



*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011*



*Riverside County Flood Control
and Water Conservation District
(A Component Unit of the County of Riverside)
Riverside, California*



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*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011*



*Submitted by:
Warren D. Williams
General Manager-Chief Engineer
Ivan M. Chand
Finance Director*

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

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Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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INTRODUCTORY SECTION



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RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

December 29, 2011

To the Members of the Board of Supervisors and Citizens served by the Riverside County Flood Control and Water Conservation District:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Riverside County Flood Control and Water Conservation District (the District) is a blended component unit of the County of Riverside, California. This report is published to fulfill that requirement for the fiscal year ended June 30, 2011.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Teaman, Ramirez & Smith, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The District, formed in 1945 by an Act of the State Legislature, is located in the southern part of the state within the County of Riverside, which is the fifth fastest growing large county in the nation over the last nine years. The District currently occupies 2,700 square miles and serves a population of approximately 2.0 million. The District is divided into seven geographic zones and is empowered to levy property or special assessment tax on both real and personal property located within the boundaries of each zone. Taxes collected within each zone must be spent for flood control projects within, or proportionally beneficial to, that zone.

The County of Riverside, Board of Supervisors, ex officio, has been the District's governing body since 1945. Policy making and legislative authority are vested in the Board consisting of five members elected on a non-partisan basis. Board members serve staggered four-year terms with member seats being open for election on an alternating basis. The Board of Supervisors appoints the District's General Manager-Chief Engineer, who in turn appoints the heads of the various divisions within the District. Additionally, the Board of Supervisors appoints three Zone Commissioners to each zone. The Zone Commissioners act as an advisory body to the Board of Supervisors by prioritizing the need for new flood control facilities within a zone based on requests from citizens, cities and other agencies within the zone boundaries and making budget recommendations for new or pending projects in the upcoming fiscal year.

The District provides a full range of services including the design and construction of flood control facilities; regulatory services which fulfill legal requirements associated with federal and state programs that relate to District activities; surveying and mapping services; planning services that relate to land development and provide for the public's health and safety by contributing to orderly development and growth within the County of Riverside; the operations and maintenance of the District's fleet and facilities, land interests, and encroachment issues; information technology services which provide technical support to the District's staff; and administrative services which provide clerical, financial and personnel support to the District's staff.

The Board of Supervisors is required to adopt by resolution a final budget for the County of Riverside, including all districts, agencies and authorities governed by the Board of Supervisors, by no later than October 2nd of each year pursuant to Sections 29080 through 29092 of the Government Code. The Board of Supervisors adopted the District's 2011 fiscal year budget on August 10, 2010. The annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared by fund and class or appropriation level (e.g., salaries and benefits, services and supplies) within each category present on the financial statements. The District may transfer resources between appropriation levels within the same fund at their discretion and with approval by the County of Riverside, Executive Office. Increase of resources or establishment of a new appropriation level requires approval by the Board of Supervisors.

Local Economy

The District oversees the western portion of the County of Riverside which includes 27 cities and unincorporated county communities west of the San Jacinto and Santa Rosa Mountains. The County of Riverside is California's fourth largest populated county according to the State Department of Finance. It represents 5.9 percent of California's total population.¹ The County of Riverside is part of a larger area known as Southern California's Inland Empire. Riverside and San Bernardino counties comprise what is commonly known as the Inland Empire. It is approximately 60 miles from north to south and some 50 miles wide. Major industries located within the County of Riverside include government, retail trade, educational and health services, leisure and hospitality, and construction.

In 2011, the Inland Empire continued to struggle to emerge from the recession. The Inland Empire has been among the economically hardest hit regions in the U.S. Riverside County has been going through the recession with a very high level of unemployment. Comparing January-May of 2010 to January-May of 2011, the Inland Empire is down an average of 3,870 jobs. Of this, a gain of 1,190 jobs in the private sector was overwhelmed by a 5,060 loss of governmental jobs. State and local budget issues, plus the end of the federal stimulus and census, caused the public sector decline. In May 2011, the economy was down 5,200 private jobs from May 2010 and 10,800 public jobs (6,600 census workers).²

During the past ten years, the District's expenses related to the construction and maintenance of flood control facilities have not only increased in amount, but have also increased as a percentage of total expenses (a ten-year increase of 178.4 percent and a ten-year increase of 17.7 percent, respectively). The reason for this increase in construction and maintenance costs as a percentage of total expenses is due to the increase of total expenses by 83.0 percent over a ten-year period. Maintenance costs for the current fiscal year ended have increased by less than 1.0 percent when compared to the prior year. With the fluctuation of the economy, the District continues to follow a moderate construction schedule. The District's practice has been to accumulate monies for large projects, while maintaining a prudent reserve for operations and maintenance.

During this same ten-year period, charges for services, while continuing to vary in amount, have actually decreased as a percentage of total revenue (a ten-year decrease of 16.0 percent). The reason for this relative decline is the relative decrease in expenses related to development and construction that are not supported by contributions from other entities.

Long-term Financial Planning

Timely project development is facilitated by the District's five-year Capital Improvement Plan (CIP) which provides a long-range plan for funding of designated flood control and drainage infrastructure projects. The CIP details revenues and expenditures anticipated for each project for a five-year period. The CIP is an internal document and is provided as information in the District's annual budget. The CIP does not contain all projects that need to be completed rather those that will be initiated during the prescribed five-year period.

Relevant Financial Policies

The District's cash and investments, stated at fair value, are on account with and pooled with other governmental agencies by the County of Riverside Treasurer for the purpose of increasing income through investment activities. U.S. Bank Corporate Trust Services serves as the District's fiscal agent for special assessment debt and cash reserves. See *Note 2* in the *Notes to Financial Statements* section of this report for more detailed information.

¹ Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2010 and 2011. Sacramento, CA, May 2011

² Source: Inland Empire Quarterly Economic Report, July 2011

Major Initiatives

The District began construction of the Low Impact Development (LID) retrofit project that will convert the District's Market Street campus into a regional example of green development concepts. The upgraded facility will be used as a regional "green" training center for municipal employees, developers, engineers, and contractors throughout the Inland Empire and Orange County. Currently, there are limited locations and opportunities to demonstrate the proper application of LID BMPs. This facility is uniquely designed to accomplish both demonstration and effectiveness monitoring of various LID measures. This project is intended to facilitate the support and implementation of LID BMPs by municipalities and developers. Project construction will be completed in December 2011.

This LID retrofit project includes landscaping which will incorporate design elements, materials, and vegetation and maintenance practices consistent with *Board Policy H-25, Water Efficient Landscape Policy for County Facilities*. This landscape includes drought-tolerant, California native plants and will set the standard for water conservation landscape. This conversion of our campus at Market Street into a LID, Best Management Practices (BMP) Demonstration and Monitoring Facility is being partially funded by a \$475,000 State grant under Proposition 50 and will be administered through SAWPA. The grant partially funds the conversion of a portion of the existing parking areas in the back half of our compound to porous pavement, redirects roof runoff to planter boxes, and adds additional bio-swales or rain gardens serving portions of the remaining impervious parking areas. Terms of the grant also require long-term monitoring of the performance of the features constructed under the grant so that meaningful data can be gathered to guide future design in the arid southwest.

Further, the following District-administered flood control project contracts were completed during, or were under construction at the end of fiscal year 2010/2011:

<u>Facilities</u>	<u>Construction Cost</u>
Calimesa – Avenue L Storm Drain Stage 1	\$2.5 million
Belltown - Market Street Storm Drain Stage 1 and Lines A, B & B1	\$6 million
Palm Canyon Wash Levee & Channel Restoration	\$840,000
Menifee – Hawthorne Avenue Storm Drain Stage 1	\$1.5 Million
Norco MDP Line NA-3 & N-1	\$980,000
Pedley Hills - Bolero Drive Storm Drain	\$507,000

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the 20th consecutive year that the District published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

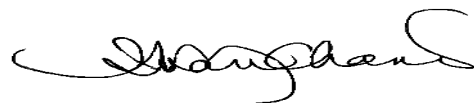
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration divisions. We wish to express our appreciation to all members of the District who assisted and contributed to the preparation of this report. A special thanks to Jeanine Rey-Hawkins, Assistant Finance Director and Regina Neal, Principal Accountant for their efforts in the preparation of this report. Credit must be given to the Board of Supervisors for their unflinching support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Warren D. Williams
General Manager-Chief Engineer

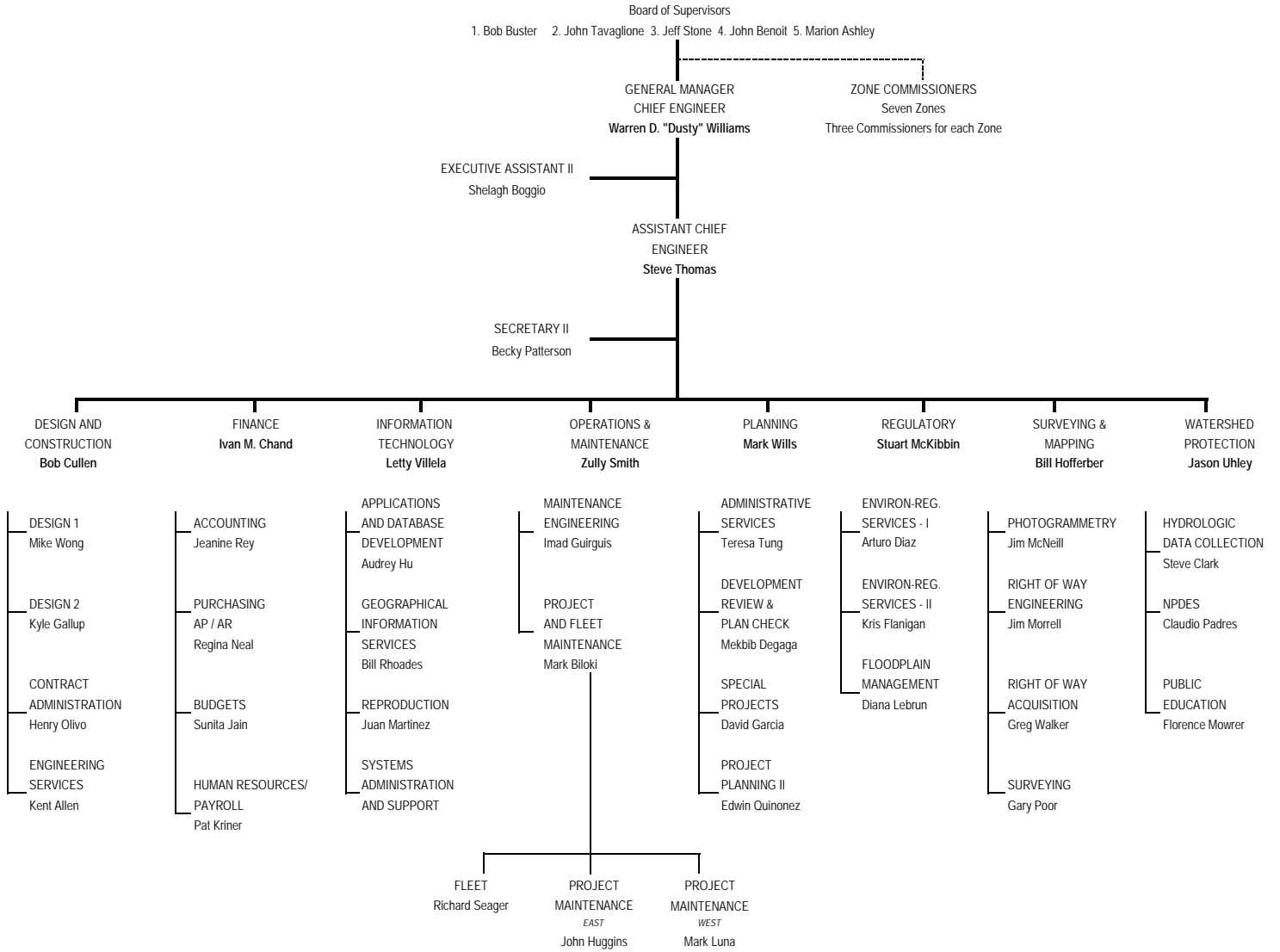


Ivan M. Chand
Finance Director

**RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT**
List of Principal Officials

TITLE	NAME
Board of Supervisors	Bob Buster, 1 st District
Board of Supervisors	John Tavaglione, 2 nd District
Board of Supervisors	Jeff Stone, 3 rd District
Board of Supervisors	John Benoit, 4 th District
Board of Supervisors	Marion Ashley, District Chair, 5 th District
General Manager-Chief Engineer	Warren D. Williams
Assistant Chief Engineer	Stephen C. Thomas
Chief of Design & Construction	Bob Cullen
Chief of Operations & Maintenance	Zully Smith
Chief of Planning	Mark Wills
Chief of Regulatory	Stuart E. McKibbin
Chief of Surveying & Mapping	Bill Hofferber
Chief of Watershed Protection	Jason Uhley
Finance Director	Ivan M. Chand
Information Technology Officer	Leticia G. Villela

RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Riverside County Flood Control
and Water Conservation District
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.



Linda C. Danson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



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- ◆ *Independent Auditor's Report*
- ◆ *Management's Discussion and Analysis*
- ◆ *Basic Financial Statements*



- ◆ *Required Supplementary Information*
- ◆ *Supplementary Information*



Independent Auditors' Report

Board of Supervisors
County of Riverside, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District (the District), a component unit of the County of Riverside, California (the County), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 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 opinions.

As described in Note 1 to the financial statements, the financial statements present only the District and are not intended to present fairly the financial position and results of operations of the County of Riverside in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9 to the financial statements, the District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2011, on our consideration of the District'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 required supplementary information, as 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 District's basic financial statements as a whole. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The statements and schedules listed in the supplementary information section in the table of contents 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.

Jeaman Ramirez & Smith, L.L.C.

December 29, 2011

Management's Discussion and Analysis

As management of the Riverside County Flood Control and Water Conservation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – iii of this report. All monetary amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- ◆ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,020,541 (*net assets*). Of this amount, \$11,722 (*unrestricted net assets*) may be used to meet the District's ongoing obligations to citizens and creditors.
- ◆ The District's total net assets increased by \$41,479. Approximately 77 percent of this increase is attributable to the addition of donated capital assets, i.e., infrastructure and land.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$251,373, an increase of \$9,093 in comparison with the prior year. This total amount is *available for spending* at the District's discretion (*restricted, assigned and unassigned fund balances*).
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund was \$2,290, or 46 percent of total general fund expenditures.
- ◆ The District had no debt during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District'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 District is improving or deteriorating.

The *statement of activities* presents information showing how the District'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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation).

Both of the government-wide financial statements distinguish functions of the District 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 District include general government and public ways and facilities. The business-type activities of the District include subdivision operations, photogrammetry operations and encroachment permits.

The government-wide financial statements can be found on pages 15 – 17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources*, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the special revenue funds, both of which are considered to be major funds and for the capital project fund, a nonmajor fund.

The District adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 – 25 of this report.

Proprietary funds. The District maintains two different 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 District uses *enterprise funds* to account for its subdivision, photogrammetry and encroachment permit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its hydrology, garage, project maintenance, mapping services and data processing. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the subdivision operation, which is considered to be a major fund of the District. Data from the other two enterprise funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, the five internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its proprietary funds.

The basic proprietary fund financial statements can be found on pages 26 – 28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 29 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 – 51 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 52 – 66 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 59 – 82 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$1,020,541 at the close of the most recent fiscal year.

By far the largest portion of the District’s net assets (74 percent) reflects its investment in capital assets (e.g., land and easements, buildings and improvements, infrastructure, and equipment). The District uses these capital assets to provide services to prevent and to protect citizens from flooding within the District’s zone boundaries; consequently, these assets are *not* available for future spending.

District’s Net Assets

	Governmental Activities			Business-type Activities			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Current and Other Assets	\$ 273,643	\$ 267,366	\$249,891	\$ 5,610	\$ 6,964	\$ 6,779	\$ 279,253	\$274,330	\$256,670
Capital Assets, Net	756,970	723,372	704,139	23	13	36	756,993	723,385	704,175
Total Assets	1,030,613	990,738	954,030	5,633	6,977	6,815	1,036,246	997,715	960,845
Long-term Liabilities									
Outstanding	3,932	3,768	3,032	96	72	108	4,028	3,840	3,140
Other Liabilities	8,426	11,373	12,363	3,251	3,440	2,980	11,677	14,813	15,343
Total Liabilities	12,358	15,141	15,395	3,347	3,512	3,088	15,705	18,653	18,483
Net Assets:									
Invested in Capital Assets, Net of Related Debt	756,970	723,372	704,139	23	13	36	756,993	723,385	704,175
Restricted	251,826	237,211	223,886	-	-	-	251,826	237,211	223,886
Unrestricted	9,459	15,014	10,610	2,263	3,452	3,691	11,722	18,466	14,301
Total Net Assets	\$1,018,255	\$975,597	\$938,635	\$ 2,286	\$ 3,465	\$ 3,727	\$1,020,541	\$979,062	\$942,362

An additional portion of the District’s net assets (25 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$11,722) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$14,615 in restricted net assets reported in connection with the District’s governmental activities. Property tax revenues account for approximately 73 percent of total revenues which contribute to the majority of growth in restricted net assets. In comparison to the prior year, restricted net assets increased by approximately 10 percent (\$1,290) due primarily to the conversion of deferred revenue on the *Governmental Funds Balance Sheet* to program revenue on the *Statement of Activities* (\$4,145). Declining property values, foreclosures within the District’s zone boundaries and diminished economic activity within the County of Riverside contributed to a decrease in overall revenues (\$7,660) including decreases in property tax and redevelopment revenues (\$3,582), special assessment revenues (\$153), intergovernmental revenues (\$84), charges for services (\$380), area drainage plan fees (\$138), revenue from sale or lease of land (\$60), investment income (\$848) and contributions from developers for the purchase of land by the District to construct future flood control improvements (\$2,415). Additionally, overall expenditures decreased (\$3,815) due in part to decreases in construction costs of flood control facilities in Zones 1, 5 and 6 (\$4,089), professional services costs largely associated with a cost sharing project in Zone 2 (\$3,276) and ADP contribution costs reclassified in the financial statements as contributions to other funds (\$1,861). These decreases in costs were offset by increases in Zones 2 and 4 expenses related to construction of flood control facilities (\$3,353), land expenses in Zones 1 and 7 (\$682) and professional engineering costs in various zones (\$1,305).

The District's net assets increased \$41,479 during the current fiscal year. Approximately 60 percent of this increase represents the degree to which increases in ongoing revenues e.g., property tax revenues and charges for services, have outstripped similar increases in ongoing expenses. The remainder of this growth is attributable to the growth in net assets invested in capital assets, specifically, donations of capital assets (infrastructure and land).

