

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

358



SUBMITTAL DATE:
January 29, 2007

FROM: Auditor-Controller

SUBJECT: Fiscal Year 2005-06 County of Riverside Financial Highlights

RECOMMENDED MOTION:

That the Board of Supervisors receive and file the attached County of Riverside Financial Highlights (Financial Highlights) for the fiscal year ended June 30, 2006.

BACKGROUND:

Financial Highlights provides a simple recap of the County's financial information in an easy-to-read format. The information contained in this publication is derived from the County of Riverside Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2005-06. Financial Highlights is available in addition to the full version CAFR.

Robert E. Byrd
ROBERT E. BYRD
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	-0-	In Current Year Budget:	No
	Current F.Y. Net County Cost:	-0-	Budget Adjustment:	No
	Annual Net County Cost:	-0-	For Fiscal Year:	

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **RECEIVE AND FILE**

Bob Schmitt

County Executive Office Signature

- Dep't Recomm.: Consent
- Dep't Recomm.: Policy
- Per Exec. Ofc.: Consent
- Per Exec. Ofc.: Policy

5001 7AM 31 11:30
RECEIVED RIVERSIDE COUNTY

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

2.5

County of Riverside

FINANCIAL HIGHLIGHTS

For the fiscal year ended June 30, 2006



Board of Supervisors

Bob Buster, 1st District
John F. Tavaglione, 2nd District
Jeff Stone, 3rd District
Roy Wilson, 4th District
Marion Ashley, 5th District

Auditor-Controller

Robert E. Byrd

Treasurer-Tax Collector

Paul McDonnell

Assessor-County Clerk-Recorder

Larry Ward

Sheriff-Coroner

Bob Doyle

District Attorney

Grover Trask

County Executive Officer

Larry Parrish

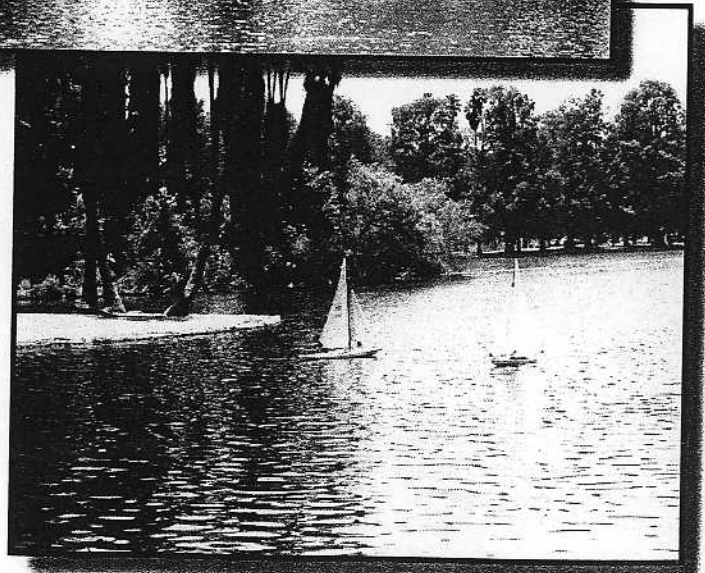
County Counsel

Joe S. Rank

View County of Riverside Financial Highlights
online at
www.auditorcontroller.org

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A message from your **Auditor-Controller**



Citizens of Riverside County:

As your County Auditor-Controller, I serve as your "fiscal overseer" on what the County of Riverside does with your money. The mission statement of the Riverside County Auditor-Controller's Office is "to provide sound financial accounting, auditing, and reporting in order to serve the citizens of Riverside County." My office will achieve this goal by raising the bar to a higher standard by providing more timely and useful information to the citizens of Riverside County to assess the financial condition of the County. I am proud to present you with the County of Riverside Financial Highlights for fiscal year 2005-2006.

In today's complex world of governmental financial reporting, it is challenging to analyze financial statements—especially for those who don't have an accounting background. This report was designed to address that issue by providing a simple recap of your County's finances in an easy-to-read format.

The financial statements used in this report are simplified and condensed to reflect financial information regarding County of Riverside's governmental funds. The County's governmental fund financial statements provide information on the sources, uses and balances of current financial resources for operations between July 1, 2005 and June 30, 2006.

