u>2,245,458</u>	<u>(216,898)</u>
Excess (deficiency) of revenues over (under) expenditures	(90,266)	(121,854)	(64,075)	57,779
OTHER FINANCING SOURCES (USES):				
Transfers in	-	106,047	106,047	-
Transfers out	-	(93,217)	(93,217)	-
Capital leases	-	-	8,321	8,321
Total other financing sources (uses)	<u>-</u>	<u>12,830</u>	<u>21,151</u>	<u>8,321</u>
NET CHANGE IN FUND BALANCE	(90,266)	(109,024)	(42,924)	66,100
Fund balance, beginning of year	386,486	386,486	386,486	-
FUND BALANCE, END OF YEAR	<u>\$ 296,220</u>	<u>\$ 277,462</u>	<u>\$ 343,562</u>	<u>\$ 66,100</u>

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



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COUNTY OF RIVERSIDE
 Budgetary Comparison Statement
 Flood Control Special Revenue Fund
 For the Fiscal Year Ended June 30, 2011
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 47,501	\$ 47,501	\$ 40,814	\$ (6,687)
Use of money and property:				
Interest	3,295	3,295	1,387	(1,908)
Rents and concessions	114	114	123	9
Aid from other governmental agencies:				
Federal	1	1	76	75
State	630	630	635	5
Charges for services	10,019	4,916	5,470	554
Other revenue	6,916	7,166	7,258	92
Total revenues	<u>68,476</u>	<u>63,623</u>	<u>55,763</u>	<u>(7,860)</u>
EXPENDITURES:				
Current:				
Public protection	<u>120,821</u>	<u>114,372</u>	<u>45,249</u>	<u>(69,123)</u>
Total expenditures	<u>120,821</u>	<u>114,372</u>	<u>45,249</u>	<u>(69,123)</u>
Excess (deficiency) of revenues over (under) expenditures	(52,345)	(50,749)	10,514	61,263
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>(1,485)</u>	<u>(1,485)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,485)</u>	<u>(1,485)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(52,345)	(52,234)	9,029	61,263
Fund balance, beginning of year	<u>241,924</u>	<u>241,924</u>	<u>241,924</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 189,579</u>	<u>\$ 189,690</u>	<u>\$ 250,953</u>	<u>\$ 61,263</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, 2011
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
ASSETS:					
Current assets:					
Cash and investments (Note 5)	\$ 36,826	\$ 77,056	\$ 18,092	\$ 131,974	\$ 232,069
Accounts receivable - net (Notes 1 and 7)	58,453	4,102	488	63,043	2,642
Interest receivable (Note 7)	-	115	6	121	167
Taxes receivable (Note 7)	-	-	12	12	-
Due from other governments (Note 7)	65,681	257	872	66,810	1,352
Inventories	6,788	306	-	7,094	3,670
Due from other funds (Note 8)	315	24	11	350	2,708
Restricted cash and investments (Notes 5 and 6)	22,867	71,598	3,033	97,498	1,002
Prepaid items and deposits	4,714	-	33	4,747	398
Total current assets	<u>195,644</u>	<u>153,458</u>	<u>22,547</u>	<u>371,649</u>	<u>244,008</u>
Noncurrent assets:					
Bond issuance costs	946	-	-	946	-
Pension asset, net (Note 18)	-	1,516	-	1,516	-
Capital assets (Note 9):					
Nondepreciable assets	50,823	10,664	4,206	65,693	1,279
Depreciable assets	132,562	60,894	11,144	204,600	35,163
Total noncurrent assets	<u>184,331</u>	<u>73,074</u>	<u>15,350</u>	<u>272,755</u>	<u>36,442</u>
Total assets	<u>379,975</u>	<u>226,532</u>	<u>37,897</u>	<u>644,404</u>	<u>280,450</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	12,098	2,663	2,973	17,734	17,012
Salaries and benefits payable	9,561	681	32	10,274	3,701
Due to other funds (Note 8)	222	-	19	241	4,199
Due to other governments	42,229	51	36	42,316	17
Interest payable	584	-	7	591	-
Deposits payable	-	38	49	87	-
Other liabilities	-	558	2,193	2,751	1,590
Accrued closure and post-closure costs (Notes 10 and 13)	-	4,262	-	4,262	-
Accrued remediation costs (Note 21)	-	2,731	-	2,731	-
Compensated absences (Notes 1 and 13)	11,586	830	132	12,548	4,930
Capital lease obligations (Note 13)	5,863	-	-	5,863	7,949
Bonds payable (Note 13)	14,305	-	125	14,430	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	34,903
Total current liabilities	<u>96,448</u>	<u>11,814</u>	<u>5,566</u>	<u>113,828</u>	<u>74,301</u>
Noncurrent liabilities:					
Compensated absences (Note 13)	4,965	1,609	1,142	7,716	3,720
Advances from other funds (Note 8)	-	-	-	-	3,692
Accrued closure and post closure care costs (Note 10)	-	39,206	-	39,206	-
Accrued remediation costs (Note 21)	-	27,046	-	27,046	-
Capital lease obligations (Notes 1 and 13)	9,967	-	-	9,967	7,090
Bonds payable (Note 13)	119,874	-	679	120,553	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	89,814
OPEB obligation, net (Note 20)	-	49	-	49	-
Other long-term liabilities (Note 13)	54,233	-	6,795	61,028	-
Total noncurrent liabilities	<u>189,039</u>	<u>67,910</u>	<u>8,616</u>	<u>265,565</u>	<u>104,316</u>
Total liabilities	<u>285,487</u>	<u>79,724</u>	<u>14,182</u>	<u>379,393</u>	<u>178,617</u>
NET ASSETS:					
Invested in capital assets, net of related debt	33,376	71,558	8,555	113,489	21,403
Restricted for debt service	22,674	-	-	22,674	-
Restricted for health and sanitation	-	14,188	-	14,188	-
Restricted other	193	-	6,031	6,224	-
Unrestricted	38,245	61,062	9,129	108,436	80,430
Total net assets	<u>\$ 94,488</u>	<u>\$ 146,808</u>	<u>\$ 23,715</u>	<u>265,011</u>	<u>\$ 101,833</u>
Adjustments to reflect the consolidation of					
internal service fund activities related to enterprise funds					(48,886)
Net assets of business-type activities				<u>\$ 216,125</u>	

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

COUNTY OF RIVERSIDE

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
				Activities	
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
OPERATING REVENUES:					
Net patient revenue (Notes 1 and 16)	\$ 329,141	\$ -	\$ -	\$ 329,141	\$ -
Charges for services	49,206	49,670	4,337	103,213	218,083
Other revenue	8,186	1,536	84,784	94,506	25,727
Total operating revenues	<u>386,533</u>	<u>51,206</u>	<u>89,121</u>	<u>526,860</u>	<u>243,810</u>
OPERATING EXPENSES:					
Cost of material used	-	162	-	162	1,665
Personnel services	219,798	16,775	10,697	247,270	88,754
Communications	2,310	310	-	2,620	3,421
Insurance	839	438	336	1,613	10,574
Maintenance of building and equipment	11,454	1,592	2,029	15,075	15,035
Insurance claims	6	4	-	10	90,105
Supplies	48,569	1,957	56	50,582	28,443
Purchased services	72,217	16,961	647	89,825	22,872
Depreciation and amortization	9,791	5,579	1,912	17,282	15,265
Rents and leases of equipment	3,836	18	17	3,871	47,053
Public assistance	-	-	70,153	70,153	-
Utilities	3,934	270	732	4,936	1,538
Closure and post-closure care costs	-	258	-	258	-
Other	9,688	11,089	2,385	23,162	5,197
Total operating expenses	<u>382,442</u>	<u>55,413</u>	<u>88,964</u>	<u>526,819</u>	<u>329,922</u>
Operating income (loss)	<u>4,091</u>	<u>(4,207)</u>	<u>157</u>	<u>41</u>	<u>(86,112)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	162	268	108	538	1,190
Interest expense	(12,813)	-	(171)	(12,984)	(1,674)
Gain (loss) on disposal of capital assets	(263)	120	10	(133)	90
Other nonoperating revenues / (expenses)	(99)	6,617	-	6,518	(9)
Total nonoperating revenues (expenses)	<u>(13,013)</u>	<u>7,005</u>	<u>(53)</u>	<u>(6,061)</u>	<u>(403)</u>
Income (loss) before capital contributions and transfers	<u>(8,922)</u>	<u>2,798</u>	<u>104</u>	<u>(6,020)</u>	<u>(86,515)</u>
Premium contributions	-	-	-	-	65,525
Transfers in	15,000	-	-	15,000	4,113
Transfers out	(4,165)	(296)	(184)	(4,645)	(4,510)
CHANGE IN NET ASSETS	<u>1,913</u>	<u>2,502</u>	<u>(80)</u>	<u>4,335</u>	<u>(21,387)</u>
Net assets, beginning of the year	<u>92,575</u>	<u>144,306</u>	<u>23,795</u>		<u>123,220</u>
NET ASSETS, END OF YEAR	<u>\$ 94,488</u>	<u>\$ 146,808</u>	<u>\$ 23,715</u>		<u>\$ 101,833</u>

Adjustment to reflect the consolidation of internal service fund activities
related to enterprise funds (7,894)

Change in net assets of business-type activities \$ (3,559)

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, 2011
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
	Center	Management	Other	Total	Funds
Cash flows from operating activities					
Cash receipts from customers / other funds	\$ 374,629	\$ 51,530	\$ 90,753	\$ 516,912	\$ 240,206
Cash paid to suppliers for goods and services	(129,393)	(24,434)	(77,023)	(230,850)	(211,910)
Cash paid to employees for services	(218,198)	(16,750)	(10,463)	(245,411)	(86,536)
Net cash provided by (used in) operating activities	<u>27,038</u>	<u>10,346</u>	<u>3,267</u>	<u>40,651</u>	<u>(58,240)</u>
Cash flows from noncapital financing activities					
Advances from other funds	-	-	-	-	3,692
Transfers received	15,000	-	-	15,000	4,170
Transfers paid	(4,264)	(296)	(184)	(4,744)	(4,576)
Net cash provided by (used in) noncapital financing activities	<u>10,736</u>	<u>(296)</u>	<u>(184)</u>	<u>10,256</u>	<u>3,286</u>
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	120	10	130	809
Acquisition and construction of capital assets	(14,594)	(985)	(651)	(16,230)	(9,557)
Principal paid on capital leases	(5,012)	-	-	(5,012)	(8,378)
Premium contributions	-	-	-	-	65,525
Principal paid on bonds payable	(12,891)	-	(50)	(12,941)	-
Interest paid on long-term debt	(12,973)	-	(172)	(13,145)	(1,674)
Net cash provided by (used in) capital and related financing activities	<u>(45,470)</u>	<u>(865)</u>	<u>(863)</u>	<u>(47,198)</u>	<u>46,725</u>
Cash flows from investing activities					
Interest received on investments	188	372	114	674	1,377
Net cash provided by investing activities	<u>188</u>	<u>372</u>	<u>114</u>	<u>674</u>	<u>1,377</u>
Net increase (decrease) in cash and cash equivalents	(7,508)	9,557	2,334	4,383	(6,852)
Cash and cash equivalents, beginning of year	67,201	139,097	18,791	225,089	239,923
Cash and cash equivalents, end of year	<u>\$ 59,693</u>	<u>\$ 148,654</u>	<u>\$ 21,125</u>	<u>\$ 229,472</u>	<u>\$ 233,071</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, 2011
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
	Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 4,091	\$ (4,207)	\$ 157	\$ 41	\$ (86,112)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	9,791	5,579	1,912	17,282	15,265
Decrease (Increase) accounts receivable	4,356	35	1,211	5,602	(189)
Decrease (Increase) taxes receivable	-	-	(4)	(4)	-
Decrease (Increase) bond issuance cost	124	-	-	124	-
Decrease (Increase) due from other funds	1,639	(24)	(11)	1,604	(2,622)
Decrease (Increase) due from other governments	(18,023)	313	436	(17,274)	(793)
Decrease (Increase) inventories	564	25	-	589	17
Decrease (Increase) prepaid items and deposits	304	-	(16)	288	(398)
Increase (Decrease) accounts payable	(3,695)	8	(108)	(3,795)	2,825
Increase (Decrease) due to other funds	(4,258)	-	19	(4,239)	4,192
Increase (Decrease) due to other governments	25,123	47	29	25,199	(23)
Increase (Decrease) deposits payable	-	-	1	1	-
Increase (Decrease) accrued closure costs	-	187	-	187	-
Increase (Decrease) accrued remediation costs	-	8,397	-	8,397	-
Increase (Decrease) other liabilities	5,422	(39)	(593)	4,790	(74)
Increase (Decrease) estimated claims liability	-	-	-	-	7,454
Increase (Decrease) salaries and benefits payable	1,333	(135)	11	1,209	545
Increase (Decrease) compensated absences	267	(385)	223	105	1,673
Decrease (Increase) pension assets, net	-	545	-	545	-
Net cash provided (used) by operating activities	<u>\$ 27,038</u>	<u>\$ 10,346</u>	<u>\$ 3,267</u>	<u>\$ 40,651</u>	<u>\$ (58,240)</u>
Noncash investing, capital, and financing activities:					
Capital lease obligations	<u>\$ 2,117</u>			<u>\$ 2,117</u>	<u>\$ 4,871</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, 2011
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>	<u>Funds</u>
ASSETS:				
Cash and investments (Note 5)	\$ -	\$ -	\$ 14,336	\$ 249,530
Federal agency	16,353	2,110,456	-	-
Cash and equivalent	2,405	98,477	-	-
Commercial paper	223	84,825	-	-
Negotiable CDs	-	84,894	-	-
Municipal bonds	187	51,619	-	-
Bond - U.S. Treasury	2,951	366,571	-	-
Local agency obligation	69	331	-	-
Accounts receivable	77	14,131	5	-
Interest receivable	-	2,395	7	233
Taxes receivable	-	12	-	55,427
Due from other governments	-	-	-	2,387
Total assets	<u>22,265</u>	<u>2,813,711</u>	<u>14,348</u>	<u>307,577</u>
LIABILITIES:				
Accounts payable	-	-	6,330	148,003
Salaries and benefits payable	-	-	-	5
Due to other governments	-	-	-	159,569
Total liabilities	<u>-</u>	<u>-</u>	<u>6,330</u>	<u>\$ 307,577</u>
NET ASSETS:				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 22,265</u>	<u>\$ 2,813,711</u>	<u>\$ 8,018</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, 2011
(Dollars in Thousands)

	Pension Trust	Investment Trust	Private- Purpose Trust
ADDITIONS:			
Employer contributions	\$ 425	\$ -	\$ -
Employee contributions	1,387	-	-
Contributions to pooled investments	-	19,035,951	-
Contributions to private-purpose trust	-	-	5,828
Investment income	1,120	-	49
Total additions	<u>2,932</u>	<u>19,035,951</u>	<u>5,877</u>
DEDUCTIONS:			
Distribution from pension trust	545	-	-
Distributions from pooled investments	-	19,097,431	-
Distributions from private-purpose trust	-	-	6,308
Administrative and other expenses	143	-	-
Total deductions	<u>688</u>	<u>19,097,431</u>	<u>6,308</u>
Change in net assets	2,244	(61,480)	(431)
Net assets held in trust, beginning of the year	<u>20,021</u>	<u>2,875,191</u>	<u>8,449</u>
Net assets held in trust, end of the year	<u>\$ 22,265</u>	<u>\$ 2,813,711</u>	<u>\$ 8,018</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, 2011

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 is 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 of land and construction of 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.

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 IHSS PA is reported as a governmental fund type.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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 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 Executive 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 - 11th Floor, P.O. Box 1326, Riverside, CA 92502-1326.

Presentation of Financial Information Related to County Fiduciary Responsibilities

The basic financial statements also include an Investment Trust fund to account for cash and investments held by the County Treasurer for numerous self-governed school and special districts. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets. 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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Presentation of Financial Information Related to County Fiduciary Responsibilities (Continued)

revenue limits, or appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County. Twenty-seven 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.

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 units. 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, 28.5% or \$16.9 million, of the County's \$59.2 million indirect costs, allocated through the Countywide Cost Allocation Program (COWCAP), have been included in the expenses of those functions which can obtain reimbursement through State and Federal Programs or other charges. Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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.

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.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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.

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:

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.

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

The County reports the following additional fund types:

Internal Service Funds account for the County's records management and archives, fleet services, information services, printing services, supply services, purchasing, OASIS project (accounting, purchasing, and human resources information system), risk management, temporary assistance pool, custodial services, maintenance services, real estate, 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

Governmental fund type financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues and other governmental fund type financial resources (e.g. bond issuance proceeds) are recognized when they become both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property and sales taxes are considered available for the year levied and are accrued when received within sixty days after fiscal year-end. Revenue received from expenditure driven (cost-reimbursement) grants, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transaction*, are considered available and accrued if expected to be received within twelve months after fiscal year-end. All other revenue streams are considered available and accrued if they are expected to be received within ninety days after the fiscal year-end. Since revenue from these sources are not available to meet current period liabilities, these sources are financed through proceeds received from Tax and Revenue Anticipation Notes (TRANs) which are outstanding for a twelve month period. General capital assets acquisitions are reported as expenditures in governmental fund statements. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For business-type activities reported on the government-wide financial statements and proprietary fund financial statements, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), 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, 2011, which are carried at cost. Bond anticipation notes are carried at fair value. Commercial paper is carried at amortized cost. Investments in bankers' acceptances and nonparticipating guaranteed investment contracts are carried at cost. Participating guaranteed investment contracts are carried at fair value based on net realizable value. Mutual funds are carried at fair value based on the funds' share price. Local Agency Obligations are carried at fair value based on the value of each participating dollar.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

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 70.7% of the funds on deposit in the County Treasury. In addition, the Auditor-Controller determined districts and agencies constituting approximately 29.3% of the total funds on deposit in the County Treasury represented discretionary deposits.

Receivables

The RMC 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 \$427.4 million and \$988.8 million, respectively. The RMC has contracted with a Medi-Cal managed care plan to provide services to patients enrolled with Medicare and Medi-Cal programs. The RMC receives a fixed monthly premium payment for each patient enrolled. Revenue under this agreement is recognized in the period in which the RMC 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 2010-11 gross assessed valuation of the County was \$212.3 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1, and become delinquent, if unpaid, on August 31.

During the 1993-94 fiscal year, the County authorized an alternative property tax distribution method referred to as the “Teeter Plan.” This method allows for a 100% distribution of the current secured property tax levy to entities electing the alternative method, as compared to the previous method where only the current levy less any delinquent taxes 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 2010-11, \$40.0 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, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (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 RMC capitalizes net interest expense as a cost of property constructed. The RMC capitalized \$149.2 thousand for the year ending June 30, 2011.

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 \$92.6 million at June 30, 2011.

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, 2011, the amount of accrued vacation, holiday pay, and sick leave reported in the government-wide statement of net assets was \$180.6 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.

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 OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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” (the current portion of interfund loans) or “advances to/advances from other funds” (the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the governmental fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are neither available for appropriation nor available as financial resources.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net Assets

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

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

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, 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 nonspendable, restricted, committed, assigned, and unassigned. All of the County's governmental fund balances will be comprised of the following categories:

- Nonspendable fund balance – amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.
- Restricted fund balance – amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- Committed fund balance – amounts that are committed for a specific purpose. These funds require action from the Board of Supervisors to remove or change the specified use.
- Assigned fund balance – amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed. Assigned amounts cannot cause a deficit in unassigned fund balance.
- Unassigned fund balance – funds that are not reported in any other category and are available for any purpose within the General Fund.

As the highest level of decision making authority, the Board of Supervisors approval is required to establish, change, or remove a commitment. Commitments will only be used for specific purposes pursuant to a formal action by the Board of Supervisors.

No formal action is required to remove an assignment. Assignments within the general fund must be established by the county Executive Officer or an Executive Officer designee.

The General Fund is the only fund that will have an unassigned fund balance.

Fund Balance Policy

On September 13, 2011, the Board of Supervisors approved Policy B-30, *Governmental Fund Balance and Reserve Policy* to ensure fund balance is accurately classified and reported on the annual financial statements per GASB Statement No. 54. This policy applies to governmental fund types which include the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds.

The purpose of this policy is to establish the guidelines for:

- The use of reserves with a restricted purpose versus an unrestricted purpose when both are available for expenditures.
- The establishment of stabilization arrangements for governmental funds.
- The minimum fund balance allowable for governmental funds.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Spending Prioritization for Fund Categories

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Board to consider restricted amounts to be reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

Minimum Fund Balance Policy for Governmental Funds

Establishing guidelines for minimum fund balance for governmental funds is essential to ensuring a prudent level of fund balance is maintained for unanticipated expenditures, delays in revenue receipt, or revenue shortfalls.

Unassigned Fund Balance - General Fund

The County shall maintain a minimum unassigned fund balance in its General Fund of at least 25 percent of the fiscal year's estimated discretionary revenue. A significant portion of the minimum unassigned fund balance may be used for one-time or short term expenditures caused by an economic crisis and should be designated within an "Economic Uncertainty" account. Use of these funds should be as the last resort in balancing the County budget.

During the initial implementation of this policy, the Executive Office will develop a plan to ensure fund balance is at the minimum level within three years. The plan for accomplishing this will be included with the recommended budget submitted to the Board for approval each fiscal year. Following the initial implementation of the policy, if fund balance drops below the established minimum levels, the Executive Office will develop a plan to replenish the balance to established minimum levels within two years and submit the plan to the Board for approval.

Fund Balance - Special Revenue Funds

Special Revenue fund balances shall be kept at the higher of the minimum level dictated by the funding source or an amount that does not fall below zero. In the event that the fund balance drops below the established minimum levels, the department with primary responsibility for expending the special revenue will develop a plan to replenish the balance to established minimum levels within two years and submit the plan to the Board for approval.

Committed Fund Balance - Disaster Relief

The County shall commit a portion of General Fund for Disaster Relief. The use of these funds will be restricted to one-time or short term expenditures that are the result of a natural disaster or act of terrorism. The funds restricted for this purpose shall be at least two percent of discretionary revenue or \$15 million, whichever is greater.

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.

Current 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 requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. As of June 30, 2011, the County's financial statements reported fund balance in accordance with GASB No. 54. The County's fund balance classifications are also reported in Note 14.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Governmental Accounting Standards Board Statements (Continued)

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. 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, 2011, this statement is not applicable to the County.

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 No. 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. As of June 30, 2011, this statement is not applicable to the County.

Governmental Accounting Standards Board Statement No. 60

In November of 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The County has elected not to early implement GASB No. 60 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 61

In November of 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective for

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current Governmental Accounting Standards Board Statements (Continued)

financial statements for periods beginning after June 15, 2012. The County has elected not to early implement GASB No. 60 and has not determined its effect on the County's financial statements.

Future Governmental Accounting Standards Board Statements

Governmental Accounting Standards Board Statement No.62

In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. The codification incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. No new generally accepted accounting principles were released in this statement. Statement No. 62 is effective for periods beginning after December 15, 2011. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 63

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previously, GASB Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. Statement No. 63 amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Statement No. 63 is effective for periods beginning after December 15, 2011. The County has elected not to early implement this statement.

Governmental Accounting Standards Board Statement No. 64

In June of 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*. Statement No. 64 provides guidance for accounting and reporting when interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income. Statement No. 64 clarifies the accounting treatment when this occurs. Statement No. 64 is effective for periods beginning after June 15, 2011. The County has elected not to early implement this statement. In addition, GASB released a mid-year supplement to its *Comprehensive Implementation Guide*. Within this guide, a new question and answer has been included clarifying the disclosure of federal investments that have implicit and explicit subsidies. The County has implemented this treatment in Note 5 - Cash and Investments.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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, 2011, expenditures exceeded appropriations in capital outlay by \$8.3 million, the excess of expenditure resulted from the acquisition of \$8.3 million of capital leases. Accordingly, this is being funded by other financing sources-capital leases.



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COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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

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

	Total Governmental Funds (Page 29)	Long-term Assets and Liabilities	Internal Service Funds	Elimination	Statement of Net Assets Totals (Page 23)
Assets:					
Cash and investments	\$ 1,371,666	\$ -	\$ 232,069	\$ -	\$ 1,603,735
Receivables:					
Accounts receivable	18,497	-	2,642	-	21,139
Interest	2,242	-	167	-	2,409
Taxes	139,036	-	-	-	139,036
Due from other governments	302,923	(34,669)	1,352	-	269,606
Notes receivable	61,999	-	-	-	61,999
Inventories	2,637	-	3,670	-	6,307
Due from other funds	22,870	-	2,708	(25,578)	-
Prepaid items	863	-	398	-	1,261
Internal balances	-	-	-	48,777	48,777
Restricted cash and investments	499,872	-	1,002	-	500,874
Other noncurrent receivables	-	34,669	-	-	34,669
Advances to other funds	4,992	-	-	(4,992)	-
Pension asset, net	-	433,216	-	-	433,216
OPEB Pension asset, net	-	21,818	-	-	21,818
Land held for resale	92,570	-	-	-	92,570
Unamortized bond issuance costs	-	27,317	-	-	27,317
Deferred outflow of resources	-	24,669	-	-	24,669
Capital assets:					
Nondepreciable	-	1,034,140	1,279	-	1,035,419
Depreciable, net	-	2,424,212	35,163	-	2,459,375
Total assets	<u>\$ 2,520,167</u>	<u>\$ 3,965,372</u>	<u>\$ 280,450</u>	<u>\$ 18,207</u>	<u>\$ 6,784,196</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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

	Total Governmental Funds (Page 29)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals (Page 23)
Liabilities:					
Accounts payable	\$ 136,051	\$ -	\$ 17,012	\$ -	\$ 153,063
Salaries and benefits payable	55,574	-	3,701	-	59,275
Due to other funds	21,488	-	4,199	(25,687)	-
Due to other governments	36,429	-	17	-	36,446
Deposits payable	2,328	-	-	-	2,328
Deferred/unearned revenue	294,617	(38,455)	-	-	256,162
Notes payable	206,805	-	-	-	206,805
Interest payable	-	20,292	-	-	20,292
Other liabilities	-	-	1,590	-	1,590
Interest rate swap	-	24,669	-	-	24,669
Long-term liabilities due within one year:					
Bonds payable	-	39,585	-	-	39,585
Capital lease obligations	-	12,392	7,949	-	20,341
Certificates of participation	-	26,397	-	-	26,397
Loans payable	-	430	-	-	430
Compensated absences	-	85,345	4,930	-	90,275
Estimated claims liability	-	-	34,903	-	34,903
Accrued remediation cost	-	462	-	-	462
Advance from other funds	1,300	-	3,692	(4,992)	-
Long-term liabilities due in more than one year:					
Bonds payable	-	1,511,737	-	-	1,511,737
Capital lease obligations	-	83,697	7,090	-	90,787
Certificates of participation	-	340,876	-	-	340,876
Loans payable	-	4,925	-	-	4,925
Accreted interest payable	-	61,963	-	-	61,963
Compensated absences	-	66,349	3,720	-	70,069
Estimated claims liability	-	-	89,814	-	89,814
Accrued remediation cost	-	1,870	-	-	1,870
Total liabilities	754,592	2,242,534	178,617	(30,679)	3,145,064
Fund balances/net assets:					
Total fund balances/net assets	1,765,575	1,722,838	101,833	48,886	3,639,132
Total liabilities and fund balances/net assets	\$ 2,520,167	\$ 3,965,372	\$ 280,450	\$ 18,207	\$ 6,784,196

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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, 2011 is as follows (in thousands):

Government-wide:

	Primary Government	
	<u>Governmental Activities</u>	<u>Business Type</u>
Government-wide net assets, as of June 30, 2010, as previously reported, Fund financial statements:	\$ 3,594,358	\$ 219,684
Adjustments for loan receivable	(5,775)	-
Revenue erroneously booked in the incorrect accounting period	281	-
Government-wide financial statements:		
Acquisition of Capital Assets, not previously reported	24,856	-
Accumulated depreciation was understated in prior years Effects of GASB 51 implementation	(2,966)	-
Net assets as of June 30, 2010, as restated	<u>\$ 3,610,754</u>	<u>\$ 219,684</u>

Fund Financials:

Description	Governmental Funds		
	<u>Major Fund</u>	<u>Non-Major Funds</u>	
	RDA Capital Project Fund	RDA Special Revenue Fund	Parks Special Revenue Fund
Fund balances as of June 30, 2010, as previously reported	\$ 268,347	\$ 163,554	\$ 14,332
Prior Period Adjustments:			
Adjustments for loan receivable	(7,019)	1,244	-
Revenue erroneously booked in the incorrect accounting period	-	-	281
Fund balances, as of June 30, 2010, as restated	<u>\$ 261,328</u>	<u>\$ 164,798</u>	<u>\$ 14,613</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 5 – CASH AND INVESTMENTS

As of June 30, 2011, cash and investments are classified in the accompanying financial statements as follows (in thousands):

	Governmental Activities	Business-Type Activities	Discretely Presented Component Unit	Fiduciary Funds	Total
Cash and investments	\$ 1,603,735	\$ 131,974	\$ 43,395	\$ 3,083,227	\$ 4,862,331
Restricted cash and investments	500,874	97,498	16,106	-	614,478
Total cash and investments	<u>\$ 2,104,609</u>	<u>\$ 229,472</u>	<u>\$ 59,501</u>	<u>\$ 3,083,227</u>	<u>\$ 5,476,809</u>

As of June 30, 2011, cash and investments consist of the following (in thousands):

Deposits	\$ 237,953
Investments	<u>5,238,856</u>
Total Cash and Investments	<u>\$ 5,476,809</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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Public Agency Bonds	3 Years	15%	5% **
U.S. Treasury	5 Years	100%	N/A
Local Agency Obligations	3 Years	2.5%	2.50%
Federal Agencies	5 Years	100%	N/A
Commercial Paper	270 Days	40%	4% *
Negotiable CD	1 Year	25%	4% *
Time Deposits	1 Year	2%	N/A
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
Cash/Deposit Account	N/A	N/A	N/A

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

** For credit rated below AA-/Aa3 2% maximum in one issuer only for State of California debt

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 5 – CASH AND INVESTMENTS (Continued)

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

As of June 30, 2011, the County and Component Units had the following investments (in thousands):

	Fair Market Value	Interest Rate Range	Maturity	Weighted Average Maturity (Years)	Minimum Legal Rating	Rating ⁽¹⁾ June 30, 2011	% of Portfolio
County Treasurer Investments							
Federal Home Loan Bank	\$ 1,254,306	0.27 - 2.13%	07/11 - 06/16	1.61	N/R	AAA/Aaa	25.37%
Federal National Mortgage Association	1,232,782	0.19 - 2.00%	07/11 - 02/16	1.69	N/R	AAA/Aaa	24.94%
Federal Home Loan Mortgage	788,123	0.14 - 2.50%	07/11 - 05/16	1.39	N/R	AAA/Aaa	15.95%
US Treasury Bills and Bonds	647,695	0.22 - 0.91%	12/11 - 09/12	0.79	N/A	AAA/Aaa	13.11%
Federal Farm Credit Bank	381,703	0.22 - 2.21%	08/11 - 04/16	1.28	N/R	AAA/Aaa	7.72%
Negotiable Certificate of Deposits	150,000	0.25 - 0.26%	09/11 - 10/11	0.27	A1/P1	A-1+/P-1	3.04%
Commercial Paper	149,878	0.17 - 0.34%	09/11 - 12/11	0.33	A1/P1	A-1+/P-1	3.03%
Money Market Mutual Funds	120,000	0.01 - 0.04%	07/11	0.00	AAA	AAA/Aaa	2.43%
Municipal Bonds	91,206	0.30 - 3.83%	07/11 - 05/14	0.92	AA-/Aa3	AA/Aa2	1.85%
Farmer Mac	72,055	0.21 - 2.13%	07/11 - 05/13	1.15	N/R	N/R	1.46%
CalTRUST	54,000	0.52%	07/11	0.00	N/R	AAA/Aaa	1.09%
Local Agency Obligations	585	1.14%	06/20	8.97	N/A	N/R	0.01%
Total County Treasurer Investments	<u>4,942,333</u>						<u>100.00%</u>
Investments Outside the County Treasury							
Blended Component Unit Investments							
Money Market Mutual Funds ⁽²⁾	156,062	0.00 - 0.09%	N/A	0.00	AA-	AA-	55.65%
Municipal Obligations	72,983	0.05 - 6.25%	7/11 - 4/38	6.96	N/A	N/R	26.03%
Investment Agreements	23,252	2.38 - 4.46%	12/14 - 11/36	8.47	AA-/Aa2	AA-/Aa2	8.29%
Money Market Mutual Funds ⁽³⁾	18,303	0.00 - 0.09%	N/A	0.00	N/R	N/R	6.53%
Local Agency Investment Funds	9,817	0.00 - 0.48%	N/A	0.00	N/A	N/R	3.50%
Total Blended Component Units	<u>280,417</u>						<u>100.00%</u>
Discretely Presented Component Units							
Palm Desert Financing Authority							
Money Market Mutual Funds ⁽²⁾	16,106	0.01 - 0.30%	N/A	0.63	AAA	AAA	100.00%
Total Discretely Presented Component Units	<u>16,106</u>						<u>100.00%</u>
Total Investments	<u>\$ 5,238,856</u>						

(1) Investment ratings are from S&P and Moody's

(2) Government Code requires money market mutual funds to be rated

(3) Housing Authority and Inland Empire Tobacco Securitization Authority do not require money market mutual funds to be rated

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 and 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. 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 prorate 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. As of June 30, 2011, the Treasurer’s Investment Pool does not participate in LAIF. However, the Housing Authority has \$9.1 million and the Riverside Regional Medical Center has \$0.7 million in LAIF investments.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 5 – CASH AND INVESTMENTS (Continued)

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.