Governmental activities. Governmental activities increased the District's net assets by \$42,658, thereby accounting for 100 percent of the total growth in net assets of the District. Key elements of the increase are as follows:

District's Changes in Net Assets

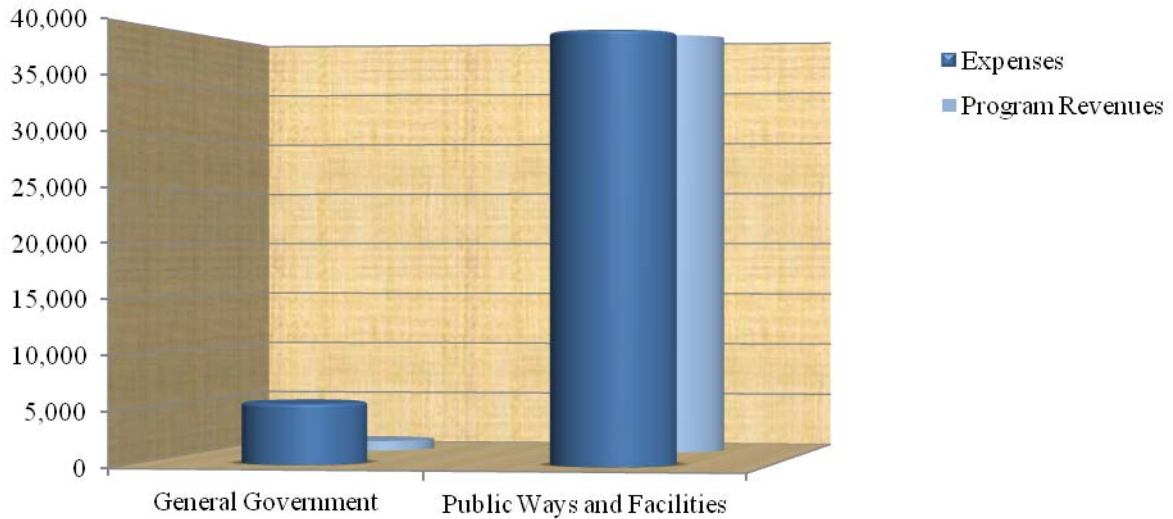
	Governmental Activities			Business-type Activities			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Revenues:									
Program Revenues:									
Charges for Services	\$ 5,423	\$ 6,364	\$ 14,829	\$ 1,515	\$ 1,436	\$ 3,026	\$ 6,938	\$ 7,800	\$ 17,855
Capital Grants and Contributions	35,479	21,538	45,798	-	-	-	35,479	21,538	45,798
General Revenues:									
Property Taxes	39,836	46,280	55,791	-	-	-	39,836	46,280	55,791
Redevelopment Pass-thru	5,136	8,111	-	-	-	-	5,136	8,111	-
Unrestricted Interest and Investment Earnings	1,425	2,324	5,835	46	82	199	1,471	2,406	6,034
Gain on Sale of Capital Assets	123	42	1,289	-	-	-	123	42	1,289
Total Revenues	87,422	84,659	123,542	1,561	1,518	3,225	88,983	86,177	126,767
Expenses:									
General Government	5,572	5,928	9,660	-	-	-	5,572	5,928	9,660
Public Ways and Facilities	39,192	41,769	39,712	-	-	-	39,192	41,769	39,712
Subdivision Operations	-	-	-	2,298	1,520	2,340	2,298	1,520	2,340
Photogrammetry Operations	-	-	-	285	93	246	285	93	246
Encroachment Permits	-	-	-	157	167	237	157	167	237
Total Expenses	44,764	47,697	49,372	2,740	1,780	2,823	47,504	49,477	52,195
Increase (Decrease) in Net Assets before Transfers	42,658	36,962	74,170	(1,179)	(262)	402	41,479	36,700	74,572
Transfers	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	42,658	36,962	74,170	(1,179)	(262)	402	41,479	36,700	74,572
Net Assets – 7/01/10	975,597	938,635	864,465	3,465	3,727	3,325	979,062	942,362	867,790
Net Assets – 6/30/11	\$1,018,255	\$975,597	\$938,635	\$ 2,286	\$ 3,465	\$ 3,727	\$1,020,541	\$979,062	\$942,362

- ◆ Historically, ongoing revenues have exceeded expenses as a percentage of net assets by approximately 1.6 to 4.0 percent in a given fiscal year. During the year, overall revenues increased by \$2,763 (3.3 percent) due to an increase of donated capital assets while ongoing revenues decreased by \$11,178 (17.7 percent) due to a slowed economy. Ongoing revenues continued to exceed expenses by \$7,179 (0.7 percent).

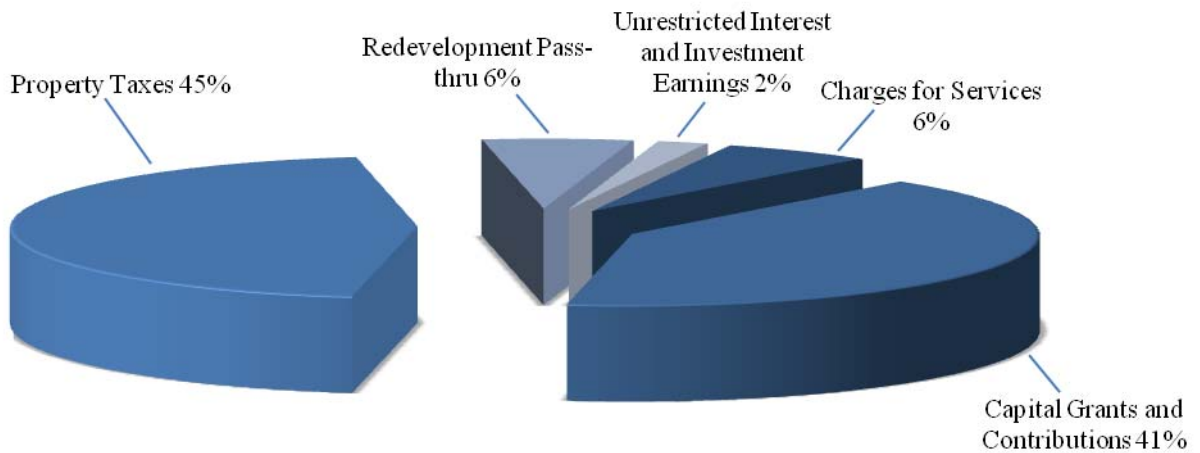
For the most part, increases and decreases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions include the following:

- ◆ A decrease in professional services expense of \$1,152 (2.4 percent) associated with the imminent completion of a cost sharing project, Norco MDP Line NA-S, in Zone 2.

Expenses and Program Revenues – Governmental Activities



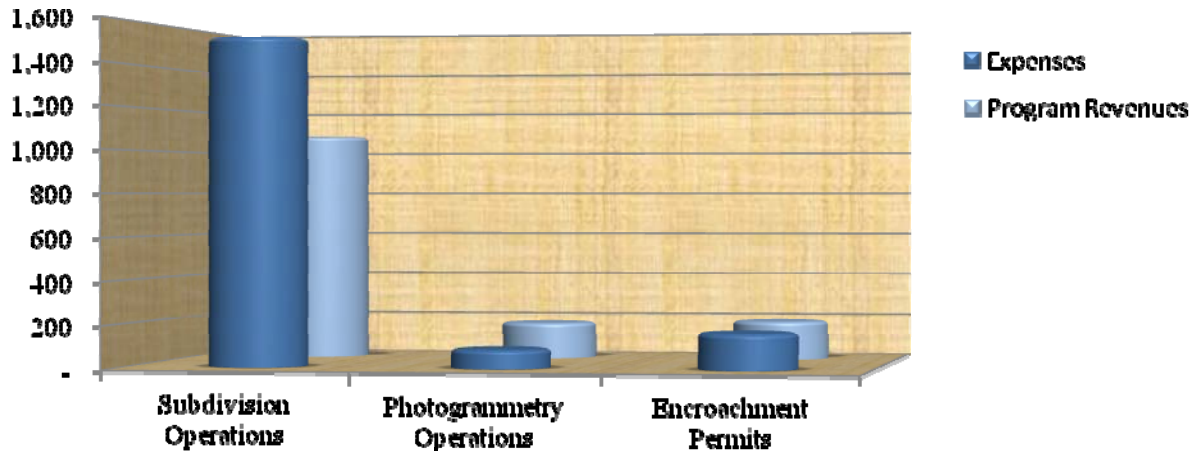
Revenues by Source – Governmental Activities



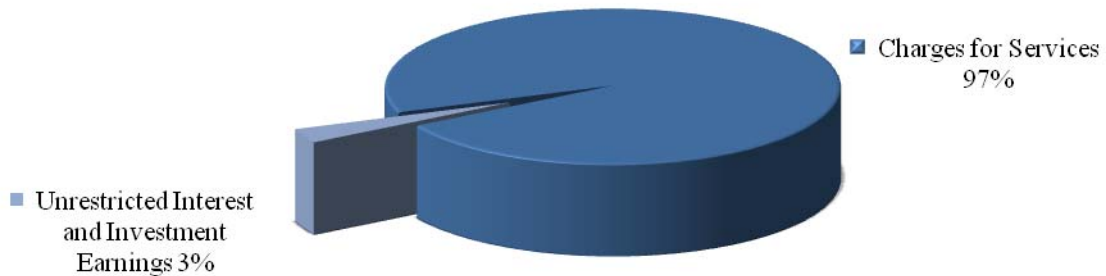
Business-type activities. Business-type activities decreased the District’s net assets by \$1,179, accounting for a 2.8 percent reduction in the total government’s net assets. Key elements of the decrease are as follows.

- ◆ Overall charges for services and expenses for business-type activities increased by 5.5 percent and 35 percent respectively. The Subdivision operation accounts for a significant portion of this increase. Historically, increases and decreases in charges for services and expenses are development related and will vary based on development activity within the County of Riverside. However, program expenses exceeded program revenues by 44 percent during the year as a result of the District establishing an allowance for uncollectible customer accounts which resulted in the largest portion of these increased expenses (84 percent). Normal operating expenses closely paralleled inflation and the overall reduction in the demand for services for this fiscal year.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the District's Funds

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

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *restricted, assigned and unassigned* fund balances may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$251,373, an increase of \$9,093 in comparison with the prior year. The majority of this total amount (\$247,681) constitutes *restricted fund balances*, which reflect resources that are subject to externally enforceable legal restrictions that arise when the authorization to raise revenues is conditioned upon the revenue being used for a particular purpose, e.g., maintenance and construction of flood control facilities within designated zone boundaries. *Unassigned fund balance* (\$2,290) reflects surplus resources in the District's general fund that are available for spending at the District's discretion. The remainder of fund balance is *assigned fund balance* (\$1,402) and reflects resources that the District intends to use to fund accrued compensated absence liabilities as required.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,290, while total fund balance reached \$3,692. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46.3 percent of total general fund expenditures, while total fund balance represents 74.6 percent of that same amount.

The fund balance of the District's general fund decreased by \$1,021 during the current fiscal year. Key factors in this decrease are as follows:

- ◆ Due to a diminished economy, the general fund experienced decreases in property tax and redevelopment revenues (\$194), charges for services (\$222) and investment income (\$26).
- ◆ The District recorded costs for the conversion of the District's yard at Market Street into a Low Impact Development (LID), Best Management Practices (BMP) Demonstration and Monitoring Facility in the general fund which were budgeted and later reimbursed by the capital project fund (\$1,325). A portion of the costs recorded were not reimbursed prior to the end of the fiscal year which resulted in higher overall expenditures within the general fund.

The special revenue funds account for the following:

- ◆ Revenues and expenditures related to providing flood control facilities maintenance and the design and construction of flood control facilities within defined geographical areas Zone 1 through Zone 7 (zone funds).
- ◆ Revenues and expenditures related to the administration of and compliance with the National Pollutant Discharge Elimination System (NPDES) regulations for the Whitewater, Santa Ana and Santa Margarita benefit assessment areas (NPDES funds).

The zone funds had an aggregate fund balance of \$241,173 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$9,525. Key factors in the aggregate net increase are as follows:

- ◆ *Zone 1* reported a fund balance of \$23,015 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$1,229. Property tax and redevelopment revenues account for approximately 94 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 1,027 percent (\$1,120). Overall revenues decreased (\$1,511) due primarily to decreases in property tax and redevelopment revenue (\$433), charges for services revenue (\$915) resulting from a decrease in the amount of reimbursement by the State of California for costs covered under the California Disaster Assistance Program, investment income (\$109) and lease revenue from privately owned sources for use of District property (\$64). These decreases offset the increases in contributions from other governmental agencies for construction programs (\$2). Additionally, expenditures decreased (\$526) due largely in part to decreases in construction costs of flood control facilities (\$1,377).

- ◆ *Zone 2* reported a fund balance of \$63,893 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$6,021. Property tax and redevelopment revenues account for approximately 93 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 31 percent (\$1,868). Overall revenues decreased (\$738) due primarily to decreases in property tax and redevelopment revenue (\$737), area drainage fees (\$179), investment income (\$205) and lease revenue from privately owned sources for use of District property (\$1). These decreases offset the increases in contributions from other governmental agencies for construction programs (\$7) and charges for services revenue for the Santa Ana Watershed Project Authority cost share agreement (\$377). Additionally, expenditures decreased (\$2,809) due largely in part to decreased costs for professional services related to the Santa Ana Canyon cost sharing project with the Army Corps of Engineers (\$3,275).

- ◆ *Zone 3* reported a fund balance of \$12,879 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$925. Property tax and redevelopment revenues account for approximately 91 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 18 percent (\$196). Overall revenues decreased (\$73) due primarily to decreases in property tax and redevelopment revenue (\$154) and investment income (\$34). These decreases offset the increase in charges for services revenue for reimbursement from the State of California for emergency related projects (\$118). Additionally, expenditures increased (\$90) due largely in part to some increased construction program activity within the zone.

- ◆ *Zone 4* reported a fund balance of \$67,683 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$3,111. Property tax and redevelopment revenues account for approximately 85 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 58 percent (\$4,260). Overall revenues decreased (\$4,329) due primarily to decreases in property tax and redevelopment revenue (\$1,183), special assessment revenue from payment of special assessment delinquencies (\$117), contributions from other governmental agencies for construction programs (\$3), charges for services revenue for the proposed formation of a Community Facilities District in Zone 4 (\$369), area drainage fees (\$48), investment income (\$194), and contributions from private sources for the purchase of land (\$2,415). Additionally, expenditures decreased (\$282) due largely in part to decreased construction program activity within the zone.

- ◆ *Zone 5* reported a fund balance of \$12,934 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$430. Property tax and redevelopment revenues account for approximately 96 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 127 percent (\$2,002). Overall revenues decreased (\$562) due primarily to decreases in property tax and redevelopment revenue (\$441), contributions from other governmental agencies for construction programs (\$1), charges for services revenue for cost sharing related projects (\$69) and investment income (\$51). Additionally, expenditures decreased (\$2,615) due largely in part to decreased construction program activity within the zone.

- ◆ *Zone 6* reported a fund balance of \$25,784 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$382. Property tax and redevelopment revenues account for approximately 94 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 544 percent (\$468). Overall revenues decreased (\$442) due primarily to decreases in property tax and redevelopment revenue (\$321), contributions from other governmental agencies for construction programs (\$1), charges for services revenue from the sale of surplus land (\$2), investment income (\$115) and lease revenue from private sources for use of District property (\$3). Additionally, expenditures decreased (\$45) due largely in part to decreased construction program activity within the zone.

- ◆ *Zone 7* reported a fund balance of \$34,985 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$649. Property tax and redevelopment revenues account for approximately 89 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 66 percent (\$1,245). Overall revenues decreased (\$409) due primarily to decreases in property tax revenue (\$313), contributions from other governmental agencies for construction programs (\$88) and investment income (\$123). These decreases offset the increases in charges for services revenue (\$26) and area drainage fees (\$89). Additionally, expenditures increased (\$767) due largely in part to increased maintenance program activity within the zone.

The NPDES funds had an aggregate fund balance of \$6,087 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$524. Key factors in the net increase are as follows:

- ◆ *NPDES Whitewater* reported a fund balance of \$779 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$196. Special assessment revenues account for approximately 40 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 8 percent (\$17). Overall revenues increased (\$24) due primarily to an increase in charges for services revenue received from cost sharing permittees (\$28). This increase offsets the decrease in special assessments (\$4). Additionally, expenditures increased (\$41) due largely in part to increased salary and benefits paid to staff members to update compliance programs (\$64) and increased NPDES contributions to other conservation organizations for storm water/clean water educational programs (\$15).

- ◆ *NPDES Santa Ana* reported a fund balance of \$4,741 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$431. Special assessment revenues account for approximately 81 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 32 percent (\$418). Overall revenues increased (\$340) due primarily to an increase in charges for services revenue received from cost sharing permittees (\$394). This increase offsets the decreases in special assessment revenues (\$41) and investment income (\$13). Additionally, expenditures decreased (\$78) due largely in part to decreased NPDES contributions to other conservation organizations for storm water/clean water educational programs (\$91).

- ◆ *NPDES Santa Margarita* reported a fund balance of \$567 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$103. Special assessment revenues account for approximately 49 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 167 percent (\$258). Overall revenues increased (\$38) due primarily to increases in special assessment revenue (\$9) and in charges for services revenue received from cost sharing permittees (\$32). These increases offset the decrease in investment income (\$3). Additionally, expenditures increased (\$296) due largely in part to increased salary and benefits paid to staff members to update compliance programs (\$150) and professional services costs incurred for services related to new federally mandated compliance programs (\$155).

The capital project fund had a total fund balance of \$421 at the end of the current fiscal year. The net increase in fund balance during the current year in the capital project fund was \$65. Capital outlay increased by \$933 for the conversion of the District's yard at Market Street into a Low Impact Development (LID), Best Management Practices (BMP) Demonstration and Monitoring Facility. Transfers in are used to offset budgeted capital outlay costs incurred in any given fiscal year. Funds covering a portion of the total cost of the LID project (\$1,409) were transferred into the Capital Project Fund. The completion of the project and final payment is scheduled to occur in the next fiscal year.

Proprietary funds. The District's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net assets at the end of the year for 1) Subdivision operations amounted to \$1,240, 2) Photogrammetry operations amounted to \$544, and 3) Encroachment permit operations amounted to \$316. The total reduction in net assets for Subdivision operations was \$1,243. The total growth for Photogrammetry operations and Encroachment permit operations was \$61 and \$29, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the District's business-type activities.

Fiduciary Funds. The District maintains fiduciary funds to account for resources held for the benefit of parties outside of the District. The District's agency funds are reported under the fiduciary funds and are primarily used to account for debt without government obligation.

General Fund Budgetary Highlights

During the year there was a \$5,104 adjustment made between the original and final amended budget decreasing general fund appropriations. The main component of the decrease is as follows:

- ◆ The adjustment was made to more accurately reflect the District's overall expenditures for the year. The general fund incurs the general administrative expenditures and allocates those costs to all other funds of the District. Historically, the reimbursement to the general fund was recorded as revenue resulting in an overstatement of revenues and expenditures instead of a reduction in expenditures through a contra-expenditure account. The subsequent change in the method of accounting for the reimbursement reduced the amount of budgeted appropriations needed in the general fund.

Significant budgetary variances between the final amended budget and the actual amounts are a result of the following components:

- ◆ Total actual expenditures were greater than budgetary estimates by \$75. Budgeted expenditures decreased by 53.2 percent from the prior year based on historical data, economic trends, development activity and changes to accounting methods and overall actual general government expenditures increased by 5.7 percent. Actual general government expenditures were increased by \$266 due to costs being recorded for the conversion of the District's yard at Market Street into a Low Impact Development (LID), Best Management Practices (BMP) Demonstration and Monitoring Facility in the general fund and a portion of those costs not being reimbursed by the capital projects fund prior to the end of the fiscal year which resulted in higher overall expenditures within the general fund.
- ◆ Total actual revenues were less than budgetary estimates by \$6,543. Budgeted revenues increased by 3.4 percent from the prior year based on historical data, economic trends and development activity and overall actual revenues decreased by 10 percent. Actual revenues were reduced by \$438 due to the reclassification of allocations charged to all other District funds and received by the general fund for administrative purposes. The allocations, accounted for in the charges for administrative services revenue account, were more appropriately reclassified to a contra-expense account offsetting overall expenses in the general government incurred for the general administration of the District.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$756,993 (net of accumulated depreciation). This investment of capital assets includes land and easements, construction in progress, infrastructure, land improvements, building and improvements and equipment. The total increase in the District's investment in capital assets for the current fiscal year was 4.4 percent (a 4.4 percent increase for governmental activities and a 43.5 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- ◆ Capital assets (infrastructure and land) were donated to the District as a result of prior year development within the County; donated infrastructure and land at the end of the current fiscal year was \$32,013.
- ◆ A variety of flood control construction projects which began in the prior fiscal year were completed and new construction began; construction in progress at the end of the current fiscal year was \$9,077.