The information contained in this report is derived from the County of Riverside Comprehensive Annual Financial Report (CAFR). The CAFR is a 180-page document of detailed financial information including a variety of financial statements, disclosure notes, supplemental schedules and statistical tables. Individuals requiring information prepared under U.S. Generally Accepted Accounting Principles should refer to the CAFR. It is available at Riverside County public libraries and online at www.auditorcontroller.org.

The County of Riverside Financial Highlights report is the foundation upon which good accountability to you rests. If you have any questions please contact me by calling my office at (951) 955-3800, or write to: Office of the Auditor-Controller, 4080 Lemon Street 11th Floor, Riverside, CA 92501.

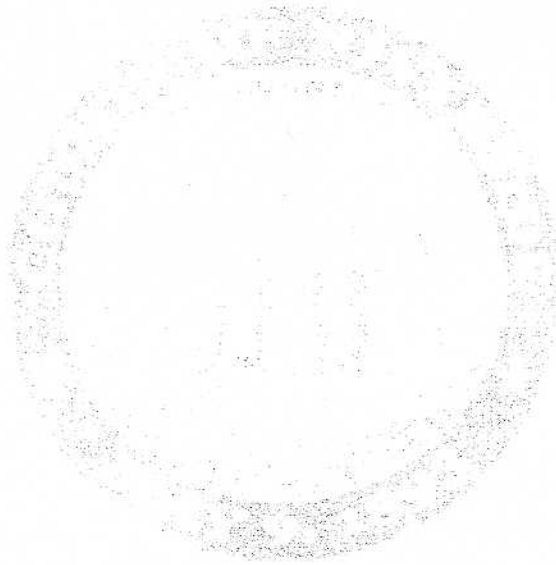
Sincerely,

Robert E. Byrd, CGFM
County Auditor-Controller

About the Auditor-Controller



The Auditor-Controller is the chief accounting and disbursing officer of the County. The Auditor-Controller is charged with the responsibility of providing the County of Riverside with professional fiscal leadership through accounting, disbursement and audit services, monitoring financial performance, providing financial reports, information and advice. The Auditor-Controller assists in the development of sound financial management policies and procedures, and is responsible for reviewing, proposing, and installing accounting systems and improved methods and internal controls. The Auditor-Controller must maintain appropriation and budgetary controls and examine accounting records of departments and special districts for which the Board of Supervisors is the governing body.



County Profile

County of Riverside Mission Statement

"Provide local government services as mandated by the State and Federal law, and discretionary services as requested by County taxpayers, within the bounds of available fiscal resources, in a manner which reflects favorably upon the profession of public service and the American form of Democratic Government."

County of Riverside Vision

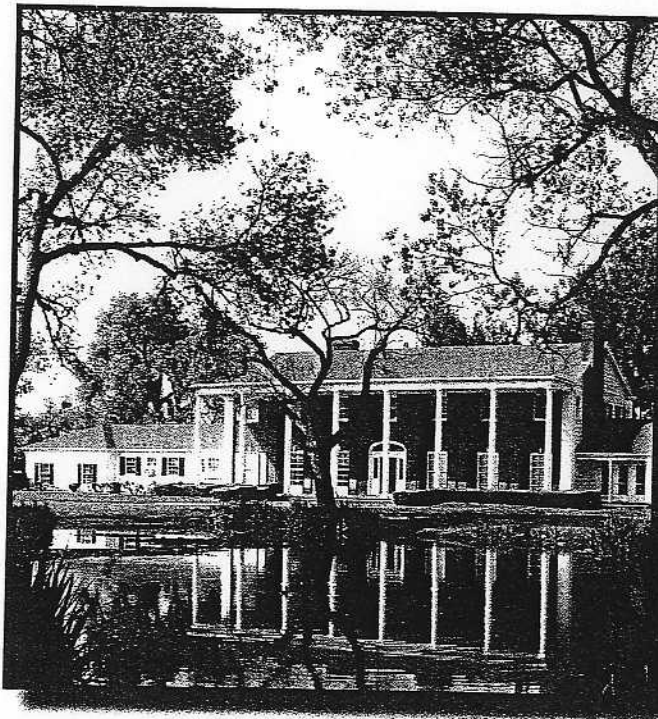
"Our vision is to be a proactive county that provides community, business, government, and regional leadership. We will set an exemplary standard of performance among counties by providing our citizens with cost-effective, efficient, and reliable government services, and by developing creative solutions to critical community-wide problems confronting all segments of our constituency. We will anticipate and address the challenges of environmental quality, societal change, and economic competitiveness while striving to make Riverside County an even better place to live, work, raise our families, and do business."