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 of \$150.5 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 Statement No. 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. These investments are identified on the investment table on page 66.

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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 6 – RESTRICTED CASH AND INVESTMENTS

The amount of assets restricted by legal and contractual requirements at June 30, 2011 is as follows (in thousands):

General Fund	
Restricted Program Money	\$ 283,095
Total General Fund	283,095
Flood Special	
Restricted Program Money	5,122
Total Flood Special Revenue	5,122
Teeter Debt	
Teeter Commercial Paper Notes	101,176
Total Teeter Debt	101,176
Non Major Governmental Funds	
1985 Certificates	20,505
1990 Monterey Avenue	134
1997 Historic Court House	279
2000 Southwest Justice Center	545
2001 CAC Annex	2,484
2003 A Historic Courthouse	1,355
2003 B Capital Facilities	422
2005 A Capital Improvement Family Law	4,093
2005 B Historic Refunding	2,608
2006 A Capital Improvements	2,187
2007 A Public Safety & Refunding	42,106
2008A Southwest Justice Center	1,023
2009 Larson Justice Center	2,553
2009 Public Safety & Woodcrest Lib Refunding	4,723
Bankruptcy Court	6,700
District Court Financing Corporation	1,270
Inland Empire Tobacco	17,492
Total Non Major Governmental Funds	110,479
Regional Medical Center	
1993 Hospital Bonds	22,867
Total Regional Medical Center	22,867
Waste Management Department	
Remediation Cost	17,933
Closure and post-closure care costs	53,665
Total Waste Management Department	71,598
Non Major Enterprise Funds	
Housing Authority Bond	188
Restricted Program Money - Flood	2,845
Total Non Major Enterprise Funds	3,033
Internal Service Funds	
Flood Control Equipment	1,002
Total Internal Service Funds	1,002
Discretely Presented Component Units	
Palm Desert Financing Authority	16,106
Total Restricted Assets	\$ 614,478

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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):

Receivables						Total
Governmental Activities:	Accounts	Interest	Taxes	Due From Other Govts	Notes	Governmental
General Fund	\$ 12,771	\$ 1,119	\$ 17,790	\$ 276,656	\$ -	\$ 308,336
Flood Control	514	197	4,124	42	-	4,877
Teeter Debt Service	-	45	114,632	-	-	114,677
Public Facilities Improvements	-	214	-	-	-	214
Redevelopment Capital Project	2,669	265	-	3	17,642	20,579
Nonmajor Governmental Funds	2,543	402	2,490	26,222	44,357	76,014
Internal Service Funds	2,642	167	-	1,352	-	4,161
Total receivables	<u>\$ 21,139</u>	<u>\$ 2,409</u>	<u>\$139,036</u>	<u>\$ 304,275</u>	<u>\$ 61,999</u>	<u>\$ 528,858</u>

Receivables						Total
Business-type Activities:	Accounts	Interest	Taxes	Due From Other Govts	Allowance for uncollec- tibles	Business-type Activities
Regional Medical Center	\$ 1,474,653	\$ -	\$ -	\$ 65,681	\$(1,416,200)	\$ 124,134
Waste Management	4,106	115	-	257	(4)	4,474
Nonmajor Funds	488	6	12	872	-	1,378
Total receivables	<u>\$ 1,479,247</u>	<u>\$ 121</u>	<u>\$ 12</u>	<u>\$ 66,810</u>	<u>\$(1,416,204)</u>	<u>\$ 129,986</u>

Deferred/Unearned Revenue

Of the total governmental receivable of \$528.9 million, \$34.7 million is SB-90 long-term receivable, which has been deferred as of June 30, 2011. 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, 2011, the components of deferred/unearned revenue were as follows (in thousands):

Governmental activities:	Unavailable	Unearned
General fund:		
Due from other governments	\$ 45,649	
Resources received that do not yet meet the criteria for revenue	-	\$ 214,694
Flood Special Revenue		
Resources received that do not yet meet the criteria for revenue	-	4,341
Nonmajor funds:		
Due from other governments	132	-
Resources received that do not yet meet the criteria for revenue	-	29,801
Total deferred revenue Governmental activities	<u>\$ 45,781</u>	<u>248,836</u>
Government-wide activities:		
Redevelopment Agency		
Resources received that do not yet meet the criteria for revenue		7,326
Total unearned revenue Government-wide activities		<u>\$ 256,162</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 8 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/ Payables

The composition of interfund balances as of June 30, 2011 is as follows (in thousands):

<u>Payable Fund</u>	<u>Receivable Fund</u>			
	<u>General Fund</u>	<u>Flood Control</u>	<u>Teeter Debt Service</u>	<u>Other Governmental Funds</u>
<i>Due to/from other funds :</i>				
General Fund				
Delinquent property tax	\$ -	\$ -	\$ 35	\$ -
Interfund activity	-	-	-	171
Flood Control				
Capital projects	-	-	-	499
Interfund activity	-	-	-	-
Teeter Debt Service				
Delinquent property tax	9,060	-	-	-
Public Facilities Improvements Capital Projects				
Capital projects	-	-	-	733
Redevelopment Capital Projects				
Capital projects	-	-	-	691
Nonmajor Governmental Funds				
Fire	6,844	-	-	-
Interfund activity	317	402	-	-
Transportation	-	-	-	35
Regional Medical Center				
Law	222	-	-	-
Other Enterprise Funds				
Interfund activity	-	14	-	-
Internal Service Funds				
Interfund activity	3,344	239	-	264
Total Receivable	\$ 19,787	\$ 655	\$ 35	\$ 2,393

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 General Fund advanced \$3.7 million to Economic Development Agency for their internal service fund start up costs.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 8 – INTERFUND TRANSACTIONS

(a) Interfund Receivables/ Payables (Continued)

Receivable Fund					
Regional Medical Center	Waste Management	Other Enterprise Funds	Internal Service Funds	Total Payable	
					General Fund
\$ -	\$ -	\$ -	\$ -	\$ 35	Delinquent property tax
-	-	-	2,433	2,604	Interfund activity
				<u>2,639</u>	Total General Fund
					Flood Control
-	-	-	-	499	Capital projects
-	-	5	263	268	Interfund activity
				<u>767</u>	Total Flood Control
					Teeter Debt Service
-	-	-	-	9,060	Delinquent property tax
				<u>9,060</u>	Total Teeter Debt Service
					Public Facilities Improvements Capital Projects
-	-	-	-	733	Capital projects
				<u>733</u>	Total Public Facilities Imprv Cap Prog
					Redevelopment Capital Projects
-	-	-	-	691	Capital projects
				<u>691</u>	Total Redevelopment Capital Projects
					Nonmajor Governmental Funds
-	-	-	-	6,844	Fire
-	-	-	-	719	Interfund activity
-	-	-	-	35	Transportation
				<u>7,598</u>	Total Nonmajor Governmental Funds
					Regional Medical Center
-	-	-	-	222	Law
				<u>222</u>	Total Regional Medical Center
					Other Enterprise Funds
-	-	5	-	19	Interfund activity
				<u>19</u>	Total Other Enterprise Funds
					Internal Service Funds
315	24	1	12	4,199	Interfund activity
				<u>4,199</u>	Total Internal Service Funds
<u>\$ 315</u>	<u>\$ 24</u>	<u>\$ 11</u>	<u>\$ 2,708</u>	<u>\$ 25,928</u>	Total Receivable

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 8 – INTERFUND TRANSACTIONS

Transfers

(b) Between Funds within the Governmental Activities:¹

Transfer-Out	Transfer In			
	General Fund	Teeter Debt Service	Public Facilities Improvements Capital Projects	Redevelopment Capital Projects
<i>Operating or debt subsidy:</i>				
General Fund				
Capital Projects	\$ -	\$ -	\$ 5,904	\$ -
Debt Service	-	845	-	-
Operating Contribution	-	-	-	-
Pension Obligation	-	-	-	-
Reimbursement	-	-	-	638
Flood Control				
Capital Projects	-	-	-	-
Pension Obligation	-	-	-	-
Reimbursement	-	-	-	-
Total Flood Control				
Teeter Debt Service				
Debt Service	89	-	-	-
Public Facilities Improvements Capital Projects				
Capital Projects	26,617	-	-	4,840
Debt Service	2,384	-	-	-
Reimbursement	2,383	-	-	-
Redevelopment Capital Projects				
Capital Projects	211	-	479	-
Debt Service	-	-	-	-
Fire	42	-	-	-
Reimbursement	5,966	-	-	-
Nonmajor Governmental Funds				
Capital Projects	219	-	490	38
Debt Service	350	-	-	-
Fire	47,611	-	-	-
Pension Obligation	264	-	-	-
Reimbursement	19,171	-	86	1,015
Regional Medical Center				
Pension Obligation	-	-	-	-
Waste Management				
Pension Obligation	-	-	-	-
Other Enterprise Funds				
Pension Obligation	-	-	-	-
Internal Service Funds				
Business Services	740	-	-	-
Pension Obligation	-	-	-	-
Reimbursement	-	-	-	-
Total Transfers In	\$ 106,047	\$ 845	\$ 6,959	\$ 6,531

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, 2011

NOTE 8 – INTERFUND TRANSACTIONS (Continued)

Transfers (Continued)

(b) Between Governmental and Business-type Activities:

		Transfer In				
Other Governmental Funds	Regional Medical Center	Internal Service Funds	Total Transfers Out	Transfer-Out		
<i>Operating or debt subsidy:</i>						
General Fund						
\$ 5,089	\$ -	\$ -	\$ 10,993	Capital Projects		
33,483	-	-	34,328	Debt Service		
-	10,000	1,857	11,857	Operating Contribution		
21,847	-	-	21,847	Pension Obligation		
13,448	-	106	14,192	Reimbursement		
			<u>93,217</u>	Total General Fund		
Flood Control						
1,409	-	-	1,409	Capital Projects		
1	-	-	1	Pension Obligation		
-	-	75	75	Reimbursement		
			<u>1,485</u>	Total Flood Control		
Teeter Debt Service						
-	-	-	89	Debt Service		
			<u>89</u>	Total Teeter Debt Service		
Public Facilities Improvements Capital Projects						
12,413	5,000	-	48,870	Capital Projects		
-	-	-	2,384	Debt Service		
-	-	82	2,465	Reimbursement		
			<u>53,719</u>	Total Public Facilities Imprv Cap Prog		
Redevelopment Capital Projects						
7,442	-	-	8,132	Capital Projects		
3,762	-	-	3,762	Debt Service		
-	-	-	42	Fire		
5,028	-	-	10,994	Reimbursement		
			<u>22,930</u>	Total Redevelopment Capital Projects		
Nonmajor Governmental Funds						
224	-	-	971	Capital Projects		
10,848	-	-	11,198	Debt Service		
-	-	-	47,611	Fire		
1,734	-	-	1,998	Pension Obligation		
24,453	-	-	44,725	Reimbursement		
			<u>106,503</u>	Total Nonmajor Governmental Funds		
Regional Medical Center						
4,165	-	-	4,165	Pension Obligation		
			<u>4,165</u>	Total Regional Medical Center		
Waste Management						
296	-	-	296	Pension Obligation		
			<u>296</u>	Total Waste Management		
Other Enterprise Funds						
184	-	-	184	Pension Obligation		
			<u>184</u>	Total Other Enterprise Funds		
Internal Service Funds						
-	-	-	740	Business Services		
1,777	-	-	1,777	Pension Obligation		
-	-	1,993	1,993	Reimbursement		
			<u>4,510</u>	Total Internal Service Funds		
<u>\$ 147,603</u>	<u>\$ 15,000</u>	<u>\$ 4,113</u>	<u>\$ 287,098</u>	Total Transfers In		

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows (in thousands):

	Balance July 1, 2010	Prior Period Adjustments *	Additions	Retirements	Transfers	Balance June 30, 2011
Governmental activities:						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 429,874	\$ (9)	\$ 11,400	\$ (7,963)	\$ 292	\$ 433,594
Construction in progress	661,635	-	235,401	190	(295,401)	601,825
Total capital assets, not being depreciated	1,091,509	(9)	246,801	(7,773)	(295,109)	1,035,419
<i>Capital assets, being depreciated:</i>						
Infrastructure						
Flood channels	235,155	-	4,189	-	1,000	240,344
Flood storm drains	318,089	-	20,391	-	12,463	350,943
Flood dams and basins	31,215	-	-	-	-	31,215
Roads	1,669,209	-	26,267	(114,424)	55,492	1,636,544
Traffic signals	23,431	-	30	(1,876)	80	21,665
Bridges	105,381	-	-	(951)	293	104,723
Runways	16,247	-	-	-	2,216	18,463
Parks trails and improvements	9,524	-	-	-	440	9,964
Land improvements	110	-	-	-	-	110
Structures and improvements	1,022,292	24,856	11,346	(10,961)	223,124	1,270,657
Equipment	377,005	38	17,047	(21,690)	(307)	372,093
Total capital assets, being depreciated	3,807,658	24,894	79,270	(149,902)	294,801	4,056,721
Less accumulated depreciation for:						
Infrastructure	(1,030,671)	(66)	(68,615)	97,506	(85)	(1,001,931)
Land improvements	(11)	-	(10)	-	-	(21)
Structures and improvements	(290,248)	(2,764)	(23,802)	6,512	89	(310,213)
Equipment	(276,869)	(136)	(28,489)	20,162	151	(285,181)
Total accumulated depreciation	(1,597,799)	(2,966)	(120,916)	124,180	155	(1,597,346)
Total capital assets, being depreciated, net	2,209,859	21,928	(41,646)	(25,722)	294,956	2,459,375
Governmental activities capital assets, net	\$ 3,301,368	\$ 21,919	\$205,155	\$ (33,495)	\$ (153)	\$ 3,494,794

*Prior period adjustment represents \$24.9 million in capital assets not previously reported and \$3.0 million in corrections to accumulated depreciation which was previously understated.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 9 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2011 was as follows (in thousands):

	Balance July 1, 2010	Prior Period Adjustments	Additions	Retirements	Transfers	Balance June 30, 2011
Business-type activities:						
<i>Capital assets, not being depreciated:</i>						
Land & easements	\$ 21,325	\$ -	\$ -	\$ -	\$ -	\$ 21,325
Construction in progress **	34,801	-	12,888	-	(3,321)	44,368
Total capital assets, not being depreciated	56,126	-	12,888	-	(3,321)	65,693
<i>Capital assets, being depreciated:</i>						
Land improvements	11,662	-	-	-	-	11,662
Infrastructure-landfill liners	55,849	-	-	-	(623)	55,226
Infrastructure-other	21,549	-	17	-	985	22,551
Structures and improvements	216,726	-	352	-	2,258	219,336
Equipment	114,280	-	2,845	(28,799)	1,008	89,334
Total capital assets, being depreciated	420,066	-	3,214	(28,799)	3,628	398,109
Less accumulated depreciation for:						
Land improvements	(6,836)	-	(582)	-	-	(7,418)
Infrastructure-landfill liners	(18,563)	-	(2,721)	-	62	(21,222)
Infrastructure-other	(4,950)	-	(1,117)	-	(67)	(6,134)
Structures and improvements	(80,628)	-	(6,480)	-	-	(87,108)
Equipment	(93,607)	-	(6,382)	28,511	(149)	(71,627)
Total accumulated depreciation	(204,584)	-	(17,282)	28,511	(154)	(193,509)
Total capital assets, being depreciated, net	215,482	-	(14,068)	(288)	3,474	204,600
Business-type activities capital assets, net	\$ 271,608	\$ -	\$ (1,180)	\$ (288)	\$ 153	\$ 270,293

** There is \$9.9 million recorded in construction in progress for a new co-generation plant. The plant is scheduled to be completed and will be tested within the next several months to ensure they maintain compliance without further adjustments and engine failures since the plant has yet to meet certain Air Quality Management Emissions Standards and requirements under the Southern California Air Quality Management District (AQMD). The County will assess the cost to rebuild the plants to be operational and pass the AQMD standards and then work with County Counsel to determine what damages will be filed against the original vendor for losses incurred.

Depreciation

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

General government	\$ 21,966
Public protection	15,999
Health and sanitation	1,381
Public assistance	974
Public ways and facilities	62,254
Recreation and culture	1,340
Education	1,736
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	15,266
Total depreciation expense – governmental functions	\$ 120,916

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 9 – CAPITAL ASSETS (Continued)

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

Regional Medical Center	\$ 9,791
Waste Management	5,579
Housing Authority	1,896
County Service Areas	3
Flood Control	13
Total depreciation expense – business-type functions	<u>\$ 17,282</u>

Capital Leases

	<u>Governmental</u>	<u>Business Type</u>
Land	\$ 5,780	\$ -
Construction in Progress	-	-
Structures and Improvements	97,386	-
Equipment	134,284	21,175
Less: Accumulated amortization	<u>(106,368)</u>	<u>(11,694)</u>
Total leased property, net	<u>\$ 131,082</u>	<u>\$ 9,481</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 10 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

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 \$22.3 million as the remaining estimated capacity of 18.5 million tons is filled. Waste expects all currently permitted landfill capacities to be filled by 2047. The total estimate of \$70.6 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, 2011 %	Estimated Years Remaining
Anza (Anza)	\$ 2,376	100.0	-
Badlands (Moreno Valley)	12,157	50.5	13
Blythe (Blythe)	7,862	33.4	36
Coachella (Coachella)	3,373	100.0	-
Desert Center (Desert Center)	1,120	69.2	7
Double Butte (Winchester)	3,093	100.0	-
Edom Hill (Cathedral City)	10,600	100.0	-
Highgrove (Riverside)	1,732	100.0	-
Lamb Canyon (Beaumont)	18,139	46.5	10
Mead Valley (Perris)	3,113	100.0	-
Mecca II (Mecca)	3,466	99.4	26
Oasis (Oasis)	<u>3,582</u>	72.3	10
	<u>\$ 70,613</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 \$53.7 million are held for these purposes at June 30, 2011 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, 2011

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, 2011 (in thousands):

<u>Year Ending June 30</u>		
2012	\$	39,176
2013		31,639
2014		24,536
2015		19,005
2016		13,144
2017-2021		18,051
2022-2026		869
2027-2031		966
2032-2036		1,042
2037-2041		694
Total Minimum Payments	\$	<u>149,122</u>

Total rental expenditure/expense for the year ended June 30, 2011 was \$89.4 million of which \$3.8 million was recorded in the Enterprise Funds.

NOTE 12 – SHORT-TERM DEBT

Tax and Revenue Anticipation Notes (TRANs)

On July 1, 2010, the County issued \$343.0 million of tax exempt Tax and Revenue Anticipation Notes (TRANs), which were repaid June 30, 2011. The Notes were issued with a yield rate of 0.43% for Series Bond A and 0.55% for Series Bond B. 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 2010-11, the County retired \$152.0 million of the \$257.3 million principal amount outstanding at June 30, 2010. The County then issued \$80.7 million of Series B notes and \$20.8 million in Series C notes, leaving an outstanding balance of \$206.8 million at June 30, 2011.

Short-term debt activity for the year ended June 30, 2011, was as follows (in thousands):

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
FY 2010-11 TRANs	\$ -	\$ 343,000	\$ (343,000)	\$ -
Teeter Notes	257,300	101,505	(152,000)	206,805
Total	<u>\$ 257,300</u>	<u>\$ 444,505</u>	<u>\$ (495,000)</u>	<u>\$ 206,805</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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 \$2.6 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, 2011 (in thousands):

<u>Year Ending June 30</u>	Palm Desert Financing Authority	Other Governmental Activities	Total Governmental Activities	Business-type Activities
2012	\$ 7,475	\$ 18,005	\$ 25,480	\$ 6,442
2013	7,478	11,530	19,008	5,265
2014	7,477	8,040	15,517	3,512
2015	7,482	5,631	13,113	1,628
2016	7,471	3,927	11,398	107
2017-2021	37,357	2,577	39,934	-
2022-2026	13,378	633	14,011	-
2027-2031	4,980	252	5,232	-
2032-2036	1,988	-	1,988	-
Total minimum payments	95,086	50,595	145,681	16,954
Less amount representing interest	(28,512)	(6,041)	(34,553)	(1,124)
Present value of net minimum lease payments	<u>\$ 66,574</u>	<u>\$ 44,554</u>	<u>111,128</u>	<u>\$ 15,830</u>

The statement of net assets includes the Palm Desert Financing Authority capital lease of \$66.6 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, 2011 (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, 2011</u>
<u>Certificates of Participation:</u>					
<u>CORAL</u>					
1985 Serial Certificates	12/09 – 12/15	Variable	\$7,600 - \$14,800	\$ 169,400	\$ 59,800
				<u>169,400</u>	<u>59,800</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
<i>Certificates of Participation (Continued):</i>					
<u>CORAL</u>					
1990 Monterey Avenue:					
Serial Certificate	11/09 – 11/20	Variable	\$300 - \$800	\$ 8,800	\$ 5,600
				<u>8,800</u>	<u>5,600</u>
<u>CORAL</u>					
2001 CAC Annex:					
Serial Certificates	11/09 – 11/26	5.13%	\$815 - \$1,880	27,120	21,310
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>32,265</u>
<u>CORAL</u>					
2003 A - Historic Court Project:					
Serial Certificates	11/09 – 11/18	3.00% - 5.00%	\$280 - \$400	4,125	2,765
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>11,830</u>
<u>CORAL</u>					
2003 B –Capital Facilities Refunding:					
Serial Certificates	11/09 – 11/18	2.00% - 4.20%	\$880 - \$395	8,685	2,770
				<u>8,685</u>	<u>2,770</u>
<u>CORAL</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	23,765
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>46,935</u>
<u>CORAL</u>					
2005 B - Historic Courthouse Refunding Project:					
Serial Certificates	11/09 – 11/25	3.00% - 5.00%	\$505 - \$1,740	18,835	16,180
Term Certificate	11/26 – 11/27	5.00%	\$1,860 - \$1,915	3,775	3,775
				<u>22,610</u>	<u>19,955</u>
<u>CORAL</u>					
2006 Series A - Cap Imp Project:					
Serial Certificates	11/09 – 11/26	3.75% - 5.13%	\$610 - \$1,235	16,425	14,595
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>32,845</u>
<u>CORAL</u>					
2007 A & B Public Safety Communication and Refunding Projects:					
Series A & B	11/10 – 11/17	3.85% - 5.00%	\$1,625 - \$10,850	111,125	67,110
				<u>111,125</u>	<u>67,110</u>
<u>CORAL</u>					
2009 Public Safety Communication and Woodcrest Library Refunding Projects:					
Series A	12/10 – 11/39	Variable	\$70 - \$420	45,685	45,615
				<u>45,685</u>	<u>45,615</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
<i>Certificates of Participation (Continued):</i>					
<u>CORAL</u>					
2009 Larson Justice Center Refunding:					
Serial Certificates	12/10 – 12/21	Variable	\$1,050 - \$4,860	\$ 24,680	\$ 23,630
				<u>24,680</u>	<u>23,630</u>
<u>Court Financing Corporation</u>					
Bankruptcy Courthouse:					
Acquisition Project Term Certificate	11/09 – 11/20	7.50%	\$835 - \$1,385	16,120	10,175
				<u>16,120</u>	<u>10,175</u>
<u>District Court Financing Corporation</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	6,017
Term /Series 2002	6/15/20	3.00%	\$50 - \$75	925	560
				<u>20,725</u>	<u>8,742</u>
				<u>\$ 565,435</u>	<u>\$ 367,272</u>
Total Certificates of Participation					
Bonds Payable:					
<u>CORAL</u>					
2000 A Southwest Justice Center:					
Term Certificate	11/09 – 11/13	4.88% - 5.40%	\$1,830 - \$2,240	\$ 17,945	\$ 6,320
				<u>17,945</u>	<u>6,320</u>
<u>CORAL</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>CORAL</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>RDA</u>					
2005 Tax Allocation Revenue Bonds					
	10/09 – 10/37	4.50% - 5.00%	\$2,620 - \$6,490	144,075	131,730
				<u>144,075</u>	<u>131,730</u>
<u>RDA</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>RDA</u>					
2004 A-T Tax Allocation Housing Bonds					
	10/09 – 10/28	2.90% - 4.87%	\$1,045 - \$760	37,000	30,140
				<u>37,000</u>	<u>30,140</u>
<u>RDA</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>
<u>RDA</u>					
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>
<u>RDA</u>					
2011 A Tax Allocation Housing Bonds					
	03/11 - 03/43	2.73% - 6.25%		14,093	14,093
				<u>14,093</u>	<u>14,093</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
<i>Bonds Payable (Continued):</i>					
<u>RDA</u>					
2011 A-T Tax Allocation Housing Bonds	03/11 - 03/22	2.73% - 6.25%		\$ 14,095	\$ 14,095
				<u>14,095</u>	<u>14,095</u>
<u>RDA</u>					
2011 B-T Tax Allocation Housing Bonds	03/11 - 03/20	2.72% - 6.00%		11,525	11,525
				<u>11,525</u>	<u>11,525</u>
<u>RDA</u>					
2005 Tax Allocation Housing/Refunding	10/09 – 10/33	3.00% - 4.50%	\$395 - \$1,105	18,245	15,955
				<u>18,245</u>	<u>15,955</u>
<u>RDA</u>					
2007 A Tax Allocation Refunding Bonds	10/09 – 09/1/34	3.00% - 4.50%	\$1,795 - \$6,450	89,990	84,600
				<u>89,990</u>	<u>84,600</u>
<u>Taxable Pension Obligation Bond</u>					
Pension Obligation Bonds (Series 2005-A)	8/09 – 8/35	4.91% - 5.04%	\$3,425 - \$5,530	400,000	366,945
				<u>400,000</u>	<u>366,945</u>
<u>RDA</u>					
2004 Tax Allocation Revenue Bonds	10/09 – 10/37	2.50% - 5.00%	\$1,220 - \$14,395	102,785	94,190
2007 Tax Allocation Revenue - Series A	10/09 – 10/37	3.50% - 4.37%	\$2,945 - \$8,925	169,720	157,520
2007 Tax Allocation Revenue - Series B	10/09 – 10/37	4.00% - 4.75%	\$550 - \$1,955	33,820	31,525
2010 Tax Allocation Revenue - Series C	10/11 - 10/41	2.00% - 6.25%	\$545 - \$1,120	5,645	5,645
2010 Tax Allocation Revenue - Series D	10/11 - 10/41	2.00% - 5.38%	\$640 - \$2,200	32,415	32,415
2010 Tax Allocation Revenue - Series E	10/11 - 10/41	2.00% - 5.25%	\$585 - \$6,400	50,520	50,520
2011 Tax Allocation Revenue - Series B	03/11 - 03/43	2.72% - 6.00%		23,133	23,133
2011 Tax Allocation Revenue - Series D	03/11 - 03/38	2.50% - 4.00%		6,475	6,475
2011 Tax Allocation Revenue - Series E	03/11 - 03/45	2.75% - 7.85%		12,580	12,580
				<u>437,093</u>	<u>414,003</u>
<u>Inland Empire Tobacco Securitization Authority</u>					
Series 2007 A	06/17 – 06/21	4.63% - 5.10%		87,650	69,885
Series 2007 B	06/20 – 06/26	5.75%		53,758	53,758
Series 2007 C-1	06/26 – 06/36	6.63%		53,542	53,542
Series 2007 C-2	06/33 – 06/45	6.75%		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>276,319</u>
Total Bonds Payable				<u>\$ 1,663,743</u>	<u>\$ 1,551,323</u>
<i>Loans Payable:</i>					
<u>CORAL</u>					
2011 Monroe Park Building Refunding	2/11 - 12/20	3.54%	\$180 - \$330	\$ 5,535	\$ 5,355
Total Loans Payable				<u>\$ 5,535</u>	<u>\$ 5,355</u>
Total Governmental Activities				<u>\$ 2,234,713</u>	<u>\$ 1,923,951</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
Business-Type Activities					
<i>Bonds Payable:</i>					
<i>Regional Medical Center</i>					
1993 A & B (Hospital):					
Term Bonds (Series A)	06/10 – 06/12	6.38%	\$12,230 - \$13,870	\$ 81,135	\$ 13,870
Term Bonds (Series B)	06/13 – 06/14	6.75%	\$7,050 - \$7,475	14,525	14,525
Loss on Defeasance (net)				-	(418)
				95,660	27,977
<i>Regional Medical Center</i>					
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
<i>Regional Med Center 1997</i>					
Serial Bonds (Series B)	06/10 – 06/13	4.38% - 5.15%	\$395 - \$455	4,785	890
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				-	(11)
Loss on Defeasance (net)				-	(1,314)
				70,252	65,032
<i>Housing Authority</i>					
1998 Series A:					
Term Bonds	12/09 – 12/18	6.85%	\$110 - \$200	2,405	1,290
Deferred Charges				-	(486)
				2,405	804
Total Bonds Payable				\$ 209,487	\$ 134,983
Total Business-Type Activities				\$ 209,487	\$ 134,983
Discretely Presented Component Unit					
<i>Bonds Payable:</i>					
<i>Palm Desert Financing Authority</i>					
2003 Lease Rev Bonds Series A:					
Serial Certificates	05/09 – 05/23	2.25% - 4.70%	\$595 - \$995	\$ 13,270	\$ 9,535
Term Certificate	05/24 – 05/27	4.75%	\$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				-	(170)
				22,310	18,405
2008 Lease Rev Bonds Series A:					
Serial Certificates	05/10 – 05/18	4.00% - 5.50%	\$1,935 - \$6,200	43,845	37,490
Term Certificate	05/19 – 05/22	6.00%	\$6,540 - \$7,790	28,600	28,600
Bond Discount				-	(498)
				72,445	65,592
Total Bonds Payable				\$ 94,755	\$ 83,997
Total Discretely Presented Component Unit				\$ 94,755	\$ 83,997

