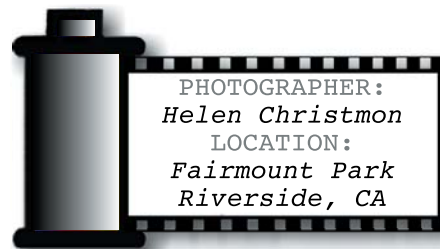


# BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS



Blank Page



(This Page Intentionally Left Blank)

## COUNTY OF RIVERSIDE

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

	General	Teeter Debt Service	Public Facilities Improvements Capital Projects
<b>ASSETS:</b>			
Cash and investments (Note 5)	\$ 257,077	\$ -	\$ 227,245
Accounts receivable (Notes 1 and 7)	43,255	-	-
Interest receivable (Note 7)	9,124	223	1,471
Taxes receivable (Note 7)	19,939	21,932	-
Due from other governments (Note 7)	206,270	-	20
Inventories	1,806	-	-
Due from other funds (Note 8)	5,895	-	-
Prepaid items	-	-	-
Restricted cash and investments (Notes 5 and 6)	228,897	39,868	-
Advance to other funds (Note 8)	20	-	-
Notes receivable (Note 7)	-	-	-
Land held for resale	-	-	-
	772,283	62,023	228,736
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts payable	85,857	105	5,069
Salaries and benefits payable	63,119	-	-
Due to other governments	35,017	-	678
Due to other funds (Note 8)	1,189	3,524	-
Deposits payable	82	-	-
Teeter notes payable (Note 12)	-	58,394	-
<b>Noncurrent portion of long term liabilities:</b>			
Advances from other funds	-	-	-
Deferred revenue (Note 7)	140,101	-	6
	325,365	62,023	5,753
<b>Fund balances (Note 14):</b>			
Reserved	100,436	-	222,983
<b>Unreserved, designated, reported in:</b>			
General fund	277,833	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
<b>Unreserved, undesignated, reported in:</b>			
General fund	68,649	-	-
Special revenue funds	-	-	-
	446,918	-	222,983
<b>Total liabilities and fund balances</b>	<b>\$ 772,283</b>	<b>\$ 62,023</b>	<b>\$ 228,736</b>

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	ASSETS:
\$ 185,492	\$ 411,105	\$ 1,080,919	Cash and investments (Note 5)
-	10,171	53,426	Accounts receivable (Notes 1 and 7)
1,296	3,383	15,497	Interest receivable (Note 7)
-	6,225	48,096	Taxes receivable (Note 7)
-	12,101	218,391	Due from other governments (Note 7)
1,021	868	3,695	Inventories
-	1,178	7,073	Due from other funds (Note 8)
-	1,911	1,911	Prepaid items
-	113,389	382,154	Restricted cash and investments (Notes 5 and 6)
-	-	20	Advance to other funds (Note 8)
-	14,703	14,703	Notes receivable (Note 7)
23,590	2,489	26,079	Land held for resale
<u>211,399</u>	<u>577,523</u>	<u>1,851,964</u>	Total assets
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
2,695	23,204	116,930	Accounts payable
-	5,788	68,907	Salaries and benefits payable
-	3,853	39,548	Due to other governments
-	1,186	5,899	Due to other funds (Note 8)
-	319	401	Deposits payable
-	-	58,394	Teeter notes payable (Note 12)
Noncurrent portion of long term liabilities:			
-	20	20	Advances from other funds
-	21,204	161,311	Deferred revenue (Note 7)
<u>2,695</u>	<u>55,574</u>	<u>451,410</u>	Total liabilities
Fund balances (Note 14):			
88,391	197,878	609,688	Reserved
Unreserved, designated, reported in:			
-	-	277,833	General fund
-	212,407	212,407	Special revenue funds
120,313	2,056	122,369	Capital projects funds
Unreserved, undesignated, reported in:			
-	-	68,649	General fund
-	109,608	109,608	Special revenue funds
<u>208,704</u>	<u>521,949</u>	<u>1,400,554</u>	Total fund balances
<u>\$ 211,399</u>	<u>\$ 577,523</u>	<u>\$ 1,851,964</u>	Total liabilities and fund balances