County of Riverside Overview

Riverside County is the state's fourth largest county by area. It encompasses 7,295 square miles and extends 184 miles across Southern California from the Arizona border west to within 10 miles of the Pacific Ocean. It is situated immediately east of Los Angeles and Orange Counties, south of San Bernardino County, and north of San Diego and Imperial Counties.

There are 24 incorporated cities located within the County. The largest cities in the County are the cities of Riverside (the county seat) with a population of 287,820, Moreno Valley with a population of 174,565, and Corona with a population of 144,661.

Total County population was 1,939,814 on January 1, 2006, an increase of 3.3% compared to the revised

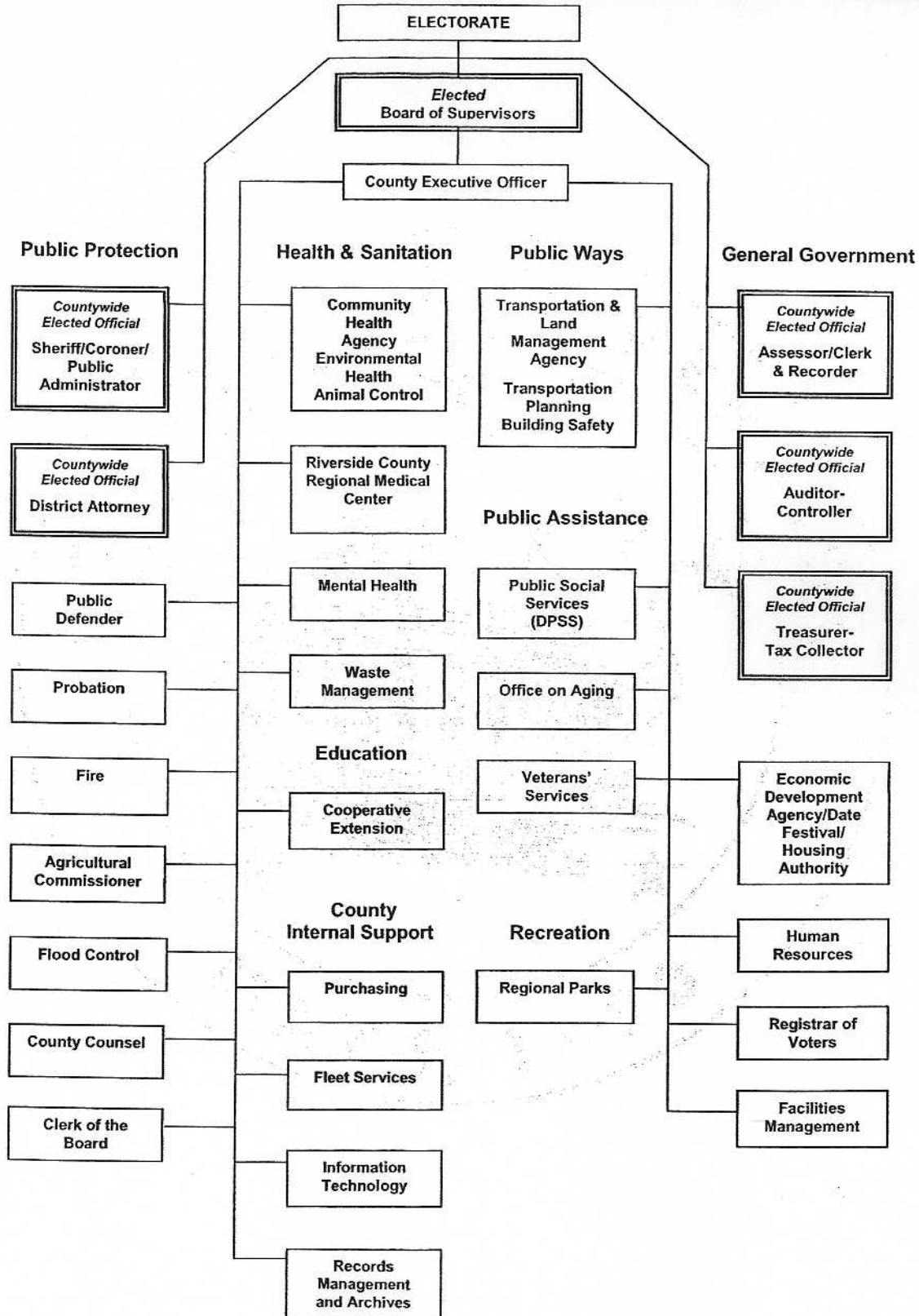


estimate for 2005 from the California State Department of Finance. Estimated population figures are developed by the State as of January 1 of each year with a revised estimate for the prior year. Riverside County's population ranks as the fifth largest county in the state. Approximately 27% of the County's residents live in the unincorporated area. Riverside County has large and rapidly expanding trade, transportation, utilities, distribution and manufacturing industries.

As of June 2006, unemployment in Riverside County was 5.1% compared to 5.2% for the prior fiscal year.

The lower unemployment rate in fiscal year 2005-2006 is primarily attributable to construction, distribution, professional, and various other rapidly expanding service industries. The unemployment rate in the United States as of June 2006 was 5.0%.

Organizational Structure



Board of Supervisors



Bob Buster - District 1

The First Supervisorial District includes areas within the City of Riverside (the La Sierra and Arlington communities), as well as the city of Lake Elsinore. The District also comprises unincorporated communities including Lakeland Village, Lake Mathews, Mead Valley, Wildomar and Santa Rosa Rancho, as well as portions of Gavilan Hills and Woodcrest.



John F. Tavaglione - District 2

The Second Supervisorial District includes the cities of Corona and Norco; approximately one-third of the City of Riverside, including the Magnolia Center and Municipal Airport areas, Casa Blanca, and the East-side Community. Unincorporated communities within the Second Supervisorial District include the Jurupa Valley (Rubidoux, Glen Avon, Sunnyslope, Pedley, Mira Loma); and Home Gardens, El Cerrito, Coronita, and Green River.



Jeff Stone - District 3