District's Capital Assets
(net of depreciation)

	Governmental activities			Business-type activities			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Infrastructure	\$519,672	\$489,492	\$473,048	\$ -	\$ -	\$ -	\$519,672	\$489,492	\$473,048
Land and easements	217,573	208,381	201,046	-	-	-	217,573	208,381	201,046
Buildings and improvements	8,132	6,996	6,785	-	-	-	8,132	6,996	6,785
Improvements other than buildings	89	99	99	-	-	-	89	99	99
Equipment	2,427	2,866	3,019	23	13	36	2,450	2,879	3,055
Construction in progress	9,077	15,538	20,142	-	-	-	9,077	15,538	20,142
Total	\$756,970	\$723,372	\$704,139	\$ 23	\$ 13	\$ 36	\$756,993	\$723,385	\$704,175

Additional information on the District's capital assets can be found in note 6 on pages 42 – 43 of this report.

Long-term debt. The District Act limits the amount of general obligation debt the District may issue to the lesser of 2 percent of assessed valuation or \$21 million. The District had \$0 total bonded debt outstanding at the end of the current fiscal year and the end of the prior two fiscal years.

Economic Factors and Next Year's Budgets and Rates

- ◆ The last two years have been some of the most difficult economic conditions since the Great Depression. Since January 2007, the country has lost 4.4 million jobs or 4.3 percent of the jobs that previously existed. Data presented by various sources show that between November 2008 and February 2009, the job losses averaged 646 jobs a month. Since that time, the job losses are averaging 505 a month. Unemployment has risen to double digits. Capital utilization was 72.0 percent, just above 1982's modern low of 70.9 percent. The Federal Reserve has taken several steps to try and improve the economic conditions. Steps include providing banks with loans to prop them up, freeing up credit considerations, bailing out of a variety of companies in several sectors. The Term Asset-Backed Securities Loan Facility (TALF) is now providing loans to investors so they can buy highly rated groups of auto, student and consumer, short-term business and mortgage loans to stimulate that type of lending. The Federal government is borrowing and injecting \$787 billion into the economy to try and get the economic engine to start chugging again.
- ◆ While the federal government has been trying to deal with the dire economic conditions of the country, California has been dealing with its own budgetary crisis. The State of California had to work on a \$21 billion budget deficit. The deficit faced by the State is a result of several factors. While this list is not all inclusive, some of the factors include elevated spending, less sales tax revenues, less property tax revenues, obligations made through the initiative process and congressional issues on agreeing on a balanced budget. This has led to worsening of the State economy and a loss of jobs due to the recession and a loss of jobs due to businesses moving out of the State. In 2008, the State lost approximately 172 jobs. It started off 2009 with approximately 453 less jobs. The three major declining sectors were construction, retail and manufacturing. The gain in jobs in the State was in health care.
- ◆ The Inland Empire region has been affected by the same issues affecting the nation and State. In 2009, the Inland Empire economy is forecasted to lose approximately 83 jobs after dropping approximately 49 jobs in 2008. The unemployment rate as of June 2009 was 14.0 percent, the region's worst performance in modern times. It currently ranks second to Detroit. This decline has occurred because the items that used to be the advantage for the area have become its major weakness as the economy has fallen hardest on sectors that need inexpensive land: home development, manufacturing, logistics and non-residential construction. With the flow of funds from these activities being reduced other areas such as local retailers, restaurants and other such activities are bearing the brunt of the loss, further extending the loss in the economy. While the losses have stabilized and the economy seems to be coming out of the trough, if the federal stimulus package works better than expected then the Inland Empire manufacturing and infrastructure construction will increase more than forecasted.

- ◆ The housing market in the County of Riverside has been hurt much more dramatically than in the nation as a whole. In 2008, values took a major hit as a result of the declining home prices. In mid-2009, the County of Riverside's valuation was \$211 billion, which was down by 10.8 percent. Financial deposits that are an indicator of local wealth fell 1.1 percent to \$21.7 billion. In 2008, home sales generally started to grow again as foreclosures drove sales volume. The County of Riverside saw an increase of 77.5 percent to approximately 33 home sales with the leaders being the City of Riverside, the City of Moreno Valley and the City of Corona. From second quarter 2008-2009, the County of Riverside's median existing home price fell 36.3 percent to approximately \$172. The County of Riverside's 2008 new home sales fell 46.2 percent to approximately 3 home sales.
- ◆ With affordability at record levels, sales volumes rising, interest rates low, and third quarter 2009 prices up, it finally seems that the County of Riverside has reached the bottom of the trough in the housing market. In the near term, with sales of foreclosure properties on the rise and demand for affordable housing, the County of Riverside has reached a point of stability and the near term forecast sees the valuations stabilizing and gradually increasing. This is precipitated upon the banks continuing to provide funds to purchase homes and the consumer continuing to believe that the market has reached the bottom. The expectation remains that the Inland Empire economy will start improving, albeit at a very slow pace.

All of these factors were considered in preparing the District's budget for the 2012 fiscal year.

General fund revenues and appropriations for fiscal year 2012 are estimated to decrease by \$6.3 million and \$3.8 million, respectively, for the general administration of the District. Decreases in tax revenues and in revenues associated with inspection of developer constructed facilities to be accepted into the District's maintained system are expected to decrease by 10.7 percent and by 49.4 percent, respectively. Additionally, the change in the method of accounting for the reimbursement of general administrative expenditures has substantially reduced the amount of budgeted revenues and appropriations needed in the general fund. Appropriation decreases are due primarily to reduction in developer constructed projects requiring District inspection services. The decreases in revenues and decreases in appropriations continue to be the direct result of diminished development within Riverside County due to a sluggish economy.

Revenue and appropriation estimates are very difficult to make for the enterprise funds because they are directly related to the level of private development activity occurring in Riverside County during any given period. The Subdivision, Photogrammetry and Encroachment Permits funds are expected to have averaged revenue and appropriation decreases of approximately 20.6 percent and 15.9 percent, respectively. These decreases are a direct result of diminished development within Riverside County due to the sluggish economy and the effect of the economic downturn on other governmental agencies that seek photogrammetric services as well as on various agencies, developers and individuals requiring temporary access/use of District property to complete projects still in development.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Riverside County Flood Control and Water Conservation District, 1995 Market Street, Riverside, CA 92501.

BASIC FINANCIAL STATEMENTS



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- ◆ *Government-wide Financial Statements*
- ◆ *Fund Financial Statements:*
 - ⇒ *Governmental Funds*
 - ⇒ *Proprietary Funds*
 - ⇒ *Fiduciary Funds*
- ◆ *Notes to the Financial Statements*

Riverside County Flood Control and Water Conservation District

Statement of Net Assets

June 30, 2011

(Amounts Expressed in Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 260,041	\$ 2,218	\$ 262,259
Restricted Cash	6,124	2,845	8,969
Receivables (net of allowance for uncollectibles)	4,939	392	5,331
Net Pension Asset	1,945	-	1,945
OPEB Asset	429	-	429
Inventories	320	-	320
Prepays	-	-	-
Internal Balances	(155)	155	-
Capital Assets:			
Nondepreciable	226,650	-	226,650
Depreciable, Net	530,320	23	530,343
	<hr/>	<hr/>	<hr/>
Total Assets	1,030,613	5,633	1,036,246
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable and Accrued Liabilities	2,125	31	2,156
Matured Bonds Payable	5	-	5
Salaries and Benefits Payable	916	32	948
Developer and Other Agency Deposits	5,157	3,178	8,335
Due to Other Governments	223	10	233
Long-term Liabilities:			
Due Within One Year	569	14	583
Due in More Than One Year	3,363	82	3,445
	<hr/>	<hr/>	<hr/>
Total Liabilities	12,358	3,347	15,705
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Invested in Capital Assets	756,970	23	756,993
Restricted by Enabling Legislation for:			
Public Ways and Facilities	251,826	-	251,826
Unrestricted	9,459	2,263	11,722
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 1,018,255	\$ 2,286	\$ 1,020,541
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District

Statement of Activities

For the Year Ended June 30, 2011

(Amounts Expressed in Thousands)

	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
FUNCTIONS/PROGRAMS:			
Governmental Activities			
General Government	\$ 5,572	\$ 915	\$ -
Public Ways and Facilities	39,192	4,508	35,479
Total Governmental Activities	<u>44,764</u>	<u>5,423</u>	<u>35,479</u>
Business-type Activities			
Subdivision Operations	2,298	992	-
Photogrammetry Operations	285	342	-
Encroachment Permits	157	181	-
Total Business-type Activities	<u>2,740</u>	<u>1,515</u>	<u>-</u>
Total	<u>\$ 47,504</u>	<u>\$ 6,938</u>	<u>\$ 35,479</u>

General Revenues:

Property Taxes

Redevelopment Pass-thru

Unrestricted Interest and Investment Earnings

Gain - Sale of Capital Assets

Total General Revenues

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and
Changes in Net Assets

Governmental Activities	Business- type Activities	Total
\$ (4,657)	\$ -	\$ (4,657)
795	-	795
(3,862)	-	(3,862)
-	(1,306)	(1,306)
-	57	57
-	24	24
-	(1,225)	(1,225)
(3,862)	(1,225)	(5,087)
39,836	-	39,836
5,136	-	5,136
1,425	46	1,471
123	-	123
46,520	46	46,566
42,658	(1,179)	41,479
975,597	3,465	979,062
<u>\$ 1,018,255</u>	<u>\$ 2,286</u>	<u>\$ 1,020,541</u>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Balance Sheet
Governmental Funds
June 30, 2011
(Amounts Expressed in Thousands)

	<u>General Fund</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
ASSETS				
Cash and Investments	\$ 3,666	\$ 23,563	\$ 64,179	\$ 12,663
Restricted Cash	1,866	10	-	-
Receivables:				
Taxes Receivable	138	1,097	1,166	355
Accounts Receivable	192	6	3	3
Interest Receivable	4	18	49	10
Due From Other Funds	744	26	41	6
Due From Other Governments	42	5	-	2
Prepays	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,652</u>	<u>\$ 24,725</u>	<u>\$ 65,438</u>	<u>\$ 13,039</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 345	\$ 189	\$ 71	\$ 17
Salaries and Benefits Payable	506	68	60	25
Matured Bonds Payable	-	-	-	-
Due to Other Funds	34	189	230	56
Deferred Revenue	128	1,084	1,155	62
Developer and Other Agency Deposits	1,927	10	-	-
Due to Other Governments	20	170	29	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,960</u>	<u>1,710</u>	<u>1,545</u>	<u>160</u>
Fund Balances:				
Restricted for:				
Public Ways and Facilities	-	23,015	63,893	12,879
Capital Projects	-	-	-	-
Assigned to:				
General Fund, Compensated Absences	1,402	-	-	-
Unassigned:				
	<u>2,290</u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>3,692</u>	<u>23,015</u>	<u>63,893</u>	<u>12,879</u>
Total Liabilities and Fund Balances	<u>\$ 6,652</u>	<u>\$ 24,725</u>	<u>\$ 65,438</u>	<u>\$ 13,039</u>

The accompanying notes are an integral part of this statement.

<u>Zone 4</u>	<u>Zone 5</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>NPDES Whitewater</u>	<u>NPDES Santa Ana</u>
\$ 67,944	\$ 13,742	\$ 25,825	\$ 35,538	\$ 815	\$ 5,039
3,201	25	20	-	-	-
666	202	234	153	18	80
4	-	302	-	-	3
54	10	20	27	1	4
72	9	14	14	-	-
13	-	-	-	-	27
-	-	-	-	-	-
<u>\$ 71,954</u>	<u>\$ 13,988</u>	<u>\$ 26,415</u>	<u>\$ 35,732</u>	<u>\$ 834</u>	<u>\$ 5,153</u>
\$ 43	\$ 786	\$ 226	\$ 7	\$ 25	\$ 281
94	18	27	18	6	21
5	-	-	-	-	-
324	53	79	70	5	29
616	182	279	652	19	81
3,185	15	20	-	-	-
4	-	-	-	-	-
<u>4,271</u>	<u>1,054</u>	<u>631</u>	<u>747</u>	<u>55</u>	<u>412</u>
67,683	12,934	25,784	34,985	779	4,741
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>67,683</u>	<u>12,934</u>	<u>25,784</u>	<u>34,985</u>	<u>779</u>	<u>4,741</u>
<u>\$ 71,954</u>	<u>\$ 13,988</u>	<u>\$ 26,415</u>	<u>\$ 35,732</u>	<u>\$ 834</u>	<u>\$ 5,153</u>

Continued

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District
Balance Sheet**

Governmental Funds - Continued

June 30, 2011

(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
ASSETS			
Cash and Investments	\$ 608	\$ 323	\$ 253,905
Restricted Cash	-	-	5,122
Receivables:			-
Taxes Receivable	15	-	4,124
Accounts Receivable	-	-	513
Interest Receivable	-	-	197
Due From Other Funds	-	500	1,426
Due From Other Governments	-	-	89
Prepays	-	-	-
	<u>\$ 623</u>	<u>\$ 823</u>	<u>\$ 265,376</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 25	\$ -	\$ 2,015
Salaries and Benefits Payable	9	-	852
Matured Bonds Payable	-	-	5
Due to Other Funds	7	402	1,478
Deferred Revenue	15	-	4,273
Developer and Other Agency Deposits	-	-	5,157
Due to Other Governments	-	-	223
	<u>56</u>	<u>402</u>	<u>14,003</u>
Fund Balances:			
Restricted for:			
Special Revenues, Public Ways and Facilities	567	-	247,260
Capital Projects	-	421	421
Assigned to:			
General Fund, Compensated Absences	-	-	1,402
Unassigned:			
	<u>-</u>	<u>-</u>	<u>2,290</u>
Total Fund Balances	<u>567</u>	<u>421</u>	<u>251,373</u>
Total Liabilities and Fund Balances	<u>\$ 623</u>	<u>\$ 823</u>	<u>\$ 265,376</u>

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Assets - Governmental Activities**

June 30, 2011

(Amounts Expressed in Thousands)

Fund Balances - Total Governmental Funds (Page 20) \$ 251,373

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 754,597

Internal service funds are used by management to charge the costs of hydrology services, garage, project maintenance, mapping services, data processing, and photography to individual funds. The assets and liabilities of these funds are included in governmental activities in the statement of net assets. 9,342

The net pension asset (NPA) and net OPEB asset (NOA) should be adjusted for any difference between contributions made and the annual required contributions (ARC). A positive year-end balance in the NPA and NOA should be recognized as the year-end asset in relation to the ARC in governmental activities in the statement of net position.

Net Pension Asset	1,945	
OPEB Asset	429	2,374

Earned but unavailable revenues reported in the governmental funds balance sheet as deferred revenue should be recognized in the government-wide statement of activities as revenue regardless of availability thereby increasing unrestricted net position in the government-wide statement of net assets.

Earned but unavailable revenues 4,273

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Compensated Absences (3,704)

Net Assets of Governmental Activities (Page 15) \$ 1,018,255

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2011

(Amounts Expressed in Thousands)

	General Fund	Zone 1	Zone 2	Zone 3
REVENUES				
Property Taxes	\$ 2,817	\$ 6,340	\$ 10,571	\$ 1,432
Redevelopment Pass-thru	207	1,296	1,219	597
Special Assessments	-	-	-	-
Intergovernmental	44	99	166	22
Charges for Services	831	206	387	122
Area Drainage Fees	-	-	-	-
Investment Income	27	134	347	70
Contributions	-	-	-	-
Use of Assets	4	64	7	-
	<u>3,930</u>	<u>8,139</u>	<u>12,697</u>	<u>2,243</u>
Total Revenues				
EXPENDITURES				
General Government	4,931	-	-	-
Public Ways and Facilities	-	8,688	6,280	1,259
Capital Outlay	20	430	-	-
	<u>4,951</u>	<u>9,118</u>	<u>6,280</u>	<u>1,259</u>
Total Expenditures				
Excess (Deficiency) of Revenue:				
Over (Under) Expenditures	<u>(1,021)</u>	<u>(979)</u>	<u>6,417</u>	<u>984</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	(250)	(396)	(59)
	<u>-</u>	<u>(250)</u>	<u>(396)</u>	<u>(59)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances:	(1,021)	(1,229)	6,021	925
Fund Balances, Beginning of Year:	<u>4,713</u>	<u>24,244</u>	<u>57,872</u>	<u>11,954</u>
Fund Balances, End of Year:	<u>\$ 3,692</u>	<u>\$ 23,015</u>	<u>\$ 63,893</u>	<u>\$ 12,879</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 10,580	\$ 2,284	\$ 3,308	\$ 3,482	\$ -	\$ -
745	198	591	320	-	-
8	-	-	-	290	2,224
163	35	51	131	-	-
1,023	1	-	41	424	494
420	-	-	104	-	-
363	74	141	200	4	25
-	-	-	-	-	-
8	-	40	-	-	-
<u>13,310</u>	<u>2,592</u>	<u>4,131</u>	<u>4,278</u>	<u>718</u>	<u>2,743</u>
-	-	-	-	-	-
9,114	2,070	3,847	3,363	522	2,312
663	-	533	133	-	-
<u>9,777</u>	<u>2,070</u>	<u>4,380</u>	<u>3,496</u>	<u>522</u>	<u>2,312</u>
<u>3,533</u>	<u>522</u>	<u>(249)</u>	<u>782</u>	<u>196</u>	<u>431</u>
-	-	-	-	-	-
(422)	(92)	(133)	(133)	-	-
(422)	(92)	(133)	(133)	-	-
3,111	430	(382)	649	196	431
<u>64,572</u>	<u>12,504</u>	<u>26,166</u>	<u>34,336</u>	<u>583</u>	<u>4,310</u>
<u>\$ 67,683</u>	<u>\$ 12,934</u>	<u>\$ 25,784</u>	<u>\$ 34,985</u>	<u>\$ 779</u>	<u>\$ 4,741</u>

Continued

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Continued
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
REVENUES			
Property Taxes	\$ -	\$ -	\$ 40,814
Redevelopment Pass-thru	-	-	5,173
Special Assessments	480	-	3,002
Intergovernmental	-	-	711
Charges for Services	500	-	4,029
Area Drainage Fees	-	-	524
Investment Income	2	2	1,389
Contributions	-	-	-
Use of Assets	-	-	123
	<hr/>	<hr/>	<hr/>
Total Revenues	982	2	55,765
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General Government	-	-	4,931
Public Ways and Facilities	1,085	-	38,540
Capital Outlay	-	1,346	3,125
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,085	1,346	46,596
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenue:			
Over (Under) Expenditures	(103)	(1,344)	9,169
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,409	1,409
Transfers Out	-	-	(1,485)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	1,409	(76)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances:	(103)	65	9,093
Fund Balances, Beginning of Year:	670	356	242,280
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year:	\$ 567	\$ 421	\$ 251,373
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-wide Statement of Activities - Governmental Activities**

For the Year Ended June 30, 2011

(Amounts Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds (Page 24) \$ 9,093

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and are charged to depreciation expense.

Expenditures for capital assets	10,129	
Donation of capital assets	32,013	
Less current year depreciation	<u>(8,130)</u>	34,012

Governmental funds report pension expense for the year equal to annual pension cost (APC). The net pension asset (NPA) and the net OPEB asset (NOA) should be adjusted for any difference between contributions made and annual required contributions (ARC). In the statement of activities, contributions made in excess of the ARC are amortized over future years and charged to pension expense.

Pension asset	(139)	
OPEB asset	<u>154</u>	15

Earned but unavailable revenues reported in the governmental funds balance sheet as deferred revenue should be recognized in the government-wide statement of activities as revenue regardless of availability.

Earned but unavailable revenues		(551)
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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 fund.

Change in Long-term Compensated Absences		(182)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of certain internal service funds is reported with governmental activities.