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2011, 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
2012	\$ 430	\$ 186	\$ 26,397	\$ 20,671
2013	505	170	28,361	18,684
2014	530	152	29,761	17,179
2015	540	133	32,208	14,196
2016	560	114	34,228	12,180
2017-2021	2,790	252	106,392	40,514
2022-2026	-	-	40,855	21,629
2027-2031	-	-	35,290	12,441
2032-2036	-	-	25,675	4,801
2037-2041	-	-	8,107	382
Total	\$ 5,355	\$ 1,007	\$ 367,272	\$ 162,677

Governmental Year ending June 30	Bonds Payable	
	Principal	Interest
2012	\$ 39,585	\$ 68,681
2013	40,010	62,640
2014	43,175	60,969
2015	46,760	57,050
2016	36,920	50,108
2017-2021	313,566	278,802
2022-2026	275,996	203,502
2027-2031	215,698	143,211
2032-2036	242,479	80,665
2037-2041	194,861	30,546
2042-2046	2,594	24,037
2047-2051	29,653	1,945
2052-2056	-	-
2057-2061	70,026	4,672
Total	\$ 1,551,323	\$ 1,066,828

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2011, 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
2012	\$ 14,430	\$ 11,026	\$ -	\$ -
2013	10,674	10,406	-	-
2014	10,930	9,920	-	-
2015	13,516	9,416	-	-
2016	14,119	8,848	6,795	-
2017-2021	54,065	35,374	-	-
2022-2026	19,478	15,190	-	-
Total Requirements	<u>\$ 137,212</u>	<u>\$ 100,180</u>	<u>\$ 6,795</u>	<u>\$ -</u>
Bond Discount/Premium, net	(11)	-		
Deferred Charges (Housing)	(486)	-		
Loss on Defeasance (net)	(1,732)	-		
Total	<u>\$ 134,983</u>	<u>\$ 100,180</u>		

Discretely Presented Component Unit Year ending June 30	Bonds Payable	
	Principal	Interest
2012	\$ 5,250	\$ 4,484
2013	5,485	4,254
2014	5,750	3,989
2015	6,035	3,709
2016	6,315	3,415
2017-2021	37,055	11,600
2022-2026	12,995	2,643
2027-2031	3,930	1,050
2032-2036	1,850	138
Total Requirements	<u>84,665</u>	<u>35,282</u>
Bond Discount/Premium, net	(668)	-
Total	<u>\$ 83,997</u>	<u>\$ 35,282</u>

Accreted Interest Payable

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2011 (in thousands):

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Governmental Activities:				
<i>Certificates of Participation:</i>				
Court Financing (US District Court Project)	\$ 2,795	\$ 384	\$ -	\$ 3,179
<i>Bonds:</i>				
Inland Empire Tobacco Securitization Authority	41,955	16,829	-	58,784
Total governmental-type activities	<u>\$ 44,750</u>	<u>\$ 17,213</u>	<u>\$ -</u>	<u>\$ 61,963</u>
Business-type Activities:				
<i>Lease Revenue Bonds:</i>				
Regional Medical Center (1997A Hosp)	\$ 48,811	\$ 5,422	-	\$ 54,233
Total business-type activities	<u>\$ 48,811</u>	<u>\$ 5,422</u>	<u>\$ -</u>	<u>\$ 54,233</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Accreted Interest Payable (Continued)

The accreted interest payable balances at June 30, 2011 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 \$17.2 million and \$5.4 million represent current year's accretion for governmental activities and business activities respectively. The accumulated accretion for business-type activities is \$54.2 million at June 30, 2011. The accumulated accretion for U.S. District Court Financing and the Inland Empire Tobacco Securitization Authority in governmental activities is \$62.0 million. The un-accreted balances at June 30, 2011 are \$76.2 million for the 1997-A Hospital (RCRMC) project, \$4.0 million for the U.S. District Court, and \$3.4 billion for the Tobacco Securitization Authority Capital Appreciation Bonds.

Bonds, Certificates of Participation/ Refunding

During the fiscal year ended June 30, 2011, the Redevelopment Agency issued the 2010 Tax Allocation Bonds for financing projects of the County Redevelopment Agency and to provide funds for the various debt obligations of the Agency within the various project areas. The Bonds are special obligations of the Agency and are payable exclusively from tax revenues to be derived from 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, 2011 is \$130.8 million.

During the fiscal year ended June 30, 2011, the Agency issued Tax Allocation Bonds 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, 2011 is \$39.7 million.

On February 28, 2011, CORAL issued \$5.5 million in new private placement bonds and repaid the previous May 16, 2007, mortgage note. The new bonds have an interest rate of 3.54% and the principal balance outstanding at June 30, 2011, was \$5.4 million.

Defeasance of Debt

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, 2011, was \$2.1 million.

On February 28, 2011, CORAL issued \$5.5 million in private placement bonds (2011 Monroe Building) to provide funds to refund and redeem the notes payable relating to the 2007 Monroe Park Building loan with an outstanding principal amount of \$5.4 million and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carrying amount of the old debt by \$140.0 thousand. 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 \$527.0 thousand and a reduction of \$339.0 thousand in future debt service payments.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Single Family and Multi-Family Mortgage Revenue Bonds

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

A total of \$52.8 million of Mortgage Revenue Bonds has been issued and \$51.3 million is outstanding as of June 30, 2011. 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 \$100.2 million at June 30, 2011, 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 \$2.4 million as of June 30, 2011, for the construction of flood control facilities. The bonds are to be repaid through special assessment revenue and are not considered obligations of Flood Control. In accordance with bond covenants, Flood Control has established a reserve for potential delinquencies. If a delinquency occurs in the payment of any assessment installment, Flood Control has the duty to transfer the amount of such delinquent installment from the Reserve Fund into the Redemption Fund assessment installment. Flood Control's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

State Appellate Court Financing

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

Interest Rate Swap

Objective 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%.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap

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, 2011. 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, 2011 and 2010, the swap had a negative fair value of \$24.7 million and \$27.9 million, respectively, an increase in fair value of \$3.2 million occurred during the fiscal year 2010-11. 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 2011.

Credit Risks: The swap counterparty was rated A+ by Moody's and A+ by Standard & Poor's as of June 30, 2011. 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, 2011, CORAL's rate was 64.0% of LIBOR, or 0.2%, whereas Municipal Swap Index or the reset rate on bonds was 0.2%. The synthetic rate on the bonds at June 30, 2011 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, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Interest Rate Swap (Continued)

Swap Payment and Associated Debt: Using rates as of June 30, 2011, 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		
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	-	1,078	2,781	3,859
2017-2021	14,260	4,755	15,234	19,989
2022-2026	19,025	3,503	10,050	13,553
2027-2031	24,715	1,848	4,767	6,615
2032-2033	18,300	167	426	593
	<u>\$ 76,300</u>	<u>\$ 15,747</u>	<u>\$ 44,596</u>	<u>\$ 60,343</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, 2011 (in thousands):

	Balance June 30, 2010	New Additions	Payments / Reclass	Balance June 30, 2011	Amounts Due Within One Year
Governmental activities:					
Debt long-term liabilities:					
Bonds payable	\$ 1,408,017	\$ 170,481	\$ (27,175)	\$ 1,551,323	\$ 39,585
Capital lease obligations	123,890	13,192	(25,954)	111,128	20,341
Certificates of participation	385,447	-	(18,175)	367,272	26,397
Loans payable	6,987	5,535	(7,167)	5,355	430
Notes payable	15,000	-	(15,000)	-	-
Total debt long-term liabilities	<u>1,939,341</u>	<u>189,208</u>	<u>(93,471)</u>	<u>2,035,078</u>	<u>86,753</u>
Other long-term liabilities:					
Accreted interest payable	44,750	17,213	-	61,963	-
Compensated absences (a)	160,221	2,651	(2,528)	160,344	90,275
Estimated claims liabilities (b)	117,263	90,829	(83,375)	124,717	34,903
Accrued remediation costs (c)	2,014	318	-	2,332	462
Total other long-term liabilities	<u>324,248</u>	<u>111,011</u>	<u>(85,903)</u>	<u>349,356</u>	<u>125,640</u>
Total governmental activities – long-term liabilities	<u>\$ 2,263,589</u>	<u>\$ 300,219</u>	<u>\$ (179,374)</u>	<u>\$ 2,384,434</u>	<u>\$ 212,393</u>

- (a) General Fund, Special Revenue Fund, and Internal Service Fund are used to liquidate the compensated absences.
- (b) Internal Service Funds are used to liquidate the estimated claims liabilities.
- (c) General Fund is used to liquidate the remediation costs.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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, 2011 (in thousands):

	Balance June 30, 2010	Additions	Payments / Reclass	Balance June 30, 2011	Amounts Due Within One Year
<u>Business-type activities:</u>					
Debt long-term liabilities:					
Bonds payable, net of un-amortized discount and losses (a)	\$ 147,924	\$ -	\$ (12,941)	\$ 134,983	\$ 14,430
Capital lease (RCRMC)	20,842	2,117	(7,129)	15,830	5,863
Total debt long-term liabilities	<u>168,766</u>	<u>2,117</u>	<u>(20,070)</u>	<u>150,813</u>	<u>20,293</u>
Other long-term liabilities:					
Accreted interest payable	48,811	5,422	-	54,233	-
Accrued closure and post-closure	49,898	258	(6,688)	43,468	4,262
Compensated absences	20,159	490	(385)	20,264	12,548
Accrued remediation costs	21,380	8,397	-	29,777	2,731
Other long-term liabilities (b)	6,795	-	-	6,795	-
Total other long-term liabilities	<u>147,043</u>	<u>14,567</u>	<u>(7,073)</u>	<u>154,537</u>	<u>19,541</u>
Total business-type activities – long-term liabilities	<u>\$ 315,809</u>	<u>\$ 16,684</u>	<u>\$ (27,143)</u>	<u>\$ 305,350</u>	<u>\$ 39,834</u>
<u>Discretely Presented Component Unit</u>					
Debt long-term liabilities:					
Bonds payable	\$ 88,976	\$ -	\$ (4,979)	\$ 83,997	\$ 5,250
Other long-term liabilities:					
Compensated absences	253	101	(83)	271	138
Total discretely presented component unit – long-term liabilities	<u>\$ 89,229</u>	<u>\$ 101</u>	<u>\$ (5,062)</u>	<u>\$ 84,268</u>	<u>\$ 5,388</u>

(a) The reduction in bonds payable amount of \$12.9 million includes a bond discount amortization of \$11.0 thousand, deferred charges of \$486.0 thousand, and losses on bond defeasance of \$1.7 million during fiscal year 2010-11.

(b) 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 19.25% to the County and 80.75% to the Tobacco Securitization Authority for Calendar year 2011. During the fiscal year ended June 30, 2011, \$19.1 million was received by the Tobacco Authority; \$10.0 million, or 52.4%, was distributed to the County per the above agreement, leaving \$9.1 million, or 47.6%, of the specific tobacco settlement revenues available to be pledged (see page 141). 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.

*** 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, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (Continued)

Disclosure of Pledged Revenues (Continued)

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 \$1.6 billion, payable through fiscal year 2045. During the fiscal year ended June 30, 2011, \$71.7 million was received from tax increment and investment earnings combined. Of this amount, principal and interest paid were \$13.6 million and \$35.4 million respectively, or 70% 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 2011 were \$120 thousand (principal) and \$92.4 thousand (interest).

The Housing Authority reports the \$218.0 thousand received each year as revenue. In fiscal year 2010-11, 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, 2011, before applying the deferred charge, was \$1.3 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 County 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, 2011

NOTE 14 – FUND BALANCES

Fund balances that presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. (See note 1 for a description of each categories. A detailed schedule of fund balances as of June 30, 2011 is as follows (in thousands):

	Major Funds			
	General Fund	Flood Special Revenue Funds	Public Facilities Improvements	Redevelopment Capital Projects
<u>Nonspendable:</u>				
Imprest cash	\$ 372	\$ 1	\$ -	\$ -
Inventories	1,565	-	-	-
Receivables	-	-	-	17,642
Permanent	-	-	-	-
Land held for resale	-	-	-	54,413
Prepays	277	-	-	-
Total nonspendable fund balances	2,214	1	-	72,055
<u>Restricted for:</u>				
Teeter tax losses	9,565	-	-	-
Public protection	67,917	-	-	-
Fire stations	-	-	25,988	-
Roads	-	-	44,065	-
Traffic signals	-	-	17,197	-
Emergency safety communication system	-	-	-	-
Public facilities	-	-	30,687	-
Public assistance programs	3,721	-	-	-
Health and sanitation services	12,706	-	-	-
Housing assistance programs	-	-	-	-
Parks and recreation	-	-	13,549	-
Education	-	-	4,153	-
Debt service	521	-	-	-
Other capital projects	-	-	22,989	-
Other purposes	4,122	-	-	-
Total restricted fund balances	98,552	-	158,628	-
<u>Committed to:</u>				
Strategic planning	-	-	6,451	-
Property tax system	18,599	-	-	-
Disaster relief	15,000	-	-	-
Public facilities	-	-	-	115,617
Public protection	11,267	237,211	-	-
Health and sanitation services	2,449	-	-	-
Parks and recreation	-	-	-	-
Debt service	-	-	-	-
Other capital projects	1,056	-	-	-
Other purposes	1,726	-	-	-
Total committed fund balances	50,097	237,211	6,451	115,617
<u>Assigned to:</u>				
Jail construction	-	-	67,027	-
Public protection	916	-	-	-
Roads	-	-	19,486	-
Health and sanitation services	845	-	-	-
Capital project improvement program	-	-	40,163	-
Housing assistance programs	-	-	-	-
Public facilities	-	-	-	83,881
Sheriff stations	1,316	-	-	-
Debt service	-	-	-	-
Other capital projects	275	1,402	1,347	-
Other purposes	111	12,339	-	-
Total assigned fund balances	3,463	13,741	128,023	83,881
<u>Unassigned fund balances</u>	189,236	-	-	-
Total fund balances	\$ 343,562	\$ 250,953	\$ 293,102	\$ 271,553

*As of June 30, 2011, the total encumbrance balances were \$90.5 million.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 14 – FUND BALANCES (Continued)

<u>Nonmajor Funds</u>						
Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Nonmajor Governmental Funds	Total Governmental Funds	
\$ 118	\$ -	\$ -	\$ -	\$ 118	\$ 491	<u>Nonspendable:</u>
1,073	-	-	-	1,073	2,638	Imprest cash
44,357	-	-	-	44,357	61,999	Inventories
-	-	-	432	432	432	Receivables
38,156	-	-	-	38,156	92,569	Permanent
64	-	569	-	633	910	Land held for resale
83,768	-	569	432	84,769	159,039	Prepays
						Total nonspendable fund balances
						<u>Restricted for:</u>
-	-	-	-	-	9,565	Teeter tax losses
4,554	-	-	32	4,586	72,503	Public protection
-	-	-	-	-	25,988	Fire stations
120,508	-	-	-	120,508	164,573	Roads
-	-	-	-	-	17,197	Traffic signals
-	-	40,231	-	40,231	40,231	Emergency safety communication system
-	-	-	-	-	30,687	Public facilities
1,355	-	-	-	1,355	5,076	Public assistance programs
3,606	-	-	-	3,606	16,312	Health and sanitation services
85,968	-	-	-	85,968	85,968	Housing assistance programs
434	-	8,903	-	9,337	22,886	Parks and recreation
19,590	-	-	-	19,590	23,743	Education
-	123,118	-	-	123,118	123,639	Debt service
1,018	-	-	-	1,018	24,007	Other capital projects
1,325	-	145	-	1,470	5,592	Other purposes
238,358	123,118	49,279	32	410,787	667,967	Total restricted fund balances
						<u>Committed to:</u>
-	-	-	-	-	6,451	Strategic planning
-	-	-	-	-	18,599	Property tax system
-	-	-	-	-	15,000	Disaster relief
-	-	-	-	-	115,617	Public facilities
-	-	-	-	-	248,478	Public protection
-	-	-	-	-	2,449	Health and sanitation services
-	-	1,670	-	1,670	1,670	Parks and recreation
-	1,206	-	-	1,206	1,206	Debt service
6	-	20	-	26	1,082	Other capital projects
21,375	-	-	-	21,375	23,101	Other purposes
21,381	1,206	1,690	-	24,277	433,653	Total committed fund balances
						<u>Assigned to:</u>
-	-	-	-	-	67,027	Jail construction
-	-	-	-	-	916	Public protection
-	-	-	-	-	19,486	Roads
-	-	-	-	-	845	Health and sanitation services
-	-	-	-	-	40,163	Capital project improvement program
55,262	-	-	-	55,262	55,262	Housing assistance programs
-	-	-	-	-	83,881	Public facilities
-	-	-	-	-	1,316	Sheriff stations
-	27,081	3,782	-	30,863	30,863	Debt service
378	-	69	-	447	3,471	Other capital projects
-	-	-	-	-	12,450	Other purposes
55,640	27,081	3,851	-	86,572	315,680	Total assigned fund balances
-	-	-	-	-	189,236	Unassigned fund balances
\$ 399,147	\$ 151,405	\$ 55,389	\$ 464	\$ 606,405	\$ 1,765,575	Total fund balances

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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 \$10.0 million, subject to a self-insured retention (SIR) of \$1.0 million for each occurrence. A SIR is a form of a deductible. The County also purchases an additional \$15.0 million per occurrence in excess of the \$10.0 million for a total of \$25.0 million in limits. Medical malpractice utilizes an excess policy providing coverage on a per occurrence basis. Limits under the malpractice policy are \$20.0 million subject to a SIR of \$1.1 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 per occurrence deductible; flood coverage is subject to a 2.0% deductible per unit within a 100-year flood zone and \$25.0 thousand per unit deductible outside a 100-year flood zone. (A 'unit' is defined as a separate building, contents in a separate building, property in the open (yard) or time element coverage in a separate building.) The County's property is categorized into four Towers and each Tower provides \$610.0 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 \$82.5million with an additional \$225.0 million excess rooftop limit available to any one Tower. The excess rooftop limit may be triggered during the policy year if a covered earthquake event somewhere in the state has depleted the initial underlying limits. Earthquake coverage is subject to a deductible equal to 5.0% of replacement cost value per unit subject to a \$100.0 thousand minimum per unit. 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 (ISF). Accordingly, estimated liabilities for claims, including loss adjustment expenses, filed or to be filed, for incidents that have occurred through June 30, 2011 are reported in these funds. Where certain ISF 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. For fiscal year 2011-2012 the Board of Supervisors approved a reduction in funding from the 70% confidence level to the 'Expected' confidence level for the Liability ISF and the Workers' Compensation ISF. (With a slight variation for each fund, 'Expected' confidence level is equivalent to approximately a 55% confidence level). 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, 2011 plus revenues to be collected during fiscal year 2011-2012 are expected to be sufficient to cover all fiscal year 2010-11 payments. The carrying amount of unpaid claim liabilities is \$124.7 million. The liabilities are discounted at 4.0%.

	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Unpaid claims, beginning of year	\$ 117,280	\$ 117,263
Increase (decrease) in provision for insured events of prior years	1,202	(2,428)
Incurred claims for current year	79,004	93,257
Claim payments	<u>(80,223)</u>	<u>(83,375)</u>
Unpaid claims, end of year	<u>\$ 117,263</u>	<u>\$ 124,717</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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 subject to payment caps and indexing formulas. 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, 2007 and June 30, 2008 for Medi-Cal and have received notices of program reimbursement (NPR) a written notice reflecting the intermediary's final determination of the total amount of reimbursement due the medical center.

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 (CPEs) up to 50 percent of costs or Federal Medical Assistance Program (FMAP) rate. The Regional Medical Center has recorded net patient revenue of \$106.9 million for SB-1100 for the year ended June 30, 2011 of which \$33.8 million is from the Delivery System Reform Incentive Program (DSRIP), a new waiver incentive based payment component of the Section 1115 Medicaid Waiver.

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, 2011 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, 2011

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.

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

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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.

Coachella Valley Enterprise Zone Authority (CVEZA) was formed in September 2010 by the Joint Powers Agreement comprised of the County of Riverside, the City of Indio, and the City of Coachella. The purpose of the authority is to manage, coordinate, market, and administer economic development programs and projects in the enterprise zone areas.

NOTE 18 – RETIREMENT PLAN

Plan Descriptions

The County of Riverside (County), Flood Control and Water Conservation District (Flood Control), Regional Park and Open-Space District (Park District) and Waste Management (Waste) contract with the California Public Employees Retirement System (CalPERS) to provide retirement benefits to its employees. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and plan beneficiaries. CalPERS is a common investment and administrative agent for participating public entities within the State of California. State statutes governed by the Public Employees' Retirement Law (PERL), have established benefit provisions as well as other requirements. The County may select from a variety of optional benefit provisions offered by CalPERS. Upon selecting the benefit provisions and entering into a contractual agreement with CalPERS, the benefit provisions may be adopted through local ordinance.

CalPERS issues a comprehensive annual financial report (CAFR) which details its plan assets, liabilities and plan activity. The County receives an annual valuation report which summarizes assets, liabilities and rates of its plans. 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 due to their pooling configuration. Copies of the CalPERS Annual Financial Report may be obtained from: CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in CalPERS may be required to contribute 8.0% (Miscellaneous employees) of their annual covered salary. Miscellaneous members within specified bargaining units are required to make employee contributions for the first five (5) years of continuous service. Safety members employee required contribution to CalPERS is specified in the governing MOU agreements. State statute establishes the contribution requirements of plan members. The employer contribution rate is established and may be amended by CalPERS. The actuarial methods and assumptions used to establish the employer contribution rate are adopted by the CalPERS Board of Administration. The County, Flood Control, Park District and Waste Management are required to contribute the actuarially determined annual required contributions necessary to fund the plans.

Early Retirement Incentive

In FY 2009-10, the County's Board of Supervisors authorized three early retirement incentives for all Miscellaneous and Safety members, excluding elected officials covered by the CalPERS Local Miscellaneous and Local Safety contracts (see table below for participation detail). In FY 2008-09, the County's Board of Supervisors authorized an early retirement incentive for all Miscellaneous members only, excluding elected officials covered by the CalPERS Local Miscellaneous contract. The Early Retirement Incentives offered eligible employees who elected to retire

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 18 – RETIREMENT PLAN (Continued)

Early Retirement Incentive (Continued)

within a designated time period specified by the County, two additional years of service. Eligibility provisions for the Early Retirement Incentive required employees to be in specified job classifications, attainment of at least age 50 and completion of five (5) 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 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. For FY 2012 /13, the employer contribution rate will increase an estimated 0.43% for Local Safety and is estimated to increase by an additional 0.27% in FY 2013-14 for Local Miscellaneous, as a result of the three early retirement incentives authorized in FY 2010-11.

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 ⁽¹⁾ 07/15 - 10/13/2009 ⁽²⁾	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 2010-11, the contribution rates were:

Contribution rates:	County Miscellaneous	County Safety	Flood Control	Park District	Waste Management
County	12.118%	19.311%	13.382%	13.867%	14.860%
Plan Members	8.000%	9.000%	8.000%	8.000%	8.000%

Annual Pension Cost

For fiscal year 2010-11, 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	\$ 100,499	\$ 51,076	\$ 1,995	\$ 585	\$ 431
Interest on net pension obligation (asset)	(25,480)	(7,018)	(162)	-	-
Adjustment to annual required contribution	19,020	5,239	422	-	434
Annual pension cost	94,039	49,297	2,255	585	865
Contributions made	(100,499)	(51,076)	(2,116)	(585)	(431)
Increase (decrease) in net pension obligation (asset)	(6,460)	(1,779)	139	-	434
Net pension obligation (asset) beginning of year	(328,780)	(90,567)	(2,084)	-	(1,950)
Net pension obligation (asset) end of year	\$ (335,240)	\$ (92,346)	\$ (1,945)	\$ -	\$ (1,516)

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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, 2009	\$ 88,406	107.03 %	\$ (322,445)
	June 30, 2010	87,307	107.26	(328,780)
	June 30, 2011	94,039	106.87	(335,240)
County - Safety	June 30, 2009	40,951	104.18	(88,821)
	June 30, 2010	42,983	104.06	(90,567)
	June 30, 2011	49,297	103.61	(92,346)
Flood Control	June 30, 2009	1,874	93.09	(2,223)
	June 30, 2010	2,090	93.35	(2,084)
	June 30, 2011	2,255	93.80	(1,945)
Parks District	June 30, 2009	567	100.00	-
	June 30, 2010	603	100.00	-
	June 30, 2011	585	100.00	-
Waste Management	June 30, 2009	1,002	56.69	(2,384)
	June 30, 2010	884	50.90	(1,950)
	June 30, 2011	865	49.83	(1,516)

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	6/30/2010	6/30/2010	6/30/2010	6/30/2010	6/30/2010
Actuarial cost method	Entry Age				
Amortization method	Level Percent of Payroll, Open				
Remaining amortization period	28 years	29 years	27 years	17 years	17 years
Asset valuation method	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, 2011

NOTE 18 – RETIREMENT PLAN (Continued)

Funded Status and the Funding Progress

The following is funded status information for each plan as of June 30, 2011, 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	\$ 3,652,861	\$ 4,097,192	\$ 444,331	89.16%	\$ 854,932	51.97 %
County - Safety	1,624,730	1,809,468	184,738	89.79	265,165	69.67
Flood Control	98,710	118,367	19,657	83.39	15,423	127.45
Parks District**	754,859	945,221	190,362	79.86	159,157	119.61
Waste Management**	754,859	945,221	190,362	79.86	159,157	119.61

** The amounts disclosed reflect the entire Risk Pool fund in which Parks District and Waste Management are included and does not represent their specific assets and liabilities. CalPERS Risk Pool valuation does not report specific assets and liabilities separately.

The schedule of funding progress presented as required supplementary information (RSI), following the notes to the financial statements, presents multi-year trend information on whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE 19 – DEFINED BENEFIT PENSION PLAN

Plan Descriptions and Contribution Information

Plan Description. In place of the Social Security benefits, the County provides an IRS Section 401(a) single-employer defined benefit employee pension plan for Part-Time and Temporary employees who are not eligible for CalPERS retirement benefits. This Plan is self-funded and self-administered. Prior to July 20, 2010, contributions made to the Plan were deposited with the County Treasurer, who maintains the responsibility of investing contributions. Effective July 20, 2010, the County Board of Supervisors appointed U.S. Bank as the Plan's Investment Consultant, Investment Manager and Trustee. Funds were wired to U.S. Bank on September 28, 2010, invested in a diversified portfolio and reported at fair value. A participant is immediately 100% vested.

Contributions. Participants in the Plan are required to contribute 3.75% of their compensation to the Plan. According to the June 30, 2010 valuation, the County's current required contribution rate is 0.43%, however, the County elected to contribute 0.55 % of payroll in order to reach a 90% target funded ratio. The Plan's current funded ratio is 84.6%. The Plan actuary periodically calculates the minimum recommended employer contribution rate through preparation of an actuarial valuation report and 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, 2010, the date of the latest actuarial valuation:

Number of Participants:	
Active plan members	2,123
Terminated and inactive members	5,857
Retirees	111
Total	<u>8,091</u>

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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. Prior to the transition to US Bank, investments of the pension trust were fully invested in the County pool and reported at fair value. On September 28, 2010 Plan Investments were transferred to the new Trustee and Investment Manager, U.S Bank. U.S. Bank invests Plan funds according to the Plan's Investment Policy. As of June 30, 2011 assets were invested in cash equivalents (1.23%), equities (69.04%), and fixed income (29.73%).