The Third Supervisorial District includes Pinyon Pines, Canyon Lake, Hemet, San Jacinto, Murrieta and Temecula. The District also includes the unincorporated areas of Anza, Aguanga, Idyllwild, Menifee Valley, Valle Vista, Winchester and Wine Country.



Roy Wilson - District 4

The Fourth Supervisorial District includes the cities of Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella and Blythe. Unincorporated communities include: Bermuda Dunes, Sun City Palm Desert, Thousand Palms, Sky Valley, Hot Springs, Indio Hills, Mecca, Thermal, Oasis, Vista Santa Rosa, North Shore, Chiriaco Summit, Desert Center, Lake Tamarisk, Mesa Verde, Ripley and the Colorado River Communities.



Marion Ashley - District 5

The Fifth Supervisorial District includes the cities of Moreno Valley, Perris, Calimesa, Beaumont, Banning, Desert Hot Springs and northern Palm Springs. Unincorporated Areas include Nuevo, Lakeview, Juniper Flats, Meadowbrook, Good Hope, a portion of Mead Valley, Romoland, Homeland, Green Acres, Highgrove, Box Springs, Pigeon Pass, Reche Canyon, San Timoteo Canyon, Oak Valley, Cherry Valley, Banning Bench, Cabazon, Palm Springs Village and Palm Springs West. The District also includes the Tribal Governments from the Sovereign Nations of the Morongo Band of Mission Indians and the Agua Caliente Band of Cahuilla Indians as well as a portion of March Air Reserve Base.

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

	Total Governmental Funds
ASSETS:	
Cash and investments	\$ 1,080,919
Accounts receivable	53,426
Interest receivable	15,497
Taxes receivable	48,096
Due from other governments	218,391
Inventories	3,695
Due from other funds	7,073
Prepaid items	1,911
Restricted cash and investments	382,154
Advance to other funds	20
Notes receivable	14,703
Land held for resale	26,079
Total assets	1,851,964
LIABILITIES AND FUND BALANCES:	
Liabilities	
Accounts payable	116,930
Salaries and benefits payable	68,907
Due to other governments	39,548
Due to other funds	5,899
Deposits payable	401
Teeter notes payable	58,394
Advances from other funds	20
Deferred revenue	161,311
Total liabilities	451,410
Fund balances:	
Reserved	609,688
Unreserved-designated, reported in	
General fund	277,833
Special revenue funds	212,407
Capital projects funds	122,369
Unreserved-undesignated, reported in	
General fund	68,649
Special revenue funds	109,608
Total fund balances	1,400,554
Total liabilities and fund balances	\$ 1,851,964

The Governmental Funds Balance Sheet focuses on current financial resources. Accordingly, capital assets and long-term liabilities are not reported in governmental funds. More information about capital assets and long-term liabilities can be found in the notes to the financial statements in the Comprehensive Annual Financial Report.