		<u>271</u>
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Change in Net Assets of Governmental Activities (Page 17)		<u><u>\$ 42,658</u></u>
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The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Net Assets
Proprietary Funds

June 30, 2011

(Amount Expressed in Thousands)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Subdivision Operations</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,371	\$ 847	\$ 2,218	\$ 6,136
Restricted Cash	2,740	105	2,845	1,002
Receivables:				
Accounts Receivable (net of allowance for uncollectibles)	283	43	326	10
Interest Receivable	5	1	6	6
Due From Other Funds	6	5	11	270
Due From Other Governments	40	20	60	-
Inventories	-	-	-	320
Total Current Assets	<u>4,445</u>	<u>1,021</u>	<u>5,466</u>	<u>7,744</u>
Noncurrent Assets:				
Capital Assets:				
Depreciable, Net	-	23	23	2,373
Total Assets	<u>\$ 4,445</u>	<u>\$ 1,044</u>	<u>\$ 5,489</u>	<u>\$ 10,117</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 25	\$ 6	\$ 31	\$ 110
Salaries and Benefits Payable	27	5	32	64
Due to Other Funds	13	6	19	210
Compensated Absences - Current Portion	11	3	14	33
Due to Other Governments	-	10	10	-
Developer and Other Agency Deposits	3,067	111	3,178	-
Total Current Liabilities	<u>3,143</u>	<u>141</u>	<u>3,284</u>	<u>417</u>
Noncurrent Portion of Long-term Liabilities:				
Compensated Absences	62	20	82	195
Total Noncurrent Liabilities	<u>62</u>	<u>20</u>	<u>82</u>	<u>195</u>
Total Liabilities	<u>3,205</u>	<u>161</u>	<u>3,366</u>	<u>612</u>
Net Assets:				
Invested in Capital Assets	-	23	23	2,373
Unrestricted	1,240	860	2,100	7,132
Total Net Assets	<u>1,240</u>	<u>883</u>	<u>2,123</u>	<u>9,505</u>
Total Liabilities and Net Assets	<u>\$ 4,445</u>	<u>\$ 1,044</u>		<u>\$ 10,117</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>163</u>	
Net Assets of Business-type Activities			<u>\$ 2,286</u>	

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Revenues, Expenses and Changes in Fund Net Asset:
Proprietary Funds

For the Year Ended June 30, 2011
(Amount Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
OPERATING REVENUES				
Charges for Services	\$ 992	\$ 523	\$ 1,515	\$ 6,682
OPERATING EXPENSES				
Personnel Services	738	240	978	2,246
Administrative Services	471	70	541	432
Services and Supplies	1,066	116	1,182	2,977
Depreciation	-	13	13	1,001
Total Operating Expenses	2,275	439	2,714	6,656
Operating Income (Loss)	(1,283)	84	(1,199)	26
NONOPERATING REVENUES				
Investment Income	40	6	46	36
Gain on Sale of Capital Assets	-	-	-	107
Total Nonoperating Revenues	40	6	46	143
Income (Loss) Before Transfers	(1,243)	90	(1,153)	169
Transfers In	-	-	-	76
Transfers Out	-	-	-	-
Total Transfers In (Out)	-	-	-	76
Change in Net Assets	(1,243)	90	(1,153)	245
Net Assets, Beginning of Year	2,483	793		9,260
Net Assets, End of Year	\$ 1,240	\$ 883		\$ 9,505
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(26)	
Change in Net Assets of Business-type Activities			\$ (1,179)	

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2011

(Amounts Expressed in Thousands)

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Subdivision Operations</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers/Other Funds	\$ 2,320	\$ 277	\$ 2,597	\$ 6,514
Cash Paid to Suppliers for Goods and Services	(1,568)	(177)	(1,745)	(3,406)
Cash Paid to Employees for Services	(718)	(225)	(943)	(2,249)
Net Cash Provided by (Used in) Operating Activities	<u>34</u>	<u>(125)</u>	<u>(91)</u>	<u>859</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Received	-	-	-	76
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>76</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	-	-	-	107
Acquisition and Construction of Capital Assets	-	(23)	(23)	(587)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(23)</u>	<u>(23)</u>	<u>(480)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	45	7	52	40
Net Cash Provided by Investing Activities	<u>45</u>	<u>7</u>	<u>52</u>	<u>40</u>
Net Change in Cash and Cash Equivalents	79	(141)	(62)	495
Cash and Cash Equivalents, Beginning of Year	4,032	1,093	5,125	6,643
Cash and Cash Equivalents, End of Year	<u>\$ 4,111</u>	<u>\$ 952</u>	<u>\$ 5,063</u>	<u>\$ 7,138</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ (1,283)	\$ 84	\$ (1,199)	\$ 26
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	-	13	13	1,001
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable	1,248	(8)	1,240	-
Due from Other Funds	(6)	5	(1)	(184)
Due from Other Governments	13	(1)	12	16
Inventories	-	-	-	(65)
Increase (Decrease) in:				
Accounts Payable	(44)	(7)	(51)	(107)
Salaries and Benefits Payable	7	4	11	15
Due to Other Funds	13	6	19	210
Compensated Absences	13	11	24	(18)
Due to Other Governments	-	-	-	(35)
Developer and Other Agency Deposits	73	(232)	(159)	-
Net Cash Provided by (Used in) Operating Activities:	<u>\$ 34</u>	<u>\$ (125)</u>	<u>\$ (91)</u>	<u>\$ 859</u>

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

Riverside County Flood Control and Water Conservation District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011
(Amounts Expressed in Thousands)

	Agency Funds
ASSETS	
Cash and Investments	\$ 2,760
Cash and Investments with Fiscal Agents	2,155
Total Assets	\$ 4,915
LIABILITIES	
Accounts Payable	\$ 2,760
Matured Bonds Payable	-
Due to Bondholders	2,155
Due to Other Governments	-
Total Liabilities	\$ 4,915

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The Riverside County Flood Control and Water Conservation District (the District) was created by an act of the State Legislature on July 7, 1945 to provide financing for the construction and maintenance of flood control facilities. The governing board of the District consists of the same five members of the Board of Supervisors as Riverside County, California, and the Board has the authority to impose its will on the District. Therefore, the District is considered to be a blended component unit of the County for financial reporting purposes. As required by accounting principles generally accepted in the United States of America, these financial statements present all the fund types of the District.

B) Basis of Presentation

Government – wide Financial Statements

The statement of net assets and statement of activities display information about the District's activities. These statements include the financial activities of the District, except for fiduciary activities. It is the District's policy to make eliminations to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees charged to external parties.

The *statement of activities* presents a comparison between program expenses and program revenues for each segment of the *business-type activities* of the District and for each function of the District's *governmental activities*. *Program expenses* include such direct expenses that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. *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*.

When an expense is incurred for a purpose for which both restricted and unrestricted net assets are available, management has discretion as to which resources apply. It is the District's policy to use restricted resources before unrestricted resources.

C) Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of the 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 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.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Fund Financial Statements - Continued

The District reports the following as a major governmental fund:

- ◆ The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund includes such activities as general government and capital outlay.
- ◆ *Zones 1 through 7* are special revenue funds established to account for revenues and expenditures related to providing flood control in each geographical zone. These funds are financed primarily by ad valorem property taxes, developer fees, local cooperative agreements, federal monies, and monies from other local governments.
- ◆ *NPDES Whitewater* is a special revenue fund used to account for revenues and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Whitewater assessment area. Primarily the benefit assessment area finances this fund.
- ◆ *NPDES Santa Ana* is a special revenue fund used to account for revenues and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Santa Ana assessment area. Primarily the benefit assessment area finances this fund.
- ◆ *NPDES Santa Margarita* is a special revenue fund used to account for revenues and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Santa Margarita assessment area. Primarily the benefit assessment area finances this fund.
- ◆ The *Flood Control Capital Project Fund* was established 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.

The District reports the following major enterprise fund:

- ◆ The *Subdivision Operations Fund* accounts for various services needed by developers in the construction of projects within the County. Revenues are primarily for charges for services.

The District reports the following additional fund types:

- ◆ *Internal Service Funds* account for the District's Hydrology Services, Garage, Project Maintenance, Mapping Services, Data Processing and Photography, on a cost-reimbursement basis.
- ◆ The *Agency Funds* account for assets held by the District as an agent for individuals, private organizations, boards, commissions and other governmental entities or funds not part of the District's reporting entity, but for which the District acts in a fiduciary capacity.

D) Basis of Accounting

The government-wide and proprietary 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, special assessments, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D) Basis of Accounting - Continued

Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Agency funds report only assets and liabilities under the accrual basis and have no measurement focus.

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 are recognized when they become susceptible to accrual – that is, when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, contracts and other nonexchange transactions are considered available 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 Nonexchange Transactions*, are considered available and accrued if expected to be received within twelve months after fiscal year-end.

For its government-wide and proprietary fund financial statements, the District 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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for governmental units. Under GASB 20, the District has elected not to apply FASB pronouncements issued after November 30, 1989 for its government-wide and enterprise fund financial statements.

E) Cash and investments and cash and investments with fiscal agents

The District's cash from operations is deposited in the County Treasury. The County pools its funds with other government agencies in the County and invests them as prescribed by the California Government Code and the County of Riverside's Investment Policy. The District's deposits in the County pool may be accessed at any time. The District is allocated interest income on monies deposited with the County based on its proportional share of the pooled investments. All pooled investments and investments with fiscal agent are carried at fair value. The fair value of participants' positions in the pool is not the same as the value of the pooled shares.

In December 1994, the Board of Supervisors created an Investment Oversight Committee to work with the County Treasurer to oversee County investment policies, to include the District. The Committee reviews the County's investment strategy and the status of the County's investments and reports its finding to the Board. The Investment Oversight Committee has reviewed and approved investment policies for funds held outside the County Treasury.

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F) Property Taxes

Under California law, property taxes are assessed and collected by counties for up to 1 percent of assessed value, plus other increases as approved by affected voters. Property tax revenues are pooled and then allocated based on assessed valuation. Property taxes on the secured rolls are payable in two installments, November 1 and February 1. Property tax payments become delinquent after December 10 and April 10, respectively.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F) Property Taxes – Continued

Remittance of property taxes to the District is accounted for within each appropriate fund. Under the Teeter Plan, the District receives its current-year tax from the County without regard for the delinquency factors.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1		
Levy Date	July 1 to June 30		
Due Date	November 1	-	1 st Installment
	February 1	-	2 nd Installment
Delinquent Date	December 10	-	1 st Installment
	April 10	-	2 nd Installment

G) Inventories

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.

H) Capital Assets

Capital assets, which include property (e.g. land and easements), plant (e.g. buildings, improvements), equipment (e.g. vehicles, computers, office equipment) and infrastructure (e.g. drainage systems, flood control, and similar structures), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds statement of net assets. Capital assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The capitalization thresholds are as follows: \$5 for equipment, \$1 dollar for buildings (structures), land and land improvements and \$150 for infrastructure.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure:	Flood Channels and Levees	99 years
	Dams/Basins	99 years
	Storm Drains	65 years
Structure and Improvements:	Buildings	50 years
	Building improvements	50 years
Equipment:	Autos, personal computers and equipment valued at less than \$25	3 years
	Computer items, small trucks and equipment valued between \$25 and \$75	5 years
	Large trucks and equipment valued at greater than \$75	7 years

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I) Compensated Absences

Permanent District employees earn from 10 to 20 vacation days annually, depending upon their length of employment, and 12 sick days a year. Employees can carry forward up to a maximum of three times their annual vacation accrual and an unlimited number of sick days for use in subsequent years.

Upon termination or retirement, District employees are entitled to receive compensation at their current salary for all unused vacation time. If an employee retires from the District with at least five years of service, the employee is entitled to receive from 10 percent to 50 percent of the value of any unused sick leave up to 120 days.

J) Long-term Debt

The District reports long-term debt of governmental funds at face value 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 the proprietary fund types are reported as liabilities in the appropriate proprietary fund types and in the government-wide statement of net assets.

K) Operating/Nonoperating Revenues and Expenses

The District defines its operating revenues as revenues derived from charges for services. All other revenue that is not derived directly from charges for services, including interest income and gain/loss on sale of assets, is classified as nonoperating in the accompanying statement of revenues, expenses, and changes in fund net assets.

Consistent with the treatment in the accompanying statement of cash flows, all expenses, with the exception of interest expense, are treated as operating expenses on the accompanying statement of revenues, expenses and changes in fund net assets.

L) Interfund Transactions

Interfund transactions are reflected as loans, provided services, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent 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 fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Provided services, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are 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.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
 June 30, 2011
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M) 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.

2) CASH AND INVESTMENTS

Cash and investments totaled \$276,143 as of June 30, 2011. Each fund's portion of this total is reflected in the financial statement accounts entitled "Cash and investments", "Restricted cash", and "Cash and investments with fiscal agents."

All District cash and investments are on deposit with the County Treasurer with the exception of a portion of cash collected from special assessments. 100.0 percent of cash collected from special assessments is held by the District for others in trust and is on account with a third party. The cash is classified as "Cash and investments with fiscal agents" in the District's financial statements and amounted to \$2,155 at June 30, 2011.

The County Treasurer maintains the County's Pooled Investment Fund pursuant to the California Government Code and the County Treasurer's Statement of Investment Policy. Portfolio income, including gains and losses, are distributed quarterly. All investment income is distributed prorata based upon each participant's average daily cash balance for the calendar year except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made.

Investments related to the County's Pooled Investment Fund are restricted to those authorized in the California Government Code and the County Treasurer's Statement of Investment Policy. Investments and related credit, custodial credit, concentration of credit, interest rate and foreign currency risks associated with the County's Pooled Investment Funds are disclosed in Riverside County's basic financial statements.

The primary objectives of the Treasurer's investment of public funds are noted in order of priority as follows: to safeguard investment principal, to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements, and to achieve a reasonable rate of return or yield on the portfolio.

Total District cash and investments at fair value are reported as follows:

Cash and Investments:	
Cash With and Pooled by the County Treasurer	\$ 273,988
Investments Held by Fiscal Agents	2,155
	276,143
Total Cash and Investments	\$ 276,143
	276,143

Total District cash and investments at fair value are reported by the following activities:

Cash and Investments Summary:	
Total Governmental Activities	\$ 266,165
Total Business-type Activities	5,063
Total Fiduciary Funds	4,915
	5,978
Total Cash and Investments	\$ 276,143
	276,143

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

2) CASH AND INVESTMENTS – Continued

A) Investments

Investments are governed by the District’s Investment Policy Statement, the California Government Code, the particular bond indenture, Board of Supervisors’ Resolution, and the fiscal agent agreement.

State statutes and the District’s Investment Policy Statement authorize the District to invest in the following investment categories:

- ◆ Obligations of the U.S. Treasury Notes
- ◆ Federal agencies
- ◆ A U.S. Government-sponsored enterprise
- ◆ The State of California
- ◆ Local government agencies
- ◆ Commercial paper rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Commercial Paper Record
- ◆ Bankers’ acceptances
- ◆ Repurchase agreements
- ◆ Reverse repurchase agreements
- ◆ Guaranteed investment contracts
- ◆ Bond anticipation notes
- ◆ Corporate bonds
- ◆ Negotiable certificates of deposits issued by national and State licensed banks, chartered banks, or Federal/State savings and loan associations.

Investments Authorized by Debt Agreements. Investments of debt proceeds held by bond trustee (Fiscal Agent) are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy.

As of June 30, 2011, the major classes of the District’s investments consisted of the following:

	Fair Value	Weighted Average Maturity (Years)
With Trustee (Fiscal Agent):		
US Treasury Bond	\$1,012	5.42
US Bank Term CD	898	1.19
US Bank Money Market	245	Less than 1 year
Total with Trustee (Fiscal Agent)	\$ 2,155	

B) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The County Treasurer manages exposure to declines in the market value of the Pooled Investment fund portfolio by maintaining a weighted average days to maturity (WAM) of less than 541 days or 1.5 years in accordance with the County Treasurer’s Statement of Investment Policy. As of June 30, 2011, the WAM for the Pooled Investment fund portfolio was 1.31 years. Additionally, the County Treasurer maintains at least 40 percent of the portfolio’s total value in securities having maturities of 1 year or less to provide sufficient liquidity to meet daily expenditure requirements. Investments held by fiscal agents have a maturity of 1 year or less.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

2) CASH AND INVESTMENTS – Continued

B) Interest Rate Risk – Continued

As noted in the County Treasurer's Investment Fund Monthly Report for June 2011, the Pooled Investment fund was rated: Aaa/MR1 by Moody's Investor Service and AAA/V1 by Fitch Ratings.

C) Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California Government Code and the District's Investment Policy Statement do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

D) Credit Risk

The District's Investment Policy Statement sets forth the minimum acceptable credit ratings for investments from the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (Standard & Poor's) and P-1 (Moody's). For an issuer of long-term debt, the rating must be no less than an "A". At June 30, 2011, the credit rating of the District's investments pursuant to the District's Investment Policy Statement was A for Standard & Poor's and A3 for Moody's.

E) Concentration of Credit Risk

As previously stated, the District's Investment Policy Statement is limited solely to the proceeds of bonds issued by the District and therefore does not address limitations with regards to pool funds. At June 30, 2011, there were no investments that constitute a concentration of credit risk.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

3) RECEIVABLES

Receivables at year-end of the District's major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Governmental activities:

	Taxes	Accounts	Interest	Due From Other Governments	Total Receivables
General Fund	\$ 138	\$ 192	\$ 4	\$ 42	\$ 376
Zone 1	1,097	6	18	5	1,126
Zone 2	1,166	3	49	-	1,218
Zone 3	355	3	10	2	370
Zone 4	666	4	54	13	737
Zone 5	202	-	10	-	212
Zone 6	234	302	20	-	556
Zone 7	153	-	27	-	180
NPDES Whitewater	18	-	1	-	19
NPDES Santa Ana	80	3	4	27	114
NPDES Margarita	15	-	-	-	15
Internal Service Funds	-	10	6	-	16
Total Governmental Activities	<u>\$ 4,124</u>	<u>\$ 523</u>	<u>\$ 203</u>	<u>\$ 89</u>	<u>\$ 4,939</u>

Business-type activities:

	Accounts	Interest	Due From Other Governments	Total Receivables
Subdivision Operations	\$ 283	\$ 5	\$ 40	\$ 328
Other Enterprise Funds	43	1	20	64
Total Business-type Activities	<u>\$ 326</u>	<u>\$ 6</u>	<u>\$ 60</u>	<u>\$ 392</u>

4) DEVELOPER AND OTHER AGENCY DEPOSITS

Developer and other agency deposits are deposits made by developers and other governmental agencies to support service or work performed by the District on behalf of said developers and governmental agencies. Revenue is recognized when it is earned and the liability is decreased on a monthly basis.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2011, is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Zone 1	53
	Zone 2	47
	Zone 3	19
	Zone 4	77
	Zone 5	15
	Zone 6	21
	Zone 7	14
	NPDES Whitewater	4
	NPDES Santa Ana	26
	NPDES Margarita	6
	Capital Project Fund	402
	Nonmajor Enterprise Funds	4
	Subdivision Operations	10
	Internal Service Funds	46
	<u>744</u>	
Special Revenue Fund	Zone 4	27
	Internal Service Funds	155
		<u>182</u>
Capital Project Fund	Zone 1	87
	Zone 2	135
	Zone 3	23
	Zone 4	135
	Zone 5	31
	Zone 6	45
	Zone 7	44
		<u>500</u>
Nonmajor Enterprise Funds	Zone 4	3
	Zone 6	1
	Nonmajor Enterprise Funds	1
		<u>5</u>
Subdivision Operations	General Fund	4
	Zone 7	1
	Internal Service Funds	1
	<u>6</u>	

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

Hydrology*	General Fund	1
	Zone 1	8
	Zone 2	13
	Zone 3	2
	Zone 4	15
	Zone 5	3
	Zone 6	4
	Zone 7	5
		51
Garage-Fleet Operations*	General Fund	6
	Zone 1	35
	Zone 2	28
	Zone 3	9
	Zone 4	60
	Zone 5	1
	Zone 6	4
	Zone 7	3
	Internal Service Funds	3
		149
Project-Maintenance Operations*	Zone 2	1
	Zone 4	1
		2
Data Processing*	General Fund	23
	Zone 1	6
	Zone 2	7
	Zone 3	3
	Zone 4	8
	Zone 5	2
	Zone 6	3
	Zone 7	2
	NPDES Whitewater	1
	NPDES Santa Ana	3
	NPDES Santa Margarita	1
	Nonmajor Enterprise Funds	1
	Subdivision Operations	3
	Internal Service Funds	5
		68
Total		\$ 1,707