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



(This Page Intentionally Left Blank)

**COUNTY OF RIVERSIDE**

Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets

June 30, 2006

(Dollars in Thousands)

Fund balances - total governmental funds (page 29)		\$ 1,400,554
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		2,017,812
Bond issuance costs are not current financial resources and therefore are not reported in the governmental funds.		13,989
Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		387,945
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.		87,331
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	\$ 814,443	
Capital lease obligations	64,244	
Certificates of participation	348,486	
Loans payable	113,383	
Accrued interest payable	11,107	
Accreted interest payable	1,495	
Compensated absences	116,852	(1,470,010)
Internal service funds are used by management to charge the costs of equipment, fleet management, printing, information technology, supply services, risk management, and temporary assistance to individual funds. Since internal service funds predominantly service government activities, the assets and liabilities of these funds are included as governmental activities in the statement of net assets.		<u>75,208</u>
Net assets of governmental activities (page 23)		<u><u>\$ 2,512,829</u></u>

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

## COUNTY OF RIVERSIDE

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

#### Governmental Funds

For the Fiscal Year Ended June 30, 2006

(Dollars in Thousands)

	General Fund	Teeter Debt Service	Public Facilities Improvements Capital Projects
<b>REVENUES:</b>			
Taxes	\$ 273,493	\$ -	\$ 179
Licenses, permits and franchise fees	21,569	-	1
Fines, forfeitures and penalties	62,305	-	-
Use of money and property:			
Interest	42,826	573	6,142
Rents and concessions	4,131	-	-
Aid from other governmental agencies:			
Federal	395,105	-	-
State	785,390	-	3
Other	69,042	-	-
Charges for services	326,066	-	42,466
Other revenue	13,936	-	32,344
Total revenues	1,993,863	573	81,135
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General government	123,716	615	46,979
Public protection	798,035	-	-
Public ways and facilities	3,930	-	1,620
Health and sanitation	337,139	-	-
Public assistance	588,928	-	-
Education	349	-	-
Recreation and culture	203	-	-
<b>Debt service:</b>			
Principal	18,432	-	-
Interest	15,144	1,782	-
Cost of issuance	-	29	-
Capital outlay	7,929	-	-
Total expenditures	1,893,805	2,426	48,599
Excess (deficiency) of revenues over (under) expenditures	100,058	(1,853)	32,536
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	103,586	7,012	38,229
Transfers out	(104,172)	(5,159)	(23,481)
Bond proceeds	-	-	-
Premium on long-term debt	-	-	-
Redemption of refunded bonds	-	-	-
Gain (loss) on sale of capital assets	196	-	-
Capital leases	7,929	-	-
Total other financing sources (uses)	7,539	1,853	14,748
<b>NET CHANGE IN FUND BALANCES</b>	107,597	-	47,284
Fund balances, beginning of year	352,454	-	175,699
Adjustments to beginning fund balances (Note 4)	(13,133)	-	-
Fund balances, beginning of year, as restated	339,321	-	175,699
<b>FUND BALANCES, END OF YEAR</b>	\$ 446,918	\$ -	\$ 222,983