Assets

Assets are future economic benefits obtained or controlled by the County of Riverside as a result of past transactions or events.

Liabilities

Liabilities are future sacrifices of economic benefits arising from a present obligation of the County of Riverside to transfer assets or provide services to other entities in the future as a result of past transactions or events.

Fund Balance

The difference between assets and liabilities is reported as fund balance. Fund balance consists of the following components:

- Reserved fund balance isolates the portion of fund balance that is not available for discretionary spending.
- Unreserved-designated fund balance represents the County of Riverside's self-imposed limitations on the use of otherwise discretionary fund balance.
- Unreserved-undesignated fund balance represents available expendable financial resources that are not designated for a specific purpose by the Board of Supervisors.

Capital Assets & Long-Term Liabilities

The information provided below regarding capital assets and long-term liabilities is not included in the Governmental Funds Balance Sheet on the previous page. Please refer to the Comprehensive Annual Financial Report (CAFR) for a presentation consistent with U.S. Generally Accepted Accounting Principles. The CAFR can be found in Riverside County Public Libraries or online at www.auditorcontroller.org.

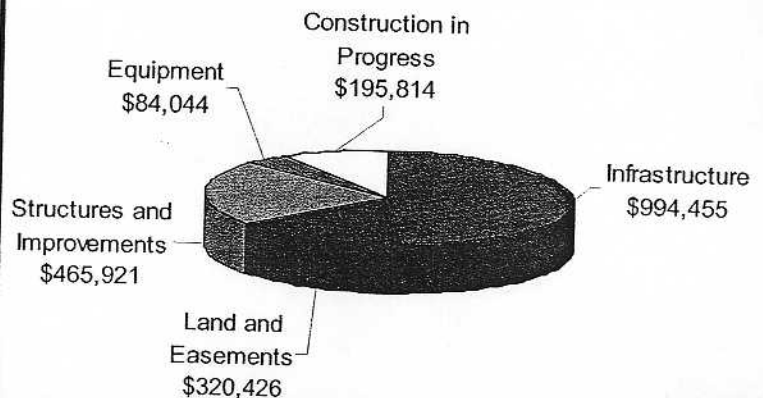
Capital Assets

As of June 30, 2006, the County's capital assets for its governmental activities amounted to \$2.1 billion (net of accumulated depreciation). Capital assets owned by the County of Riverside include land and easements, construction in progress, infrastructure (channels, storm drains, basins, roads, traffic signals, bridges, runways and parks), structures & improvements and equipment.

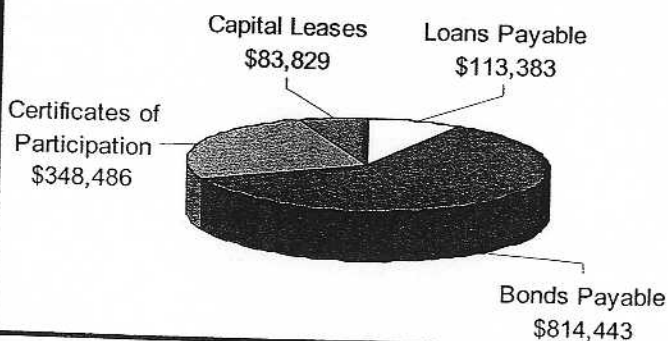
Major projects under construction in fiscal year 2005-2006 included the following: Renovation of the 1933 Historic Courthouse for \$12.5 million; Smith Correctional Facility expansion for \$8.0 million; Ben Clark Training Center Shooting Range for \$8.1 million; Smith Correctional Facility expansion Phase II for \$6.5 million; sixth floor renovations for the Assessor-Clerk-Recorder in the County Administrative Center for \$1.9 million; renovation of the Assessor-Clerk-Recorder Administration building for \$5.5 million; a new Perris Sheriff Station and Health Clinic for \$27.0 million; and the Sycamore Creek Fire Station for \$3.1 million.