*Internal Service Funds

These interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Transfers

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

(a) Between governmental activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Operating or Debt Subsidy:			
Zone 1	Capital Project Fund	\$ 238	Capital Project Payments
Zone 2	Capital Project Fund	376	Capital Project Payments
Zone 3	Capital Project Fund	56	Capital Project Payments
Zone 4	Capital Project Fund	400	Capital Project Payments
Zone 5	Capital Project Fund	87	Capital Project Payments
Zone 6	Capital Project Fund	126	Capital Project Payments
Zone 7	Capital Project Fund	126	Capital Project Payments
Zone 1	Internal Service Fund	12	
Zone 2	Internal Service Fund	20	
Zone 3	Internal Service Fund	3	
Zone 4	Internal Service Fund	22	
Zone 5	Internal Service Fund	5	
Zone 6	Internal Service Fund	7	
Zone 7	Internal Service Fund	7	
Total		<u>\$ 1,485</u>	

The internal balances on the government-wide statement of net assets are created by the allocation of internal service fund activity to business-type activities.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

6) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers and Adjustments</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>					
<i>Capital Asset, Nondepreciable:</i>					
Land and Easements	\$ 208,381	\$ 9,192	\$ -	\$ -	\$ 217,573
Construction in Progress	15,538	7,002	-	(13,463)	9,077
Total Capital Assets, Nondepreciable	<u>223,919</u>	<u>16,194</u>	<u>-</u>	<u>(13,463)</u>	<u>226,650</u>
<i>Capital Assets, Depreciable</i>					
Infrastructure	584,459	24,580	-	13,463	622,502
Land Improvements	110	-	-	-	110
Buildings and Improvements	10,209	1,346	-	-	11,555
Equipment	13,647	623	(907)	-	13,363
Total Capital Assets, Depreciable	<u>608,425</u>	<u>26,549</u>	<u>(907)</u>	<u>13,463</u>	<u>647,530</u>
Less Accumulated Depreciation for:					
Infrastructure	(94,967)	(7,863)	-	-	(102,830)
Land Improvements	(11)	(10)	-	-	(21)
Buildings and Improvements	(3,213)	(210)	-	-	(3,423)
Equipment	(10,781)	(1,048)	893	-	(10,936)
Total Accumulated Depreciation	<u>(108,972)</u>	<u>(9,131)</u>	<u>893</u>	<u>-</u>	<u>(117,210)</u>
Total Capital Assets, Depreciable, Net	<u>499,453</u>	<u>17,418</u>	<u>(14)</u>	<u>13,463</u>	<u>530,320</u>
Governmental Activities Capital Assets, Net	<u>\$ 723,372</u>	<u>\$ 33,612</u>	<u>\$ (14)</u>	<u>\$ -</u>	<u>756,970</u>
<u>Business-type Activities:</u>					
<i>Capital Assets, Depreciable</i>					
Equipment	\$ 569	\$ 23	\$ -	\$ -	\$ 592
Total Capital Assets, Depreciable	<u>569</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>592</u>
Less Accumulated Depreciation for:					
Equipment	(556)	(13)	-	-	(569)
Total Accumulated Depreciation	<u>(556)</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>(569)</u>
Total Capital Assets, Depreciable, Net	<u>13</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>23</u>
Business-type Activities Capital Assets, Net	<u>\$ 13</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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(Amounts Expressed in Thousands)

6) CAPITAL ASSETS – Continued

Depreciation expense was charged to governmental functions as follows:

General Government	\$	257
Public Ways and Facilities		7,873
Depreciation on capital assets held by the District’s internal service funds is charged to the various functions based on their usage of the assets.		1,001
Total Depreciation Expense – Governmental Functions	\$	9,131

Depreciation expense was charged to the business-type functions as follows:

Other Enterprise Funds	\$	13
Total Depreciation Expense – Business-type Functions	\$	13

7) LONG-TERM OBLIGATIONS

The following is a summary of long-term liability transactions for the year ended June 30, 2011:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 3,768	\$ 494	\$ (330)	\$ 3,932	\$ 569
Total Governmental Activities – Long-term Liabilities	\$ 3,768	\$ 494	\$ (330)	\$ 3,932	\$ 569
<u>Business-type Activities:</u>					
Compensated Absences	\$ 72	\$ 48	\$ (24)	\$ 96	\$ 14
Total Business-type Activities – Long-term Liabilities	\$ 72	\$ 24	\$ -	\$ 96	\$ 14

For the governmental activities, compensated absences are generally liquidated by the general fund.

8) SPECIAL ASSESSMENT BONDS

Debt without Government Obligation

The District issued the Elsinore Valley Benefit District (Zone 3) bond for the construction of flood control facilities in Zone 3 of the Special Revenue Funds. The bond is to be repaid through special assessment revenues and is not considered an obligation of the District, as the District’s duties are limited to acting as an agent for the assessed property owners and the bondholders. Accordingly, this bond is not reflected in the accompanying financial statements.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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8) SPECIAL ASSESSMENT BONDS – Continued

In accordance with bond covenants, the District has established a reserve from bond proceeds for potential delinquencies in the amount of a minimum of 8.0 percent to 10.0 percent of the principal amount, which is reported as due to bondholders in the agency funds. If a delinquency occurs in the payment of any assessment installment, the District has the duty to transfer the amount of such delinquent installment from the Reserve Fund into the Redemption Fund.

The enactment of Article XIII A of the California Constitution and subsequent legislative enactments effectively repealed the otherwise mandatory duty on the part of the District, under the Bond Law, to levy and collect a special tax (in an amount necessary to meet delinquencies, but not to exceed \$0.10 on each \$100 of assessed value of all taxable property within the County in any one year) if surplus funds are not available to cover delinquencies.

At June 30, 2011, the reserve balance for the bond in the Zone 3 Elsinore Valley Benefit District was included in the agency fund cash and investments or cash with fiscal agent balances, and amounted to \$511. The District's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

Special assessment debt without District obligation consists of the following:

1993 Zone 3 – Limited Obligation Improvement Bonds, bearing interest of 7.9 percent, due in annual installments of \$305 to \$475 plus interest, through September 1, 2017.	<u>\$ 2,685</u>
Total special assessment bonds without governmental obligation:	<u>\$ 2,685</u>

9) NET ASSETS/FUND BALANCES

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

- ◆ Invested in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation reduces the balance in this category.
- ◆ Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ◆ Unrestricted Net Assets – This category represents net assets of the District, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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10) FUND BALANCE DISCLOSURE

In accordance with Government Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions and the County of Riverside Governmental Fund Balance and Reserve Policy B-30, the District classifies governmental fund balances as follows:

- ◆ Nonspendable – includes 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 – includes fund balance amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- ◆ Committed – includes 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. *Authority to commit: Commitments will only be used for specific purposes pursuant to a formal action by the Board of Supervisors. Board of Supervisors approval is required to establish, change, or remove a commitment.*
- ◆ Assigned – includes 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. *Authority to assign: Assignments within the general fund must be established by the County Executive Officer or an Executive Officer designee. No formal action is required to remove an assignment.*
- ◆ Unassigned – includes positive fund balance within the General Fund which has not been classified within any of the above mentioned categories and is available for any purpose within the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Board to consider restricted amounts to be reduced first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balances classifications could be used, it is 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

The following minimum fund balance guidelines for governmental funds have been established to ensure a sufficient level of fund balance is maintained for unanticipated expenditures, delays in revenue receipt, or revenue shortfalls:

- ◆ Unassigned Fund Balance – General Fund

The District shall maintain a minimum unassigned fund balance in its General Fund of at least 25 percent of estimated discretionary revenue budgeted within a contingency account each fiscal year. In the event of economic crisis, a significant portion of the minimum unassigned fund balance may be used for one-time or short term expenditures.

The District will establish a contingency account and budget the minimum assigned fund balance in the General Fund with the recommended budget submitted to the Board of Supervisors for approval each fiscal year beginning with the fiscal year 2012-13 budget. Should the minimum fund balance drop below the prescribed level, the District will develop a plan to replenish the minimum fund balance within two years and include the plan with the recommended budget submitted to the Board of Supervisors for approval in the following budget year.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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10) FUND BALANCE DISCLOSURE – Continued

Minimum Fund Balance Policy for Governmental Funds – Continued

◆ 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 the minimum fund balance drops below the prescribed levels, the District will develop a plan to replenish the minimum fund balance within two years and include the plan with the recommended budget submitted to the Board of Supervisors for approval in the following budget year.

11) SELF-INSURANCE PROGRAM

The District participates in the County's self-insurance program. The County is self-insured for public liability, property damage, long-term and short-term disability, unemployment and workers' compensation claims. The County records estimated liabilities for such claims filed or estimated to be filed for incidents that have occurred. The County supplements its self-insurance for long-term disability and workers' compensation with insurance policies. The insurance carrier pays all long-term disability payments exceeding the first two years of coverage.

The maximum coverage under the workers' compensation policy is \$500 per claim, and there is no deductible. The County allocates an annual premium to the District based on current payroll costs and an experience modification. The annual premium to the District in fiscal year 2011 was approximately \$277.

12) RETIREMENT PLAN

Plan Description

The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The District selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. PERS issues a separate comprehensive annual financial report. However, a report for the District's plan within PERS is not available.

Copies of the PERS' annual financial report may be obtained from the PERS Executive Office – 400P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in the CalPERS hired after January 9, 1992 (SEIU bargaining unit) and September 3, 1992 (LIUNA bargaining unit) are required to contribute 7 or 8 percent of their annual covered salary, depending on their hire date, for the first five (5) years of continuous service. Commencing the sixth (6th) year of continuous service, the District pays the plan member's share of the contribution. The District makes the contribution required of District employees hired prior to the aforementioned dates, respectively, on their behalf and for their account. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2010-11, the employer contribution rate was 13.6 percent.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
(Amounts Expressed in Thousands)

12) RETIREMENT PLAN – Continued

Funded Status and Funding Progress

As of June 30, 2011, the most recent valuation date, the plan was 83.4% funded. The actuarial accrued liability for benefits was \$118.3, and the actuarial value of assets was \$ 98.7, resulting in an unfunded actuarial liability (UAAL) of \$19.6. The covered payroll (annual payroll of active employees covered by the plan) was \$15.4, and the ratio of the UAAL to the covered payroll was 83.4%.

Annual Pension Cost and Net Pension Obligation (Asset)

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (NPA)
June 30, 2009	\$ 1,874	100%	\$ (2,223)
June 30, 2010	\$ 1,951	100%	\$ (2,084)
June 30, 2011	\$ 2,116	100%	\$ (1,945)

In June of 2005, the District made a lump sum payment to CalPERS. The lump sum payment of \$2,779 reported by CalPERS as the Assumption Change reduced the District's employer contribution rate 1.9 percent for fiscal year 2005-06. The 1.9% employer contribution rate reduction will remain constant over a 20 year period. The negative net pension obligation (asset) is reported in the Government-wide Statement of Net Assets as a Pension Asset. The annual increase or decrease in the net pension asset is reported in the Government-wide Statement of Activities and in the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities – Governmental Activities. The District's annual pension cost and net pension obligation (asset) for the current year were as follows:

Annual Required Contribution	\$ 1,995
Interest on Net Pension Obligation (Asset)	162
Adjustments to Annual Required Contribution	(41)
Annual Pension Cost	2,116
Contributions Made	(2,116)
Pension Asset Amortization	139
Increase (Decrease) in Net Pension Obligation (Asset)	139
Net Pension Obligation (Asset) Beginning of Year	(2,084)
Net Pension Obligation (Asset) End of Year	<u>\$ (1,945)</u>

Actuarial Assumptions

For 2011, the District's annual pension cost of \$2,116, including interest and adjustments, was equal to the District's required contributions. The District's actual contributions were \$2,116, which reflects the required contribution. The annual required contribution was determined as part of the June 30, 2008 actuarial valuation of the plan using the Entry Age Actuarial Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year represents the normal cost.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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12) RETIREMENT PLAN – Continued

A summary of principal assumptions and methods used to determine the annual required contribution are as follows:

Asset Valuation Method	15 Year Smoothed Market: In the calculation of the actuarial value of assets, market value asset gains and losses are spread over 15 years.
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6.0 percent of unamortized gains and losses each year. If the plan’s accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District participates in the County’s program that provides retiree medical benefits for eligible retirees enrolled in County-sponsored and administered retiree medical plans. Benefit provisions are established and amended through negotiations between the County and the respective unions. All employees who retire from active employment after age 50 with 5 years of District service (and are immediately eligible for CalPERS pension benefits) are eligible to participate. Former employees eligible for CalPERS pension benefits but who are not eligible for retirement at termination of employment are not eligible for retiree health benefits. Currently, 97 District employees of an average retirement age meet these eligibility requirements and will be covered upon retirement. Another 88 employees have sufficient time in service to qualify for these benefits upon retirement after age 50.

The District provides retirees access to the same medical coverage as active participants. Prior to age 65, the retiree premiums are the same as active premiums and are developed by blending active and retiree costs. This benefit ceased on January 1, 2011. Currently, all retirees who retire are required to pay “retiree only” (i.e. unblended) premium rates. Participants who retired prior to January 1, 2009 were eligible for this benefit. After age 65, retiree premiums are based exclusively on retiree costs.

The District has established a qualified Internal Revenue Code Section 115 trust with the California Employers’ Retiree Trust (CERBT) to administer the assets of retiree medical plan benefits for District employees. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information related to the established trust. The report may be obtained from CalPERS Employer Services Division, P.O. Box 942709, Sacramento, CA 94229-2709.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funding Policy

The District contributes a portion of an eligible retiree's medical plan premium under a County sponsored health plan (either at retirement or during a subsequent annual enrollment) for the retiree's lifetime. The current monthly amount paid by the District ranges from \$25.00 - \$256.00, depending on the retiree's bargaining unit at retirement. These amounts do not increase in future years to account for inflation.

Dental and vision benefits offered to the District retirees are not considered to vary by age or demographics. Therefore, because a retiree must pay the entire premium amount to receive dental and vision benefits, there is no liability to the District for providing these benefits.

In June 2004, the Government Accounting Standards Board (GASB) issued GASB Statement 45 (GASB 45). GASB 45 addresses accounting and financial reporting for post-employment benefits other than pensions, referred to as OPEB, and requires the District to report OPEB costs on an actuarial basis to account for the future costs of promised benefits. The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB 45. GASB requires the ARC to be developed each year based on the plan's assets and liabilities. 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 a period not to exceed thirty years. Although GASB does not actually require prefunding, the portion of the ARC that is not funded each year would accumulate as a liability on the District's financial statements. Therefore the District opted to pay 100% of the ARC in fiscal year 2010-11.

The District's annual OPEB cost, net OPEB obligation (asset) and the related information for fiscal year ending 2011 were as follows:

Annual Required Contribution	\$	42
Interest on Net Pension Obligation (Asset)		(21)
Adjustments to Annual Required Contribution		17
Annual Pension Cost		<u>38</u>
Contributions Made		(192)
Pension Asset Amortization		-
Increase (Decrease) in Net Pension Obligation (Asset)		<u>(154)</u>
Net OPEB Obligation (Asset) Beginning of Year		(275)
Net OPEB Obligation (Asset) End of Year	\$	<u>(429)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset (NOA)
June 30, 2009	\$ 23	404%	\$ (141)
June 30, 2010	\$ 45	398%	\$ (275)
June 30, 2011	\$ 38	505%	\$ (429)

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
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13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2010 was as follows:

	2011
Actuarial Accrued Liability (a)	\$ 588
Actuarial Value on Plan Assets (b)	113
Unfunded Actuarial Accrued Liability (Funding Excess) (a) – (b)	475
Funded Ratio (b) / (a)	19.22%
Covered Payroll (c)	\$ 15,086
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll $[(a) - (b)] / (c)$	3.10%

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

Actuarial Methods and Assumptions

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

Actuarial Valuation Date	01/01/2010
Actuarial Cost Method	Entry Age Actuarial Cost
Amortization Method	Level Percentage of Projected Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	15-year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	3.25%
Healthcare Inflation Rate	10.00% Initial
	5.00% Ultimate

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2011
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14) CONTINGENCIES AND COMMITMENTS

Lawsuits and Other Claims

The District is named in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the District's financial position, results or operations. The estimated amount of remaining construction contract obligations at year-end is \$2,033.

REQUIRED SUPPLEMENTARY INFORMATION



CONTENTS

- ◆ *Schedule of Funding Progress for PERS*
- ◆ *Notes to the Required Supplementary Information*
- ◆ *Budgetary Comparison Schedules:*
 - ⇒ *General Fund*
 - ⇒ *Special Revenue Funds*



Riverside County Flood Control and Water Conservation District
Schedule of Funding Progress for PERS
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

The tables below show a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial liability as a percentage of annual covered payrolls as of June 30:

Required Supplementary Information
Schedule of Funding Progress – Retirement Program

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2008	\$ 88,463	\$ 98,300	\$ 9,837	90.0%	\$ 14,137	69.6%
June 30, 2009	\$ 93,681	\$ 112,268	\$ 18,587	83.4%	\$ 14,668	126.7%
June 30, 2010	\$ 98,710	\$ 118,367	\$ 19,657	83.4%	\$ 15,423	127.4%

Required Supplementary Information
Schedule of Funding Progress – OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2009	\$ 100	\$ 337	\$ 237	29.7%	\$ 14,210	1.7%
June 30, 2010	\$ 105	\$ 660	\$ 555	15.9%	\$ 14,396	3.9%
June 30, 2011	\$ 113	\$ 588	\$ 475	19.2%	\$ 15,086	3.1%

Riverside County Flood Control and Water Conservation District
Notes to Required Supplemental Information
(Amounts Expressed in Thousands)

BUDGETARY COMPARISON SCHEDULES

In accordance with the provisions of the State of California, County Budget Act, Government Code Sections 29000-29144 and Section 30200, the District prepares and adopts a budget under the supervision and control of the Riverside County, Board of Supervisors (the Board) on or before August 30 for each fiscal year. Budgets are adopted for the General fund and Special Revenue funds and are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles.

As adopted by the Board, the District controls expenditures at the class or appropriation level within each category presented on the financial statements as follows:

- General Government
- Public Ways and Facilities
- Capital outlay
- Debt service payments for principal and interest
- Transfers

Encumbrances are commitments related to contracts executed for goods or services. Encumbrances are recorded for budgetary control and accountability purposes in the General and Special Revenue funds. Any outstanding encumbrances at year-end represent the estimated amount of expenditures that may result if the contracts in progress at year-end are completed. If the District has recorded these outstanding contracts in the next fiscal year's budget then encumbrances are not recorded. The unencumbered balances (appropriations less expenditures and encumbrances) lapse at year-end.

Any deficiency of budgeted revenues and other financing sources compared to expenditures and other financing uses is financed by beginning available fund balances as provided for in the State of California, County Budget Act.

**Riverside County Flood Control and Water Conservation District
General Fund**

The *General Fund* is available for any authorized purpose and is used to account for all financial resources except for those accounted for in other funds.

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule - General Fund
For The Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 3,347	\$ 3,347	\$ 2,817	\$ (530)
Redevelopment Pass-thru	27	27	207	180
Intergovernmental	44	44	44	-
Charges for Services	1,590	1,590	831	(759)
Charges for Administrative Services	5,303	5,303	-	(5,303)
Investment Income	159	159	27	(132)
Use of Assets	3	3	4	1
Total Revenues	<u>10,473</u>	<u>10,473</u>	<u>3,930</u>	<u>(6,543)</u>
EXPENDITURES				
General Government	9,950	4,846	4,931	(85)
Capital Outlay	<u>30</u>	<u>30</u>	<u>20</u>	<u>10</u>
Total Expenditures	<u>9,980</u>	<u>4,876</u>	<u>4,951</u>	<u>(75)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>493</u>	<u>5,597</u>	<u>(1,021)</u>	<u>(6,618)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	30	30	-	(30)
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>30</u>	<u>30</u>	<u>-</u>	<u>(30)</u>
Net Change in Fund Balance	523	5,627	(1,021)	(6,648)
Fund Balance, Beginning of Year	<u>4,713</u>	<u>4,713</u>	<u>4,713</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,236</u>	<u>\$ 10,340</u>	<u>\$ 3,692</u>	<u>\$ (6,648)</u>

Riverside County Flood Control and Water Conservation District Special Revenue Funds

Zone 1: This special revenue fund represents District Zone 1. This fund was established to account for revenues and expenditures related to providing flood control in this geographical zone. Ad valorem property taxes, developer fees, local cooperative agreements and Federal monies primarily finance this fund.