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

Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds	
\$ -	\$ 183,445	\$ 457,117	REVENUES:
-	163	21,733	Taxes
-	679	62,984	Licenses, permits and franchise fees
7,321	16,976	73,838	Fines, forfeitures and penalties
-	37,667	41,798	Use of money and property:
-	-	-	Interest
-	55,931	451,036	Rents and concessions
-	45,241	830,634	Aid from other governmental agencies:
-	-	69,042	Federal
-	71,062	439,594	State
1,714	62,876	110,870	Other
9,035	474,040	2,558,646	Charges for services
			Other revenue
			Total revenues
			EXPENDITURES:
			Current:
40,393	58,637	270,340	General government
-	57,098	855,133	Public protection
-	135,467	141,017	Public ways and facilities
-	9,599	346,738	Health and sanitation
-	40,625	629,553	Public assistance
-	10,759	11,108	Education
-	12,524	12,727	Recreation and culture
-	27,084	45,516	Debt service:
-	56,781	73,707	Principal
-	4,896	4,925	Interest
-	17,710	25,639	Cost of issuance
40,393	431,180	2,416,403	Capital outlay
			Total expenditures
			Excess (deficiency) of revenues
(31,358)	42,860	142,243	over (under) expenditures
			OTHER FINANCING SOURCES (USES):
8,050	137,958	294,835	Transfers in
(12,321)	(132,547)	(277,680)	Transfers out
107,972	70,778	178,750	Bond proceeds
-	857	857	Premium on long-term debt
-	(35,684)	(35,684)	Redemption of refunded bonds
(801)	2,669	2,064	Gain (loss) on sale of capital assets
-	-	7,929	Capital leases
102,900	44,031	171,071	Total other financing sources (uses)
71,542	86,891	313,314	NET CHANGE IN FUND BALANCES
137,162	435,058	1,100,373	Fund balances, beginning of year
-	-	(13,133)	Adjustments to beginning fund balances (Note 4)
137,162	435,058	1,087,240	Fund balances, beginning of year, as restated
\$ 208,704	\$ 521,949	\$ 1,400,554	FUND BALANCES, END OF YEAR

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



(This Page Intentionally Left Blank)

**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, 2006**  
**(Dollars in Thousands)**

Net change in fund balances - total governmental funds (page 33) \$ 313,314

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	\$ 236,569	
Less loss on sale of capital assets	(3,958)	
Less current year depreciation	<u>(53,739)</u>	178,872

Prepaid pension costs are expended in the governmental funds when paid but are recognized as a financial resource in the statement of net assets. (8,929)

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. 4,314

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 (124,794)

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. (7,281)

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

Change in accrued interest	(1,494)	
Change in accreted interest	(264)	
Change in long-term compensated absences	<u>(9,943)</u>	(11,701)

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. 32,108

Change in net assets of governmental activities (page 25) \$ 375,903

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, 2006  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 224,195	\$ 278,920	\$ 273,493	\$ (5,427)
Licenses, permits and fees	23,115	23,532	21,569	(1,963)
Fines, forfeitures and penalties	46,115	50,878	62,305	11,427
Use of money and property:				
Interest	24,328	39,128	42,826	3,698
Rents and concessions	1,326	1,391	4,131	2,740
Aid from other governmental agencies:				
Federal	418,871	425,454	395,105	(30,349)
State	757,864	798,409	785,390	(13,019)
Other	229	68,834	69,042	208
Charges for current services	360,958	389,756	326,066	(63,690)
Other revenue	190,989	7,945	13,936	5,991
Total revenues	2,047,990	2,084,247	1,993,863	(90,384)
<b>EXPENDITURES:</b>				
Current				
General government				
Salaries and employee benefits	85,104	84,467	81,402	(3,065)
Services and supplies	78,363	100,177	93,830	(6,347)
Other charges	74,770	20,324	10,171	(10,153)
Capital assets	1,022	1,072	811	(261)
Intrafund transfers	(61,935)	(62,466)	(62,498)	(32)
Appropriation for contingencies	20,000	25,621	-	(25,621)
Total general government	197,324	169,195	123,716	(45,479)
Public protection:				
Salaries and employee benefits	523,742	517,628	507,795	(9,833)
Services and supplies	251,546	260,594	252,601	(7,993)
Other charges	44,896	45,089	41,436	(3,653)
Capital assets	5,828	11,615	6,127	(5,488)
Intrafund transfers	(10,533)	(9,738)	(9,924)	(186)
Total public protection	815,479	825,188	798,035	(27,153)
Health and sanitation:				
Salaries and employee benefits	158,978	151,161	145,440	(5,721)
Services and supplies	87,515	95,768	90,024	(5,744)
Other charges	258,876	268,250	196,688	(71,562)
Capital assets	1,229	2,670	2,096	(574)
Intrafund transfers	(112,286)	(110,355)	(97,109)	13,246
Total health and sanitation	394,312	407,494	337,139	(70,355)
Public assistance:				
Salaries and employee benefits	203,616	198,836	179,906	(18,930)
Services and supplies	80,883	80,512	66,864	(13,648)
Other charges	372,644	387,346	356,153	(31,193)
Capital assets	100	100	10	(90)
Intrafund transfers	(16,576)	(16,576)	(14,005)	2,571
Total public assistance	\$ 640,667	\$ 650,218	\$ 588,928	\$ (61,290)