Schedule of Annual Pension Cost and the Net Pension Obligation (NPO) for 2011 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
2009	\$ 189	\$ (67)	\$ 105	\$ 227	\$ 1,880	\$ (2,901)	828 %
2010	144	(145)	227	226	840	(3,515)	372
2011	156	(176)	275	255	425	(3,685)	167

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

Annual required contribution	\$ 156
Interest on net pension obligation (asset)	(176)
Adjustment to annual required contribution	275
Annual pension cost	<u>255</u>
Contributions made	<u>(425)</u>
Increase(decrease) in net pension obligation (asset)	(170)
Net pension obligation (asset) beginning of year	<u>(3,515)</u>
Net pension obligation (asset) end of year	<u><u>\$ (3,685)</u></u>

Schedule of Funding Progress

The funded status of the plan as of July 1, 2010, 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, 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
July 1, 2010	19,992	23,633	3,641	84.59	41,284	8.82

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, 2011

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	7/1/2010
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 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

The County of Riverside (County) and its Special Districts: Flood Control and Water Conservation District (Flood Control); Regional Parks and Open Space District (Parks District); and Waste Resources Management District (Waste Management), offer post-employment benefits to eligible County retirees. Benefit provisions are established and amended through negotiations between the County and the various bargaining units.

The post-employment benefits provide:

- The County provides retiree medical benefits for eligible retirees enrolled in County sponsored plans. The benefits are provided in the form of:
 - Monthly County contributions toward the retiree’s medical premium, and
 - \$25 per month to the RSA Trust for RSA law enforcement retirees.
- There is no longer an implicit subsidy in this plan. Previously, the County allowed certain retirees to receive coverage prior to age 65 by paying premiums that were developed by blending active and retiree costs, which resulted in an implicit subsidy to retirees. Effective January 1, 2011, all retirees pay premiums based on their “true” retiree only costs, and the implicit subsidy ceased to exist.

A qualified Internal Revenue Code (IRC), Section 115 Trust, has been established for the County and its Special Districts (except Waste Management), with the California Employers’ Retiree Benefit Trust (CERBT). CERBT administers each plan’s assets and issues a financial report available for public review, which includes financial statements and required supplementary information for the plans. The CERBT report may be obtained from: CalPERS Employer Services Division, P.O. Box 942703, Sacramento, CA 94229-2703.

Funding Policy and Annual OPEB Cost

It is the policy of the County of Riverside, along with the special districts (Parks District and Flood Control) to fully contribute an amount at least equal to the Annual Required Contribution (ARC) as determined by the Post Retirement Benefits Actuarial Valuation Study for each trust. To facilitate funding for the ARC, the County has developed a rate structure. It is the policy of the Waste Resources Management District to fund the ARC on a 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 Post Employment Benefit (OPEB) cost (expense) for each plan is calculated based on the *ARC of the employer*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over 30 years (12 years for Waste Management).

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 20 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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	\$ 3,368	\$ 42	\$ 9	\$ 135
Interest on net OPEB obligation	(1,579)	(21)	(18)	-
Adjustment to annual required contribution	1,223	17	13	-
Annual OPEB cost	<u>3,012</u>	<u>38</u>	<u>4</u>	<u>135</u>
Contributions made	<u>(6,115)</u>	<u>(192)</u>	<u>(42)</u>	<u>(24)</u>
Increase in net OPEB obligation	(3,103)	(154)	(38)	111
Net OPEB obligation (asset) beginning of year	<u>(18,015)</u>	<u>(275)</u>	<u>(233)</u>	<u>(62)</u>
Net OPEB obligation (asset) end of year	<u>\$ (21,118)</u>	<u>\$ (429)</u>	<u>\$ (271)</u>	<u>\$ 49</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 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	06/30/09	\$ 3,755	189.2 %	\$ (13,890)
	06/30/10	4,238	197.3	(18,015)
	06/30/11	3,012	203.0	(21,118)
Flood Control	06/30/09	23	404.3	(141)
	06/30/10	45	397.8	(275)
	06/30/11	38	505.2	(429)
Park District	06/30/09	6	333.3	(215)
	06/30/10	4	550.0	(233)
	06/30/11	4	1,050.0	(271)
Waste Management	06/30/09	63	141.3	(3)
	06/30/10	99	159.6	(62)
	06/30/11	135	17.8	49

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 20 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

The funded status of the plans as of June 30, 2011 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)	\$ 43,158	\$ 588	\$ 144	\$ 1,089
Actuarial value of plan assets (b)	14,272	113	147	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ 28,886</u>	<u>\$ 475</u>	<u>\$ (3)</u>	<u>\$ 1,089</u>
Funded ratio (b) / (a)	33.1%	19.22%	102.08%	0%
Covered payroll (c)	\$ 1,030,030	\$ 15,086	\$ 4,429	\$ 3,302
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b)) / (c)	2.8%	3.1%	0.1%	33.0%

Actuarial valuations are 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 (ARC) of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are projected about the future. The required schedule of funding progress presented as required supplementary information, provides multi-year trend information reflecting 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. 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. The significant costing methods and projected assumptions were as follows:

	<u>County</u>	<u>Flood Control</u>	<u>Park District</u>	<u>Waste Management</u>
Actuarial valuation date	7/1/2010	1/1/2010	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	12 years
Actuarial assumptions:				
Investment rate of return	7.75%	7.75%	7.75%	4.5%
Projected salary increases	3.25%	3.25%	3.25%	3.25%
Healthcare inflation rate (initial)	5%	10%	10%	10%
Health inflation rate (ultimate)	5%	5%	5%	5%

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

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.

The Riverside County Children and Family Commission is currently involved in a lawsuit as a plaintiff jointly with other Commissions regarding the AB99 legislation. Although the outcome of the joint lawsuit is not presently determinable, in the opinion of the Commission's counsel, the resolution of these matters may have a material adverse effect on the financial condition of the Commission if the court ruling upholds the implementation of AB99.

Federal Grant Revenue

Compliance examinations for the fiscal year ended June 30, 2010, 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 2010-11 Single Audit of federal awards report is expected to be submitted to the Federal Audit Clearinghouse on or before March 30, 2012.

Commitments

At June 30, 2011, 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. \$128.2 million will be payable upon future performance under the contracts.

On March 24, 2011, the Governor signed Assembly Bill 99 (AB 99) into law. AB 99 established the Children and Families Health and Human Services Fund (Fund). As specified in the legislation, the Fund will be used, upon appropriation, by the California State Legislature for health and human services. The bill requires \$1.0 billion of the combined state and local children and families funds to be deposited in the Fund for the 2011-12 fiscal year. The amount required from each first five commission (AB 99 payment) represents 50.0% of the fund balance as of June 30, 2010. For the Riverside County Children and Families Commission, this amount was \$30.0 million. The AB 99 payment is due by June 30, 2012. In accordance with the legislation, no 2012-2013 commission revenues will be paid until the full AB 99 payment is made. Accordingly, the Commission has accrued the AB 99 obligation as a liability at June 30, 2011.

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. It has determined the remediation plan and monitoring action are required. In addition to groundwater contamination, asbestos have been found in six facilities. As of June 30, 2011 the Governmental Activities reflect a \$2.3 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.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 21 – COMMITMENTS AND CONTINGENCIES(Continued)

Remediation Contingencies(Continued)

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 \$29.8 million. At June 30, 2011, Waste has accrued \$29.8 million for the estimated costs related to the remediation of these landfills. Remediation expense for fiscal year 2011 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 \$27.0 million are held for these purposes at June 30, 2011 and are classified as Accrued Remediation in the Statements of Net Assets.

NOTE 22 – SUBSEQUENT EVENTS

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

On July 1, 2011, the County issued \$250.0 million in Tax and Revenue Anticipation Notes in the form of Series A due March 30, 2012 and Series B due June 29, 2012. The stated interest rate for the A Bonds is set at 2.0% per annum with a yield of 0.26%. The interest rate for the B Bond is set at 2.0% per annum with a yield of 0.32%. Portions of the Note proceeds were used to prepay CalPERS contributions for 2011 - 12 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 2012 and legally available for payment thereof. Proceeds for the Bonds will be used for fiscal year 2012 General Fund expenditures, including current expenditures, capital expenditures, and the discharge of other obligations or indebtedness of the County.

Riverside County Bonds and Certifications

In September 2011, Fitch, one of the three major credit ratings, has lowered the County's bonds and certificates ratings as follows:

- Riverside County implied general obligation (GO) bond rating to 'AA-' from 'AA';
- Riverside County pension obligation bonds (series 2005A), Riverside County certificates of participation (COPs- series 2001, 2003, 2003A, 2003B, 2005A, 2005B, 2007A, 2007B), Riverside County Asset Leasing Corporation (CORAL- COPS/series 2006A and lease revenue bonds (LRBs), series 1993A, 1993B, 1997A, 1997B, 1997C, 2000A), Riverside County Palm Desert Financing Authority LRBs (series 2003A), Southwest Communities Financing Authority LRBs (series 2008A) to 'A+' from 'AA-'.

Fitch's reasoning is summarized in the following paragraphs:

The downgrade of the implied general obligation rating reflects management's projections: 1) that previously expected operational balance will not be achieved; 2) of anticipated fund balance declines to just adequate levels; and 3) revenue pressures from lingering economic softness. It also reflects disappointing performance in the form of continuing economic weakening, a high local unemployment rate, and flat home prices. The efforts to close the County's fiscal imbalance have also been hampered by insufficiently conservative revenue projections in recent years.

Several important corrective actions were taken by the County and mentioned in the report - management's proactive efforts to mitigate severe revenue declines by cutting expenditures, deferring capital projects, and reforming its benefit programs. The County's other post-employment benefits (OPEB) obligation is small after its Board eliminated an implicit subsidy, and management is exploring pension reform options that could lead to material future savings.

COUNTY OF RIVERSIDE
Notes to the Basic Financial Statements (Continued)
June 30, 2011

NOTE 22 – SUBSEQUENT EVENTS

Riverside County Bonds and Certifications (Continued)

The County has proactively taken steps to lower expenditures. Further, the Board has stated its intent to cut services for which the State reduces or eliminates related funding, which somewhat mitigates concerns over weak State funding. The State's efforts to re-align the provision of public services may result in future unfunded liabilities, though the State has signaled its intent to fund certain related costs in at least the first year, and the County has already incorporated known re-alignment costs into its recommended budget.

Riverside County Treasury Investment Pool

Standard & Poor's (S&P) downgraded the US government's credit rating and the Federal Agencies on August 5, 2011 from AAA to AA+. The action from S&P did not trigger a down grade of the Treasurer's Pooled Investment Fund despite a high concentration of those securities in the Fund.

Teeter Obligation Notes, Series C

In October 2011, the County issued \$171.0 million in 2011 Teeter Obligation Notes, Series B Commercial Paper. This was sufficient to refund the outstanding 2010 Teeter Obligations Notes, Series C. The 2011 Notes bear an interest rate of 0.16% and a maturity date of November 5, 2012 when the existing Letter of Credit will expire.

The Effects of the Economy on CalPERS

Based on past performance of the CalPERS fund, CalPERS has estimated that the County's Miscellaneous and Safety contribution rates for fiscal year 2011-2012 will be 13.1% and 21.3%, respectively. Fiscal year 2012-13 contribution rates for Miscellaneous and Safety are estimated at 13.5% and 22.5%, respectively. They will be accounted for in fiscal year 2010-11 and future budget years.

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each local government would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city, special district or county "may use any available funds not otherwise obligated for other uses" to make this payment. The County of Riverside (the "County") intends to use available monies of its redevelopment agency for this purpose and the County and Agency have approved a reimbursement agreement to accomplish that. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State legislature.

On July 26, 2011, County of Riverside Ordinance No. 912 was adopted indicating that the County will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the County is estimated to be \$31.5 million with one half due on January 15, 2012 and the other half due May 15, 2012.

Annexation of City

Incorporated on July 1, 2011 as Riverside County's 28th city, the City of Jurupa Valley represents an estimated population of 94,235 citizens.



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**REQUIRED SUPPLEMENTARY
INFORMATION**



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COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2011

RETIREMENT PLANS - SCHEDULES OF FUNDING PROGRESS

The tables below show a three year analysis of the Actuarial Value of Assets as a ratio of the Actuarial Accrued Liability (AAL) and the Asset Value in Excess (Deficit) of AAL as a percentage of Annual Covered Payroll (dollars in thousands):

Riverside County – Miscellaneous

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
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
June 30, 2010	3,652,861	4,097,192	444,331	89.16	854,932	51.97

Riverside County - Safety

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered ((b-a)/c)
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
June 30, 2010	1,624,730	1,809,468	184,738	89.79	265,165	69.67

Flood Control and Water Conservation District

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered ((b-a)/c)
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
June 30, 2010	98,710	118,367	19,657	83.39	15,423	127.45

*Regional Park and Open-Space District**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
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
June 30, 2010	754,859	945,221	190,362	79.86	159,157	119.61

*The amounts disclosed are for the entire Risk Pool fund in which Parks Department participates 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, 2011

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, 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
June 30, 2010	754,859	945,221	190,362	79.86	159,157	119.61

*The amounts disclosed are for the entire Risk Pool fund in which Waste Management Department participates 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, 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
June 30, 2010	19,992	23,633	3,641	84.59	41,284	8.82

**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 (Asset)
2006	\$ 633	100 %	\$ -
2007	1,914	100	-
2008	745	267	(1,248)
2009	227	828	(2,901)
2010	226	372	(3,515)
2011	156	167	(3,685)

COUNTY OF RIVERSIDE
Required Supplementary Information
June 30, 2011

OPEB - SCHEDULES OF FUNDING PROGRESS

(Dollars in thousands)

Riverside County

Actuarial Valuation Date	Actuarial Value of Assets (a)	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, 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
July 1, 2010	14,272	43,158	28,886	33.07	1,030,030	2.80

Flood Control and Water Conservation District

Actuarial Valuation Date	Actuarial Value of Assets (a)	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, 2008	\$ 100	\$ 337	\$ 237	29.67 %	N/A	N/A
January 1, 2009	105	660	555	15.91	14,396	3.86
January 1, 2010	113	588	475	19.22	15,086	3.15

Regional Park and Open-Space District

Actuarial Valuation Date	Actuarial Value of Assets (a)	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)	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, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Interest	\$ -	\$ -	\$ 1,611	\$ 1,611
Other revenue	6,505	6,505	43	(6,462)
Total revenues	6,505	6,505	1,654	(4,851)
EXPENDITURES:				
Current:				
General government	1,089	1,000	686	(314)
Debt service:				
Interest	6,261	6,261	1,724	(4,537)
Total expenditures	7,350	7,261	2,410	(4,851)
Excess (deficiency) of revenues over (under) expenditures	(845)	(756)	(756)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	845	845	845	-
Transfers out	-	(89)	(89)	-
Total other financing sources (uses)	845	756	756	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Public Facilities Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 14,442	\$ 14,442	\$ 1,562	\$ (12,880)
Rents and concessions	-	-	209	209
Aid from other governmental agencies:				
Other	26,529	26,529	18,822	(7,707)
Charges for services	146,695	146,461	21,283	(125,178)
Other revenue	51,619	50,391	4,738	(45,653)
Total revenues	239,285	237,823	46,614	(191,209)
EXPENDITURES:				
Current:				
General government	267,258	249,482	44,335	(205,147)
Public ways and facilities	25,430	23,107	310	(22,797)
Debt service:				
Principal	-	-	760	760
Total expenditures	292,688	272,589	45,405	(227,184)
Excess (deficiency) of revenues over (under) expenditures	(53,403)	(34,766)	1,209	35,975
OTHER FINANCING SOURCES (USES):				
Transfers in	-	6,959	6,959	-
Transfers out	-	(53,719)	(53,719)	-
Total other financing sources (uses)	-	(46,760)	(46,760)	-
NET CHANGE IN FUND BALANCE	(53,403)	(81,526)	(45,551)	35,975
Fund balance, beginning of year	338,653	338,653	338,653	-
FUND BALANCE, END OF YEAR	\$ 285,250	\$ 257,127	\$ 293,102	\$ 35,975

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Capital Projects Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ 796	\$ 796	\$ 1,781	\$ 985
Rents and concessions	695	695	410	(285)
Aid from other governmental agencies:				
Federal	-	-	71	71
Charges for current services	11,712	4,849	-	(4,849)
Other revenue	119,359	52,160	1,721	(50,439)
Total revenues	<u>132,562</u>	<u>58,500</u>	<u>3,983</u>	<u>(54,517)</u>
EXPENDITURES:				
Current:				
General government	132,562	152,070	87,329	(64,741)
Debt service:				
Principal	-	15,000	15,000	-
Total expenditures	<u>132,562</u>	<u>167,070</u>	<u>102,329</u>	<u>(64,741)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(108,570)	(98,346)	10,224
OTHER FINANCING SOURCES (USES):				
Transfers in	-	6,531	6,531	-
Transfers out	-	(22,930)	(22,930)	-
Issuance of debt	-	124,970	124,970	-
Total other financing sources (uses)	<u>-</u>	<u>108,571</u>	<u>108,571</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	1	10,225	10,224
Fund balance, beginning of year, as previously reported	268,347	268,347	268,347	-
Adjustments to beginning fund balance	-	-	(7,019)	(7,019)
Fund balance, beginning of year	<u>268,347</u>	<u>268,347</u>	<u>261,328</u>	<u>(7,019)</u>
FUND BALANCE, END OF YEAR	<u>\$ 268,347</u>	<u>\$ 268,348</u>	<u>\$ 271,553</u>	<u>\$ 3,205</u>



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NONMAJOR GOVERNMENTAL FUNDS



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COUNTY OF RIVERSIDE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
ASSETS:					
Cash and investments	\$ 355,642	\$ 81,364	\$ 13,525	\$ 464	\$ 450,995
Accounts receivable	996	1,547	-	-	2,543
Interest receivable	244	149	9	-	402
Taxes receivable	2,490	-	-	-	2,490
Due from other governments	25,474	-	748	-	26,222
Inventories	1,073	-	-	-	1,073
Due from other funds	1,130	-	1,263	-	2,393
Prepaid items	9	-	568	-	577
Restricted cash and investments	-	68,881	41,598	-	110,479
Advances to other funds	1,300	-	-	-	1,300
Notes receivable	44,357	-	-	-	44,357
Land held for resale	38,157	-	-	-	38,157
Total assets	<u>\$ 470,872</u>	<u>\$ 151,941</u>	<u>\$ 57,711</u>	<u>\$ 464</u>	<u>\$ 680,988</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 28,732	\$ 499	\$ 242	\$ -	\$ 29,473
Salaries and benefits payable	4,157	-	191	-	4,348
Due to other governments	1,657	-	-	-	1,657
Due to other funds	6,972	37	589	-	7,598
Deposits payable	274	-	-	-	274
Advance from other funds	-	-	1,300	-	1,300
Deferred revenue	29,933	-	-	-	29,933
Total liabilities	<u>71,725</u>	<u>536</u>	<u>2,322</u>	<u>-</u>	<u>74,583</u>
Fund balances:					
Nonspendable	83,768	-	569	432	84,769
Restricted	238,358	123,118	49,279	32	410,787
Committed	21,381	1,206	1,690	-	24,277
Assigned	55,640	27,081	3,851	-	86,572
Total fund balances	<u>399,147</u>	<u>151,405</u>	<u>55,389</u>	<u>464</u>	<u>606,405</u>
Total liabilities and fund balances	<u>\$ 470,872</u>	<u>\$ 151,941</u>	<u>\$ 57,711</u>	<u>\$ 464</u>	<u>\$ 680,988</u>

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total
REVENUES:					
Taxes	\$ 95,242	\$ 70,029	\$ -	\$ -	\$ 165,271
Licenses, permits and franchise fees	2,107	-	-	-	2,107
Fines, forfeitures and penalties	1,762	-	-	-	1,762
Use of money and property:					
Interest	1,555	1,917	293	3	3,768
Rents and concessions	8,050	5,198	-	-	13,248
Aid from other governmental agencies:					
Federal	118,548	-	748	-	119,296
State	59,865	-	4,502	-	64,367
Other	27,998	1,395	-	-	29,393
Charges for services	58,715	2,266	1,208	22	62,211
Other revenue	34,680	9,140	45	-	43,865
Total revenues	<u>408,522</u>	<u>89,945</u>	<u>6,796</u>	<u>25</u>	<u>505,288</u>
EXPENDITURES:					
Current:					
General government	29,057	31,998	8,474	-	69,529
Public protection	10,656	-	-	-	10,656
Public ways and facilities	175,874	-	-	-	175,874
Health and sanitation	8,255	-	-	-	8,255
Public assistance	93,454	-	-	-	93,454
Education	18,734	-	-	-	18,734
Recreation and culture	11,056	-	7,335	-	18,391
Debt service:					
Principal	955	47,208	-	-	48,163
Interest	100	74,254	-	-	74,354
Cost of issuance	-	5,212	-	-	5,212
Capital outlay	-	1,506	20,612	-	22,118
Total expenditures	<u>348,141</u>	<u>160,178</u>	<u>36,421</u>	<u>-</u>	<u>544,740</u>
Excess (deficiency) of revenues					
Over (under) expenditures	60,381	(70,233)	(29,625)	25	(39,452)
OTHER FINANCING SOURCES (USES):					
Transfers in	58,486	76,028	13,089	-	147,603
Transfers out	(102,676)	(2,855)	(972)	-	(106,503)
Issuance of debt	24,252	21,259	-	-	45,511
Proceeds on sale of capital assets	6	-	-	-	6
Total other financing sources (uses)	<u>(19,932)</u>	<u>94,432</u>	<u>12,117</u>	<u>-</u>	<u>86,617</u>
NET CHANGE IN FUND BALANCES	<u>40,449</u>	<u>24,199</u>	<u>(17,508)</u>	<u>25</u>	<u>47,165</u>
Fund balances, beginning of year,					
as previously reported	357,173	127,206	72,897	439	557,715
Adjustments to beginning fund balances	1,525	-	-	-	1,525
Fund balances, beginning of year, as restated	<u>358,698</u>	<u>127,206</u>	<u>72,897</u>	<u>439</u>	<u>559,240</u>
FUND BALANCES, END OF YEAR	<u>\$ 399,147</u>	<u>\$ 151,405</u>	<u>\$ 55,389</u>	<u>\$ 464</u>	<u>\$ 606,405</u>

SPECIAL REVENUE FUNDS



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COUNTY OF RIVERSIDE

SPECIAL REVENUE FUNDS

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

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 for 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, 2011
(Dollars in Thousands)

	<u>Transportation</u>	<u>Community Services</u>	<u>Redevelopment Agency</u>	<u>County Service Areas</u>	<u>Regional Park and Open-Space</u>
ASSETS:					
Cash and investments	\$ 149,619	\$ 43,411	\$ 106,951	\$ 18,984	\$ 11,573
Accounts receivable	262	413	4	-	252
Interest receivable	104	11	91	13	8
Taxes receivable	65	2,097	-	274	-
Due from other governments	11,316	12,435	-	460	434
Inventories	1,073	-	-	-	-
Due from other funds	770	150	160	-	50
Prepaid items	-	9	-	-	-
Advances to other funds	-	-	-	-	1,300
Notes receivable	-	-	44,357	-	-
Land held for resale	-	-	38,157	-	-
Total assets	<u>\$ 163,209</u>	<u>\$ 58,526</u>	<u>\$ 189,720</u>	<u>\$ 19,731</u>	<u>\$ 13,617</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 24,281	\$ 2,241	\$ 541	\$ 124	\$ 211
Salaries and benefits payable	2,048	1,353	-	110	382
Due to other governments	1,502	148	-	-	6
Due to other funds	9	6,963	-	-	-
Deposits payable	-	-	-	8	-
Deferred revenue	26,720	1,697	-	-	308
Total liabilities	<u>54,560</u>	<u>12,402</u>	<u>541</u>	<u>242</u>	<u>907</u>
Fund balances (Note 14):					
Nonspendable	1,085	133	82,514	1	5
Restricted	91,692	27,633	82,285	17,612	27
Committed	2,862	17,862	70	-	-
Assigned	13,010	496	24,310	1,876	12,678
Total fund balances	<u>108,649</u>	<u>46,124</u>	<u>189,179</u>	<u>19,489</u>	<u>12,710</u>
Total liabilities and fund balances	<u>\$ 163,209</u>	<u>\$ 58,526</u>	<u>\$ 189,720</u>	<u>\$ 19,731</u>	<u>\$ 13,617</u>

Air Quality Improvement	In-Home Support Services	Perris Valley Cemetery	Other Special Revenue	Total	
\$ 886	\$ 1,245	\$ 862	\$ 22,111	\$ 355,642	ASSETS:
-	-	-	65	996	Cash and investments
1	1	1	14	244	Accounts receivable
-	-	29	25	2,490	Interest receivable
139	549	-	141	25,474	Taxes receivable
-	-	-	-	1,073	Due from other governments
-	-	-	-	1,130	Inventories
-	-	-	-	9	Due from other funds
-	-	-	-	1,300	Prepaid items
-	-	-	-	44,357	Advances to other funds
-	-	-	-	38,157	Notes receivable
-	-	-	-		Land held for resale
<u>\$ 1,026</u>	<u>\$ 1,795</u>	<u>\$ 892</u>	<u>\$ 22,356</u>	<u>\$ 470,872</u>	Total assets
					LIABILITIES AND FUND BALANCES:
					Liabilities:
\$ 45	\$ -	\$ 19	\$ 1,270	\$ 28,732	Accounts payable
-	76	-	188	4,157	Salaries and benefits payable
-	-	-	1	1,657	Due to other governments
-	-	-	-	6,972	Due to other funds
-	-	266	-	274	Deposits payable
-	-	20	1,188	29,933	Deferred revenue
<u>45</u>	<u>76</u>	<u>305</u>	<u>2,647</u>	<u>71,725</u>	Total liabilities
					Fund balances (Note 14):
-	5	-	25	83,768	Nonspendable
981	1,355	-	16,773	238,358	Restricted
-	-	587	-	21,381	Committed
-	359	-	2,911	55,640	Assigned
<u>981</u>	<u>1,719</u>	<u>587</u>	<u>19,709</u>	<u>399,147</u>	Total fund balances
<u>\$ 1,026</u>	<u>\$ 1,795</u>	<u>\$ 892</u>	<u>\$ 22,356</u>	<u>\$ 470,872</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, 2011
(Dollars in Thousands)

	Transportation	Community Services	Redevelopment Agency	County Service Areas	Regional Park and Open-Space
REVENUES:					
Taxes	\$ 24,329	\$ 47,597	\$ 17,508	\$ 866	\$ 3,930
Licenses, permits, and franchise fees	2,075	-	-	-	-
Fines, forfeitures, and penalties	-	810	-	-	-
Use of money and property:					
Interest	949	48	300	93	60
Rents and concessions	23	1,181	144	2	824
Aid from other governmental agencies:					
Federal	24,721	89,266	-	-	19
State	48,744	7,324	-	12	343
Other	8,244	19,335	349	1	67
Charges for services	36,675	1,092	4	8,815	2,898
Other revenue	9,993	23,187	508	108	103
Total revenues	<u>155,753</u>	<u>189,840</u>	<u>18,813</u>	<u>9,897</u>	<u>8,244</u>
EXPENDITURES:					
Current:					
General government	-	17,870	6,767	-	-
Public protection	6,064	-	-	1	41
Public ways and facilities	161,490	-	-	5,107	-
Health and sanitation	-	3,933	-	777	-
Public assistance	-	93,453	-	-	-
Education	-	18,734	-	-	-
Recreation and culture	-	-	-	711	10,345
Debt service:					
Principal	955	-	-	-	-
Interest	100	-	-	-	-
Total expenditures	<u>168,609</u>	<u>133,990</u>	<u>6,767</u>	<u>6,596</u>	<u>10,386</u>
Excess (deficiency) of revenues over (under) expenditures	(12,856)	55,850	12,046	3,301	(2,142)
OTHER FINANCING SOURCES (USES):					
Transfers in	30,266	20,800	-	1,735	2,763
Transfers out	(13,759)	(64,490)	(11,917)	(3,165)	(2,530)
Issuance of debt	-	-	24,252	-	-
Proceeds on sale of capital assets	-	-	-	-	6
Total other financing sources (uses)	<u>16,507</u>	<u>(43,690)</u>	<u>12,335</u>	<u>(1,430)</u>	<u>239</u>
NET CHANGE IN FUND BALANCES	<u>3,651</u>	<u>12,160</u>	<u>24,381</u>	<u>1,871</u>	<u>(1,903)</u>
as previously reported	104,998	33,964	163,554	17,618	14,332
Adjustments to beginning fund balances	-	-	1,244	-	281
Fund balances, beginning of year, as restated	<u>104,998</u>	<u>33,964</u>	<u>164,798</u>	<u>17,618</u>	<u>14,613</u>
FUND BALANCES, END OF YEAR	<u>\$ 108,649</u>	<u>\$ 46,124</u>	<u>\$ 189,179</u>	<u>\$ 19,489</u>	<u>\$ 12,710</u>