Zone 2: This special revenue fund represents District Zone 2. This fund was established to account for revenues and expenditures related to providing flood control in this geographical zone. Ad valorem property taxes, developer fees, local cooperative agreements and Federal monies primarily finance this fund.

Zone 3: This special revenue fund represents District Zone 3. This fund was established to account for revenues and expenditures related to providing flood control in this geographical zone. Ad valorem property taxes, developer fees, local cooperative agreements and Federal monies primarily finance this fund.

Zone 4: This special revenue fund represents District Zone 4. This fund was established to account for revenues and expenditures related to providing flood control in this geographical zone. Ad valorem property taxes, developer fees, local cooperative agreements and Federal monies primarily finance this fund.

Zone 5: This special revenue fund represents District Zone 5. This fund was established to account for revenues and expenditures related to providing flood control in this geographical zone. Ad valorem property taxes, developer fees, local cooperative agreements and Federal monies primarily finance this fund.

Zone 6: This special revenue fund represents District Zone 6. This fund was established to account for revenues and expenditures related to providing flood control in this geographical zone. Ad valorem property taxes, developer fees, local cooperative agreements and Federal monies primarily finance this fund.

Zone 7: This special revenue fund represents District Zone 7. This fund was established to account for revenues and expenditures related to providing flood control in this geographical zone. Ad valorem property taxes, developer fees, local cooperative agreements and Federal monies primarily finance this fund.

NPDES – Whitewater: This special revenue fund was established to account for revenue and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Whitewater assessment area. A benefit assessment area primarily finances this fund.

NPDES – Santa Ana: This special revenue fund was established to account for revenue and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Santa Ana assessment area. A benefit assessment area primarily finances this fund.

NPDES – Santa Margarita: This special revenue fund was established to account for revenue and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Santa Margarita assessment area. A benefit assessment area primarily finances this fund.

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 1
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 7,257	\$ 7,257	\$ 6,340	\$ (917)
Redevelopment Pass-thru	943	943	1,296	353
Intergovernmental	97	97	99	2
Charges for Services	210	210	206	(4)
Area Drainage Fees	64	64	-	(64)
Investment Income	374	374	134	(240)
Use of Assets	93	93	64	(29)
Total Revenues	9,038	9,038	8,139	(899)
EXPENDITURES				
Public Ways and Facilities	15,544	14,044	8,688	5,356
Capital Outlay	600	2,100	430	1,670
Total Expenditures	16,144	16,144	9,118	7,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,106)	(7,106)	(979)	6,127
OTHER FINANCING SOURCES (USES)				
Transfers In	1,738	1,738	-	(1,738)
Transfers Out	(929)	(929)	(250)	679
Total Other Financing Sources (Uses)	809	809	(250)	(1,059)
Net Change in Fund Balance	(6,297)	(6,297)	(1,229)	5,068
Fund Balance, Beginning of Year	24,244	24,244	24,244	-
Fund Balance, End of Year	\$ 17,947	\$ 17,947	\$ 23,015	\$ 5,068

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 2
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 11,724	\$ 12,435	\$ 10,571	\$ (1,864)
Redevelopment Pass-thru	1,500	812	1,219	407
Intergovernmental	159	123	166	43
Charges for Services	-	-	387	387
Area Drainage Fees	7	-	-	-
Investment Income	1,058	387	347	(40)
Use of Assets	7	6	7	1
	<u>14,455</u>	<u>13,763</u>	<u>12,697</u>	<u>(1,066)</u>
EXPENDITURES				
Public Ways and Facilities	32,747	23,835	6,280	17,555
Capital Outlay	3,448	3,220	-	3,220
	<u>36,195</u>	<u>27,055</u>	<u>6,280</u>	<u>20,775</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,740)</u>	<u>(13,292)</u>	<u>6,417</u>	<u>19,709</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,482)	(1,548)	(396)	1,152
	<u>(1,482)</u>	<u>(1,548)</u>	<u>(396)</u>	<u>1,152</u>
Net Change in Fund Balance	(23,222)	(14,840)	6,021	20,861
Fund Balance, Beginning of Year	<u>57,872</u>	<u>57,872</u>	<u>57,872</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 34,650</u>	<u>\$ 43,032</u>	<u>\$ 63,893</u>	<u>\$ 20,861</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 3
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,611	\$ 1,611	\$ 1,432	\$ (179)
Redevelopment Pass-thru	-	-	597	597
Intergovernmental	23	23	22	(1)
Charges for Services	200	200	122	(78)
Investment Income	163	163	70	(93)
	<u>1,997</u>	<u>1,997</u>	<u>2,243</u>	<u>246</u>
EXPENDITURES				
Public Ways and Facilities	3,561	3,561	1,259	2,302
Capital Outlay	1,260	1,260	-	1,260
	<u>4,821</u>	<u>4,821</u>	<u>1,259</u>	<u>3,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,824)</u>	<u>(2,824)</u>	<u>984</u>	<u>3,808</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(201)	(201)	(59)	142
	<u>(201)</u>	<u>(201)</u>	<u>(59)</u>	<u>142</u>
Net Change in Fund Balance	(3,025)	(3,025)	925	3,950
Fund Balance, Beginning of Year	<u>11,954</u>	<u>11,954</u>	<u>11,954</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8,929</u>	<u>\$ 8,929</u>	<u>\$ 12,879</u>	<u>\$ 3,950</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 4
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 12,505	\$ 12,505	\$ 10,580	\$ (1,925)
Redevelopment Pass-thru	396	396	745	349
Special Assessments	-	-	8	8
Intergovernmental	166	166	163	(3)
Charges for Services	37	37	1,023	986
Area Drainage Fees	22	22	420	398
Investment Income	905	905	363	(542)
Contributions	-	-	-	-
Use of Assets	-	-	8	8
Total Revenues	14,031	14,031	13,310	(721)
EXPENDITURES				
Public Ways and Facilities	13,595	13,595	9,114	4,481
Capital Outlay	305	305	663	(358)
Total Expenditures	13,900	13,900	9,777	4,123
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,632)	(1,632)	(422)	1,210
Total Other Financing Sources (Uses)	(1,632)	(1,632)	(422)	1,210
Net Change in Fund Balance	(1,501)	(1,501)	3,111	4,612
Fund Balance, Beginning of Year	64,572	64,572	64,572	-
Fund Balance, End of Year	\$ 63,071	\$ 63,071	\$ 67,683	\$ 4,612

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 5
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,765	\$ 2,765	\$ 2,284	\$ (481)
Redevelopment Pass-thru	208	208	198	(10)
Intergovernmental	37	37	35	(2)
Charges for Services	-	-	1	1
Investment Income	220	220	74	(146)
Total Revenues	3,230	3,230	2,592	(638)
EXPENDITURES				
Public Ways and Facilities	5,012	5,012	2,070	2,942
Capital Outlay	125	125	-	125
Total Expenditures	5,137	5,137	2,070	3,067
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,907)	(1,907)	522	2,429
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(342)	(342)	(92)	250
Total Other Financing Sources (Uses)	(342)	(342)	(92)	250
Net Change in Fund Balance	(2,249)	(2,249)	430	2,679
Fund Balance, Beginning of Year	12,504	12,504	12,504	-
Fund Balance, End of Year	\$ 10,255	\$ 10,255	\$ 12,934	\$ 2,679

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 6
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,165	\$ 4,165	\$ 3,308	\$ (857)
Redevelopment Pass-thru	178	178	591	413
Intergovernmental	51	51	51	-
Charges for Services	9	9	-	(9)
Investment Income	371	371	141	(230)
Use of Assets	-	-	40	40
Total Revenues	4,774	4,774	4,131	(643)
EXPENDITURES				
Public Ways and Facilities	10,449	10,449	3,847	6,602
Capital Outlay	6,524	6,524	533	5,991
Total Expenditures	16,973	16,973	4,380	12,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,199)	(12,199)	(249)	11,950
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(499)	(499)	(133)	366
Total Other Financing Sources (Uses)	(499)	(499)	(133)	366
Net Change in Fund Balance	(12,698)	(12,698)	(382)	12,316
Fund Balance, Beginning of Year	26,166	26,166	26,166	-
Fund Balance, End of Year	\$ 13,468	\$ 13,468	\$ 25,784	\$ 12,316

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 7
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,127	\$ 4,127	\$ 3,482	\$ (645)
Redevelopment Pass-thru	54	54	320	266
Intergovernmental	54	54	131	77
Charges for Services	-	-	41	41
Area Drainage Fees	12	12	104	92
Investment Income	-	-	200	200
Total Revenues	4,247	4,247	4,278	31
EXPENDITURES				
Public Ways and Facilities	6,474	6,574	3,363	3,211
Capital Outlay	-	200	133	67
Total Expenditures	6,474	6,774	3,496	3,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,227)	(2,527)	782	3,309
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(502)	(502)	(133)	369
Total Other Financing Sources (Uses)	(502)	(502)	(133)	369
Net Change in Fund Balance	(2,729)	(3,029)	649	3,678
Fund Balance, Beginning of Year	34,336	34,336	34,336	-
Fund Balance, End of Year	\$ 31,607	\$ 31,307	\$ 34,985	\$ 3,678

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Whitewater
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 295	\$ 295	\$ 290	\$ (5)
Charges for Services	420	420	424	4
Investment Income	6	6	4	(2)
Total Revenues	721	721	718	(3)
EXPENDITURES				
Public Ways and Facilities	796	796	522	274
Total Expenditures	796	796	522	274
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75)	(75)	196	271
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(75)	(75)	196	271
Fund Balance, Beginning of Year	583	583	583	-
Fund Balance, End of Year	\$ 508	\$ 508	\$ 779	\$ 271

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Ana
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 2,228	\$ 2,228	\$ 2,224	\$ (4)
Charges for Services	500	500	494	(6)
Investment Income	35	35	25	(10)
Total Revenues	2,763	2,763	2,743	(20)
EXPENDITURES				
Public Ways and Facilities	3,742	3,742	2,312	1,430
Total Expenditures	3,742	3,742	2,312	1,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	(979)	(979)	431	1,410
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(979)	(979)	431	1,410
Fund Balance, Beginning of Year	4,310	4,310	4,310	-
Fund Balance, End of Year	\$ 3,331	\$ 3,331	\$ 4,741	\$ 1,410

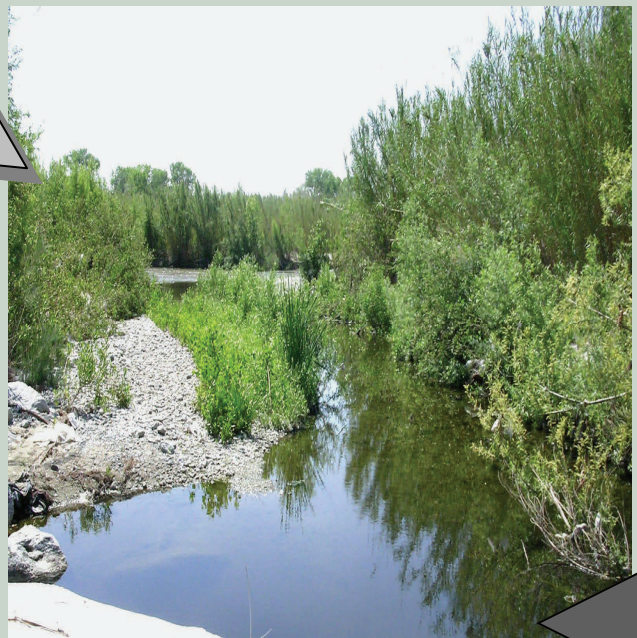
Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Margarita
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 476	\$ 476	\$ 480	\$ 4
Charges for Services	500	500	500	-
Investment Income	4	4	2	(2)
Total Revenues	980	980	982	2
EXPENDITURES				
Public Ways and Facilities	1,121	1,211	1,085	126
Total Expenditures	1,121	1,211	1,085	126
Excess (Deficiency) of Revenues Over (Under) Expenditures	(141)	(231)	(103)	128
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(141)	(231)	(103)	128
Fund Balance, Beginning of Year	670	670	670	-
Fund Balance, End of Year	\$ 529	\$ 439	\$ 567	\$ 128



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- ◆ *Budgetary Comparison Schedule*
 - ⇒ *Capital Project Fund*
- ◆ *Combining Statements:*
 - ⇒ *Non-Major Enterprise Funds*
 - ⇒ *Internal Service Funds*
 - ⇒ *Agency Funds*



**Riverside County Flood Control and Water Conservation District
Capital Project Fund**

The *Flood Control Capital Project Fund* was established to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds types.

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Flood Control Capital Project Fund
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 1	\$ 1	\$ -	\$ (1)
Investment Income	3	3	2	(1)
Total Revenues	<u>4</u>	<u>4</u>	<u>2</u>	<u>(2)</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	<u>(5,436)</u>	<u>(5,436)</u>	<u>(1,344)</u>	<u>4,092</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	5,440	5,440	1,409	(4,031)
Total Other Financing Sources (Uses)	<u>5,440</u>	<u>5,440</u>	<u>1,409</u>	<u>(4,031)</u>
Net Change in Fund Balance	4	4	65	61
Fund Balance, Beginning of Year	<u>356</u>	<u>356</u>	<u>356</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 360</u>	<u>\$ 360</u>	<u>\$ 421</u>	<u>\$ 61</u>

Riverside County Flood Control and Water Conservation District
Non-Major Enterprise Funds

Photogrammetry Operations Fund: This fund was established to account for revenues and expenses related to surveying and mapping services performed within the County of Riverside by the Photogrammetry section. Surveying and mapping services are provided to other governmental agencies, private enterprises and individuals.

Encroachment Permits Fund: This fund was established to account for revenue and expenses related to encroachment permit services performed by the Encroachment Permit section. These services are provided to other governmental agencies, developers and individuals. Governmental agencies, developers and individuals must obtain an encroachment permit from the District to gain temporary access to flood control facilities for purposes of completing other construction projects not sponsored by the District.

Riverside County Flood Control and Water Conservation District
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 571	\$ 276	\$ 847
Restricted Cash	1	104	105
Receivables:			
Accounts Receivable	-	43	43
Interest Receivable	1	-	1
Due from Other Funds	5	-	5
Due from Other Governments	-	20	20
	<u>578</u>	<u>443</u>	<u>1,021</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Depreciable, Net	23	-	23
	<u>23</u>	<u>-</u>	<u>23</u>
Total Assets			
	<u>\$ 601</u>	<u>\$ 443</u>	<u>\$ 1,044</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Current liabilities:			
Accounts Payable	\$ 6	\$ -	\$ 6
Salaries and Benefits Payable	2	3	5
Due to Other Funds	4	2	6
Due to Other Governments	10	-	10
Compensated Absences - Current Portion	1	2	3
Developer and Other Agency Deposits	-	111	111
	<u>23</u>	<u>118</u>	<u>141</u>
Total Current Liabilities			
Noncurrent Portion of Long-term Liabilities:			
Compensated Absences	11	9	20
	<u>11</u>	<u>9</u>	<u>20</u>
Total Noncurrent Liabilities			
	<u>11</u>	<u>9</u>	<u>20</u>
Total Liabilities			
	<u>34</u>	<u>127</u>	<u>161</u>
Net Assets			
Invested in Capital Assets	23	-	23
Unrestricted	544	316	860
	<u>567</u>	<u>316</u>	<u>883</u>
Total Net Assets			
	<u>567</u>	<u>316</u>	<u>883</u>
Total Liabilities and Net Assets			
	<u>\$ 601</u>	<u>\$ 443</u>	<u>\$ 1,044</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
OPERATING REVENUES			
Charges for Services	\$ 342	\$ 181	\$ 523
OPERATING EXPENSES			
Personnel Services	134	106	240
Administrative Services	21	49	70
Services and Supplies	116	-	116
Depreciation	13	-	13
Total Operating Expenses	284	155	439
Operating Income (Loss)	58	26	84
NONOPERATING REVENUES			
Investment Income	3	3	6
Change in Net Assets	61	29	90
Net Assets, Beginning of Year	506	287	793
Net Assets, End of Year	\$ 567	\$ 316	\$ 883

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers/Other Funds	\$ 337	\$ (60)	\$ 277
Cash Paid to Suppliers for Goods and Services	(118)	(59)	(177)
Cash Paid to Employees for Services	(122)	(103)	(225)
Net Cash Provided by (Used in) Operating Activities	<u>97</u>	<u>(222)</u>	<u>(125)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	<u>(23)</u>	<u>-</u>	<u>(23)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(23)</u>	<u>-</u>	<u>(23)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	<u>3</u>	<u>4</u>	<u>7</u>
Net Cash Provided by Investing Activities	<u>3</u>	<u>4</u>	<u>7</u>
Net Change in Cash and Cash Equivalents	77	(218)	(141)
Cash and Cash Equivalents, Beginning of Year	<u>495</u>	<u>598</u>	<u>1,093</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 572</u></u>	<u><u>\$ 380</u></u>	<u><u>\$ 952</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ 58	\$ 26	\$ 84
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	13	-	13
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	(8)	(8)
Due from Other Funds	5	-	5
Due from Other Governments	-	(1)	(1)
Increase (Decrease) in:			
Accounts Payable	5	(12)	(7)
Salaries and Benefits Payable	2	2	4
Due to Other Funds	4	2	6
Compensated Absences	10	1	11
Developer and Other Agency Deposits	<u>-</u>	<u>(232)</u>	<u>(232)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 97</u></u>	<u><u>\$ (222)</u></u>	<u><u>\$ (125)</u></u>

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

Riverside County Flood Control and Water Conservation District Internal Service Funds

Hydrology Services Fund: This fund was established to account for revenues and expenses related to hydrological information services performed by the Hydrology section. These services are provided to support zone projects and are charged to the special revenue funds on a cost reimbursement basis.

Garage Fund: This fund was established to account for revenue and expenses related to the operation and maintenance of the District's vehicles. Garage services are provided to support the fleet of vehicles and heavy equipment needed to maintain flood control facilities. These services are charged to all District funds on a cost reimbursement basis.

Project Maintenance Fund: This fund was established to account for revenues and expenses related to the maintenance of the District's flood control facilities. Project maintenance services include weed abatement, repair and preventative maintenance of flood control facilities. These services are charged to the special revenue funds on a cost reimbursement basis.

Mapping Services Fund: This fund was established to account for revenues and expenses related to mapping services performed by the Mapping section. These services are provided to support zone projects and are charged to the special revenue funds of the District.

Data Processing Fund: This fund was established to account for revenues and expenses related to data processing services performed by the Information Technology section. Data processing services include software system support for the computer network, data structure design and organization of the District computer systems. These services are charged to all District funds on a cost reimbursement basis.