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, 2006  
 (Dollars in Thousands)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
<b>Education:</b>				
Salaries and employee benefits	\$ 208	\$ 198	\$ 198	\$ -
Services and supplies	140	151	151	-
Total education	<u>348</u>	<u>349</u>	<u>349</u>	<u>-</u>
<b>Public ways and facilities:</b>				
Salaries and Employee Benefits	3,446	3,203	3,193	(10)
Services & supplies	467	873	691	(182)
Other Charges	429	16	-	(16)
Capital Assets	105	82	46	(36)
Total public ways and facilities	<u>4,447</u>	<u>4,174</u>	<u>3,930</u>	<u>(244)</u>
<b>Recreation and culture:</b>				
Salaries and employee benefits	68	69	68	(1)
Services and supplies	96	146	135	(11)
Other charges	36	1	-	(1)
Total recreation and culture	<u>200</u>	<u>216</u>	<u>203</u>	<u>(13)</u>
<b>Debt service:</b>				
Principal	14,752	15,037	18,432	3,395
Interest	12,235	12,235	15,144	2,909
Total debt service	<u>26,987</u>	<u>27,272</u>	<u>33,576</u>	<u>6,304</u>
Capital outlay	<u>7,929</u>	<u>7,929</u>	<u>7,929</u>	<u>-</u>
Total expenditures	<u>2,087,693</u>	<u>2,092,035</u>	<u>1,893,805</u>	<u>(198,230)</u>
Excess (deficiency) of revenues over (under) expenditures	(39,703)	(7,788)	100,058	107,846
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	103,586	103,586	-
Transfers out	-	(104,882)	(104,172)	710
Gain on sale of assets	-	-	196	196
Capital leases	-	-	7,929	7,929
Total other financing sources (uses)	<u>-</u>	<u>(1,296)</u>	<u>7,539</u>	<u>8,835</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(39,703)</b>	<b>(9,084)</b>	<b>107,597</b>	<b>116,681</b>
Fund balance, beginning of year, as previously reported	352,454	352,454	352,454	-
Adjustment to beginning fund balance	-	-	(13,133)	(13,133)
Fund balance, beginning of year	<u>352,454</u>	<u>352,454</u>	<u>339,321</u>	<u>(13,133)</u>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 312,751</b>	<b>\$ 343,370</b>	<b>\$ 446,918</b>	<b>\$ 103,548</b>

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, 2006

(Dollars in Thousands)