The County of Riverside also had several construction projects in the design phase during fiscal year 2005-2006. These included the new Southwest Regional Animal Facility with a projected cost of \$12.0 million; Park Headquarters Annex for \$4.6 million; three new radio sites for \$4.6 million; a new Law Building for \$80.0 million; and four fire stations located in Cabazon, Lake Riverside, Sun City and Nuevo with a total projected cost of \$10.4 million.

Capital Assets (net of depreciation, in thousands)



Outstanding Debt Obligation (in thousands)



Long-Term Liabilities

As of June 30, 2006, the County's outstanding debt obligation for its governmental activities amounted to \$1.4 billion. Long-term debt incurred by the County of Riverside includes bonds, certificates of participation, loans and capital leases. The following are credit ratings maintained by the County:

	Moody's Investors Service, Inc.	Standards & Poor's Corp.
Long-term lease debt	A2	AA-
Issuer credit	A1	AA

County of Riverside
Statement of Revenues, Expenditures & Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2006
(Dollars in Thousands)

	Total Governmental Funds
REVENUES:	
Taxes	\$ 457,117
Licenses, permits and franchise fees	21,733
Fines, forfeitures and penalties	62,984
Use of money and property:	
Interest	73,838
Rents and concessions	41,798
Aid from other governmental agencies:	
Federal	451,036
State	830,634
Other	69,042
Charges for services	439,594
Other revenue	110,870
Total revenues	<u>2,558,646</u>
EXPENDITURES:	
Current	
General government	270,340
Public protection	855,133
Public ways and facilities	141,017
Health and sanitation	346,738
Public assistance	629,553
Education	11,108
Recreation and culture	12,727
Debt service:	
Principal	45,516
Interest	73,707
Cost of issuance	4,925
Capital outlay	25,639
Total expenditures	<u>2,416,403</u>
Excess (deficiency) of revenues over (under) expenditures	142,243
OTHER FINANCING SOURCES (USES):	
Transfers in	294,835
Transfers out	(277,680)
Bond proceeds	178,750
Premium on long-term debt	857
Redemption of refunded bonds	(35,684)
Gain (loss) on sale of capital assets	2,064
Capital leases	7,929
Total other financing sources (uses)	<u>171,071</u>
NET CHANGE IN FUND BALANCES	313,314
Fund balances, beginning of year	1,100,373
Adjustments to beginning fund balances	(13,133)
Fund balances, beginning of year, as restated	<u>1,087,240</u>
FUND BALANCES, END OF YEAR	\$ 1,400,554

The governmental funds statement of revenues, expenditures and changes in fund balance report revenues by source.

Taxes

Property taxes, sales and use taxes as well as other county levied taxes

Licenses, Permits and Franchise Fees

Animal licenses, business licenses, construction permits, road privileges and permits, zoning permits, franchises and other licenses and permits

Fines, Forfeitures and Penalties

Vehicle code fines, other court fines, forfeitures and penalties in addition to penalties and costs on delinquent taxes

Use of Money and Property

Investment income as well as rents and concessions

Aid from Other Governmental Agencies

Aid from state, federal and other governments

Charges for Services

Assessment and tax collection fees, auditing and accounting fees, communication services, election services, legal services, planning and engineering services, civil process services, estate fees, humane services, law enforcement services, recording fees, road and street services, health fees, mental health services, sanitation services, and institutional care and services

Other Revenue

Sale of surplus property, contributions and donations, parking fees, non-governmental grants, unclaimed money, etc.

Revenues & Expenditures

The governmental funds statement of revenues, expenditures & changes in fund balance report expenditures by function and character.