Air Quality Improvement	In-Home Support Services	Perris Valley Cemetery	Other Special Revenue	Total	
\$ -	\$ -	\$ 207	\$ 805	\$ 95,242	REVENUES:
-	-	-	32	2,107	Taxes
-	-	-	952	1,762	Licenses, permits, and franchise fees
5	4	5	91	1,555	Fines, forfeitures, and penalties
-	-	-	5,876	8,050	Use of money and property:
-	1,310	-	3,232	118,548	Interest
611	585	3	2,243	59,865	Rents and concessions
-	-	-	2	27,998	Aid from other governmental agencies:
-	-	202	9,029	58,715	Federal
-	-	7	774	34,680	State
616	1,899	424	23,036	408,522	Other
					Charges for services
					Other revenue
					Total revenues
					EXPENDITURES:
					Current:
311	-	-	4,109	29,057	General government
-	-	377	4,173	10,656	Public protection
-	-	-	9,277	175,874	Public ways and facilities
-	2,084	-	1,461	8,255	Health and sanitation
-	1	-	-	93,454	Public assistance
-	-	-	-	18,734	Education
-	-	-	-	11,056	Recreation and culture
-	-	-	-	955	Debt service:
-	-	-	-	100	Principal
311	2,085	377	19,020	348,141	Interest
					Total expenditures
					Excess (deficiency) of revenues
305	(186)	47	4,016	60,381	over (under) expenditures
					OTHER FINANCING SOURCES (USES):
-	845	2	2,075	58,486	Transfers in
(382)	(300)	(51)	(6,082)	(102,676)	Transfers out
-	-	-	-	24,252	Issuance of debt
-	-	-	-	6	Proceeds on sale of capital assets
(382)	545	(49)	(4,007)	(19,932)	Total other financing sources (uses)
(77)	359	(2)	9	40,449	NET CHANGE IN FUND BALANCES
1,058	1,360	589	19,700	357,173	as previously reported
-	-	-	-	1,525	Adjustments to beginning fund balances
1,058	1,360	589	19,700	358,698	Fund balances, beginning of year, as restated
\$ 981	\$ 1,719	\$ 587	\$ 19,709	\$ 399,147	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Over (Under)
REVENUES:				
Taxes	\$ 26,559	\$ 26,559	\$ 24,329	\$ (2,230)
License, permits, and franchise fees	1,730	1,730	2,075	345
Fines, forfeitures, and penalties	1	1	-	(1)
Use of money and property:				
Interest	1,810	1,810	949	(861)
Rents and concessions	22	22	23	1
Aid from other governmental agencies:				
Federal	20,049	20,049	24,721	4,672
State	28,307	28,307	48,744	20,437
Other	8,000	8,000	8,244	244
Charges for current services	70,999	42,904	36,675	(6,229)
Other revenue	9,448	7,277	9,993	2,716
Total revenues	<u>166,925</u>	<u>136,659</u>	<u>155,753</u>	<u>19,094</u>
EXPENDITURES:				
Current:				
Public protection	8,425	7,476	6,064	(1,412)
Public ways and facilities	172,293	161,521	161,490	(31)
Debt service:				
Principal	999	999	955	(44)
Interest	119	119	100	(19)
Total expenditures	<u>181,836</u>	<u>170,115</u>	<u>168,609</u>	<u>(1,506)</u>
Excess (deficiency) of revenues over (under) expenditures	(14,911)	(33,456)	(12,856)	20,600
OTHER FINANCING SOURCES (USES):				
Transfers in	-	30,266	30,266	-
Transfers out	-	(13,759)	(13,759)	-
Total other financing sources (uses)	<u>-</u>	<u>16,507</u>	<u>16,507</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(14,911)	(16,949)	3,651	20,600
Fund balance, beginning of year	<u>104,998</u>	<u>104,998</u>	<u>104,998</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 90,087</u>	<u>\$ 88,049</u>	<u>\$ 108,649</u>	<u>\$ 20,600</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Community Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Over (Under)
REVENUES:				
Taxes	\$ 59,839	\$ 46,525	\$ 47,597	\$ 1,072
Fines, forfeitures, and penalties	499	460	810	350
Use of money and property:				
Interest	15	11	48	37
Rents and concessions	657	644	1,181	537
Aid from other governmental agencies:				
Federal	104,313	130,778	89,266	(41,512)
State	4,676	5,154	7,324	2,170
Other	17,347	27,631	19,335	(8,296)
Charges for current services	16,678	1,204	1,092	(112)
Other revenue	15,677	12,956	23,187	10,231
Total revenues	<u>219,701</u>	<u>225,363</u>	<u>189,840</u>	<u>(35,523)</u>
EXPENDITURES:				
Current:				
General government	29,178	30,306	17,870	(12,436)
Public protection	48,730	5,400	-	(5,400)
Health and sanitation	3,962	5,080	3,933	(1,147)
Public assistance	108,125	125,577	93,453	(32,124)
Education	48,223	25,922	18,734	(7,188)
Debt service:				
Principal	1,859	1,754	-	(1,754)
Total expenditures	<u>240,077</u>	<u>194,039</u>	<u>133,990</u>	<u>(60,049)</u>
Excess (deficiency) of revenues over (under) expenditures	(20,376)	31,324	55,850	24,526
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20,800	20,800	-
Transfers out	-	(64,490)	(64,490)	-
Total other financing sources (uses)	<u>-</u>	<u>(43,690)</u>	<u>(43,690)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(20,376)	(12,366)	12,160	24,526
Fund balance, beginning of year	33,964	33,964	33,964	-
FUND BALANCE, END OF YEAR	\$ 13,588	\$ 21,598	\$ 46,124	\$ 24,526

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 17,990	\$ 17,990	\$ 17,508	\$ (482)
Use of money and property:				
Interest	773	773	300	(473)
Rents and concessions	144	144	144	-
Aid from other governmental agencies:				
Other	749	749	349	(400)
Charges for current services	-	-	4	4
Other revenue	10,064	61,497	508	(60,989)
Total revenues	29,720	81,153	18,813	(62,340)
EXPENDITURES:				
Current:				
General government	29,721	69,237	6,767	(62,470)
Total expenditures	29,721	69,237	6,767	(62,470)
Excess (deficiency) of revenues over (under) expenditures	(1)	11,916	12,046	130
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(11,917)	(11,917)	-
Issuance of debt	-	-	24,252	24,252
Total other financing sources (uses)	-	(11,917)	12,335	24,252
NET CHANGE IN FUND BALANCE	(1)	(1)	24,381	24,382
Fund balance, beginning of year,				
as previously reported	163,554	163,554	163,554	-
Adjustments to beginning fund balance	-	-	1,244	1,244
Fund balance, beginning of year	163,554	163,554	164,798	1,244
FUND BALANCE, END OF YEAR	\$ 163,553	\$ 163,553	\$ 189,179	\$ 25,626

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
County Service Areas Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 797	\$ 797	\$ 866	\$ 69
Use of money and property:				
Interest	86	86	93	7
Rents and concessions	5	5	2	(3)
Aid from other governmental agencies:				
State	9	9	12	3
Other	-	-	1	1
Charges for current services	8,753	7,018	8,815	1,797
Other revenue	3,630	3,630	108	(3,522)
Total revenues	13,280	11,545	9,897	(1,648)
EXPENDITURES:				
Current:				
Public protection	338	338	1	(337)
Public ways and facilities	10,813	8,233	5,107	(3,126)
Health and sanitation	800	800	777	(23)
Recreation and cultural services	1,330	1,233	711	(522)
Total expenditures	13,281	10,604	6,596	(4,008)
Excess (deficiency) of revenues over (under) expenditures	(1)	941	3,301	2,360
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,735	1,735	-
Transfers out	-	(3,165)	(3,165)	-
Total other financing sources (uses)	-	(1,430)	(1,430)	-
NET CHANGE IN FUND BALANCE	(1)	(489)	1,871	2,360
Fund balance, beginning of year	17,618	17,618	17,618	-
FUND BALANCE, END OF YEAR	\$ 17,617	\$ 17,129	\$ 19,489	\$ 2,360

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 4,198	\$ 4,198	\$ 3,930	\$ (268)
Use of money and property:				
Interest	199	199	60	(139)
Rents and concessions	1,038	1,135	824	(311)
Aid from other governmental agencies:				
Federal	-	-	19	19
State	398	398	343	(55)
Other	90	90	67	(23)
Charges for current services	6,775	5,630	2,898	(2,732)
Other revenue	1,571	1,601	103	(1,498)
Total revenues	14,269	13,251	8,244	(5,007)
EXPENDITURES:				
Current:				
Public protection	329	329	41	(288)
Recreation and cultural services	15,391	15,285	10,345	(4,940)
Capital outlay	420	842	-	(842)
Total expenditures	16,140	16,456	10,386	(6,070)
Excess (deficiency) of revenues over (under) expenditures	(1,871)	(3,205)	(2,142)	1,063
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,763	2,763	-
Transfers out	-	(2,530)	(2,530)	-
Other long term obligations	-	-	6	6
Total other financing sources (uses)	-	233	239	6
NET CHANGE IN FUND BALANCE	(1,871)	(2,972)	(1,903)	1,063
Fund balance, beginning of year	14,332	14,332	14,613	281
FUND BALANCE, END OF YEAR	\$ 12,461	\$ 11,360	\$ 12,710	\$ 1,350

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Interest	\$ 20	\$ 20	\$ 5	\$ (15)
Aid from other governmental agencies:				
State	650	650	611	(39)
Total revenues	670	670	616	(54)
EXPENDITURES:				
Current:				
General government	1,225	843	311	(532)
Total expenditures	1,225	843	311	(532)
Excess (deficiency) of revenues over (under) expenditures	(555)	(173)	305	478
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(382)	(382)	-
Total other financing sources (uses)	-	(382)	(382)	0
NET CHANGE IN FUND BALANCE	(555)	(555)	(77)	478
Fund balance, beginning of year	1,058	1,058	1,058	-
FUND BALANCE, END OF YEAR	\$ 503	\$ 503	\$ 981	\$ 478

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
In-Home Support Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 4	\$ 4
Aid from other governmental agencies:				
Federal	1,305	1,305	1,310	5
State	672	510	585	75
Other revenue	683	-	-	-
Total revenues	2,660	1,815	1,899	84
EXPENDITURES:				
Current:				
Health and sanitation	2,661	2,361	2,084	(277)
Public assistance	-	-	1	1
Total expenditures	2,661	2,361	2,085	(276)
Excess (deficiency) of revenues over (under) expenditures	(1)	(546)	(186)	360
OTHER FINANCING SOURCES (USES):				
Transfers in	-	845	845	-
Transfers out	-	(300)	(300)	-
Total other financing sources (uses)	-	545	545	0
NET CHANGE IN FUND BALANCE	(1)	(1)	359	360
Fund balance, beginning of year	1,359	1,360	1,360	-
FUND BALANCE, END OF YEAR	\$ 1,358	\$ 1,359	\$ 1,719	\$ 360

COUNTY OF RIVERSIDE
 Budgetary Comparison Schedule
 Perris Valley Cemetery Special Revenue Fund
 For the Fiscal Year Ended June 30, 2011
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Over (Under)
REVENUES:				
Taxes	\$ 241	\$ 241	\$ 207	\$ (34)
Interest	7	7	5	(2)
Aid from other governmental agencies:				
State	3	3	3	-
Charges for current services	190	190	202	12
Other revenue	14	12	7	(5)
Total revenues	<u>455</u>	<u>453</u>	<u>424</u>	<u>(29)</u>
EXPENDITURES:				
Current:				
Public protection	455	469	377	(92)
Capital outlay	-	199	--	(199)
Total expenditures	<u>455</u>	<u>668</u>	<u>377</u>	<u>(291)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(215)	47	262
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2	2	-
Transfers out	-	(51)	(51)	-
Total other financing sources / (uses)	<u>-</u>	<u>(49)</u>	<u>(49)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	-	(264)	(2)	262
Fund balance, beginning of year	<u>589</u>	<u>589</u>	<u>589</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 589</u>	<u>\$ 325</u>	<u>\$ 587</u>	<u>\$ 262</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Other Special Revenue Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 867	\$ 867	\$ 805	\$ (62)
License, permits, and franchise fees	29	29	32	3
Fines, forfeitures, and penalties	-	-	952	952
Use of money and property:				
Interest	180	180	91	(89)
Rents and concessions	5,684	5,809	5,876	67
Aid from other governmental agencies:				
Federal	4,414	4,414	3,232	(1,182)
State	2,138	2,168	2,243	75
Other	6	6	2	(4)
Charges for current services	9,755	8,897	9,029	132
Other revenue	1,625	2,303	774	(1,529)
Total revenues	24,698	24,673	23,036	(1,637)
EXPENDITURES:				
Current:				
General government	4,886	4,394	4,109	(285)
Public protection	5,723	5,097	4,173	(924)
Public ways and facilities	12,565	11,761	9,277	(2,484)
Health and sanitation	2,028	1,817	1,461	(356)
Total expenditures	25,202	23,069	19,020	(4,049)
Excess (deficiency) of revenues over (under) expenditures	(504)	1,604	4,016	2,412
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,076	2,075	(1)
Transfers out	-	(6,082)	(6,082)	-
Total other financing sources (uses)	-	(4,006)	(4,007)	(1)
NET CHANGE IN FUND BALANCE	(504)	(2,402)	9	2,411
Fund balance, beginning of year	19,700	19,700	19,700	-
FUND BALANCE, END OF YEAR	\$ 19,196	\$ 17,298	\$ 19,709	\$ 2,411

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 within 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, 2011
(Dollars in Thousands)

	CORAL	Redevelopment Agency	District Court Financing Corporation	Bankruptcy Court
ASSETS:				
Cash and investments	\$ -	\$ 71,316	\$ -	\$ -
Accounts receivable	-	302	-	-
Interest receivable	78	61	-	-
Restricted cash and investments	43,419	-	1,270	6,700
Total assets	<u>\$ 43,497</u>	<u>\$ 71,679</u>	<u>\$ 1,270</u>	<u>\$ 6,700</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 235	\$ 53	\$ -	\$ -
Due to other funds	-	37	-	-
Total liabilities	<u>235</u>	<u>90</u>	<u>-</u>	<u>-</u>
Fund balances (Note 14):				
Restricted	43,262	43,934	1,270	6,700
Committed	-	1,206	-	-
Assigned	-	26,449	-	-
Total fund balances	<u>43,262</u>	<u>71,589</u>	<u>1,270</u>	<u>6,700</u>
Total liabilities and fund balances	<u>\$ 43,497</u>	<u>\$ 71,679</u>	<u>\$ 1,270</u>	<u>\$ 6,700</u>

Pension Obligation	Inland Empire Tobacco Securitization Authority	Total	
\$ 10,048	\$ -	\$ 81,364	ASSETS:
1,245	-	1,547	Cash and investments
10	-	149	Accounts receivable
-	17,492	68,881	Interest receivable
<u>11,303</u>	<u>17,492</u>	<u>151,941</u>	Restricted cash and investments
			Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
\$ 211	\$ -	\$ 499	Accounts payable
-	-	37	Due to other funds
<u>211</u>	<u>-</u>	<u>536</u>	Total liabilities
			Fund balances (Note 14):
10,460	17,492	123,118	Restricted
-	-	1,206	Committed
632	-	27,081	Assigned
<u>11,092</u>	<u>17,492</u>	<u>151,405</u>	Total fund balances
<u>\$ 11,303</u>	<u>\$ 17,492</u>	<u>\$ 151,941</u>	Total liabilities and fund balances

COUNTY OF RIVERSIDE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Funds

For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	<u>CORAL</u>	<u>Redevelopment Agency</u>	<u>District Court Financing Corporation</u>
REVENUES:			
Taxes	\$ -	\$ 70,029	\$ -
Use of money and property:			
Interest	781	226	24
Rents and concessions	513	-	2,391
Aid from other governmental agencies:			
Other	-	1,395	-
Charges for services	-	-	-
Other revenue	58	-	-
Total revenues	<u>1,352</u>	<u>71,650</u>	<u>2,415</u>
EXPENDITURES:			
Current:			
General government	1,352	24,147	3
Debt service:			
Principal	17,913	12,811	1,319
Interest	16,075	35,408	471
Cost of issuance	-	5,212	-
Capital outlay	-	-	585
Total expenditures	<u>35,340</u>	<u>77,578</u>	<u>2,378</u>
Excess (deficiency) of revenues over (under) expenditures	(33,988)	(5,928)	37
OTHER FINANCING SOURCES (USES):			
Transfers in	33,483	12,540	-
Transfers out	(464)	(2,194)	-
Issuance of debt	-	21,259	-
Total other financing sources (uses)	<u>33,019</u>	<u>31,605</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(969)	25,677	37
Fund balances, beginning of year	44,231	45,912	1,233
FUND BALANCES, END OF YEAR	<u>\$ 43,262</u>	<u>\$ 71,589</u>	<u>\$ 1,270</u>

Bankruptcy Court	Pension Obligation	Inland Empire Tobacco Securitization Authority	Total	
\$ -	\$ -	\$ -	\$ 70,029	REVENUES:
2	677	207	1,917	Taxes
2,294	-	-	5,198	Use of money and property:
-	-	-	1,395	Interest
-	2,266	-	2,266	Rents and concessions
-	-	9,082	9,140	Aid from other governmental agencies:
2,296	2,943	9,289	89,945	Other
				Charges for services
				Other revenue
				Total revenues
				EXPENDITURES:
2	6,371	123	31,998	Current:
				General government
875	8,155	6,135	47,208	Debt service:
571	18,114	3,615	74,254	Principal
-	-	-	5,212	Interest
921	-	-	1,506	Cost of issuance
2,369	32,640	9,873	160,178	Capital outlay
				Total expenditures
(73)	(29,697)	(584)	(70,233)	Excess (deficiency) of revenues over (under) expenditures
-	30,005	-	76,028	OTHER FINANCING SOURCES (USES):
-	(197)	-	(2,855)	Transfers in
-	-	-	21,259	Transfers out
-	29,808	-	94,432	Issuance of debt
(73)	111	(584)	24,199	Total other financing sources (uses)
6,773	10,981	18,076	127,206	NET CHANGE IN FUND BALANCES
\$ 6,700	\$ 11,092	\$ 17,492	\$ 151,405	Fund balances, beginning of year
				FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Redevelopment Agency Debt Service Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Taxes	\$ 71,958	\$ 71,958	\$ 70,029	\$ (1,929)
Use of money and property:				
Interest	560	560	226	(334)
Aid from other governmental agencies:				
Other	7,536	7,536	1,395	(6,141)
Other revenue	5,719	4,277	-	(4,277)
Total revenues	85,773	84,331	71,650	(12,681)
EXPENDITURES:				
Current:				
General government	85,772	46,458	24,147	(22,311)
Debt service:				
Principal	-	12,811	12,811	-
Interest	-	35,408	35,408	-
Cost of issuance	-	-	5,212	5,212
Total expenditures	85,772	94,677	77,578	(17,099)
Excess (deficiency) of revenues over (under) expenditures	1	(10,346)	(5,928)	4,418
OTHER FINANCING SOURCES (USES):				
Transfers in	-	12,540	12,540	-
Transfers out	-	(2,194)	(2,194)	-
Issuance of debt	-	-	21,259	21,259
Total other financing sources (uses)	-	10,346	31,605	21,259
NET CHANGE IN FUND BALANCE	1	-	25,677	25,677
Fund balance, beginning of year	45,912	45,912	45,912	-
FUND BALANCE, END OF YEAR	\$ 45,913	\$ 45,912	\$ 71,589	\$ 25,677

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Pension Obligation Bond Debt Service Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES:				
Use of money and property:				
Interest	\$ -	\$ -	\$ 677	\$ 677
Charges for current services	9,265	9,265	2,266	(6,999)
Total revenues	<u>9,265</u>	<u>9,265</u>	<u>2,943</u>	<u>(6,322)</u>
EXPENDITURES:				
Current:				
General government	13,001	12,804	6,371	(6,433)
Debt service:				
Principal	8,155	8,155	8,155	-
Interest	18,114	18,114	18,114	-
Total expenditures	<u>39,270</u>	<u>39,073</u>	<u>32,640</u>	<u>(6,433)</u>
Excess (deficiency) of revenues over (under) expenditures	(30,005)	(29,808)	(29,697)	111
OTHER FINANCING SOURCES (USES):				
Transfers in	30,005	30,005	30,005	-
Transfers out	-	(197)	(197)	-
Total other financing sources (uses)	<u>30,005</u>	<u>29,808</u>	<u>29,808</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	111	111
Fund balance, beginning of year	10,981	10,981	10,981	-
FUND BALANCE, END OF YEAR	<u>\$ 10,981</u>	<u>\$ 10,981</u>	<u>\$ 11,092</u>	<u>\$ 111</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-Controller, 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, 2011
(Dollars in Thousands)

	PSEC	CORAL	Flood Control
ASSETS:			
Cash and investments	\$ -	\$ -	\$ 323
Interest receivable	-	-	-
Due from other governments	748	-	-
Due from other funds	23	-	500
Prepaid items	568	-	-
Restricted cash and investments	-	41,598	-
Advances to other funds	-	-	-
Total assets	<u>\$ 1,339</u>	<u>\$ 41,598</u>	<u>\$ 823</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 58	\$ 21	\$ -
Salaries and benefits payable	117	-	-
Due to other funds	153	-	402
Advances from other funds	-	-	-
Total liabilities	<u>328</u>	<u>21</u>	<u>402</u>
Fund balances (Note 14):			
Nonspendable	569	-	-
Restricted	-	40,321	-
Committed	-	1,256	421
Assigned	442	-	-
Total fund balances	<u>1,011</u>	<u>41,577</u>	<u>421</u>
Total liabilities and fund balances	<u>\$ 1,339</u>	<u>\$ 41,598</u>	<u>\$ 823</u>

Regional Park and Open-Space	CREST	Total	
\$ 9,683	\$ 3,519	\$ 13,525	ASSETS:
7	2	9	Cash and investments
-	-	748	Interest receivable
733	7	1,263	Due from other governments
-	-	568	Due from other funds
-	-	41,598	Prepaid items
-	-	-	Restricted cash and investments
-	-	-	Advances to other funds
<u>\$ 10,423</u>	<u>\$ 3,528</u>	<u>\$ 57,711</u>	Total assets
			LIABILITIES AND FUND BALANCES:
			Liabilities:
\$ 131	\$ 32	\$ 242	Accounts payable
-	74	191	Salaries and benefits payable
34	-	589	Due to other funds
1,300	-	1,300	Advances from other funds
<u>1,465</u>	<u>106</u>	<u>2,322</u>	Total liabilities
			Fund balances (Note 14):
-	-	569	Nonspendable
8,958	-	49,279	Restricted
-	13	1,690	Committed
-	3,409	3,851	Assigned
<u>8,958</u>	<u>3,422</u>	<u>55,389</u>	Total fund balances
<u>\$ 10,423</u>	<u>\$ 3,528</u>	<u>\$ 57,711</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, 2011
(Dollars in Thousands)

	<u>PSEC</u>	<u>CORAL</u>	<u>Flood Control</u>
REVENUES:			
Interest	\$ -	\$ 228	\$ 2
Aid from other governmental agencies:			
Federal	748	-	-
State	-	-	-
Charges for services	-	-	-
Other revenue	23	-	-
Total revenues	<u>771</u>	<u>228</u>	<u>2</u>
EXPENDITURES:			
Current:			
General government	4,556	-	-
Recreation and culture	-	-	-
Debt service:			
Principal	-	-	-
Capital outlay	-	19,266	1,346
Total expenditures	<u>4,556</u>	<u>19,266</u>	<u>1,346</u>
Excess (deficiency) of revenues over (under) expenditures	(3,785)	(19,038)	(1,344)
OTHER FINANCING SOURCES (USES):			
Transfers in	5,183	464	1,409
Transfers out	(460)	-	-
Total other financing sources (uses)	<u>4,723</u>	<u>464</u>	<u>1,409</u>
NET CHANGE IN FUND BALANCES	938	(18,574)	65
Fund balances, beginning of year	73	60,151	356
FUND BALANCES, END OF YEAR	<u>\$ 1,011</u>	<u>\$ 41,577</u>	<u>\$ 421</u>

Regional Park and Open-Space	CREST	Total	
\$ 47	\$ 16	\$ 293	REVENUES:
-	-	748	Interest
4,502	-	4,502	Aid from other governmental agencies:
-	1,208	1,208	Federal
15	7	45	State
<u>4,564</u>	<u>1,231</u>	<u>6,796</u>	Charges for services
			Other revenue
			Total revenues
			EXPENDITURES:
			Current:
-	3,918	8,474	General government
7,335	-	7,335	Recreation and culture
			Debt service:
-	-	-	Principal
-	-	20,612	Capital outlay
<u>7,335</u>	<u>3,918</u>	<u>36,421</u>	Total expenditures
			Excess (deficiency) of revenues
(2,771)	(2,687)	(29,625)	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
4,205	1,828	13,089	Transfers in
(446)	(66)	(972)	Transfers out
<u>3,759</u>	<u>1,762</u>	<u>12,117</u>	Total other financing sources (uses)
988	(925)	(17,508)	NET CHANGE IN FUND BALANCES
<u>7,970</u>	<u>4,347</u>	<u>72,897</u>	Fund balances, beginning of year
<u>\$ 8,958</u>	<u>\$ 3,422</u>	<u>\$ 55,389</u>	FUND BALANCES, END OF YEAR

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
PSEC Capital Projects Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Aid from other governmental agencies:				
Federal	\$ -	\$ -	\$ 748	\$ 748
Other revenue	5,183	-	23	23
Total revenues	5,183	-	771	771
EXPENDITURES:				
Current:				
General government	5,183	4,723	4,556	(167)
Total expenditures	5,183	4,723	4,556	(167)
Excess (deficiency) of revenues over (under) expenditures	-	(4,723)	(3,785)	938
OTHER FINANCING SOURCES (USES):				
Transfers in	-	5,183	5,183	-
Transfers out	-	(460)	(460)	-
Total other financing sources (uses)	-	4,723	4,723	-
NET CHANGE IN FUND BALANCE	-	-	938	938
 Fund balance, beginning of year	73	73	73	-
FUND BALANCE, END OF YEAR	\$ 73	\$ 73	\$ 1,011	\$ 938

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Flood Control Capital Projects Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget Over (Under)</u>
REVENUES:				
Interest	\$ 3	\$ 3	\$ 2	\$ (1)
Charges for current services	1	1	-	(1)
Other revenue	5,440	4,031	-	(4,031)
Total revenues	<u>5,444</u>	<u>4,035</u>	<u>2</u>	<u>(4,033)</u>
EXPENDITURES:				
Capital outlay	5,440	5,440	1,346	(4,094)
Total expenditures	<u>5,440</u>	<u>5,440</u>	<u>1,346</u>	<u>(4,094)</u>
Excess (deficiency) of revenues over (under) expenditures	4	(1,405)	(1,344)	61
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,409	1,409	-
Total other financing sources (uses)	<u>-</u>	<u>1,409</u>	<u>1,409</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	4	4	65	61
Fund balance, beginning of year	356	356	356	-
FUND BALANCE, END OF YEAR	<u>\$ 360</u>	<u>\$ 360</u>	<u>\$ 421</u>	<u>\$ 61</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
Regional Park and Open-Space District Capital Projects Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Use of money and property:				
Interest	\$ 132	\$ 132	\$ 47	\$ (85)
Aid from other governmental agencies:				
State	4,264	5,964	4,502	(1,462)
Charges for current services	-	1,000	-	(1,000)
Other revenue	19,304	15,932	15	(15,917)
Total revenues	<u>23,700</u>	<u>23,028</u>	<u>4,564</u>	<u>(18,464)</u>
EXPENDITURES:				
Current:				
Recreation and cultural services	6,726	8,441	7,335	(1,106)
Capital outlay	10,844	12,358	-	(12,358)
Total expenditures	<u>17,570</u>	<u>20,799</u>	<u>7,335</u>	<u>(13,464)</u>
Excess (deficiency) of revenues over (under) expenditures	6,130	2,229	(2,771)	(5,000)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,205	4,205	-
Transfers out	-	(446)	(446)	-
Total other financing sources (uses)	<u>-</u>	<u>3,759</u>	<u>3,759</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	6,130	5,988	988	(5,000)
Fund balance, beginning of year	7,970	7,970	7,970	-
FUND BALANCE, END OF YEAR	<u>\$ 14,100</u>	<u>\$ 13,958</u>	<u>\$ 8,958</u>	<u>\$ (5,000)</u>

COUNTY OF RIVERSIDE
Budgetary Comparison Schedule
CREST Capital Projects Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
REVENUES:				
Use of money and property:				
Interest	\$ 18	\$ 18	\$ 16	\$ (2)
Charges for current services	1,800	1,800	1,208	(592)
Other revenue	1,828	-	7	7
Total revenues	3,646	1,818	1,231	(587)
EXPENDITURES:				
Current:				
General government	4,884	6,636	3,918	(2,718)
Total expenditures	4,884	6,636	3,918	(2,718)
Excess (deficiency) of revenues over (under) expenditures	(1,238)	(4,818)	(2,687)	2,131
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,828	1,828	-
Transfers out	-	(66)	(66)	-
Total other financing sources (uses)	-	1,762	1,762	-
NET CHANGE IN FUND BALANCE	(1,238)	(3,056)	(925)	2,131
Fund balance, beginning of year	4,347	4,347	4,347	-
FUND BALANCE, END OF YEAR	\$ 3,109	\$ 1,291	\$ 3,422	\$ 2,131



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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, 2011
 (Dollars in Thousands)

		Perris Valley Cemetery Endowment Fund
ASSETS:		
Cash and investments	\$	464
Total assets	\$	464
LIABILITIES AND FUND BALANCES:		
Liabilities:	\$	-
Total liabilities		-
Fund balances (Note 14):		
Nonspendable		432
Restricted		32
Total fund balances		464
Total liabilities and fund balances	\$	464

COUNTY OF RIVERSIDE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Permanent Fund
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Perris Valley Cemetery Endowment Fund
REVENUES:	
Use of money and property:	
Interest	\$ 3
Charges for services	22
Total revenues	25
EXPENDITURES:	
Total expenditures	-
Excess (deficiency) of revenues over (under) expenditures	25
Fund balances, beginning of year	439
FUND BALANCES, END OF YEAR	\$ 464