ASSETS:	Business-type Activities --Enterprise Funds				Governmental
	Regional	Waste		Total	Internal
	Medical	Management	Other		Service
	Center				Funds
Current assets:					
Cash and investments (Note 5)	\$ 37,813	\$ 42,981	\$ 12,567	\$ 93,361	\$ 188,115
Accounts receivable - net (Notes 1 and 7)	48,020	5,041	1,788	54,849	2,334
Interest receivable (Note 7)	475	964	54	1,493	1,141
Taxes receivable (Note 7)	-	-	9	9	-
Due from other governments (Note 7)	15,176	246	135	15,557	-
Advances to other funds (Note 8)	-	-	-	-	200
Inventories	5,720	339	-	6,059	2,333
Pension asset, net	-	3,686	-	3,686	-
Due from other funds (Note 8)	1,189	-	-	1,189	-
Restricted cash and investments (Notes 5 and 6)	33,103	77,543	3,974	114,620	-
Prepaid items and deposits	1,618	-	38	1,656	111
Total current assets	143,114	130,800	18,565	292,479	194,234
Noncurrent assets:					
Capital assets (Note 9):					
Depreciable assets	149,014	46,262	15,502	210,778	42,012
Nondepreciable assets	18,972	14,532	5,192	38,696	836
Bond issuance costs	2,188	-	-	2,188	-
Total noncurrent assets	170,174	60,794	20,694	251,662	42,848
Total assets	313,288	191,594	39,259	544,141	237,082
LIABILITIES					
Current liabilities:					
Accounts payable	12,900	3,774	318	16,992	11,449
Salaries and benefits payable	9,974	1,045	109	11,128	4,378
Due to other funds (Note 8)	2,363	-	-	2,363	-
Interest payable	765	-	10	775	-
Deposits payable	-	-	47	47	-
Other liabilities	109	226	5,312	5,647	2,167
Accrued closure and post-closure costs (Notes 10 and 13)	-	4,262	-	4,262	-
Accrued remediation costs (Note 21)	-	1,218	-	1,218	-
Compensated absences (Notes 1 and 13)	7,926	813	65	8,804	2,668
Capital lease obligations (Note 13)	2,880	-	-	2,880	7,399
Bonds payable (Note 13)	10,530	-	90	10,620	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	37,945
Total current liabilities	47,447	11,338	5,951	64,736	66,006
Noncurrent portion of long-term liabilities					
Compensated absences (Note 13)	3,831	1,728	1,164	6,723	2,666
Advances from other funds (Note 8)	-	-	-	-	200
Accrued closure and post closure care costs (Note 10)	-	46,422	-	46,422	-
Accrued remediation costs (Note 21)	-	15,652	-	15,652	-
Capital lease obligations (Notes 1 and 13)	12,113	-	-	12,113	12,187
Bonds payable (Note 13)	179,630	-	892	180,522	-
Estimated claims liabilities (Notes 13 and 15)	-	-	-	-	92,219
Other long-term liabilities (Note 13)	30,031	-	6,795	36,826	1,500
Total noncurrent liabilities	225,605	63,802	8,851	298,258	108,772
Total liabilities	273,052	75,140	14,802	362,994	174,778
NET ASSETS:					
Invested in capital assets, net of related debt	(33,707)	60,794	13,899	40,986	21,762
Restricted	31,066	9,994	227	41,287	-
Unrestricted	42,877	45,666	10,331	98,874	40,542
Total net assets	\$ 40,236	\$ 116,454	\$ 24,457	181,147	\$ 62,304
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				(12,903)	
Net assets of business-type activities				\$ 168,244	

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, 2006  
(Dollars in Thousands)