General Government

Assessor, Auditor-Controller, Treasurer-Tax Collector, Economic Development Agency, Date Festival, Housing Authority, Human Resources, Registrar of Voters, Redevelopment Agency, Public Safety Enterprise Communication, Facilities Management, Board of Supervisors, Executive Office, County Counsel and Purchasing

Public Protection

Sheriff, Coroner, Public Administrator, District Attorney, Public Defender, Probation, Fire, Agricultural Commissioner, Animal Control, Clerk-Recorder, Flood Control, Planning, Building and Safety, Department of Child Support Services, Juvenile Hall and Code Enforcement

Public Ways and Facilities

Transportation and Land Management Agency, Surveyor, Transportation and County Airports

Health and Sanitation

Public Health, Environmental Health, Detention Health Services, California Children's Services and Mental Health

Public Assistance

Department of Public Social Services, Department of Community Action, Office on Aging and Veteran's Services

Education

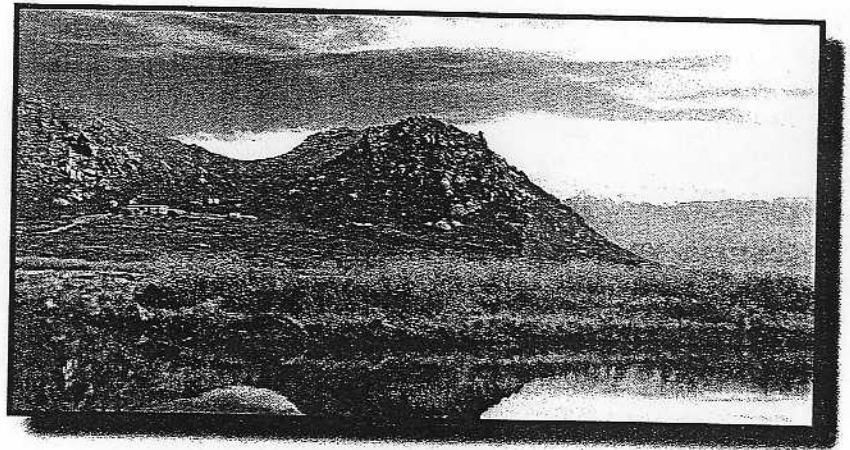
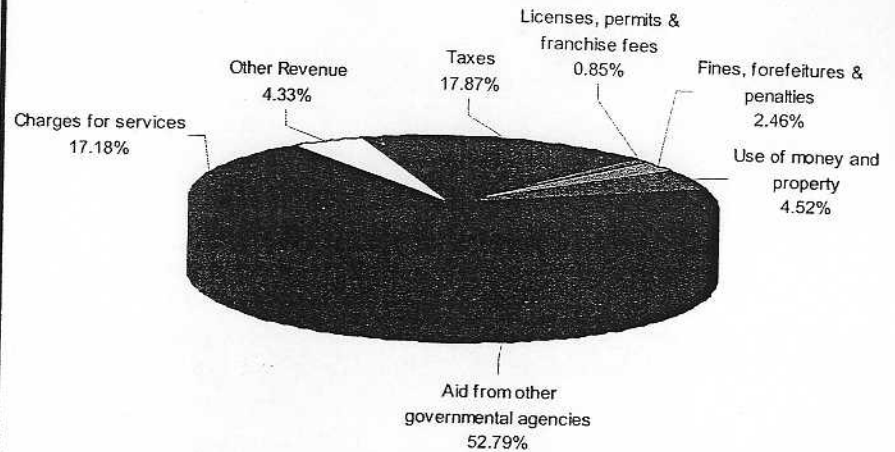
Cooperative Extension and County Free Library

Recreation and Culture

Regional Parks and Edward Dean Museum

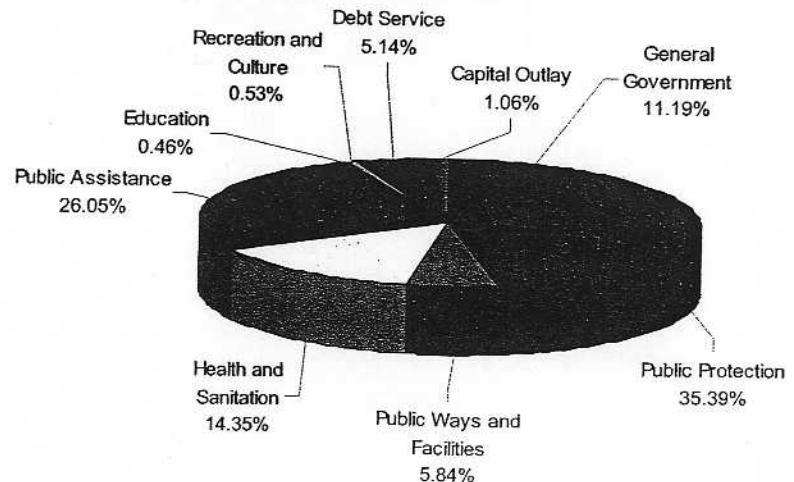
Revenues

Where the money comes from



Expenditures

Where the money goes



Property Taxes

How the Property Tax System Works

Assessor

Assesses all real estate and personal property (businesses, manufactured homes, boats & airplanes) located throughout the entire County.