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 (sewer), 62 (water), 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, 2011
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
ASSETS:				
Current assets:				
Cash and investments	\$ 247	\$ 15,627	\$ 2,218	\$ 18,092
Accounts receivable-net	-	161	327	488
Interest receivable	-	-	6	6
Taxes receivable	12	-	-	12
Due from other governments	-	813	59	872
Due from other funds	-	-	11	11
Restricted cash and investments	-	188	2,845	3,033
Prepaid items and deposits	-	33	-	33
Total current assets	<u>259</u>	<u>16,822</u>	<u>5,466</u>	<u>22,547</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	-	4,206	-	4,206
Depreciable assets	27	11,094	23	11,144
Total noncurrent assets	<u>27</u>	<u>15,300</u>	<u>23</u>	<u>15,350</u>
Total assets	<u>286</u>	<u>32,122</u>	<u>5,489</u>	<u>37,897</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	3	14	2,956	2,973
Salaries and benefits payable	-	-	32	32
Due to other funds	-	-	19	19
Due to other governments	-	26	10	36
Interest payable	-	7	-	7
Deposits payable	49	-	-	49
Other liabilities	-	1,940	253	2,193
Compensated absences	-	118	14	132
Bonds payable	-	125	-	125
Total current liabilities	<u>52</u>	<u>2,230</u>	<u>3,284</u>	<u>5,566</u>
Noncurrent portion of long-term liabilities:				
Noncurrent liabilities:				
Compensated absences	-	1,060	82	1,142
Bonds payable	-	679	-	679
Notes payable	-	6,795	-	6,795
Total noncurrent liabilities	<u>-</u>	<u>8,534</u>	<u>82</u>	<u>8,616</u>
Total liabilities	<u>52</u>	<u>10,764</u>	<u>3,366</u>	<u>14,182</u>
NET ASSETS:				
Invested in capital assets, net of related debt	27	8,505	23	8,555
Restricted	62	5,969	-	6,031
Unrestricted	145	6,884	2,100	9,129
Total net assets	<u>\$ 234</u>	<u>\$ 21,358</u>	<u>\$ 2,123</u>	<u>\$ 23,715</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, 2011
 (Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
OPERATING REVENUES:				
Charges for services	\$ 357	\$ 2,699	\$ 1,281	\$ 4,337
Other	36	84,512	236	84,784
Total operating revenues	<u>393</u>	<u>87,211</u>	<u>1,517</u>	<u>89,121</u>
OPERATING EXPENSES:				
Personnel services	201	9,517	979	10,697
Insurance	-	336	-	336
Maintenance of building and equipment	50	1,968	11	2,029
Supplies	6	-	50	56
Purchased services	3	-	644	647
Depreciation and amortization	3	1,896	13	1,912
Rents and leases of equipment	-	-	17	17
Public assistance	-	70,153	-	70,153
Utilities	95	637	-	732
Other	15	1,369	1,001	2,385
Total operating expenses	<u>373</u>	<u>85,876</u>	<u>2,715</u>	<u>88,964</u>
Operating income (loss)	<u>20</u>	<u>1,335</u>	<u>(1,198)</u>	<u>157</u>
NONOPERATING REVENUES (EXPENSES):				
Investment income	1	61	46	108
Interest expense	(10)	(161)	-	(171)
Gain (loss) on disposal of capital assets	-	10	-	10
Total nonoperating revenues (expenses)	<u>(9)</u>	<u>(90)</u>	<u>46</u>	<u>(53)</u>
Income (loss) before transfers	11	1,245	(1,152)	104
Transfers out	-	(184)	-	(184)
CHANGE IN NET ASSETS	11	1,061	(1,152)	(80)
Net assets, beginning of year	223	20,297	3,275	23,795
NET ASSETS, END OF YEAR	<u>\$ 234</u>	<u>\$ 21,358</u>	<u>\$ 2,123</u>	<u>\$ 23,715</u>

COUNTY OF RIVERSIDE
Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ending June 30, 2011
(Dollars in Thousands)

	County Service Areas	Housing Authority	Flood Control	Total
Cash flows from operating activities				
Cash receipts from customers / other funds	\$ 389	\$ 87,606	\$ 2,758	\$ 90,753
Cash paid to suppliers for goods and services	(175)	(74,943)	(1,905)	(77,023)
Cash paid to employees for services	(201)	(9,318)	(944)	(10,463)
Net cash provided by (used in) operating activities	<u>13</u>	<u>3,345</u>	<u>(91)</u>	<u>3,267</u>
Cash flows from noncapital financing activities				
Transfers paid	-	(184)	-	(184)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(184)</u>	<u>-</u>	<u>(184)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	10	-	10
Acquisition and construction of capital assets	-	(628)	(23)	(651)
Principal paid on bonds payable	-	(50)	-	(50)
Interest paid on long-term debt	(10)	(162)	-	(172)
Net cash used in capital and related financing activities	<u>(10)</u>	<u>(830)</u>	<u>(23)</u>	<u>(863)</u>
Cash flows from investing activities				
Interest received on investments	1	61	52	114
Net cash provided by investing activities	<u>1</u>	<u>61</u>	<u>52</u>	<u>114</u>
Net increase (decrease) in cash and cash equivalents	4	2,392	(62)	2,334
Cash and cash equivalents, beginning of year	243	13,423	5,125	18,791
Cash and cash equivalents, end of year	<u>\$ 247</u>	<u>\$ 15,815</u>	<u>\$ 5,063</u>	<u>\$ 21,125</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$ 20	\$ 1,335	\$ (1,198)	\$ 157
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	3	1,896	13	1,912
Decrease (Increase) accounts receivable	-	(28)	1,239	1,211
Decrease (Increase) taxes receivable	(4)	-	-	(4)
Decrease (Increase) due from other funds	-	-	(11)	(11)
Decrease (Increase) due from other governments	-	423	13	436
Decrease (Increase) prepaid items and deposits	-	(16)	-	(16)
Increase (Decrease) accounts payable	(6)	(31)	(71)	(108)
Increase (Decrease) due to other funds	-	-	19	19
Increase (Decrease) due to other governments	-	19	10	29
Increase (Decrease) other liabilities	-	(452)	(140)	(592)
Increase (Decrease) salaries and benefits payable	-	-	11	11
Increase (Decrease) compensated absences	-	199	24	223
Net cash provided by (used in) operating activities	<u>\$ 13</u>	<u>\$ 3,345</u>	<u>\$ (91)</u>	<u>\$ 3,267</u>

There were no significant noncash investing, financing, or capital activities.

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 internal 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.

ECONOMIC DEVELOPMENT AGENCY (Facilities Management)

The purpose of this fund was to account for custodial, maintenance, and real estate services provided to other County departments on a cost-reimbursement basis.

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, 2011
(Dollars in Thousands)

	Records				
	Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
ASSETS:					
Current assets:					
Cash and investments	\$ 1,169	\$ 11,120	\$ 15,703	\$ 2,479	\$ 4,144
Accounts receivable-net	8	22	135	23	1
Interest receivable	1	5	11	2	2
Due from other government	-	282	13	59	-
Inventories	-	543	1,962	236	460
Due from other funds	3	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Prepaid items and deposits	-	-	-	-	-
Total current assets	<u>1,181</u>	<u>11,972</u>	<u>17,824</u>	<u>2,799</u>	<u>4,607</u>
Noncurrent assets:					
Capital assets:					
Non depreciable assets	-	913	366	-	-
Depreciable assets	276	24,060	4,706	1,087	198
Total noncurrent assets	<u>276</u>	<u>24,973</u>	<u>5,072</u>	<u>1,087</u>	<u>198</u>
Total assets	<u>1,457</u>	<u>36,945</u>	<u>22,896</u>	<u>3,886</u>	<u>4,805</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	1	1,474	559	64	1,089
Salaries and benefits payable	44	153	1,053	73	30
Due to other funds	-	-	3,989	-	-
Due to other governments	-	-	11	-	6
Other liabilities	-	1,231	-	-	-
Compensated absences	70	266	1,354	122	49
Capital lease obligation	-	5,943	1,084	134	-
Estimated claims liability	-	-	-	-	-
Total current liabilities	<u>115</u>	<u>9,067</u>	<u>8,050</u>	<u>393</u>	<u>1,174</u>
Noncurrent liabilities:					
Compensated absences	51	277	941	28	22
Advance from other funds	-	-	-	-	-
Capital lease obligation	-	4,276	1,902	102	-
Estimated claims liabilities	-	-	-	-	-
Total noncurrent liabilities	<u>51</u>	<u>4,553</u>	<u>2,843</u>	<u>130</u>	<u>22</u>
Total liabilities	<u>166</u>	<u>13,620</u>	<u>10,893</u>	<u>523</u>	<u>1,196</u>
NET ASSETS:					
Invested in capital assets, net of related debt	276	14,754	2,086	851	198
Unrestricted	1,015	8,571	9,917	2,512	3,411
Total net assets	<u>\$ 1,291</u>	<u>\$ 23,325</u>	<u>\$ 12,003</u>	<u>\$ 3,363</u>	<u>\$ 3,609</u>

OASIS Project	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
\$ 5,702	\$ 174,639	\$ 4,436	\$ 6,541	\$ 6,136	\$ 232,069	ASSETS:
-	2,443	-	-	10	2,642	Current assets:
4	134	-	3	5	167	Cash and investments
-	411	-	587	-	1,352	Accounts receivable-net
-	-	-	148	321	3,670	Interest receivable
1	-	-	2,433	271	2,708	Due from other government
-	-	-	-	1,002	1,002	Inventories
-	333	-	65	-	398	Due from other funds
5,707	177,960	4,436	9,777	7,745	244,008	Restricted cash and investments
-	-	-	-	-	1,279	Prepaid items and deposits
2,044	280	3	136	2,373	35,163	Total current assets
2,044	280	3	136	2,373	36,442	Noncurrent assets:
7,751	178,240	4,439	9,913	10,118	280,450	Capital assets:
-	-	-	-	-	-	Non depreciable assets
-	-	-	-	-	-	Depreciable assets
-	-	-	-	-	-	Total noncurrent assets
-	-	-	-	-	-	Total assets
358	12,370	60	924	113	17,012	LIABILITIES:
293	885	127	979	64	3,701	Current liabilities:
-	-	-	-	210	4,199	Accounts payable
-	-	-	-	-	17	Salaries and benefits payable
-	359	-	-	-	1,590	Due to other funds
359	1,318	115	1,244	33	4,930	Due to other governments
788	-	-	-	-	7,949	Other liabilities
-	34,903	-	-	-	34,903	Compensated absences
1,798	49,835	302	3,147	420	74,301	Capital lease obligation
-	-	-	-	-	-	Estimated claims liability
389	878	38	901	195	3,720	Total current liabilities
-	-	-	3,692	-	3,692	Noncurrent liabilities:
810	-	-	-	-	7,090	Compensated absences
-	89,814	-	-	-	89,814	Advance from other funds
1,199	90,692	38	4,593	195	104,316	Capital lease obligation
2,997	140,527	340	7,740	615	178,617	Estimated claims liabilities
446	280	3	136	2,373	21,403	Total noncurrent liabilities
4,308	37,433	4,096	2,037	7,130	80,430	Total liabilities
\$ 4,754	\$ 37,713	\$ 4,099	\$ 2,173	\$ 9,503	\$ 101,833	NET ASSETS:
-	-	-	-	-	-	Invested in capital assets, net of related debt
-	-	-	-	-	-	Unrestricted
-	-	-	-	-	-	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, 2011

(Dollars in Thousands)

	Records Management and Archives	Fleet Services	Information Services	Printing Services	Supply Services
OPERATING REVENUES:					
Charges for services	\$ 1,931	\$ 31,953	\$ 25,199	\$ 4,452	\$ 8,238
Other revenue	3	14	-	2,204	2,983
Total operating revenues	1,934	31,967	25,199	6,656	11,221
OPERATING EXPENSES:					
Cost of materials used	-	1,632	-	-	-
Personnel services	1,048	3,702	19,739	1,854	749
Communications	41	118	2,166	17	26
Insurance	27	82	146	12	26
Maintenance of building and equipment	88	2,343	3,330	480	133
Insurance claims	-	3	37	-	-
Supplies	28	8,570	202	2,798	9,854
Purchased services	99	1,283	2,186	1,270	381
Depreciation and amortization	-	9,685	2,791	294	28
Rents and leases of equipment	258	391	1,203	4	-
Utilities	41	124	203	45	16
Other	27	159	643	192	308
Total operating expenses	1,657	28,092	32,646	6,966	11,521
Operating income (loss)	277	3,875	(7,447)	(310)	(300)
NONOPERATING REVENUES (EXPENSES):					
Investment income	6	35	79	12	9
Interest expense	-	(1,417)	(194)	(7)	-
Gain (loss) on disposal of capital assets	-	(44)	(13)	39	-
Other nonoperating revenues / (expenses)	(66)	-	(3)	-	-
Total nonoperating revenues (expenses)	(60)	(1,426)	(131)	44	9
Income (loss) before capital contributions and transfers	217	2,449	(7,578)	(266)	(291)
Premium contributions	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(25)	(82)	(458)	(41)	(16)
CHANGE IN NET ASSETS	192	2,367	(8,036)	(307)	(307)
Net assets, beginning of year	1,099	20,958	20,039	3,670	3,916
NET ASSETS, END OF YEAR	\$ 1,291	\$ 23,325	\$ 12,003	\$ 3,363	\$ 3,609

OASIS Project	Risk Management	Temporary Assistance Pool	EDA Facilities Management	Flood Control Equipment	Total	
\$ 10,632	\$ 37,541	\$ 7,170	\$ 89,384	\$ 1,583	\$ 218,083	OPERATING REVENUES:
2	8,354	6,458	610	5,099	25,727	Charges for services
						Other revenue
<u>10,634</u>	<u>45,895</u>	<u>13,628</u>	<u>89,994</u>	<u>6,682</u>	<u>243,810</u>	Total operating revenues
-	-	-	1	32	1,665	OPERATING EXPENSES:
6,743	15,975	10,938	25,760	2,246	88,754	Cost of materials used
301	308	67	328	49	3,421	Personnel services
19	10,078	11	173	-	10,574	Communications
1,838	188	21	6,051	563	15,035	Insurance
-	90,065	-	-	-	90,105	Maintenance of building and equipment
97	3,919	175	1,729	1,071	28,443	Insurance claims
110	4,885	1,854	9,738	1,066	22,872	Supplies
1,091	311	2	61	1,002	15,265	Purchased services
720	1,169	230	43,074	4	47,053	Depreciation and amortization
48	77	18	966	-	1,538	Rents and leases of equipment
29	1,476	293	1,445	625	5,197	Utilities
						Other
<u>10,996</u>	<u>128,451</u>	<u>13,609</u>	<u>89,326</u>	<u>6,658</u>	<u>329,922</u>	Total operating expenses
<u>(362)</u>	<u>(82,556)</u>	<u>19</u>	<u>668</u>	<u>24</u>	<u>(86,112)</u>	Operating income (loss)
31	960	-	22	36	1,190	NONOPERATING REVENUES (EXPENSES):
(56)	-	-	-	-	(1,674)	Investment income
-	-	-	-	108	90	Interest expense
-	57	3	-	-	(9)	Gain (loss) on disposal of capital assets
						Other nonoperating revenues / (expenses)
<u>(25)</u>	<u>1,017</u>	<u>3</u>	<u>22</u>	<u>144</u>	<u>(403)</u>	Total nonoperating revenues (expenses)
(387)	(81,539)	22	690	168	(86,515)	Income (loss) before capital contributions and transfers
-	65,525	-	-	-	65,525	Premium contributions
-	2,048	-	1,990	75	4,113	Transfers in
<u>(162)</u>	<u>(2,368)</u>	<u>(851)</u>	<u>(507)</u>	<u>-</u>	<u>(4,510)</u>	Transfers out
(549)	(16,334)	(829)	2,173	243	(21,387)	CHANGE IN NET ASSETS
5,303	54,047	4,928	-	9,260	123,220	Net assets, beginning of year
<u>\$ 4,754</u>	<u>\$ 37,713</u>	<u>\$ 4,099</u>	<u>\$ 2,173</u>	<u>\$ 9,503</u>	<u>\$ 101,833</u>	NET ASSETS, END OF YEAR

COUNTY OF RIVERSIDE
Combining Statements of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2011
(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	\$ 1,935	\$ 31,714	25,350	\$ 6,665	\$ 11,226
Cash paid to suppliers for goods and services	(640)	(13,703)	(6,032)	(4,819)	(11,492)
Cash paid to employees for services	(1,137)	(3,700)	(19,815)	(1,840)	(749)
Net cash provided (used) by operating activities	158	14,311	(497)	6	(1,015)
Cash flows from noncapital financing activities					
Advances from other funds	-	-	-	-	-
Transfers received	-	-	-	-	-
Transfers paid	(91)	(82)	(461)	(41)	(16)
Net cash provided (used) by noncapital financing activities	(91)	(82)	(461)	(41)	(16)
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	700	-	-	1
Acquisition and construction of capital assets	(10)	(5,835)	(2,633)	(45)	-
Principal paid on capital leases	-	(7,173)	(255)	(183)	-
Premium contributions	-	-	-	-	-
Interest paid on long-term debt	-	(1,417)	(194)	(7)	-
Net cash provided (used) by capital and related financing activities	(10)	(13,725)	(3,082)	(235)	1
Cash flows from investing activities					
Interest received on investments	7	40	94	14	11
Net cash provided by investing activities	7	40	94	14	11
Net increase (decrease) in cash and cash equivalents	64	544	(3,946)	(256)	(1,019)
Cash and cash equivalents, beginning of year	1,105	10,576	19,649	2,735	5,163
Cash and cash equivalents, end of year	<u>\$ 1,169</u>	<u>\$ 11,120</u>	<u>15,703</u>	<u>\$ 2,479</u>	<u>\$ 4,144</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 277	\$ 3,875	\$ (7,447)	\$ (310)	\$ (300)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation and amortization	-	9,685	2,791	294	28
Decrease (Increase) accounts receivable	4	(14)	134	10	5
Decrease (Increase) due from other funds	(3)	-	-	-	-
Decrease (Increase) due from other governments	-	(239)	17	(1)	-
Decrease (Increase) inventories	-	(45)	128	-	148
Decrease (Increase) prepaid items and deposits	-	-	-	-	-
Increase (Decrease) accounts payable	(31)	1,067	(43)	(1)	(898)
Increase (Decrease) due to other funds	-	-	3,989	-	-
Increase (Decrease) due to other governments	-	-	10	-	2
Increase (Decrease) other liabilities	-	(20)	-	-	-
Increase (Decrease) estimated claims liability	-	-	-	-	-
Increase (Decrease) salaries and benefits payable	(15)	5	208	(1)	(1)
Increase (Decrease) compensated absences	(74)	(3)	(284)	15	1
Net cash provided (used) by operating activities	<u>\$ 158</u>	<u>\$ 14,311</u>	<u>\$ (497)</u>	<u>\$ 6</u>	<u>\$ (1,015)</u>
Noncash investing, capital, and financing activities:					
Capital lease obligations		<u>\$ 3,797</u>	<u>\$ 1,074</u>		

OASIS Project	Risk Management	Temporary Assistance Pool	EDA Facilities Managemet	Flood Control Equipment	Total	
\$ 10,633	\$ 45,567	\$ 13,628	\$ 86,974	\$ 6,514	\$ 240,206	Cash flows from operating activities
(2,866)	(103,488)	(2,671)	(62,794)	(3,405)	(211,910)	Cash receipts from internal services provided
(6,879)	(15,865)	(11,665)	(22,636)	(2,250)	(86,536)	Cash paid to suppliers for goods and services
						Cash paid to employees for services
888	(73,786)	(708)	1,544	859	(58,240)	Net cash provided (used) by operating activities
						Cash flows from noncapital financing activities
-	-	-	3,692	-	3,692	Advances from other funds
-	2,105	-	1,990	75	4,170	Transfers received
(162)	(2,368)	(848)	(507)	-	(4,576)	Transfers paid
(162)	(263)	(848)	5,175	75	3,286	Net cash provided (used) by noncapital financing activities
						Cash flows from capital and related financing activities
-	-	-	-	108	809	Proceeds from sale of capital assets
(239)	(10)	-	(197)	(588)	(9,557)	Acquisition and construction of capital assets
(767)	-	-	-	-	(8,378)	Principal paid on capital leases
-	65,525	-	-	-	65,525	Premium contributions
(56)	-	-	-	-	(1,674)	Interest paid on long-term debt
(1,062)	65,515	-	(197)	(480)	46,725	Net cash provided (used) by capital and related financing activities
						Cash flows from investing activities
37	1,114	-	19	41	1,377	Interest received on investments
37	1,114	-	19	41	1,377	Net cash provided by investing activities
(299)	(7,420)	(1,556)	6,541	495	(6,852)	Net increase (decrease) in cash and cash equivalents
6,001	182,059	5,992	-	6,643	239,923	Cash and cash equivalents, beginning of year
\$ 5,702	\$ 174,639	\$ 4,436	\$ 6,541	\$ 7,138	\$ 233,071	Cash and cash equivalents, end of year
						Reconciliation of operating income (loss) to net cash provided (used) by operating activities
\$ (362)	\$ (82,556)	\$ 19	\$ 668	\$ 24	\$ (86,112)	Operating income (loss)
						Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities
1,091	311	2	61	1,002	15,265	Depreciation and amortization
-	(328)	-	-	-	(189)	Decrease (Increase) accounts receivable
(1)	-	-	(2,433)	(185)	(2,622)	Decrease (Increase) due from other funds
-	-	-	(587)	17	(793)	Decrease (Increase) due from other governments
-	-	-	(148)	(66)	17	Decrease (Increase) inventories
-	(333)	-	(65)	-	(398)	Decrease (Increase) prepaid items and deposits
296	1,610	5	924	(104)	2,825	Increase (Decrease) accounts payable
-	-	(7)	-	210	4,192	Increase (Decrease) due to other funds
-	-	-	-	(35)	(23)	Increase (Decrease) due to other governments
-	(54)	-	-	-	(74)	Increase (Decrease) other liabilities
-	7,454	-	-	-	7,454	Increase (Decrease) estimated claims liability
28	51	(723)	979	14	545	Increase (Decrease) salaries and benefits payable
(164)	59	(4)	2,145	(18)	1,673	Increase (Decrease) compensated absences
\$ 888	\$ (73,786)	\$ (708)	\$ 1,544	\$ 859	\$ (58,240)	Net cash provided (used) by operating activities
						Noncash investing, capital, and financing activities:
					\$ 4,871	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, 2011
(Dollars in Thousands)

	Other	Payroll Deductions	Property Tax Assessments	Warrants	Total
ASSETS:					
Cash and investments	\$ 82,668	\$ 10,753	\$ 96,934	\$ 59,175	\$ 249,530
Interest receivable	224	-	8	1	233
Taxes receivable	80	-	55,347	-	55,427
Due from other governments	2,387	-	-	-	2,387
Total assets	<u>\$ 85,359</u>	<u>\$ 10,753</u>	<u>\$ 152,289</u>	<u>\$ 59,176</u>	<u>\$ 307,577</u>
LIABILITIES:					
Accounts payable	\$ 77,491	\$ 10,753	\$ 583	\$ 59,176	\$ 148,003
Salaries and benefits payable	5	-	-	-	5
Due to other governments	7,863	-	151,706	-	159,569
Total liabilities	<u>\$ 85,359</u>	<u>\$ 10,753</u>	<u>\$ 152,289</u>	<u>\$ 59,176</u>	<u>\$ 307,577</u>

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

Other	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>Assets</u>				
Cash and investments	\$ 80,050	\$ 4,427,039	\$ 4,424,421	\$ 82,668
Accounts receivable	-	198	198	-
Interest receivable	404	224	404	224
Taxes receivable	120	80	120	80
Due from other governments	2,320	2,387	2,320	2,387
Total assets	<u>82,894</u>	<u>4,429,928</u>	<u>4,427,463</u>	<u>85,359</u>
<u>Liabilities</u>				
Accounts payable	81,322	764,396	768,227	77,491
Salaries and benefits payable	4	5	4	5
Due to other governments	1,568	3,675,589	3,669,294	7,863
Total liabilities	<u>\$ 82,894</u>	<u>\$ 4,439,990</u>	<u>\$ 4,437,525</u>	<u>\$ 85,359</u>
<u>Payroll Deductions</u>				
<u>Assets</u>				
Cash and investments	\$ 10,312	\$ 1,701,550	\$ 1,701,109	\$ 10,753
Interest receivable	7	-	7	-
Total assets	<u>10,319</u>	<u>1,701,550</u>	<u>1,701,116</u>	<u>10,753</u>
<u>Liabilities</u>				
Accounts payable	10,319	1,206,956	1,206,522	10,753
Total liabilities	<u>\$ 10,319</u>	<u>\$ 1,206,956</u>	<u>\$ 1,206,522</u>	<u>\$ 10,753</u>
<u>Property Tax Assessments</u>				
<u>Assets</u>				
Cash and investments	\$ 94,608	\$ 4,236,121	\$ 4,233,795	\$ 96,934
Interest receivable	-	8	-	8
Taxes receivable	85,016	55,347	85,016	55,347
Total assets	<u>179,624</u>	<u>4,291,476</u>	<u>4,318,811</u>	<u>152,289</u>
<u>Liabilities</u>				
Accounts payable	1,495	523,517	524,429	583
Due to other governments	178,129	3,738,563	3,764,986	151,706
Total liabilities	<u>\$ 179,624</u>	<u>\$ 4,262,080</u>	<u>\$ 4,289,415</u>	<u>\$ 152,289</u>

COUNTY OF RIVERSIDE
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

Warrants	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>Assets</u>				
Cash and investments	\$ 81,007	\$ 9,072,675	\$ 9,094,507	\$ 59,175
Interest receivable	1	1	1	1
Total assets	<u>81,008</u>	<u>9,072,676</u>	<u>9,094,508</u>	<u>59,176</u>
<u>Liabilities</u>				
Accounts payable	81,008	5,087,096	5,108,928	59,176
Total liabilities	<u>\$ 81,008</u>	<u>\$ 5,087,096</u>	<u>\$ 5,108,928</u>	<u>\$ 59,176</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 265,977	\$ 19,437,385	\$ 19,453,832	\$ 249,530
Accounts receivable	-	198	198	-
Interest receivable	412	233	412	233
Taxes receivable	85,136	55,427	85,136	55,427
Due from other governments	2,320	2,387	2,320	2,387
Total assets	<u>353,845</u>	<u>19,495,630</u>	<u>19,541,898</u>	<u>307,577</u>
<u>Liabilities</u>				
Accounts payable	174,144	7,581,965	7,608,106	148,003
Salaries and benefits payable	4	5	4	5
Due to other governments	179,697	7,414,152	7,434,280	159,569
Total liabilities	<u>\$ 353,845</u>	<u>\$ 14,996,122</u>	<u>\$ 15,042,390</u>	<u>\$ 307,577</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.