	Business-type Activities --Enterprise Funds				Governmental
				Activities	
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>					
Net patient revenue (Notes 1 and 16)	\$ 266,731	\$ -	\$ -	\$ 266,731	\$ -
Charges for services	3,229	54,002	7,382	64,613	154,985
Other revenue	60,165	9,656	64,226	134,047	22,912
<b>Total operating revenues</b>	<b>330,125</b>	<b>63,658</b>	<b>71,608</b>	<b>465,391</b>	<b>177,897</b>
<b>OPERATING EXPENSES:</b>					
Cost of materials used	-	225	-	225	1,417
Personnel services	140,871	15,158	10,191	166,220	60,868
Communications	1,784	242	3	2,029	4,393
Insurance	5,150	370	6	5,526	6,023
Maintenance of building and equipment	9,864	2,192	1,846	13,902	9,859
Insurance claims	-	-	-	-	55,706
Supplies	39,418	2,632	44	42,094	22,212
Purchased services	56,466	25,796	3,051	85,313	17,247
Depreciation and amortization	7,994	4,510	1,793	14,297	12,180
Rents and leases of equipment	4,183	116	28	4,327	2,406
Public assistance	-	-	50,429	50,429	-
Utilities	3,143	224	535	3,902	215
Closure and post-closure care costs	-	13,910	-	13,910	-
Remediation costs (recovery)	-	308	-	308	-
Other	6,764	619	1,070	8,453	3,301
<b>Total operating expenses</b>	<b>275,637</b>	<b>66,302</b>	<b>68,996</b>	<b>410,935</b>	<b>195,827</b>
<b>Operating income (loss)</b>	<b>54,488</b>	<b>(2,644)</b>	<b>2,612</b>	<b>54,456</b>	<b>(17,930)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	2,043	3,764	574	6,381	4,451
Interest expense	(13,947)	-	(198)	(14,145)	(520)
Gain (loss) on disposal of capital assets	(30)	154	667	791	348
<b>Total nonoperating revenues (expenses)</b>	<b>(11,934)</b>	<b>3,918</b>	<b>1,043</b>	<b>(6,973)</b>	<b>4,279</b>
<b>Income (loss) before capital contributions, and transfers</b>	<b>42,554</b>	<b>1,274</b>	<b>3,655</b>	<b>47,483</b>	<b>(13,651)</b>
Capital contributions	227	-	-	227	41,002
Transfers in	15,669	-	-	15,669	6,944
Transfers out	(35,038)	(346)	(173)	(35,557)	(4,211)
<b>CHANGE IN NET ASSETS</b>	<b>23,412</b>	<b>928</b>	<b>3,482</b>	<b>27,822</b>	<b>30,084</b>
Net assets, beginning of the year	16,824	115,526	20,975		32,220
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 40,236</b>	<b>\$ 116,454</b>	<b>\$ 24,457</b>		<b>\$ 62,304</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(2,025)	
Change in net assets of business-type activities				<u>\$ 25,797</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, 2006  
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers / other funds	\$ 321,825	\$ 64,189	\$ 71,232	\$ 457,246	\$ 177,582
Cash paid to suppliers for goods and services	(115,604)	(36,658)	(50,791)	(203,053)	(117,469)
Cash paid to employees for services	(137,579)	(14,889)	(9,804)	(162,272)	(59,640)
Net cash provided by operating activities	<u>68,642</u>	<u>12,642</u>	<u>10,637</u>	<u>91,921</u>	<u>473</u>
<b>Cash flows from noncapital financing activities</b>					
Pension assets, net	-	434	-	434	-
Advances from other funds	-	-	-	-	(200)
Advances to other funds	-	-	-	-	200
Transfers received	15,669	-	-	15,669	6,944
Transfers paid	(35,038)	(346)	(173)	(35,557)	(4,211)
Net cash provided by (used in) noncapital financing activities	<u>(19,369)</u>	<u>88</u>	<u>(173)</u>	<u>(19,454)</u>	<u>2,733</u>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sale of capital assets	(30)	154	667	791	560
Acquisition and construction of capital assets	(909)	(8,196)	(7,452)	(16,557)	(3,413)
Principal paid on capital leases	(3,382)	-	-	(3,382)	(7,700)
Capital Contributions	227	-	-	227	41,002
Principal paid on bonds payable	(9,398)	-	(15)	(9,413)	-
Interest paid on long-term debt	(13,947)	-	(199)	(14,146)	(520)
Net cash provided by (used in) capital and related financing activities	<u>(27,439)</u>	<u>(8,042)</u>	<u>(6,999)</u>	<u>(42,480)</u>	<u>29,929</u>
<b>Cash flows from investing activities</b>					
Interest received on investments	1,568	3,261	538	5,367	3,765
Net cash provided by investing activities	<u>1,568</u>	<u>3,261</u>	<u>538</u>	<u>5,367</u>	<u>3,765</u>
Net increase in cash and cash equivalents	23,402	7,949	4,003	35,354	36,900
Cash and cash equivalents, beginning of year	47,514	112,575	12,538	172,627	151,215
Cash and cash equivalents, end of year	<u>\$ 70,916</u>	<u>\$ 120,524</u>	<u>\$ 16,541</u>	<u>\$ 207,981</u>	<u>\$ 188,115</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, 2006  
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	Regional Medical Center	Waste Management	Other	Total	Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 54,488	\$ (2,644)	\$ 2,612	\$ 54,456	\$ (17,930)
Adjustments to reconcile operating income to net					
Depreciation and amortization	7,994	4,510	1,793	14,297	12,180
Decrease (Increase) accounts receivable	(2,487)	432	(324)	(2,379)	(315)
Decrease (Increase) taxes receivable	-	-	3	3	-
Decrease (Increase) bond issuance cost	417	-	-	417	-
Decrease (Increase) due from other funds	(1,189)	105	-	(1,084)	-
Decrease (Increase) due from other governments	(5,041)	(6)	(55)	(5,102)	-
Decrease (Increase) inventories	(404)	(36)	-	(440)	(203)
Decrease (Increase) prepaid items and deposits	1,631	-	(5)	1,626	-
Increase (Decrease) accounts payable	3,982	(90)	70	3,962	6,426
Increase (Decrease) due to other funds	2,114	-	-	2,114	(4,605)
Increase (Decrease) due to other governments	-	-	(1,765)	(1,765)	(10)
Increase (Decrease) deposits payable	-	(261)	(1)	(262)	-
Increase (Decrease) accrued closure costs	-	11,254	-	11,254	-
Increase (Decrease) accrued remediation costs	-	(692)	-	(692)	-
Increase (Decrease) other liabilities	3,845	(199)	7,922	11,568	281
Increase (Decrease) estimated claims liability	-	-	-	-	3,421
Increase (Decrease) salaries and benefits payable	2,199	143	(3)	2,339	969
Increase (Decrease) compensated absences	1,093	126	390	1,609	259
Net cash provided by operating activities	<u>\$ 68,642</u>	<u>\$ 12,642</u>	<u>\$ 10,637</u>	<u>\$ 91,921</u>	<u>\$ 473</u>
Supplemental disclosure of noncash investing, capital, and financing activities	<u>\$ 358</u>			<u>\$ 358</u>	<u>\$ 13,259</u>