Auditor-Controller

Receives the assessments from the Assessor and applies the appropriate tax rate to determine the actual amount of property tax owed.



Treasurer & Tax Collector

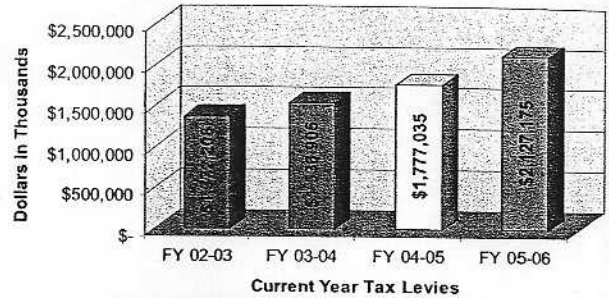
Mails out the property tax bills, collects the money, and deposits it in the County Treasury



Auditor-Controller

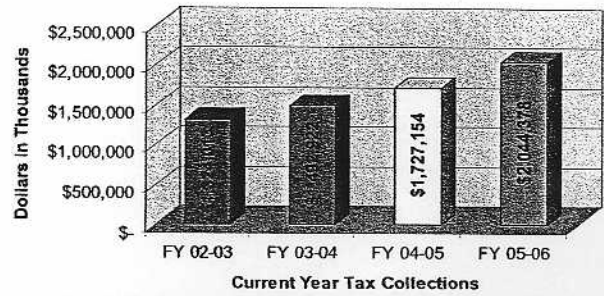
Allocates the money to local taxing agencies, including the County, cities, schools and special districts.

Property Tax Levies



Current Year Tax Levies

Property Tax Collections



Current Year Tax Collections

Where did your property tax dollar go in fiscal year 2005-2006?



Riverside County Principal Property Tax Payers

1. Southern California Edison Co.
2. Verizon California Inc.
3. Centex Homes
4. Pulte Home Corp.
5. KB Home Costal Inc.
6. Southern California Gas Co.
7. Ryland Homes of California Inc.
8. Western Pacific Housing Inc.
9. Blythe Energy, LLC
10. Wolf Creek Development

For more property tax information visit the County of Riverside's Property Tax Portal at: www.riversidetaxinfo.com



creating a better place
to live, work and play

PROPERTY TAX PORTAL



County of Riverside Internet Resources

Visit the County of Riverside's Official Website
www.countyofriverside.us

Where you can find information about:

- Board Agendas
- County Agencies and Departments
- County Employment
- County Ordinances
- Court Cases
- Property Assessments
- Public and Official Records
- Roads and Highways
- Voting and Elections

Online Services Provided:

- Check your jury duty status
- Online crime report
- Pay your property taxes
- Pay your traffic tickets
- Report code violations
- Request a birth, death, or marriage certificate
- Search the county library catalog
- Vendor Registration

Visit the County of Riverside
Auditor-Controller's Official Website
www.auditorcontroller.org

Where you can find information about:

- Auditor-Controller's Office Divisions
 - Administration
 - Audits & Specialized Accounting
 - General Accounting
 - Payroll
 - Property Tax
- Financial Statements
 - Comprehensive Annual Financial Report
 - County of Riverside Financial Highlights
- Internal Audit Reports
- Single Audit Reports

Special Acknowledgement

The photographs of parks and recreation areas throughout Riverside County used in this report artistically display the splendor and beauty for all to enjoy. The County of Riverside expresses its sincere appreciation to the Photo Artists Network, part of the Riverside Art Museum, for the contribution of these photos.

A special thanks to both Larry Knowles, a retired County Employee formerly with the Auditor-Controller's Office, and Richard Paul, President of the Network, for their continuing efforts.

County of Riverside Financial Highlights



Prepared by the Office of:

Robert E. Byrd, CGFM
County Auditor-Controller

Special thanks to
Dennis Stout Jr. and Lawrence Berenato, APR
for their contributions to this report.