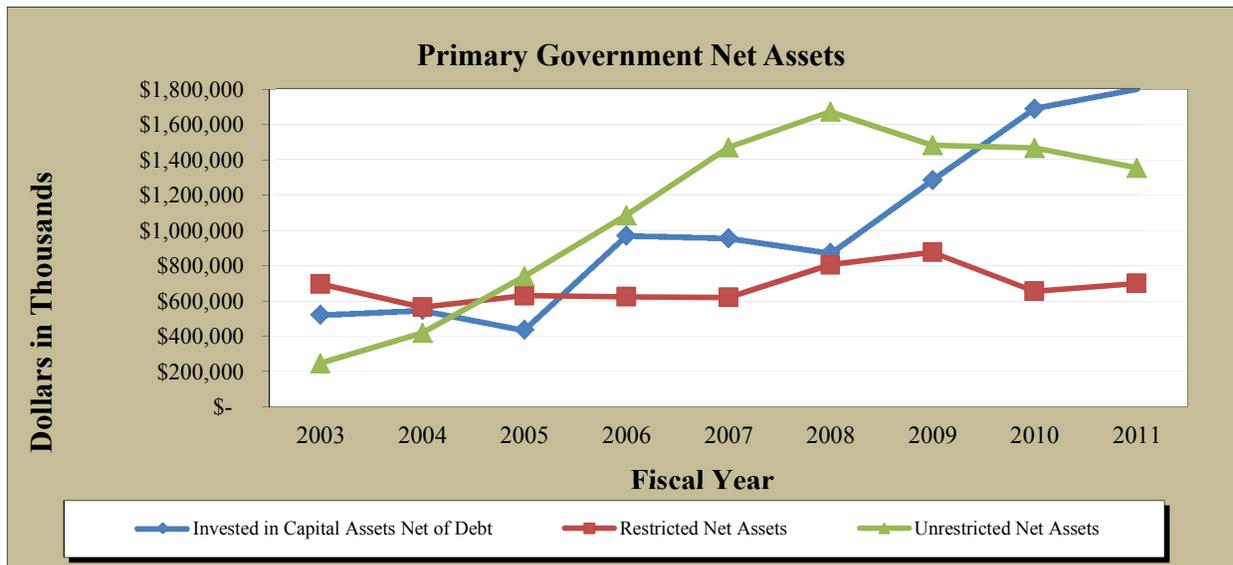
- Full-time Equivalent County Government Employees by Function/Program
- Operating Indicators by Function
- Capital Asset Statistics by Function

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 Nine Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 1,687,128	\$ 1,594,275	\$ 1,204,971	\$ 802,981	\$ 903,076
Restricted	656,347	604,942	824,139	769,368	569,477
Unrestricted	1,295,657	1,395,141	1,402,813	1,572,150	1,370,350
Governmental activities, total net assets	<u>\$ 3,639,132</u>	<u>\$ 3,594,358</u>	<u>\$ 3,431,923</u>	<u>\$ 3,144,499</u>	<u>\$ 2,842,903</u>
Business-type Activities					
Invested in capital assets, net of related debt	\$ 113,489	\$ 96,901	\$ 81,512	\$ 69,441	\$ 53,321
Restricted	43,086	50,386	52,502	36,074	50,629
Unrestricted	59,550	72,397	80,238	101,683	100,567
Business-type activities, total net assets	<u>\$ 216,125</u>	<u>\$ 219,684</u>	<u>\$ 214,252</u>	<u>\$ 207,198</u>	<u>\$ 204,517</u>
Primary Government					
Invested in capital assets, net of related debt	\$ 1,800,617	\$ 1,691,176	\$ 1,286,483	\$ 872,422	\$ 956,397
Restricted	699,433	655,328	876,641	805,442	620,106
Unrestricted	1,355,207	1,467,538	1,483,051	1,673,833	1,470,917
Primary government, total net assets	<u>\$ 3,855,257</u>	<u>\$ 3,814,042</u>	<u>\$ 3,646,175</u>	<u>\$ 3,351,697</u>	<u>\$ 3,047,420</u>



Source: Auditor-Controller, County of Riverside

Table 1

Fiscal Year				
2006	2005	2004	2003	
				Governmental Activities
\$ 930,800	\$ 407,762	\$ 524,624	\$ 503,294	Invested in capital assets, net of related debt
582,037	584,441	521,143	662,446	Restricted
999,992	671,917	387,007	205,952	Unrestricted
<u>\$ 2,512,829</u>	<u>\$ 1,664,120</u>	<u>\$ 1,432,774</u>	<u>\$ 1,371,692</u>	Governmental activities, total net assets
				Business-type Activities
\$ 40,986	\$ 29,583	\$ 25,102	\$ 19,972	Invested in capital assets, net of related debt
41,287	45,362	43,232	33,740	Restricted
85,971	67,502	31,602	40,096	Unrestricted
<u>\$ 168,244</u>	<u>\$ 142,447</u>	<u>\$ 99,936</u>	<u>\$ 93,808</u>	Business-type activities, total net assets
				Primary Government
\$ 971,786	\$ 437,345	\$ 549,726	\$ 523,266	Invested in capital assets, net of related debt
623,324	629,803	564,375	696,186	Restricted
1,085,963	739,419	418,609	246,048	Unrestricted
<u>\$ 2,681,073</u>	<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 Nine Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
Program Revenues					
Governmental Activities:					
Charges for services:					
General Government	\$ 159,570	\$ 140,723	\$ 143,644	\$ 171,403	\$ 171,070
Public Protection	326,237	331,162	311,565	316,719	307,288
Other Activities	105,931	95,438	100,819	123,483	130,837
Operating grants and contributions	1,393,016	1,384,791	1,344,611	1,315,716	1,210,941
Capital grants and contributions	32,114	31,112	29,771	25,333	48,186
Governmental activities program revenues	<u>2,016,868</u>	<u>1,983,226</u>	<u>1,930,410</u>	<u>1,952,654</u>	<u>1,868,322</u>
Business-type Activities:					
Charges for services:					
Regional Medical Center	386,533	367,273	360,584	333,414	337,905
Other Activities	140,327	134,257	139,206	146,065	137,706
Capital grants and contributions	-	1,165	310	306	261
Business-type activities program revenues	<u>526,860</u>	<u>502,695</u>	<u>500,100</u>	<u>479,785</u>	<u>475,872</u>
Primary government program revenues	<u>2,543,728</u>	<u>2,485,921</u>	<u>2,430,510</u>	<u>2,432,439</u>	<u>2,344,194</u>
Expenses					
Governmental Activities:					
General government	298,032	323,949	285,393	331,741	296,917
Public protection	1,021,288	1,062,213	1,095,587	1,122,370	935,550
Public ways and facilities	87,424	31,024	31,283	20,558	57,578
Health and sanitation	369,984	347,634	392,945	330,206	350,082
Public assistance	907,202	820,637	770,484	752,779	688,213
Education	15,816	19,866	15,954	17,977	14,847
Recreation and cultural	9,364	12,206	6,039	12,457	11,941
Interest on long-term debt	88,998	80,754	89,741	96,173	81,197
Governmental activities expenses	<u>2,798,108</u>	<u>2,698,283</u>	<u>2,687,426</u>	<u>2,684,261</u>	<u>2,436,325</u>
Business-type Activities:					
Regional Medical Center	401,120	389,991	379,278	353,481	329,128
Waste Management Department	56,688	49,956	61,116	64,538	60,772
Housing Authority	86,027	81,426	81,139	74,252	70,218
Flood Control	3,711	3,233	3,816	5,201	6,242
County Service Areas	383	454	457	343	329
Business-type activities expense	<u>547,929</u>	<u>525,060</u>	<u>525,806</u>	<u>497,815</u>	<u>466,689</u>
Primary government expenses	<u>3,346,037</u>	<u>3,223,343</u>	<u>3,213,232</u>	<u>3,182,076</u>	<u>2,903,014</u>
Net (expense)/revenue					
Governmental activities	(781,240)	(715,057)	(757,016)	(731,607)	(568,003)
Business-type activities	(21,069)	(22,365)	(25,706)	(18,030)	9,183
Primary government, net (expense) / revenue	<u>\$ (802,309)</u>	<u>\$ (737,422)</u>	<u>\$ (782,722)</u>	<u>\$ (749,637)</u>	<u>\$ (558,820)</u>

Source: Auditor-Controller, County of Riverside

Table 2

2006	2005	2004	2003	
				Program Revenues
				Governmental Activities:
				Charges for services:
\$ 174,781	\$ 125,937	\$ 105,248	\$ 118,494	General Government
286,877	235,873	237,681	192,179	Public Protection
113,413	97,182	93,100	82,809	Other Activities
1,100,674	983,290	1,086,456	1,050,230	Operating grants and contributions
31,001	64,252	33,041	32,537	Capital grants and contributions
<u>1,706,746</u>	<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:
330,125	354,510	266,484	189,141	Regional Medical Center
135,266	125,945	118,544	110,278	Other Activities
227	-	125	9,712	Capital grants and contributions
<u>465,618</u>	<u>480,455</u>	<u>385,153</u>	<u>309,131</u>	Business-type activities program revenues
<u>2,172,364</u>	<u>1,986,989</u>	<u>1,940,679</u>	<u>1,785,380</u>	Primary government program revenues
				Expenses
				Governmental Activities:
259,993	187,911	232,322	183,132	General government
801,044	792,287	710,053	620,663	Public protection
61,443	79,649	93,529	87,092	Public ways and facilities
350,451	290,001	376,338	330,830	Health and sanitation
634,522	552,298	590,719	588,502	Public assistance
11,168	10,112	10,280	8,609	Education
7,188	8,617	9,666	8,842	Recreation and cultural
75,721	48,717	29,890	33,666	Interest on long-term debt
<u>2,201,530</u>	<u>1,969,592</u>	<u>2,052,797</u>	<u>1,861,336</u>	Governmental activities expenses
				Business-type Activities:
290,962	356,255	296,227	228,339	Regional Medical Center
66,453	55,563	40,056	36,579	Waste Management Department
62,909	62,206	61,599	57,977	Housing Authority
5,705	4,928	4,318	2,054	Flood Control
285	320	329	294	County Service Areas
<u>426,314</u>	<u>479,272</u>	<u>402,529</u>	<u>325,243</u>	Business-type activities expense
<u>2,627,844</u>	<u>2,448,864</u>	<u>2,455,326</u>	<u>2,186,579</u>	Primary government expenses
				Net (expense)/revenue
(494,784)	(463,058)	(497,271)	(385,087)	Governmental activities
39,304	1,183	(17,376)	(16,112)	Business-type activities
<u>\$ (455,480)</u>	<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 Nine Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
Continued:					
Primary government, net (expense) / revenue	\$ (802,309)	\$ (737,422)	\$ (782,722)	\$ (749,637)	\$ (558,820)
General Revenues and					
Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property taxes	367,867	440,282	506,222	506,327	462,817
Sales tax and use tax	45,489	36,289	47,683	40,985	51,093
Other taxes	9,004	8,610	13,771	15,898	16,865
Intergovernmental revenue - not restricted to programs:					
Motor vehicle in-lieu taxes	235,153	246,493	273,825	274,282	245,723
Fines, forfeitures, and penalties	-	-	-	-	-
Investment earnings	19,494	29,026	87,041	138,071	122,517
Proceeds on sale of capital assets	-	-	-	-	-
Other	142,966	91,044	121,880	85,924	13,191
Transfers	(10,355)	(17,436)	(25,713)	(10,322)	(16,892)
Governmental activities	<u>809,618</u>	<u>834,308</u>	<u>1,024,709</u>	<u>1,051,165</u>	<u>895,314</u>
Business-type Activities:					
Investment earnings	538	1,442	6,142	10,389	10,198
Gain on sale of capital assets	-	-	-	-	-
Other	6,617	-	-	-	-
Transfers	10,355	17,436	25,713	10,322	16,892
Business-type activities	<u>17,510</u>	<u>18,878</u>	<u>31,855</u>	<u>20,711</u>	<u>27,090</u>
Total primary government	<u>827,128</u>	<u>853,186</u>	<u>1,056,564</u>	<u>1,071,876</u>	<u>922,404</u>
Change in net assets					
Governmental activities	28,378	119,251	267,693	319,558	327,311
Business-type activities	(3,559)	(3,487)	6,149	2,681	36,273
Primary government change in net assets	<u>\$ 24,819</u>	<u>\$ 115,764</u>	<u>\$ 273,842</u>	<u>\$ 322,239</u>	<u>\$ 363,584</u>

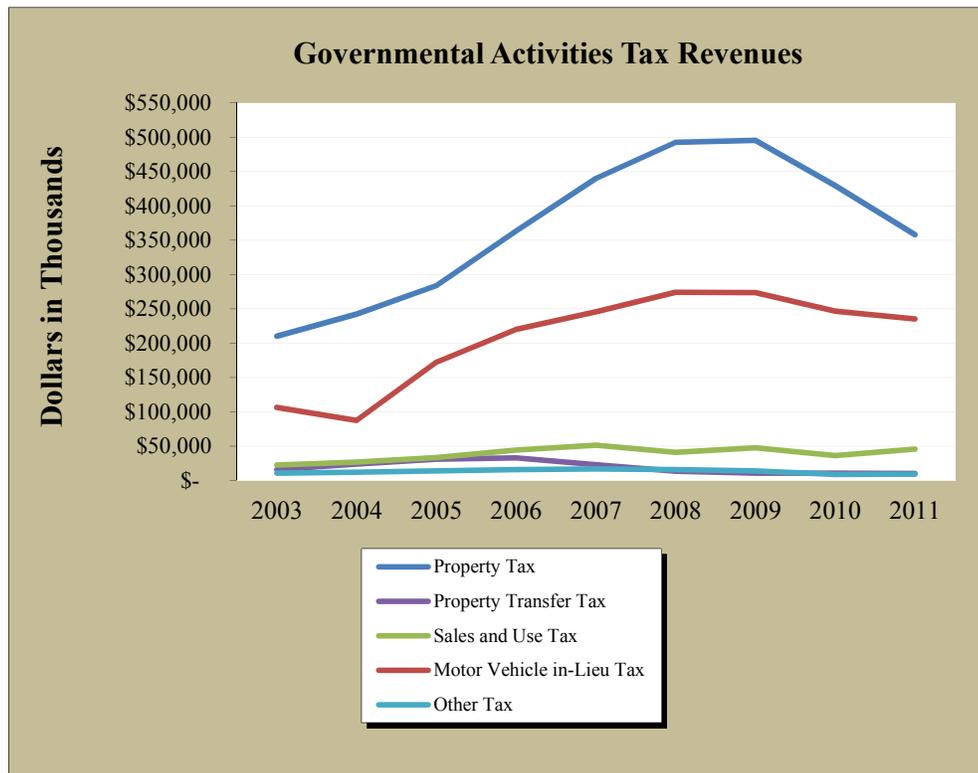
Table 2

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$ (455,480)	\$ (461,875)	\$ (514,647)	\$ (401,199)	Continued: Primary government, net (expense) / revenue
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
396,167	314,666	266,391	225,775	Property taxes
44,286	33,091	26,633	22,444	Sales tax and use tax
15,603	13,885	12,108	10,377	Other taxes
Intergovernmental revenue - not restricted to programs:				
220,190	172,265	87,435	106,466	Motor vehicle in-lieu taxes
-	70,578	43,344	37,914	Fines, forfeitures, and penalties
78,288	39,907	16,835	24,909	Investment earnings
-	-	1,491	504	Proceeds on sale of capital assets
96,265	99,330	146,392	117,706	Other
19,888	(31,000)	(16,791)	(13,287)	Transfers
<u>870,687</u>	<u>712,722</u>	<u>583,838</u>	<u>532,808</u>	Governmental activities
Business-type Activities:				
6,381	4,234	2,505	3,235	Investment earnings
-	346	4,208	754	Gain on sale of capital assets
-	-	-	-	Other
(19,888)	31,000	16,791	13,287	Transfers
<u>(13,507)</u>	<u>35,580</u>	<u>23,504</u>	<u>17,276</u>	Business-type activities
<u>857,180</u>	<u>748,302</u>	<u>607,342</u>	<u>550,084</u>	Total primary government
Change in net assets				
375,903	249,664	86,567	147,721	Governmental activities
25,797	36,763	6,128	1,164	Business-type activities
<u>\$ 401,700</u>	<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 Nine Fiscal Years
(Accrual basis of accounting)
(Dollars in Thousands)

Fiscal Year	Property Tax	Property Transfer Tax	Sales and Use Tax	Motor Vehicle In-Lieu Tax	Other Tax	Total
2011	\$ 357,908	\$ 9,959	\$ 45,489	\$ 235,153	\$ 9,004	\$ 657,513
2010	429,604	10,678	36,289	246,493	8,610	731,674
2009	495,598	10,624	47,683	273,825	13,771	841,501
2008	492,849	13,478	40,985	274,282	15,898	837,492
2007	439,981	22,836	51,093	245,723	16,865	776,498
2006	363,407	32,760	44,286	220,190	15,603	676,246
2005	283,660	31,006	33,091	172,265	13,885	533,907
2004	242,647	23,744	26,633	87,435	12,108	392,567
2003	209,979	15,796	22,444	106,466	10,377	365,062



Source: Auditor-Controller, County of Riverside



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Table 4

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

	Fiscal Year	
	2011	2010
General Fund		
Nonspendable	\$ 2,214	\$ 3,201
Restricted	98,552	93,653
Committed	50,097	250,444
Assigned	3,463	2,998
Unassigned	189,236	36,190
Total General Fund	<u>343,562</u>	<u>386,486</u>
Flood Control		
Nonspendable	1	1
Committed	237,211	222,944
Assigned	13,741	18,979
Total Flood Control	<u>250,953</u>	<u>241,924</u>
Public Facilities Improvements		
Restricted	158,628	200,501
Committed	6,451	10,850
Assigned	128,023	127,302
Total Public Facilities Improvements	<u>293,102</u>	<u>338,653</u>
Redevelopment Capital Projects		
Nonspendable	72,055	79,257
Committed	115,617	93,028
Assigned	83,881	96,062
Total Redevelopment Capital Projects	<u>271,553</u>	<u>268,347</u>
Nonmajor Governmental Funds		
Nonspendable	84,769	84,744
Restricted	410,787	434,900
Committed reported in:		
Special revenue funds	21,381	6,196
Debt Service Funds	1,206	1,206
Capital projects funds	1,690	355
Assigned	86,572	30,314
Total Nonmajor Governmental Funds	<u>606,405</u>	<u>557,715</u>
Total All Governmental Funds	<u>\$ 1,765,575</u>	<u>\$ 1,793,125</u>

Note: In FY2010-11 the County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB 54 in order to facilitate year-to-year comparisons.

Source: Auditor-Controller, County of Riverside

Table 4

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

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
General Fund							
Reserved	\$ 91,196	\$ 84,466	\$ 88,233	\$ 100,436	\$ 121,249	\$ 100,940	\$ 103,489
Unreserved, designated	203,821	335,630	339,773	277,833	185,014	70,361	89,011
Unreserved, undesignated	77,104	58,672	142,958	68,649	46,191	77,752	26,078
Total General Fund	<u>372,121</u>	<u>478,768</u>	<u>570,964</u>	<u>446,918</u>	<u>352,454</u>	<u>249,053</u>	<u>218,578</u>
Flood Control							
Reserved	1,794	4,500	-	940	3,914	19,051	7,097
Unreserved, designated	30,149	1,755	134,396	133,906	-	-	-
Unreserved - undesignated	196,973	193,170	32,724	3,044	120,052	107,482	116,173
Total Flood Control	<u>228,916</u>	<u>199,425</u>	<u>167,120</u>	<u>137,890</u>	<u>123,966</u>	<u>126,533</u>	<u>123,270</u>
Public Facilities Improvements							
Reserved	538,431	590,915	256,338	222,983	175,699	152,842	146,588
Unreserved, undesignated	-	-	-	-	-	184	-
Total Public Facilities Improvements	<u>538,431</u>	<u>590,915</u>	<u>256,338</u>	<u>222,983</u>	<u>175,699</u>	<u>153,026</u>	<u>146,588</u>
Redevelopment Capital Projects							
Reserved	189,627	122,036	269,263	88,391	61,460	-	-
Unreserved, designated	116,076	234,582	118,186	120,313	75,702	-	-
Total Redevelopment Capital Projects	<u>305,703</u>	<u>356,618</u>	<u>387,449</u>	<u>208,704</u>	<u>137,162</u>	<u>-</u>	<u>-</u>
Nonmajor Governmental Funds							
Reserved	371,076	331,147	192,566	196,938	149,222	159,413	159,357
Unreserved, designated reported in:							
Special revenue funds	27,666	37,121	53,268	78,501	86,593	13,041	11,929
Capital projects funds	6,933	6,935	9,671	2,056	1,805	20,353	5,128
Unreserved, undesignated reported in:							
Special revenue funds	151,939	139,367	115,637	106,564	197,438	189,570	186,964
Capital projects funds	-	-	-	-	-	(8,241)	981
Total Nonmajor Governmental Funds	<u>557,614</u>	<u>514,570</u>	<u>371,142</u>	<u>384,059</u>	<u>435,058</u>	<u>374,136</u>	<u>364,359</u>
Total All Governmental Funds	<u>\$ 2,002,785</u>	<u>\$ 2,140,296</u>	<u>\$ 1,753,013</u>	<u>\$ 1,400,554</u>	<u>\$ 1,224,339</u>	<u>\$ 902,748</u>	<u>\$ 852,795</u>

Table 5

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

	Fiscal Year				
	2011	2010	2009	2008	2007
Revenues					
Taxes	\$ 427,892	\$ 439,435	\$ 525,238	\$ 553,158	\$ 523,028
Licenses, permits, and franchise fees	20,294	19,197	22,546	24,652	25,981
Fines, forfeitures, and penalties	95,290	114,320	108,572	92,029	82,946
Use of money and property:					
Interest	18,305	26,929	81,040	128,307	113,789
Rents and concessions	17,659	17,393	17,151	15,486	43,171
Aid from other governmental agencies:					
Federal	609,531	636,167	546,030	544,587	496,685
State	921,329	857,191	955,389	971,299	937,630
Other	130,362	172,598	140,757	103,858	89,111
Charges for services	458,744	469,340	460,439	447,889	431,676
Other revenue	95,279	65,711	84,348	102,132	115,863
Total revenues	<u>2,794,685</u>	<u>2,818,281</u>	<u>2,941,510</u>	<u>2,983,397</u>	<u>2,859,880</u>
Expenditures					
General government	311,025	554,315	430,712	409,336	320,254
Public protection	1,081,489	1,068,051	1,126,662	1,083,719	972,006
Public ways and facilities	176,184	130,310	148,544	152,603	157,055
Health and sanitation	353,904	341,244	390,668	375,259	348,921
Public assistance	824,471	812,848	766,407	747,576	686,295
Education	19,282	18,910	15,731	17,907	14,830
Recreation and culture	18,755	12,620	12,801	11,647	11,707
Debt service:					
Principal	80,928	73,378	54,587	46,483	44,222
Interest	83,902	78,689	86,768	91,126	78,204
Cost of issuance	5,212	1,819	2,436	3,868	5,565
Capital outlay	30,439	39,844	48,899	36,691	58,525
Total expenditures	<u>2,985,591</u>	<u>3,132,028</u>	<u>3,084,215</u>	<u>2,976,215</u>	<u>2,697,584</u>
Revenues over (under) expenditures	(190,906)	(313,747)	(142,705)	7,182	162,296
Other financing sources (uses)					
Transfers in	267,985	463,296	538,029	805,400	313,044
Transfers out	(277,943)	(479,143)	(562,345)	(814,607)	(328,624)
Issuance of debt	170,481	81,745	-	294,084	34,173
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
Payment to escrow agent	-	(65,713)	(76,300)	(24,290)	(103,396)
Proceeds from the sale of capital assets	6	-	-	1,159	916
Capital leases	8,321	31,018	22,746	8,670	8,811
Total other financing sources (uses)	<u>168,850</u>	<u>101,879</u>	<u>1,025</u>	<u>381,915</u>	<u>187,400</u>
Net change in fund balances	<u>\$ (22,056)</u>	<u>\$ (211,868)</u>	<u>\$ (141,680)</u>	<u>\$ 389,097</u>	<u>\$ 349,696</u>
Debt service as a % of non-capital expenditures	6.17%	5.85%	5.54%	5.28%	5.07%

Source: Auditor-Controller, County of Riverside

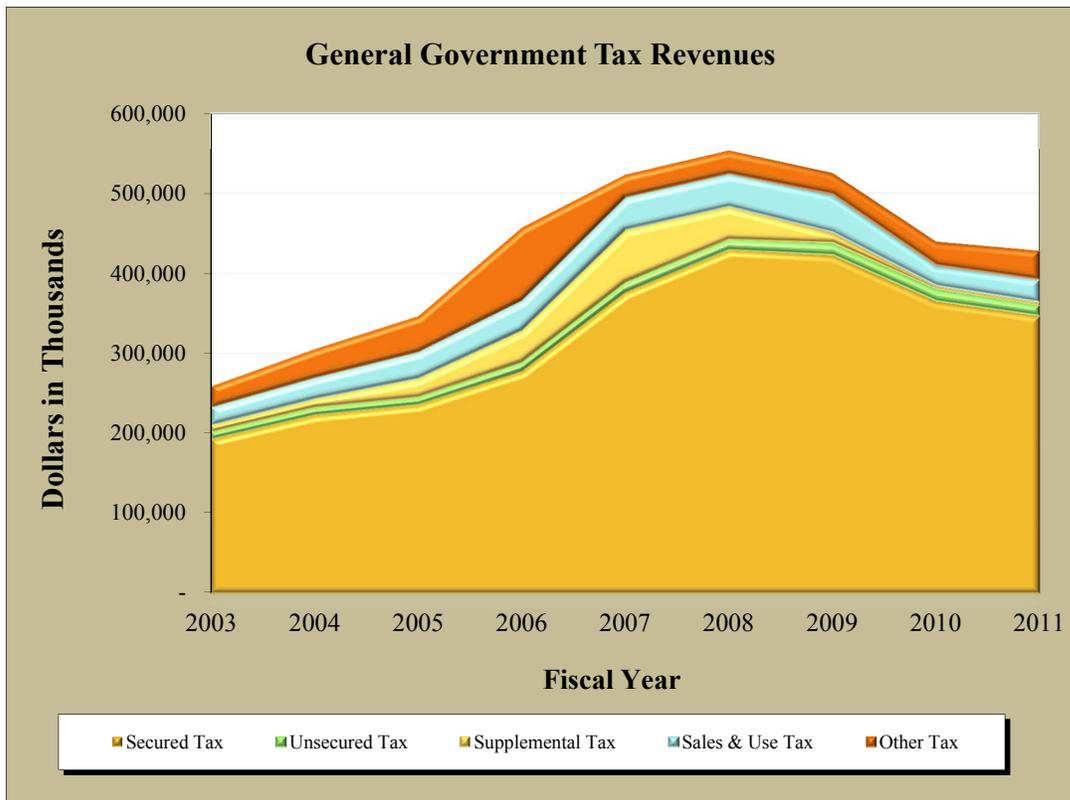
Table 5

2006	2005	2004	2003	
\$ 457,117	\$ 346,248	\$ 305,132	\$ 258,596	Revenues
21,733	22,343	26,418	25,677	Taxes
62,984	70,578	43,297	37,241	Licenses, permits, and franchise fees
				Fines, forfeitures, and penalties
				Use of money and property:
73,838	37,624	16,145	23,331	Interest
41,798	39,831	31,952	39,833	Rents and concessions
				Aid from other governmental agencies:
451,036	446,628	430,970	428,433	Federal
830,634	705,289	713,146	696,466	State
69,042	55,661	46,750	46,099	Other
439,594	383,497	368,497	327,918	Charges for services
110,870	146,800	100,404	132,900	Other revenue
<u>2,558,646</u>	<u>2,254,499</u>	<u>2,082,711</u>	<u>2,016,494</u>	Total revenues
270,340	250,568	217,416	204,861	Expenditures
855,133	1,039,822	677,798	613,781	General government
141,017	111,088	133,973	120,490	Public protection
346,738	339,444	365,727	339,123	Public ways and facilities
629,553	652,069	576,267	570,458	Health and sanitation
11,108	9,889	10,241	9,261	Public assistance
12,727	20,058	9,242	10,722	Education
				Recreation and culture
				Debt service:
45,516	34,452	32,118	37,643	Principal
73,707	46,439	24,523	31,220	Interest
4,925	9,283	504	-	Cost of issuance
25,639	9,680	1,604	22,489	Capital outlay
<u>2,416,403</u>	<u>2,522,792</u>	<u>2,049,413</u>	<u>1,960,048</u>	Total expenditures
142,243	(268,293)	33,298	56,446	Revenues over (under) expenditures
294,835	203,411	163,383	58,661	Other financing sources (uses)
(277,680)	(229,835)	(179,701)	(71,879)	Transfers in
178,750	596,330	21,645	-	Transfers out
-	74,200	-	-	Issuance of debt
-	-	-	-	Issuance of refunding bonds
857	4,827	-	-	Discount on long-term debt
(35,684)	(53,338)	-	-	Premium on long-term debt
2,064	35	494	-	Payment to escrow agent
7,929	6,616	1,008	8,435	Proceeds from the sale of capital assets
<u>171,071</u>	<u>602,246</u>	<u>6,829</u>	<u>(4,783)</u>	Capital leases
<u>\$ 313,314</u>	<u>\$ 333,953</u>	<u>\$ 40,127</u>	<u>\$ 51,663</u>	Total other financing sources (uses)
5.47%	3.35%	2.86%	3.68%	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 Nine Fiscal Years
(Modified Accrual Basis of Accounting)
(Dollars in Thousands)

Fiscal Year	Secured Tax	Unsecured Tax	Supplemental Tax	Sales & Use Tax	Other Taxes	Total
2011	\$ 346,356	\$ 13,404	\$ 3,681	\$ 28,393	\$ 36,058	\$ 427,892
2010	364,810	15,270	3,778	25,762	29,815	439,435
2009	422,329	15,071	12,981	47,683	27,174	525,238
2008	428,790	13,193	40,815	40,985	29,375	553,158
2007	375,924	12,301	65,537	40,607	28,659	523,028
2006	277,266	11,405	39,661	37,532	91,253	457,117
2005	235,636	9,501	23,129	33,091	44,891	346,248
2004	222,635	9,600	10,411	26,633	35,853	305,132
2003	192,684	9,112	8,182	22,444	26,174	258,596



Source: Auditor-Controller, County of Riverside

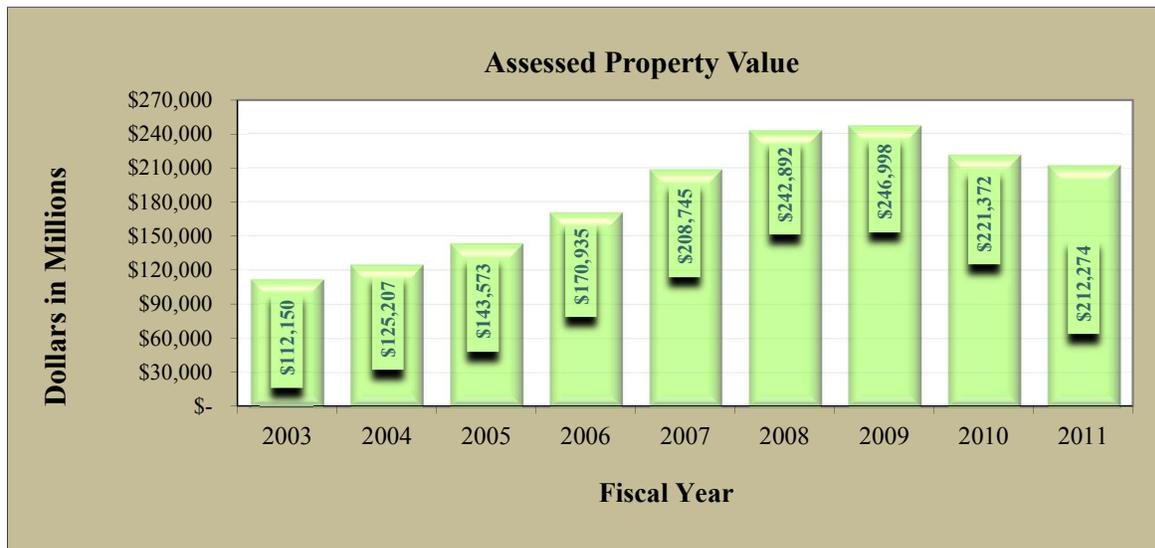


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Table 7

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

	Fiscal Year				
	2011	2010	2009	2008	2007
Real Property					
Secured property	\$ 204,153,163	\$ 213,144,336	\$ 238,312,506	\$ 235,351,116	\$ 202,009,520
Unsecured property	8,121,065	8,227,172	8,685,393	7,540,803	6,735,421
Total Gross Assessed Value	212,274,228	221,371,508	246,997,899	242,891,919	208,744,941
Less:					
Tax-exempt real property	6,673,229	6,424,030	6,111,231	5,574,813	5,125,567
Total Taxable Assessed Value	\$ 205,600,999	\$ 214,947,478	\$ 240,886,668	\$ 237,317,106	\$ 203,619,374
Total Direct Tax Rate	1.1254	1.1222	1.1095	1.0919	1.0772
Estimated Actual Taxable Value	\$ 274,134,665	\$ 286,596,637	\$ 321,182,224	\$ 316,422,808	\$ 271,492,499
Assessed Value as a % of Actual Value	77.43%	77.24%	76.90%	76.76%	76.89%



Source: Auditor-Controller, County of Riverside

Table 7

2006	2005	2004	2003	
\$ 164,618,837	\$ 137,784,611	\$ 119,840,527	\$ 107,159,352	Real Property
6,316,569	5,787,971	5,365,993	4,990,478	Secured property
170,935,406	143,572,582	125,206,520	112,149,830	Unsecured property
				Total Gross Assessed Value
5,014,256	4,730,573	4,301,937	3,878,514	Less:
				Tax-exempt real property
<u>\$ 165,921,150</u>	<u>\$ 138,842,009</u>	<u>\$ 120,904,583</u>	<u>\$ 108,271,316</u>	Total Taxable Assessed Value
1.0805	1.0866	1.0771	1.0787	Total Direct Tax Rate
\$ 221,228,200	\$ 185,122,679	\$ 161,206,111	\$ 144,361,755	Estimated Actual Taxable Value
77.27%	77.56%	77.67%	77.69%	Assessed Value as a % of Actual Value