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

**COUNTY OF RIVERSIDE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2006**  
**(Dollars in Thousands)**

	Pension Trust	Investment Trust	Private- Purpose Trust	Agency Funds
<b>ASSETS:</b>				
Cash and investments (Note 5)	\$ -	\$ -	\$ 15,737	\$ 330,889
Federal Agency	6,421	1,473,741	-	-
Cash and Equivalent & MMF	166	38,023	-	-
Commercial Paper	1,681	385,862	-	-
Negotiable CD's	1,723	395,485	-	-
Medium Term Notes	99	22,767	-	-
Municipal Bonds	82	18,777	-	-
Certificates of Deposit	50	11,501	-	-
Local Agency Obligation	4	939	-	-
Accounts receivable	215	9,977	1	-
Interest receivable	33	17,700	68	216
Taxes receivable	-	1	-	57,009
Due from other governments	-	-	-	27,032
Total assets	<u>10,474</u>	<u>2,374,773</u>	<u>15,806</u>	<u>415,146</u>
<b>LIABILITIES:</b>				
Accounts payable	-	-	7,571	213,881
Salaries and benefits payable	-	-	-	7
Due to other governments	-	-	-	201,258
Total liabilities	<u>-</u>	<u>-</u>	<u>7,571</u>	<u>\$ 415,146</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits, external pool participants, and other purposes	<u>\$ 10,474</u>	<u>\$ 2,374,773</u>	<u>\$ 8,235</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, 2006**  
**(Dollars in Thousands)**

	Pension Trust	Investment Trust	Private- Purpose Trust
<b>ADDITIONS:</b>			
Employer contributions	\$ 633	\$ -	\$ -
Employee contributions	1,531	-	-
Contributions to pooled investments	-	18,652,462	-
Contributions to Private-Purpose Trust	-	-	4,204
Investment income	416	66,086	288
Total additions	<u>2,580</u>	<u>18,718,548</u>	<u>4,492</u>
<b>DEDUCTIONS:</b>			
Distribution from Pension Trust	422		
Distributions from pooled investments	-	18,120,536	-
Distributions from Private-Purpose Trust	-	-	3,584
Administrative and other expenses	182	-	-
Total deductions	<u>604</u>	<u>18,120,536</u>	<u>3,584</u>
Change in net assets	1,976	598,012	908
Net Assets Held in Trust, beginning of the year	<u>8,498</u>	<u>1,776,761</u>	<u>7,327</u>
Net Assets Held in Trust, end of the year	<u><u>\$ 10,474</u></u>	<u><u>\$ 2,374,773</u></u>	<u><u>\$ 8,235</u></u>

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



(This Page Intentionally Left Blank)