Table 8

**COUNTY OF RIVERSIDE
Property Tax Rates
Direct and Overlapping Governments
Last Nine 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	
2011	1.12540%	0% to .00575%	.01499% to .13224%	0% to .50000%	1.12540% to 1.50000%
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

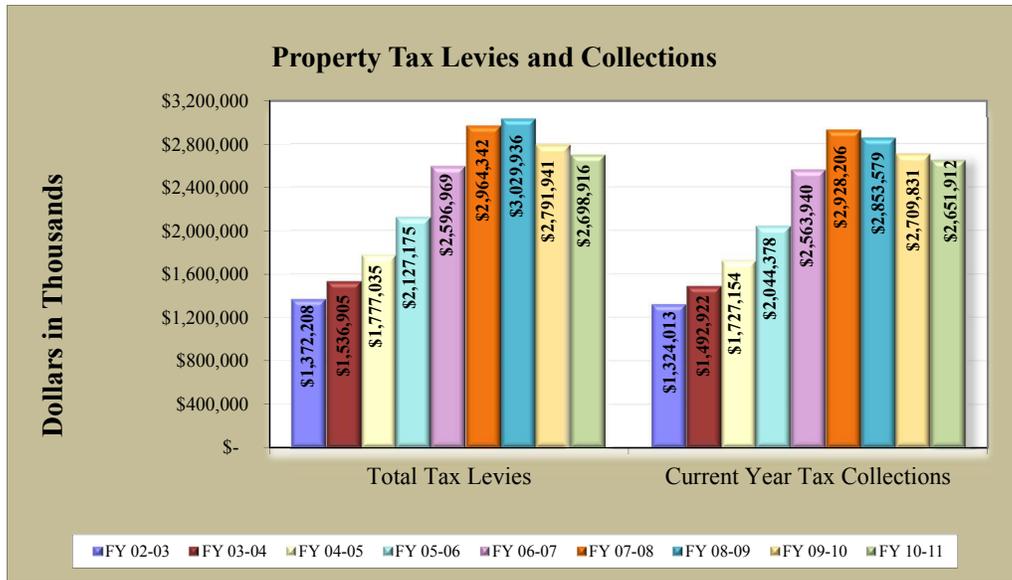
<u>Tax Payer</u>	<u>Fiscal Year</u>			
	<u>2011</u>		<u>2002</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total County Taxable Assessed Value</u>
So. California Edison Co.	\$ 18,359	0.65%	\$ 6,448	0.52%
Verizon California Inc.	8,072	0.28%	7,016	0.57%
Inland Empire Energy Center LLC	7,342	0.26%	-	-
So. California Gas Co.	6,372	0.22%	2,735	0.22%
Federal Natl Mortgage Assn	3,461	0.12%	-	-
Centex Homes	3,434	0.12%	-	-
Abbott Vascular Inc.	3,171	0.11%	-	-
Tyler Mall LTD Partnership	2,880	0.10%	-	-
Blythe Energy LLC	2,852	0.10%	-	-
Deutsche Bank National Trust Co.	2,851	0.10%	-	-
Pacific Bell	-	-	2,627	0.22%
Pardee Grossman	-	-	2,592	0.21%
KSL Desert Resort	-	-	2,578	0.21%
OTR	-	-	2,169	0.18%
Mckenzie Vista	-	-	2,030	0.16%
Desert Springs Marriott LTD Partnership	-	-	1,950	0.15%
Metal Container Corp	-	-	1,596	0.13%
Total	\$ 58,794	2.06%	\$ 31,741	2.57%

Source: Treasurer-Tax Collector, County of Riverside

Table 10

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

Fiscal Year	Total Secured Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections as of 6/30	
		Amount	Percentage of Levy	Delinquent* Tax Collections	Amount	Percentage of Levy
2011	\$ 2,698,916	\$ 2,651,912	98.26%	\$ 174,424	\$ 2,826,336	104.72%
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

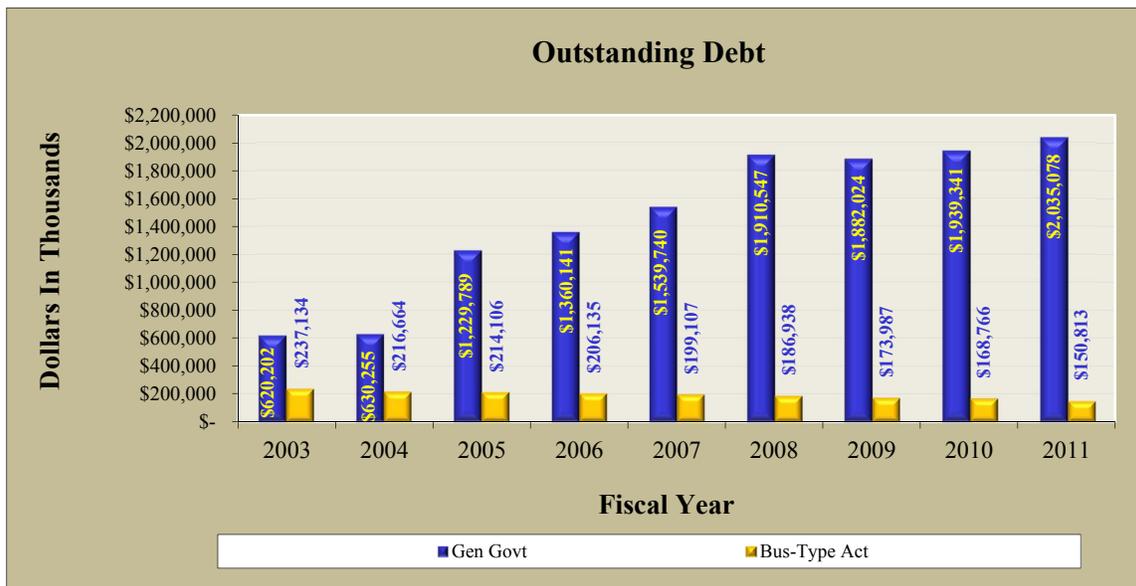


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Table 11

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

	Fiscal year				
	2011	2010	2009	2008	2007
General Government					
Bonds	\$ 1,551,323	\$ 1,408,017	\$ 1,359,277	\$ 1,086,397	\$ 806,398
Certificates of participation	367,272	385,447	391,914	408,024	335,866
Note and loans	5,355	21,987	13,222	310,809	310,139
Capital leases	111,128	123,890	117,611	105,317	87,337
Business-Type Activities					
Bonds	134,983	147,924	159,959	170,814	181,263
Certificates of participation	-	-	-	-	-
Capital leases	15,830	20,842	14,028	16,124	17,844
Total Primary Government	\$ 2,185,891	\$ 2,108,107	\$ 2,056,011	\$ 2,097,485	\$ 1,738,847
Percentage of Personal Income	3.07%	3.13%	3.28%	3.25%	2.90%
Per Capita	\$ 986	\$ 985	\$ 975	\$ 1,004	\$ 856



Note: Per Capita is an estimate for fiscal years 2010 and 2011

Source: California State Department of Finance
 Auditor-Controller, County of Riverside
 Bureau of Economic Analysis

Table 11

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
					General Government
\$	814,443	\$ 678,028	\$ 91,758	\$ 91,758	Bonds
	348,486	325,572	387,869	357,855	Certificates of participation
	113,383	150,344	67,010	68,060	Note and loans
	83,829	75,845	83,618	102,529	Capital leases
					Business-Type Activities
	191,142	200,555	210,558	228,392	Bonds
	-	1,040	2,040	3,000	Certificates of participation
	14,993	12,511	4,066	5,742	Capital leases
<u>\$</u>	<u>1,566,276</u>	<u>\$ 1,443,895</u>	<u>\$ 846,919</u>	<u>\$ 857,336</u>	Total Primary Government
	2.81%	2.92%	1.88%	2.01%	Percentage of Personal Income
\$	807	\$ 769	\$ 477	\$ 499	Per Capita

Table 12

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

	Fiscal Year				
	2011	2010	2009	2008	2007
Bonds	\$ 1,686,306	\$ 1,555,941	\$ 1,519,236	\$ 1,257,211	\$ 987,661
Less:					
Amounts available in debt service fund	151,405	127,206	147,568	119,597	73,308
Total Net Obligation Bonds Outstanding	\$ 1,534,901	\$ 1,428,735	\$ 1,371,668	\$ 1,137,614	\$ 914,353
Percentage of Estimated					
Actual Taxable Value of Property	0.56%	0.51%	0.43%	0.36%	0.34%
Per Capita	\$ 692	\$ 668	\$ 651	\$ 545	\$ 450

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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$ 1,005,585	\$ 878,583	\$ 302,316	\$ 320,150	Bonds
				Less:
79,935	61,941	72,798	133,049	Amounts available in debt service fund
<u>\$ 925,650</u>	<u>\$ 816,642</u>	<u>\$ 229,518</u>	<u>\$ 187,101</u>	Total Net Obligation Bonds Outstanding
				Percentage of Estimated
0.43%	0.32%	0.46%	0.44%	Actual Taxable Value of Property
\$ 477	\$ 435	\$ 129	\$ 109	Per Capita

Table 13

COUNTY OF RIVERSIDE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
(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	\$ 8,159,288	86.96%	<u>\$ 7,095,708</u>
Subtotal, overlapping debt			7,095,708
County of Riverside direct debt			<u>1,063,580</u>
Total direct and overlapping debt			<u><u>\$ 8,159,288</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 Nine Fiscal Years
(Dollars in Thousands)**

	Fiscal Year				
	2011	2010	2009	2008	2007
Debt limit	\$ 2,570,012	\$ 2,686,843	\$ 3,011,083	\$ 2,966,464	\$ 2,598,369
Total net debt applicable to limit	<u>(1,534,901)</u>	<u>(1,428,735)</u>	<u>(1,211,709)</u>	<u>(966,800)</u>	<u>(733,090)</u>
Legal debt margin	<u>\$ 1,035,111</u>	<u>\$ 1,258,108</u>	<u>\$ 1,799,374</u>	<u>\$ 1,999,664</u>	<u>\$ 1,865,279</u>
Total net debt applicable to the limit as a percentage of debt limit	59.7%	53.2%	40.2%	32.6%	28.2%

Legal Debt Margin Calculated for Fiscal Year 2011

Assessed value	\$ 207,831,315
Less: Homeowners exemptions	<u>2,230,316</u>
Total assessed value	<u>205,600,999</u>
Debt limit (1.25% of total assessed value)	<u>2,570,012</u>
Debt applicable to limit:	
General obligation bonds (Governmental & Business-type)	1,686,306
Less: Amount set aside for repayment of general obligation debt	<u>151,405</u>
Total net debt applicable to limit	<u>1,534,901</u>
Legal debt margin	<u>\$ 1,035,111</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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
\$ 2,125,832	\$ 1,735,525	\$ 1,511,307	\$ 1,353,391	Debt limit
<u>(603,194)</u>	<u>(616,087)</u>	<u>(635,290)</u>	<u>(620,202)</u>	Total net debt applicable to limit
<u>\$ 1,522,638</u>	<u>\$ 1,119,438</u>	<u>\$ 876,017</u>	<u>\$ 733,189</u>	Legal debt margin
28.4%	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 Nine 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		
2011	\$ 16,067	\$ 2,072	\$ 13,995	\$ 15,355	\$ 16,039	44.58%	
2010	30,318	3,336	26,982	14,455	16,642	86.77%	
2009	39,334	10,682	28,652	13,160	16,865	95.43%	
2008	60,656	43,790	16,866	12,545	17,116	56.86%	
2007	31,046	5,939	25,107	12,115	16,976	86.31%	
2006	25,371	785	24,586	11,600	17,355	84.91%	
2005	21,601	676	20,925	11,175	17,551	72.84%	
2004	20,715	5,586	15,129	9,490	9,418	80.01%	
2003	17,008	1,273	15,735	8,300	11,474	79.57%	

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

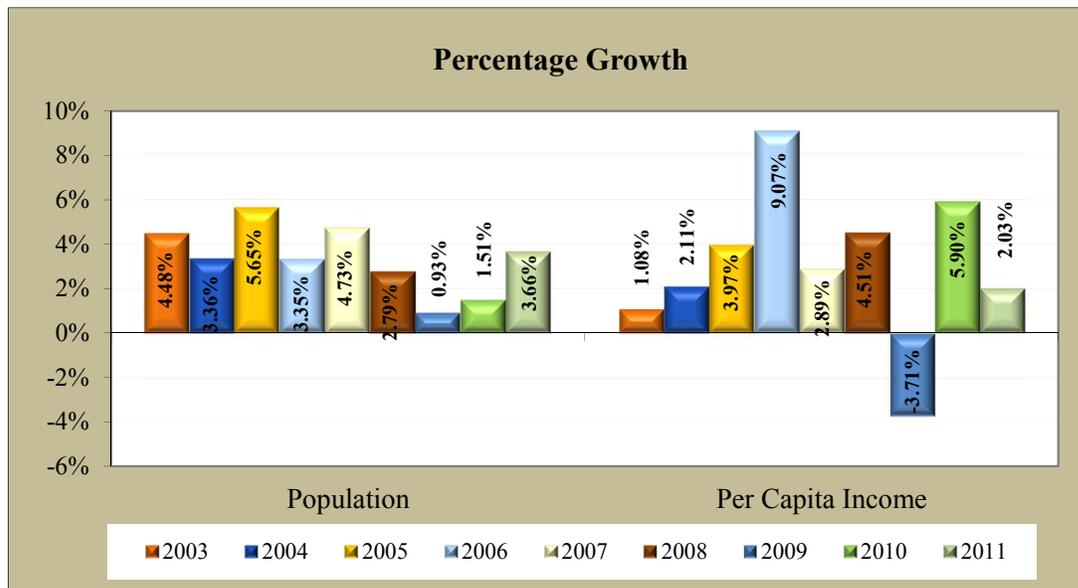
Table 15

Inland Empire Tobacco Securitization Bonds								
Revenue from Tobacco Settlement	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Fiscal Year		
			Principal	Interest				
\$ 9,290	\$ 123	\$ 9,167	\$ 6,135	\$ 3,615	94.02%	2011		
6,496	155	6,341	3,610	3,794	85.64%	2010		
9,500	134	9,366	4,235	3,995	113.80%	2009		
7,798	2,448	5,350	3,785	3,306	75.45%	2008		
-	-	-	-	-	0.00%	2007		
-	-	-	-	-	0.00%	2006		
-	-	-	-	-	0.00%	2005		
-	-	-	-	-	0.00%	2004		
-	-	-	-	-	0.00%	2003		

Table 16

COUNTY OF RIVERSIDE
Demographic and Economic Statistics
Last Nine Fiscal Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2011	2,217,778	\$ 69,657,000 ¹	\$ 32,142 ¹	424,086	14.40%
2010	2,139,535	66,943,000 ¹	31,504 ¹	423,986	14.50%
2009	2,107,653	63,228,086	29,748	419,643	14.00%
2008	2,088,322	64,504,000	30,894	420,450	8.40%
2007	2,031,625	61,024,000	29,560	404,331	5.70%
2006	1,939,814	53,246,505	28,730	394,687	5.10%
2005	1,877,000	49,443,185	26,342	380,267	5.20%
2004	1,776,700	45,016,790	25,337	364,857	5.80%
2003	1,719,000	42,655,266	24,814	349,607	6.20%



Notes 1: Projection based on 10 years' running average (2000 - 2009)

Source: Bureau of Economic Analysis
 Riverside County Superintendent of Schools
 State of California, Employment Development Department
 California State Department of Finance

Table 17

COUNTY OF RIVERSIDE
Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year			
	2011		2002	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
County of Riverside	18,000	2.34%	-	-
March Air Reserve Base	8,525	1.11%	-	-
Stater Brothers Market	6,902	0.90%	5,300	0.75%
U. C. Riverside	4,907	0.64%	-	-
Corona-Norco Unified School District	4,400	0.57%	-	-
Pechanga Resort & Casino	4,000	0.52%	-	-
Riverside Unified School District	3,900	0.51%	-	-
Kaiser Permanente Riverside Medical Center	3,500	0.45%	3,521	0.50%
Riverside Community College	3,141	0.41%	-	-
Abbott Vascular	3,000	0.39%	-	-
Wal-Mart	-	-	3,400	0.48%
Ralphs Grocery Co.	-	-	3,284	0.47%
Guidant Corporation	-	-	2,300	0.33%
Fleetwood Enterprises, Inc.	-	-	2,125	0.30%
Eisenhower Medical Center	-	-	1,880	0.27%
Marriott Desert Springs Resort	-	-	1,800	0.26%
KSL Desert Resorts Inc.	-	-	1,700	0.24%
Valley Health System	-	-	1,586	0.23%
Total	60,275	7.83%	26,896	3.83%

Source: The Biz Press

Table 18

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

Function/Program	Full-time Equivalent Employees				
	2011	2010	2009	2008	2007
General government					
Legislative and administrative	87	98	92	96	92
Finance	411	438	456	522	477
Counsel	64	70	69	69	69
Personnel	172	167	182	216	191
Elections	39	42	41	40	39
Communication	11	12	11	10	-
Property management	531	500	494	468	387
Promotion	139	180	186	177	168
Other general	32	36	36	39	-
Public protection					
Judicial	1,345	1,444	1,485	1,506	1,371
Police protection	2,408	2,449	2,586	2,474	2,354
Detention and correction	2,067	2,076	2,220	2,174	1,972
Fire protection	198	188	190	199	165
Protection/inspection	87	100	98	114	274
Other protection	615	669	737	778	541
Administration	62	65	58	60	50
Public ways and facilities					
Public ways	413	465	506	532	517
Parking Facilities	18	20	-	-	-
Health and sanitation					
Health	2,063	2,024	2,075	2,214	2,023
Hospital care	31	31	30	30	31
California children's services	138	143	148	168	159
Public assistance					
Aid programs	3,089	3,132	3,159	3,297	2,948
Veterans' services	12	12	12	13	12
Other assistance	355	348	285	305	302
Education, recreation and culture					
Library services	1	-	1	1	1
Agricultural extension	5	5	5	6	5
Cultural services	3	3	3	2	2
County business-type functions					
Hospital care	2,295	2,246	2,186	2,097	1,889
Sanitation	174	198	211	206	170
Internal service	2,315	2,418	1,723	2,202	2,934
Special districts/Component units	591	547	533	534	526
Total	19,771	20,126	19,818	20,549	19,669

Note: Temporary employees, 1,277, filled as of 5/11/11, are included in the total number employees.

Source: County of Riverside, FY2011-12 Recommended Budget

Table 18

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

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Nine Fiscal Years

<u>Function/Program</u>	Fiscal year				
	2011	2010	2009	2008	2007
Agricultural Commissioner					
Export phytosanitary certificates	20,406	25,745	36,772	29,288	22,266
Pesticide use inspections	764	682	831	903	840
Weights and measures regulated	134,290	131,175	129,528	129,726	121,986
Agriculture quality inspections	693	643	668	643	1,061
Plant pest inspections	9,584	9,667	48,944	25,987	14,532
Nursery acreage inspected	6,338	6,923	7,627	7,851	9,226
Weights and measures inspected	56,751	77,278	80,862	83,269	97,039
Assessor-Clerk-Recorder					
Assessments	904,040	941,928	942,174	938,462	920,555
Official records recorded	612,804	673,674	682,708	773,308	957,123
Vital records copies issued	80,391	87,194	97,422	97,427	88,640
Official records copies issued	28,990	26,348	33,135	34,711	35,319
Auditor-Controller					
Invoices paid	412,374	488,192	522,097	504,866	449,367
Vendor warrants (checks) issued	265,979	300,428	320,613	255,767	237,645
Active vendors	65,090	64,761	59,685	75,575	68,358
Payroll warrants (checks) issued	506,870	532,904	532,202	522,215	496,386
Average payroll warrants (checks) per pay period	19,495	19,737	20,469	20,085	19,092
Audits per fiscal year	26	30	30	31	34
Tax Bills Levied	999,241	977,115	974,041	1,004,076	1,069,352
Tax Refunds/Roll Changes Processed	123,476	115,904	152,672	89,527	98,769
Community Action Partnership					
Utility assistance (households)	22,207	27,956	12,869	9,902	13,337
Weatherization (households)	1,375	2,083	1,033	853	465
Energy education attendees	13,807	11,725	10,775	19,396	14,590
Disaster relief (residents)	12,058	17,989	15,336	16,366	13,551
Income tax returns prepared	3,006	2,257	2,011	1,828	1,384
After school programs (students)	18,400	13,800	11,000	10,905	10,905
Homeless program (bed nights)	-	-	-	12,822	13,198
Homeless program (meals)	-	-	-	25,644	26,396
Leadership program enrollment	593	182	-	209	-
Mediation (cases)	2,178	2,237	1,821	2,144	2,133
Community Health Agency					
Facilities inspections	31,801	31,213	34,273	33,009	31,760
Patient visits	106,532	142,617	125,767	149,223	139,885
Patient services	390,607	313,409	466,800	601,889	438,639
Animal impounds	49,408	62,770	71,834	30,305	27,362
Spays and neuters	8,305	7,225	8,480	7,208	5,645

Note: a - Number of pamphlets mailed
b - Program not yet started / not tracked
c - Homeless program reporting responsibilities were transferred from CAP to DPSS at the end of FY2008
e - Phytosanitary = Plant pest cleanliness
f - Pesticide Use Inspections = Environmental monitoring

Source: Various County Departments

Table 19

2006	2005	2004	2003	
Function/Program				
Agricultural Commissioner				
21,746	20,037	14,692	15,623	e Export phytosanitary certificates
1,199	1,105	1,366	1,257	f Pesticide use inspections
120,211	114,529	102,780	95,334	Weights and measures regulated
541	1,067	1,251	1,202	Agriculture quality inspections
4,975	5,933	6,296	5,421	Plant pest inspections
7,382	7,431	5,355	6,501	Nursery acreage inspected
150,308	101,223	31,794	27,990	Weights and measures inspected
Assessor-Clerk-Recorder				
896,998	859,413	831,610	791,348	Assessments
1,082,688	1,039,166	1,019,271	794,257	Official records recorded
82,015	73,379	68,892	70,071	Vital records copies issued
35,691	36,480	36,231	33,506	Official records copies issued
Auditor-Controller				
457,439	472,942	492,675	563,252	Invoices paid
235,044	242,763	220,649	235,121	Vendor warrants (checks) issued
62,699	56,686	49,970	42,937	Active vendors
469,692	449,011	448,845	448,571	Payroll warrants (checks) issued
				Average payroll warrants (checks) per pay period
18,065	17,270	17,263	17,253	
37	20	13	12	Audits per fiscal year
1,039,358	988,487	896,814	856,951	Tax Bills Levied
124,973	93,718	155,115	61,164	Tax Refunds/Roll Changes
Community Action Partnership				
10,944	11,783	12,846	14,706	Utility assistance (households)
801	795	711	857	Weatherization (households)
10,389	11,508	1,953	37,445	a Energy education attendees
8,605	1,514	-	-	b Disaster relief (residents)
2,651	-	-	-	b Income tax returns prepared
537	51	271	51	After school programs (students)
31,328	40,245	30,316	63,703	c Homeless program (bed nights)
142,578	372,048	170,937	453,238	c Homeless program (meals)
113	11	-	-	b Leadership program enrollment
2,099	2,002	2,042	1,869	Mediation (cases)
Community Health Agency				
32,000	40,642	38,105	36,546	Facilities inspections
123,843	135,539	125,936	123,230	Patient visits
369,041	339,095	376,534	336,909	Patient services
29,206	20,467	21,307	21,661	Animal impounds
5,806	2,401	3,080	2,372	Spays and neuters

Continued

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Nine Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
County Library						
Total circulation - books	3,724,657	3,718,343	3,464,547	3,280,929	2,352,624	2,051,276
Reference questions answered	404,913	370,619	382,795	426,533	383,428	454,590
Patron door count	731,699	3,599,064	3,170,424	2,744,576	2,352,403	2,433,646
Programs offered	7,624	7,214	5,618	5,570	4,546	2,353
Program attendance	163,416	148,612	127,717	103,393	80,100	84,994
County Regional Medical Center						
Emergency room treatments	99,706	96,993	88,459	82,584	76,666	73,448
Emergency room services - MH	15,376	14,288	9,702	7,867	7,624	7,536
Clinic visits	129,041	131,624	129,171	124,318	123,479	106,943
Admissions	23,638	23,536	23,253	23,433	24,393	22,262
Patient days	123,250	121,915	118,452	115,811	112,138	105,203
Discharges	23,668	23,559	23,238	23,440	24,430	22,244
Fire						
Medical assistance	97,066	94,193	91,707	89,404	89,329	86,129
Fires extinguished	4,271	4,449	4,406	5,659	6,372	5,060
Other services	16,522	17,076	18,486	19,472	16,310	19,035
Communities served	78	78	78	78	78	78
Mental Health						
Mental health clients (crisis/long-term care)	33,260	30,657	30,065	29,814	28,476	26,435
Substance abuse clients	16,987	16,736	18,712	17,746	18,597	18,120
Detention clients	8,874	10,831	12,781	9,441	5,522	6,351
Probate conservatorship clients	424	474	256	206	232	266
Mental health conservatorship clients	832	675	240	279	279	294
Probation						
Adults on probation	a 16,271	17,790	17,469	17,022	15,974	16,051
Juveniles in secure detention	b 225	248	241	293	343	322
Juveniles in treatment facilities	b 128	125	112	113	126	113
Juveniles in detention facilities	a 10,741	11,385	10,783	12,463	14,283	13,218
Public Social Services						
CalWORKs clients	33,412	31,022	26,905	22,310	20,336	19,880
Food stamp clients	91,606	74,484	52,877	36,339	30,781	28,749
Medi-Cal clients	124,061	116,758	107,904	101,542	105,578	108,887
In-home support services	18,201	16,852	16,307	14,845	13,934	12,590
Foster care placements	3,130	3,085	3,486	5,057	4,306	5,175
Child welfare services	9,916	9,591	10,217	11,912	12,333	11,639
Homeless program (bed nights)	c 10,746	12,900	10,854	-	-	-
Homeless program (meals)	c 21,494	25,800	21,707	-	-	-

Note: a - Average monthly
 b - Average daily
 c - Homeless program reporting responsibilities were transferred from CAP to DPSS at the end of FY2008

Source: Various County Departments

Table 19

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>Function/Program</u>
County Library			
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
County Regional Medical Center			
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
Fire			
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
Mental Health			
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
Probation			
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
Public Social Services			
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
-	-	-	Homeless program (bed nights)
-	-	-	Homeless program (meals)

Continued

Table 19

COUNTY OF RIVERSIDE
Operating Indicators by Function
Last Nine Fiscal Years

Function/Program	Fiscal Year				
	2011	2010	2009	2008	2007
Registrar of Voters					
Voting precincts	1,649	2,370	2,387	3,474	1,472
Polling places	746	1,158	1,205	2,017	610
Voters a	1,009,933	1,815,892	1,747,556	1,705,406	931,821
Poll workers	3,281	4,186	6,287	8,355	2,622
Sheriff					
Number of bookings	53,974	55,306	62,007	59,054	61,697
Coroner case load	10,555	10,027	9,582	9,394	9,212
Calls for services b	232,821	255,601	302,400	280,000	279,415
TLMA - Building & Safety					
Building permits issued	605	1,248	986	1,800	5,786
Building plans checked	595	1,241	918	1,507	5,151
Building structures inspected	890	1,321	1,780	3,158	8,580
Veterans' Services					
Phone inquiries answered	43,617	41,569	39,393	29,553	23,287
Client interviews	15,630	25,209	13,955	10,571	8,199
Claims filed	5,485	5,581	5,812	5,194	3,786
Waste Management					
Landfill tonnage	1,071,394	1,032,942	1,024,267	1,220,124	1,325,284
Recycling tonnage	2,499	1,803	2,356	3,385	3,048

Notes: a - Number of voters that were mailed voting materials for all elections in the fiscal year
b - Unincorporated areas
c - Program not yet started / not tracked

Table 19

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
<u>Function/Program</u>				
Registrar of Voters				
1,872	1,160	2,389	2,087	Voting precincts
1,060	613	1,299	1,136	Polling places
1,658,509	870,300	1,919,561	1,335,785	Voters
3,992	2,692	4,911	4,668	Poll workers
Sheriff				
56,926	55,375	52,497	49,617	Number of bookings
8,943	8,558	7,826	7,772	Coroner case load
250,000	240,182	219,145	206,122	Calls for services
TLMA - Building & Safety				
10,232	9,980	10,452	10,106	Building permits issued
8,759	8,251	9,128	8,776	Building plans checked
9,593	8,182	8,887	8,533	Building structures inspected
Veterans' Services				
21,917	25,276	-	-	c Phone inquiries answered
7,467	7,559	-	-	c Client interviews
3,372	3,503	-	-	c Claims filed
Waste Management				
1,423,469	1,328,935	1,231,767	1,148,312	Landfill tonnage
3,758	2,619	2,850	2,066	Recycling tonnage

Table 20

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

Function/Program	Fiscal Year				
	2011	2010	2009	2008	2007
County Libraries					
Branch libraries	33	33	33	33	29
Book mobiles	2	2	2	2	2
Books in collection	1,668,434	1,612,925	1,564,186	1,552,108	1,784,149
County Regional Medical Center					
Major clinics	4	4	4	4	4
Routine and specialty clinics	30	30	30	30	30
Beds licensed	439	439	439	439	439
Fire					
Stations	46	49	49	49	49
Trucks	156	154	149	143	141
Parks and Recreation					
Regional parks	12	12	13	13	13
Historic sites	4	4	6	6	6
Nature centers	4	4	5	5	5
Archaeological sites	6	6	7	7	7
Wildlife reserves	9	9	16	16	16
RV and Mobile Home Parks	3	3	-	-	-
Managed Areas	5	5	-	-	-
Recreational Facilities	2	-	-	-	-
Sheriff					
Patrol stations	10	10	10	10	10
Patrol vehicles	896	883	923	974	702
Waste Management					
Landfills	6	6	6	6	6
Capacity in tons	54,177,558	51,794,663	51,794,663	51,609,663	51,609,663

Table 20

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



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