Riverside County Flood Control and Water Conservation District
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011
(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
ASSETS			
Current Assets:			
Cash and Investments	\$ 209	\$ 2,981	\$ 857
Restricted Cash	-	1,001	-
Receivables:			
Accounts Receivable	-	-	-
Interest Receivable	-	3	1
Due from Other Funds	51	149	2
Due from Other Governments	-	-	-
Inventories	-	75	245
	260	4,209	1,105
Noncurrent Assets:			
Capital Assets:			
Depreciable, Net	9	2,213	-
	9	2,213	-
Total Assets	\$ 269	\$ 6,422	\$ 1,105
LIABILITIES AND NET ASSETS			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 2	\$ 60	\$ 16
Salaries and Benefits Payable	12	16	2
Due to Other Funds	167	17	-
Compensated Absences - Current Portion	4	9	1
Due to Other Governments	-	-	-
	185	102	19
Total Current Liabilities	185	102	19
Noncurrent Portion of Long-Term Liabilities:			
Compensated Absences	27	54	4
	27	54	4
Total Noncurrent Liabilities	27	54	4
Total Liabilities	212	156	23
Net Assets:			
Invested in Capital Assets	9	2,213	-
Unrestricted	48	4,053	1,082
	57	6,266	1,082
Total Net Assets	57	6,266	1,082
Total Liabilities and Net Assets	\$ 269	\$ 6,422	\$ 1,105

Mapping Services	Data Processing	Total
\$ 527	\$ 1,562	\$ 6,136
1	-	1,002
10	-	10
-	2	6
-	68	270
-	-	-
-	-	320
<u>538</u>	<u>1,632</u>	<u>7,744</u>
99	52	2,373
<u>\$ 637</u>	<u>\$ 1,684</u>	<u>\$ 10,117</u>
\$ 1	\$ 31	\$ 110
5	29	64
4	22	210
3	16	33
-	-	-
<u>13</u>	<u>98</u>	<u>417</u>
<u>16</u>	<u>94</u>	<u>195</u>
<u>16</u>	<u>94</u>	<u>195</u>
<u>29</u>	<u>192</u>	<u>612</u>
99	52	2,373
<u>509</u>	<u>1,440</u>	<u>7,132</u>
<u>608</u>	<u>1,492</u>	<u>9,505</u>
<u>\$ 637</u>	<u>\$ 1,684</u>	<u>\$ 10,117</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011
(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
OPERATING REVENUES			
Charges for Services	\$ 659	\$ 3,184	\$ 858
OPERATING EXPENSES			
Personnel Services	319	636	4
Administrative Services	57	121	2
Services and Supplies	294	1,137	631
Depreciation	6	893	-
Total Operating Expenses	676	2,787	637
Operating Income (Loss)	(17)	397	221
NONOPERATING REVENUES			
Investment Income	-	20	4
Gain on Sale of Capital Assets	-	107	-
Total Nonoperating Revenues	-	127	4
Income (Loss) Before Transfers	(17)	524	225
Transfers In	-	27	-
Transfers Out	-	-	-
Total Transfers In (Out)	-	27	-
Change in Net Assets	(17)	551	225
Net Assets, Beginning of Year	74	5,715	857
Net Assets, End of Year	\$ 57	\$ 6,266	\$ 1,082

Mapping Services	Data Processing	Total
\$ 345	\$ 1,636	\$ 6,682
171	1,116	2,246
50	202	432
67	848	2,977
57	45	1,001
345	2,211	6,656
-	(575)	26
2	10	36
-	-	107
2	10	143
2	(565)	169
49	-	76
-	-	-
49	-	76
51	(565)	245
557	2,057	9,260
\$ 608	\$ 1,492	\$ 9,505

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2011

(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Interfund Services Provided	\$ 646	\$ 3,035	\$ 856
Cash Paid to Suppliers for Goods and Services	(220)	(1,294)	(693)
Cash Paid to Employees for Services	(317)	(638)	(3)
Net Cash Provided by (Used in) Operating Activities	<u>109</u>	<u>1,103</u>	<u>160</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers Received	-	27	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>27</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Capital Assets	-	107	-
Acquisition and Construction of Capital Assets	-	(543)	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(436)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	22	3
Net Cash Provided by Investing Activities	<u>-</u>	<u>22</u>	<u>3</u>
Net Change in Cash and Cash Equivalents	109	716	163
Cash and Cash Equivalents, Beginning of Year	100	3,266	694
Cash and Cash Equivalents, End of Year	<u><u>\$ 209</u></u>	<u><u>\$ 3,982</u></u>	<u><u>\$ 857</u></u>
Reconciliation of Operating Income (Loss) to			
Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ (17)	\$ 397	\$ 221
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	6	893	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	-	-
Due from Other Funds	(13)	(149)	(2)
Due from Other Governments	-	-	-
Inventories	-	(5)	(60)
Increase (Decrease) in:			
Accounts Payable	(1)	(48)	-
Salaries and Benefits Payable	4	3	2
Due to Other Funds	167	17	-
Compensated Absences	(2)	(5)	(1)
Due to Other Governments	(35)	-	-
Net Cash Provided by (Used in) Operating Activities:	<u><u>\$ 109</u></u>	<u><u>\$ 1,103</u></u>	<u><u>\$ 160</u></u>

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

Mapping Services	Data Processing	Total
\$ 393	\$ 1,584	\$ 6,514
(164)	(1,035)	(3,406)
(184)	(1,107)	(2,249)
<u>45</u>	<u>(558)</u>	<u>859</u>
49	-	76
<u>49</u>	<u>-</u>	<u>76</u>
-	-	107
(13)	(31)	(587)
<u>(13)</u>	<u>(31)</u>	<u>(480)</u>
<u>3</u>	<u>12</u>	<u>40</u>
<u>3</u>	<u>12</u>	<u>40</u>
84	(577)	495
444	2,139	6,643
<u>\$ 528</u>	<u>\$ 1,562</u>	<u>\$ 7,138</u>
\$ -	\$ (575)	\$ 26
57	45	1,001
-	-	-
48	(68)	(184)
-	16	16
-	-	(65)
(51)	(7)	(107)
-	6	15
4	22	210
(13)	3	(18)
<u>-</u>	<u>-</u>	<u>(35)</u>
<u>\$ 45</u>	<u>\$ (558)</u>	<u>\$ 859</u>

Riverside County Flood Control and Water Conservation District Agency Funds

Special assessment/improvement districts with debt without government obligation:

Elsinore Valley Assessment District – Zone 3: The bonds issued are for the purpose of providing funds for certain public improvements to a benefit assessment area of approximately 52 square miles within Zone 3. The phased improvements include the acquisition of real property and construction of certain storm and flood control facilities, together, with appurtenances and rights of way.

Other Agency Funds

SAMP Grant Fund: This fund was established to account for the administration of the Special Area Management Plan (SAMP). Federal funds and County-matching funds are held by the District and released to the Environmental Protection Agency upon completion of work.

Flood Stop Notices Fund: This fund was established to account for “stop notice” payment funds withheld from vendors under contract (primary contractor) with the District to construct flood control facilities. The primary contractor retains sub-contractors to provide services and materials to complete a construction project. A sub-contractor will file “stop notices” against a primary contractor when a primary contractor fails to make payment on an invoice. The District holds payment to the primary contractor until such a time when the primary contractor makes payment on outstanding invoices to the sub-contractor.

Special Subdivision Fund: This fund was established to account for funds placed on deposit by developers to ensure developer constructed flood control facilities are constructed in accordance with the conditions set forth by the District. The funds are released to the developer once the flood control facility has been inspected, approved and accepted into the District maintenance system pursuant to the terms of a Board of Supervisors executed agreement between the developer and the District.

Riverside County Flood Control and Water Conservation District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011
(Amounts Expressed in Thousands)

<u>SAMP Grant</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and Investments	\$ 25	\$ 437	\$ 462	\$ -
Total Assets	<u>\$ 25</u>	<u>\$ 437</u>	<u>\$ 462</u>	<u>\$ -</u>
LIABILITIES				
Due to Other Governments	\$ 25	\$ 437	\$ 462	\$ -
Total Liabilities	<u>\$ 25</u>	<u>\$ 437</u>	<u>\$ 462</u>	<u>\$ -</u>
<u>Flood Stop Notices</u>				
ASSETS				
Cash and Investments	\$ 49	\$ 2	\$ 5	\$ 46
Total Assets	<u>\$ 49</u>	<u>\$ 2</u>	<u>\$ 5</u>	<u>\$ 46</u>
LIABILITIES				
Accounts Payable	\$ 49	\$ 2	\$ 5	\$ 46
Total Liabilities	<u>\$ 49</u>	<u>\$ 2</u>	<u>\$ 5</u>	<u>\$ 46</u>
<u>Special Subdivision</u>				
ASSETS				
Cash and Investments	\$ 2,716	\$ 23	\$ 25	\$ 2,714
Total Assets	<u>\$ 2,716</u>	<u>\$ 23</u>	<u>\$ 25</u>	<u>\$ 2,714</u>
LIABILITIES				
Accounts Payable	\$ 2,716	\$ 23	\$ 25	\$ 2,714
Total Liabilities	<u>\$ 2,716</u>	<u>\$ 23</u>	<u>\$ 25</u>	<u>\$ 2,714</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011
(Amounts Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
<hr/>				
Elsinore Valley Benefit District - Zone 3				
<hr/>				
ASSETS				
Cash and Investments with Fiscal Agents	\$ 2,315	\$ 177	\$ 337	\$ 2,155
Total Assets	<u>\$ 2,315</u>	<u>\$ 177</u>	<u>\$ 337</u>	<u>\$ 2,155</u>
LIABILITIES:				
Due to Bondholders	\$ 2,315	\$ 177	\$ 337	\$ 2,155
Total Liabilities	<u>\$ 2,315</u>	<u>\$ 177</u>	<u>\$ 337</u>	<u>\$ 2,155</u>
<hr/>				
Total Agency Funds				
<hr/>				
ASSETS				
Cash and Investments	\$ 2,790	\$ 462	\$ 492	\$ 2,760
Cash and Investments with Fiscal Agents	2,315	177	337	2,155
Total Assets	<u>\$ 5,105</u>	<u>\$ 639</u>	<u>\$ 829</u>	<u>\$ 4,915</u>
LIABILITIES				
Accounts Payable	\$ 2,765	\$ 25	\$ 30	\$ 2,760
Matured Bonds Payable	-	-	-	-
Due to Bondholders	2,315	177	337	2,155
Due to Other Governments	25	437	462	-
Total Liabilities	<u>\$ 5,105</u>	<u>\$ 639</u>	<u>\$ 829</u>	<u>\$ 4,915</u>

STATISTICAL SECTION

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<i>Financial Trends</i>	83
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
<i>Revenue Capacity</i>	92
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
<i>Debt Capacity</i>	98
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
<i>Demographic and Economic Information</i>	103
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
<i>Operating Information</i>	106
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	



Riverside County Flood Control and Water Conservation District
Net Assets by Component
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 1

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in capital assets, net of related debt	\$ 475,283	\$ 487,331	\$ 495,570	\$ 547,589	\$ 598,366
Restricted	208	-	-	118,694	133,481
Unrestricted	114,427	125,720	128,365	10,124	9,242
Total governmental activities net assets	\$ 589,918	\$ 613,051	\$ 623,935	\$ 676,407	\$ 741,089
Business - type activities					
Invested in capital assets, net of related debt	\$ 132	\$ 175	\$ 126	\$ 92	\$ 71
Restricted	-	-	-	-	-
Unrestricted	858	1,293	800	1,014	1,500
Total business-type activities net assets	\$ 990	\$ 1,468	\$ 926	\$ 1,106	\$ 1,571
Primary government					
Invested in capital assets, net of related debt	\$ 475,415	\$ 487,506	\$ 495,696	\$ 547,681	\$ 598,437
Restricted	208	-	-	118,694	133,481
Unrestricted	115,285	127,013	129,165	11,138	10,742
Total primary government net assets	\$ 590,908	\$ 614,519	\$ 624,861	\$ 677,513	\$ 742,660

Source: CAFR - Statement of Net Assets for the Government-wide Financial Statements

Riverside County Flood Control and Water Conservation District
Net Assets by Component
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 2

Fiscal Year					
2007	2008	2009	2010	2011	
					Governmental Activities
\$ 638,773	\$ 658,848	\$ 704,139	\$ 723,372	\$ 756,970	Invested in capital assets, net of related debt
162,709	195,493	223,886	237,211	251,826	Restricted
10,000	10,124	10,610	15,014	9,459	Unrestricted
<u>\$ 811,482</u>	<u>\$ 864,465</u>	<u>\$ 938,635</u>	<u>\$ 975,597</u>	<u>\$1,018,255</u>	Total governmental activities net assets
					Business - type activities
\$ 54	\$ 39	\$ 36	\$ 13	\$ 23	Invested in capital assets, net of related debt
-	-	-	-	-	Restricted
2,448	3,286	3,691	3,452	2,263	Unrestricted
<u>\$ 2,502</u>	<u>\$ 3,325</u>	<u>\$ 3,727</u>	<u>\$ 3,465</u>	<u>\$ 2,286</u>	Total business-type activities net assets
					Primary government
\$ 638,827	\$ 658,887	\$ 704,175	\$ 723,385	\$ 756,993	Invested in capital assets, net of related debt
162,709	195,493	223,886	237,211	251,826	Restricted
12,448	13,410	14,301	18,466	11,722	Unrestricted
<u>\$ 813,984</u>	<u>\$ 867,790</u>	<u>\$ 942,362</u>	<u>\$ 979,062</u>	<u>\$1,020,541</u>	Total primary government net assets

Riverside County Flood Control and Water Conservation District
Changes in Net Assets
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 1

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General government	\$ 5,224	\$ 5,366	\$ 6,670	\$ 8,002	\$ 9,725
Public ways and facilities	20,503	19,622	34,225	29,964	31,517
Interest on long-term debt	102	54	28	18	3
Total governmental activities expenses	<u>25,829</u>	<u>25,042</u>	<u>40,923</u>	<u>37,984</u>	<u>41,245</u>
Business-type activities:					
Subdivision operations	1,860	1,699	2,914	4,136	4,719
Photogrammetry operations	250	227	196	183	338
Enroachment permits	105	114	122	216	250
Total business-type activities expenses	<u>2,215</u>	<u>2,040</u>	<u>3,232</u>	<u>4,535</u>	<u>5,307</u>
Total primary government expenses	<u>\$ 28,044</u>	<u>\$ 27,082</u>	<u>\$ 44,155</u>	<u>\$ 42,519</u>	<u>\$ 46,552</u>
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 3,876	\$ 4,938	\$ 4,589	\$ 7,041	\$ 8,470
Public ways and facilities	10,731	10,288	10,598	16,478	11,399
Capital grants and contributions	22,609	6,233	7,037	31,756	38,156
Total governmental activities program revenues	<u>37,216</u>	<u>21,459</u>	<u>22,224</u>	<u>55,275</u>	<u>58,025</u>
Business-type activities					
Charges for services:					
Subdivision operations	1,697	1,912	2,364	4,249	4,865
Photogrammetry operations	209	151	145	164	389
Enroachment permits	95	104	147	211	307
Total business-type activities program revenues	<u>2,001</u>	<u>2,167</u>	<u>2,656</u>	<u>4,624</u>	<u>5,561</u>
Total primary government program revenues	<u>\$ 39,217</u>	<u>\$ 23,626</u>	<u>\$ 24,880</u>	<u>\$ 59,899</u>	<u>\$ 63,586</u>
Net (expense)/revenue					
Governmental activities	\$ 11,387	\$ (3,583)	\$ (18,699)	\$ 17,291	\$ 16,780
Business-type activities	(214)	127	(576)	89	254
Total primary government net (expense)/revenue	<u>\$ 11,173</u>	<u>\$ (3,456)</u>	<u>\$ (19,275)</u>	<u>\$ 17,380</u>	<u>\$ 17,034</u>
General Revenues and Other Changes in					
Net Assets					
Governmental activities:					
Taxes:					
Property Taxes	\$ 22,633	\$ 25,058	\$ 28,620	\$ 32,306	\$ 42,701
Redevelopment pass-thru	-	-	-	-	-
Unrestricted interest and investment earnings	2,591	1,653	941	2,771	4,583
Gain on sale of capital assets	-	5	15	61	618
Other	-	-	7	43	-
Total governmental activities	<u>25,224</u>	<u>26,716</u>	<u>29,583</u>	<u>35,181</u>	<u>47,902</u>
Business-type activities:					
Unrestricted interest and investment earnings	49	34	34	91	211
Total business-type activities	<u>49</u>	<u>34</u>	<u>34</u>	<u>91</u>	<u>211</u>
Total primary government	<u>\$ 25,273</u>	<u>\$ 26,750</u>	<u>\$ 29,617</u>	<u>\$ 35,272</u>	<u>\$ 48,113</u>
Change in Net Assets					
Governmental activities	\$ 36,611	\$ 23,133	\$ 10,884	\$ 52,472	\$ 64,682
Business-type activities	(165)	161	(542)	180	465
Total primary government	<u>\$ 36,446</u>	<u>\$ 23,294</u>	<u>\$ 10,342</u>	<u>\$ 52,652</u>	<u>\$ 65,147</u>

Source: CAFR - Statement of Activities for the Government-wide Financial Statements

Riverside County Flood Control and Water Conservation District
Changes in Net Assets
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 2

		Fiscal Year				
2007	2008	2009	2010	2011		
\$ 8,988	\$ 9,195	\$ 9,660	\$ 5,928	\$ 5,572		
34,806	35,384	39,712	41,769	39,192		
-	-	-	-	-		
<u>43,794</u>	<u>44,579</u>	<u>49,372</u>	<u>47,697</u>	<u>44,764</u>		
5,169	3,833	2,340	1,520	2,298		
145	202	246	93	285		
164	135	237	167	157		
<u>5,478</u>	<u>4,170</u>	<u>2,823</u>	<u>1,780</u>	<u>2,740</u>		
<u>\$ 49,272</u>	<u>\$ 48,749</u>	<u>\$ 52,195</u>	<u>\$ 49,477</u>	<u>\$ 47,504</u>		
\$ 5,861	\$ 4,248	\$ 5,742	\$ 1,149	\$ 915		
11,753	4,770	9,087	5,215	4,508		
37,635	23,565	45,798	21,538	35,479		
<u>55,249</u>	<u>32,583</u>	<u>60,627</u>	<u>27,902</u>	<u>40,902</u>		
5,703	4,204	2,490	1,082	992		
142	282	288	171	342		
187	175	248	183	181		
<u>6,032</u>	<u>4,661</u>	<u>3,026</u>	<u>1,436</u>	<u>1,515</u>		
<u>\$ 61,281</u>	<u>\$ 37,244</u>	<u>\$ 63,653</u>	<u>\$ 29,338</u>	<u>\$ 42,417</u>		
\$ 11,455	\$ (11,996)	\$ 11,255	\$ (19,795)	\$ (3,862)		
554	491	203	(344)	(1,225)		
<u>\$ 12,009</u>	<u>\$ (11,505)</u>	<u>\$ 11,458</u>	<u>\$ (20,139)</u>	<u>\$ (5,087)</u>		
\$ 51,035	\$ 56,791	\$ 55,791	\$ 46,280	\$ 39,836		
-	-	-	8,111	5,136		
7,842	8,349	5,835	2,324	1,425		
61	(161)	1,289	42	123		
-	-	-	-	-		
<u>58,938</u>	<u>64,979</u>	<u>62,915</u>	<u>56,757</u>	<u>46,520</u>		
377	332	199	82	46		
<u>377</u>	<u>332</u>	<u>199</u>	<u>82</u>	<u>46</u>		
<u>\$ 59,315</u>	<u>\$ 65,311</u>	<u>\$ 63,114</u>	<u>\$ 56,839</u>	<u>\$ 46,566</u>		
\$ 70,393	\$ 52,983	\$ 74,170	\$ 36,962	\$ 42,658		
931	823	402	(262)	(1,179)		
<u>\$ 71,324</u>	<u>\$ 53,806</u>	<u>\$ 74,572</u>	<u>\$ 36,700</u>	<u>\$ 41,479</u>		

Expenses

Governmental Activities:

- General government
- Public ways and facilities
- Interest on long-term debt

Total governmental activities expenses

Business-type activities:

- Subdivision operations
- Photogrammetry operations
- Enroachment permits

Total business-type activities expenses

Total primary government expenses

Program Revenues

Governmental Activities

Charges for services:

- General government
- Public ways and facilities
- Capital grants and contributions

Total governmental activities program revenues

Business-type activities

Charges for services:

- Subdivision operations
- Photogrammetry operations
- Enroachment permits

Total business-type activities program revenues

Total primary government program revenues

Net (expense)/revenue

Governmental activities

Business-type activities

Total primary government net (expense)/revenue

General Revenues and Other Changes in

Net Assets

Governmental activities:

Taxes:

- Property Taxes
- Redevelopment pass-thru
- Unrestricted interest and investment earnings
- Gain on sale of capital assets
- Other

Total governmental activities

Business-type activities:

- Unrestricted interest and investment earnings

Total business-type activities

Total primary government

Change in Net Assets

Governmental activities

Business-type activities

Total primary government

Riverside County Flood Control and Water Conservation District
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Total
2001-02	\$ 22,633	\$ 22,633
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701
2006-07	51,035	51,035
2007-08	56,791	56,791
2008-09	55,791	55,791
2009-10	46,280	46,280
2010-11	39,836	39,836

Source: CAFR - Statement of Activities for the Government-wide Financial Statements

Riverside County Flood Control and Water Conservation District
Fund Balances of Governmental Funds
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

Page 1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Assigned to:					
Compensated absences	\$ -	\$ 881	\$ 1,531	\$ 819	\$ 1,755
Restricted for:					
Encumbrances	5	47	-	-	20
Unassigned	1,592	1,895	1,047	542	1,715
Total general fund	<u>\$ 1,597</u>	<u>\$ 2,823</u>	<u>\$ 2,578</u>	<u>\$ 1,361</u>	<u>\$ 3,490</u>
All other governmental funds					
Restricted for:					
Debt service	\$ 239	\$ -	\$ -	\$ -	\$ -
Encumbrances	2,759	7,049	19,051	3,913	1,017
Public ways and facilities	108,072	113,398	104,904	118,699	133,481
Capital project fund	276	224	105	88	143
Total all other governmental funds	<u>\$ 111,346</u>	<u>\$ 120,671</u>	<u>\$ 124,060</u>	<u>\$ 122,700</u>	<u>\$ 134,641</u>

Source: CAFR - Balance Sheet for the Governmental Funds

Riverside County Flood Control and Water Conservation District
Fund Balances of Governmental Funds
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

Page 2

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
					General Fund
					Assigned to:
\$ 1,755	\$ 1,755	\$ 1,755	\$ 1,195	\$ 1,402	Compensated absences
					Restricted for:
-	-	-	-	-	Encumbrances
2,657	2,178	3,275	3,518	2,290	Unassigned
<u>\$ 4,412</u>	<u>\$ 3,933</u>	<u>\$ 5,030</u>	<u>\$ 4,713</u>	<u>\$ 3,692</u>	Total general fund
					All other governmental funds
					Restricted for:
\$ -	\$ -	\$ -	\$ -	\$ -	Debt service
-	-	-	-	-	Encumbrances
162,709	195,493	223,886	237,211	251,826	Public ways and facilities
104	23	167	356	421	Capital project fund
<u>\$ 162,813</u>	<u>\$ 195,516</u>	<u>\$ 224,053</u>	<u>\$ 237,567</u>	<u>\$ 252,247</u>	Total all other governmental funds

Riverside County Flood Control and Water Conservation District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

Page 1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues					
Property taxes	\$ 22,633	\$ 25,058	\$ 28,620	\$ 32,306	\$ 42,701
Redevelopment pass-thru	-	-	-	-	-
Special assessments	2,291	2,419	2,464	2,347	2,436
Inter-governmental	-	-	-	-	887
Charges for services	10,565	7,300	7,489	18,469	11,175
Area drainage fees	2,998	2,928	7,027	4,629	7,541
Interest income	2,526	1,626	913	2,703	4,463
Contributions	-	-	-	-	-
Use of assets	1,044	4,998	671	121	73
Total revenues	<u>42,057</u>	<u>44,329</u>	<u>47,184</u>	<u>60,575</u>	<u>69,276</u>
Expenditures					
General government	5,386	5,649	6,793	10,169	9,139
Public ways and facilities	20,700	25,447	36,285	51,680	42,699
Capital outlay	1,328	1,714	596	655	3,528
Debt service:					
Principal	864	875	295	310	325
Interest	117	70	39	24	8
Total expenditures	<u>28,395</u>	<u>33,755</u>	<u>44,008</u>	<u>62,838</u>	<u>55,699</u>
Excess of revenues over (under) expenditures	13,662	10,574	3,176	(2,263)	13,577
Other financing sources (uses)					
Proceeds from bond issuance	-	-	-	-	-
Transfers in	1,216	1,189	374	369	1,945
Transfers out	(1,216)	(1,212)	(406)	(683)	(2,151)
Sale of Capital Assets	-	-	-	-	699
Total other financing sources (uses)	<u>-</u>	<u>(23)</u>	<u>(32)</u>	<u>(314)</u>	<u>493</u>
Net change in fund balances	<u>\$ 13,662</u>	<u>\$ 10,551</u>	<u>\$ 3,144</u>	<u>\$ (2,577)</u>	<u>\$ 14,070</u>
Debt service as a percentage of noncapital expenditures	3.76%	3.04%	0.78%	0.54%	0.64%

Source: CAFR - Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds

Riverside County Flood Control and Water Conservation District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

Page 2

Fiscal Year					
2007	2008	2009	2010	2011	
					Revenues
\$ 51,035	\$ 56,791	\$ 55,791	\$ 43,534	\$ 40,814	Property taxes
-	-	-	6,229	5,173	Redevelopment pass-thru
2,620	2,705	2,893	3,155	3,002	Special assessments
4,920	463	645	795	711	Inter-governmental
8,497	6,703	13,034	4,631	4,029	Charges for services
3,847	1,406	1,000	662	524	Area drainage fees
7,629	8,095	5,680	2,265	1,389	Interest income
-	-	-	2,415	-	Contributions
188	818	1,422	179	123	Use of assets
<u>78,736</u>	<u>76,981</u>	<u>80,465</u>	<u>63,865</u>	<u>55,765</u>	Total revenues
					Expenditures
8,545	8,601	8,371	4,638	4,931	General government
39,143	34,437	36,029	42,085	38,540	Public ways and facilities
1,230	1,230	6,342	3,835	3,125	Capital outlay
-	-	-	-	-	Debt service:
-	-	-	-	-	Principal
-	-	-	-	-	Interest
<u>48,918</u>	<u>44,268</u>	<u>50,742</u>	<u>50,558</u>	<u>46,596</u>	Total expenditures
29,818	32,713	29,723	13,307	9,169	Excess of revenues over (under) expenditures
					Other financing sources (uses)
-	-	-	-	-	Proceeds from bond issuance
339	-	619	881	1,409	Transfers in
(1,063)	(489)	(708)	(991)	(1,485)	Transfers out
-	-	-	-	-	Sale of Capital Assets
<u>(724)</u>	<u>(489)</u>	<u>(89)</u>	<u>(110)</u>	<u>(76)</u>	Total other financing sources (uses)
<u>\$ 29,094</u>	<u>\$ 32,224</u>	<u>\$ 29,634</u>	<u>\$ 13,197</u>	<u>\$ 9,093</u>	Net change in fund balances
0.00%	0.00%	0.00%	0.00%	0.00%	Debt service as a percentage of noncapital expenditures

Riverside County Flood Control and Water Conservation District
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

(Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Total
2001-02	22,633	22,633
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701
2006-07	51,305	51,305
2007-08	56,791	56,791
2008-09	55,791	55,791
2009-10	43,534	43,534
2010-11	40,814	40,814

Source: CAFR - Combined Statement of Revenues, Expenditures and
Changes in Fund Balances All Governmental Fund Types

Riverside County Flood Control and Water Conservation District
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

(Amounts Expressed in Thousands)

Page 1

Fiscal Year Ended June 30	Real Property			Personal Property
	Residential Property	Commercial Property	Other	Other
2004-05	\$ 80,794,268	\$ 27,502,556	\$ 27,699,681	\$ 4,151,837
2005-06	124,594,705	33,091,453	42,964,130	4,704,815
2006-07	147,032,777	38,971,178	48,341,171	5,163,074
2007-08	144,017,064	43,619,731	49,753,730	5,589,865
2008-09	120,318,983	46,176,540	45,510,406	5,433,642
2009-10	116,703,601	45,282,612	41,029,947	5,189,101
20010-11	116,682,034	44,399,930	39,131,300	4,974,428

Source: Assessor Annual Report - County of Riverside. Assessed Valuations are reported for all of Riverside County.

Notes: Property in the county is reassessed annually. The county assesses property at 100 percent of actual value, subject to the limitations of Prop 13, for all types of real and personal property.

Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

¹ Includes tax exempt property

Riverside County Flood Control and Water Conservation District
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Page 2

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage Actual Value ¹
\$ 4,657,680.12	\$ 135,490,661.88	\$ 1.00000	\$ 140,148,342	100%
5,109,755	200,245,348	1.00000	205,355,103	100%
5,529,547	233,978,653	1.00000	239,508,200	100%
6,109,816	236,870,574	1.00000	242,980,390	100%
6,154,324	211,285,247	1.00000	217,439,571	100%
6,591,002	201,614,259	1.00000	208,205,261	100%
6,800,011	198,387,681	1.00000	205,187,692	100%

**Riverside County Flood Control and Water Conservation District
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	Overlapping Rates						Total Direct & Overlapping Rates
	Flood Control Zone 1	County		School District	City of Riverside	Metro Water West	
		Riverside County General	County Wide				
2001-02	0.00000	-	1.00000	0.00000	0.00000	0.00770	4.00000
2002-03	0.00000	-	1.00000	0.05000	0.00000	0.00670	1.05670
2003-04	0.00000	-	1.00000	0.04993	0.00000	0.00610	1.05603
2004-05	0.00000	-	1.00000	0.05848	0.01092	0.00580	1.07520
2005-06	0.00000	-	1.00000	0.05854	0.00861	0.00520	1.07235
2006-07	0.00000	-	1.00000	0.05315	0.00821	0.00470	1.06606
2007-08	0.00000	-	1.00000	0.04775	0.00627	0.00450	1.05852
2008-09	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2009-10	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2010-11	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620

Source: Auditor-Controller - County of Riverside, Auditor-Controller's Office

Riverside County Flood Control and Water Conservation District
Principal Property Taxpayers
June 30, 2011
(Amounts Expressed in Thousands)

Taxpayer	2011			2005		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Southern California Edison Company	\$ 18,359	1	0.65%	\$ 7,276	2	0.42%
Verizon California Inc.	8,072	2	0.28%	7,461	1	0.43%
Inland Empire Energy Ctr LLC	7,342	3	0.26%			
Southern California Gas Company	6,372	4	0.22%	3,621	5	0.21%
Federal National Mortgage Association	3,461	5	0.12%			
Centex Homes	3,434	6	0.12%	5,252	3	0.30%
Abbott Vascular Inc.	3,171	7	0.11%			
Tyler Mall Ltd Partnership	2,880	8	0.10%	2,221	12	0.13%
Blythe Energy, LLC	2,852	9	0.10%	3,099	7	0.18%
Deutsche Bank Natl Trust Company	2,851	10	0.10%			
Ashby USA	2,523	11	0.09%			
Standard Pacific Corp	2,456	12	0.09%			
Federal Home Loan Mortgage Corporation	2,399	13	0.08%			
Chelsea GCA Realty Partnership	2,373	14	0.08%			
Walmart Real Estate Business Trust	2,181	15	0.08%			
KB Home Coastal Inc.				3,924	4	0.22%
Pulte Home Corp				3,221	6	0.18%
Pardee Homes				2,907	8	0.17%
KSL Desert Resorts Inc.				2,449	9	0.14%
Murdy S.P.				2,339	10	0.13%
DS Hotel				2,303	11	0.13%
Western Pacific Housing				2,174	13	0.12%
Costco Wholesale Corporation				1,634	14	0.09%
Starwood Mission Hills CMBS				1,621	15	0.09%
Totals	<u>\$ 70,726</u>		<u>2.48%</u>	<u>\$ 51,502</u>		<u>2.94%</u>

Source: County Treasurer-Tax Collector

Note: Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

Riverside County Flood Control and Water Conservation District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount²	Percent of Levy
2001-02	21,108	20,494	97.1%	-	20,494	97.1%
2002-03	23,611	22,380	94.8%	-	22,380	94.8%
2003-04	27,437	23,168	84.4%	-	23,168	84.4%
2004-05	33,125	26,882	81.2%	-	26,882	81.2%
2005-06	41,048	31,566	76.9%	-	31,566	76.9%
2006-07	47,333	41,672	88.0%	-	41,672	88.0%
2007-08	46,491	48,072	103.4%	-	48,072	103.4%
2008-09	39,817	49,638	124.7%	-	49,638	124.7%
2009-10	38,469	40,690	105.8%	-	40,690	105.8%
2010-11	38,469	38,417	99.9%	-	38,417	99.9%

Notes:

¹ Based on information available November 16, 2011 from the County of Riverside, Auditor Controller's Office.

Riverside County Flood Control and Water Conservation District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year	Government Activities		Total Primary Government	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds			
2005	\$ 325	\$ 6,635	\$ 6,960	0.02%	\$ 4
2006	-	5,775	5,775	0.01%	3
2007	-	4,695	4,695	0.01%	2
2008	-	4,180	4,180	0.01%	2
2009	-	3,720	3,720	0.01%	2
2010	-	2,965	2,965	0.00%	1
2011	-	2,685	2,685	0.00%	1

Sources: CAFR - Long-term Debt Schedule

Assessor, County of Riverside - Assessed valuations are reported for the District only.

Notes: Detail regarding the District's outstanding debt can be found in the Notes to the Financial Statements. Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

¹ Amounts expressed in thousands, except Per Capita amount.

Riverside County Flood Control and Water Conservation District
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property¹	Per Capita²
2001-02	1,805	239	1,566	0.00%	0.95
2002-03	930	242	688	0.00%	0.40
2003-04	635	242	393	0.00%	0.22
2004-05	325	242	83	0.00%	0.04
2005-06	-	-	-	-	-
2006-07	-	-	-	-	-
2007-08	-	-	-	-	-
2008-09	-	-	-	-	-
2009-10	-	-	-	-	-
2010-11	-	-	-	-	-

Sources: State of California, Department of Finance

Notes:

¹ Calculation based on assessed valuations reported for the District only.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

² Amounts expressed in thousands, except Per Capita amount.

Riverside County Flood Control and Water Conservation District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011
(Amounts Expressed in Thousands)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt	\$ -	0%	<u>\$ -</u>
Flood Control direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ -</u></u>

Source: CAFR - Notes to Basic Financial Statements, Note 7 Long-term Obligations

Riverside County Flood Control and Water Conservation District
Legal Debt Margin Information
Last Ten Fiscal Years
(Amounts Expressed in Thousands)

	<u>Fiscal Year</u> <u>2005</u>	<u>Fiscal Year</u> <u>2006</u>	<u>Fiscal Year</u> <u>2007</u>	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>
Debt Limit	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000
Total net debt applicable to limit	325	-	-	-	-	-	-
Legal debt margin	<u>\$ 20,675</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>
Total net debt applicable to the limit as a percentage of debt limit	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	\$ 150,699,627
Add back: exempt real property	<u>\$ -</u>
Total assessed value	\$ 150,699,627
	21,000
Debt limit (lesser of 2% of assessed valuation or \$21,000)	
Debt applicable to limit:	-
General obligation debt	-
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>\$ 21,000</u>
Legal debt margin	

Source: Assessor, County of Riverside - District only assesses valuation note.

Notes: Excludes voter approved, land based and special assessments debt and up to \$475 debt for administrative facilities.

Debt limit (lesser of 2% of assessed valuation or \$21,000).

Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

Riverside County Flood Control and Water Conservation District
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

Special Assessment Bonds							
Fiscal Year	Special Assessment Collections		Debt Service		Coverage		
	\$		Principal	Interest			
2005	\$	1,192	\$	605	\$	302	1.31
2006		1,046		663		479	0.92
2007		892		840		453	0.69
2008		744		435		345	0.95
2009		906		460		330	1.15
2010		353		260		244	0.70
2011		323		280		222	0.64

Source: U.S. Bank Statements & Debt Service Schedule for 4-3.

Note: Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

Riverside County Flood Control and Water Conservation District
Demographic and Economics Statistics
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

Page 1

Fiscal Year	Population¹	Personal Income²	Per Capita Personal Income²	Median Age³	Education Level in Years of Formal Schooling⁴
2001-02	1,644,341	\$ -	\$ 25,099		
2002-03	1,705,500	-	25,691		
2003-04	1,776,700	-	24,814		
2004-05	1,871,950	44,627,329	25,032	32	16.6
2005-06	1,911,281	49,443,185	23,478	32	16.6
2006-07	2,031,625	52,850,398	22,737	32	16.6
2007-08	2,073,571	57,666,983	24,885	31	20.1
2008-09	2,100,516	61,023,518	24,301	32	20.1
2009-10	2,125,440	64,503,728	22,657	33	19.7
2010-11	2,203,332	63,228,086	22,373	34	20.3

Sources:

- ¹ U.S. Census Bureau
- ² U.S. Department of Commerce - Bureau of Economic Analysis
- ³ State of California, Employment Development Department
- ⁴ California Department of Education
- ⁵ State of California, Labor Market Information

Notes: Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005. Personal Income, Median Age, Education Level in Years of Formal Schooling categories added in fiscal year 2004-2005.

Riverside County Flood Control and Water Conservation District
Demographic and Economics Statistics
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

Page 2

School Enrollment⁴	Unemployment Rate Percent⁵
333,330	5.8%
349,607	6.2%
364,857	5.8%
380,964	5.4%
395,183	4.9%
413,059	5.1%
596,645	9.5%
593,029	14.0%
622,914	15.3%
660,725	15.0%

**Riverside County Flood Control and Water Conservation District
Principal Employers
Current Year**

Employer	2011			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
County of Riverside	17,669	1	2.30%	15,740	1	1.95%
March Air Reserve Base	8,500	2	1.10%	6,800	2	0.84%
Stater Bros Markets	6,900	4	0.90%			
University of California, Riverside	5,790	3	0.75%	5,336	3	0.66%
Corona-Norco Unified School District	4,790	5	0.62%			
KSL Resort	4,000	6	0.52%			
Pechanga Resort & Casino	4,000	7	0.52%			
Riverside Unified School District	3,801	8	0.49%	3,553	4	0.44%
Hemet Unified School District	3,546	9	0.46%			
Moreno Valley Unified School District	3,481	10	0.45%			
Abbot Vascular	3,229	11	0.42%			
Agua Caliente Band of Cahuilla Indians	2,800	12	0.36%	2,642	7	0.33%
Temecula Valley Unified School District	2,749	13	0.36%			
City of Riverside	2,600	14	0.34%			
Eisenhower Medical Center	2,400	15	0.31%	1,053	15	0.13%
Countywide Ralphs Grocery Company				2,720	5	0.34%
Walmart				2,650	6	0.33%
Riverside County Regional Medical Center				2,400	8	0.30%
SBC/ Pacific Bell				1,800	9	0.22%
Kaiser Permanente Medical Care				1,700	10	0.21%
Riverside County Office of Education				1,521	11	0.19%
Riverside Community College				1,477	12	0.18%
The Press Enterprise Co.				1,300	13	0.16%
Alvord Unified School District				1,200	14	0.15%
Total	76,255		9.90%	51,892		6.43%

Source: Riverside County Economic Development Agency

Note: Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

Riverside County Flood Control and Water Conservation District
Full-Time Equivalent Government Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30						
	2005	2006	2007	2008	2009	2010	2011
Function							
General government							
Inspection	8	9	9	11	9	16	12
Administration	44	34	35	43	41	49	54
Public ways & facilities							
Engineering	65	70	68	70	73	111	112
Maintenance	50	56	55	58	59	74	68
NPDES	11	12	11	9	11	16	17
Photogrammetry operations	1	2	1	1	1	-	2
Subdivision operations	21	23	23	18	10	8	10
Encroachment permits	3	2	2	2	2	1	2
Hydrology services	3	4	4	4	3	5	4
Garage-Fleet operations	5	6	8	8	7	10	9
Mapping services	2	2	2	2	3	5	2
Data processing	10	10	9	9	11	16	15
Photography	1	1	1	1	-	-	-
Total	224	231	228	236	230	311	307

Source: The District

Note: Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

Riverside County Flood Control and Water Conservation District
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Function							
General government							
Inspection services	200	256	249	218	135	105	89
Public ways and facilities							
Maintenance projects	1,032	969	1,081	1,095	1,121	1,172	1,169
Construction projects	293	152	244	235	230	272	322
NPDES - Santa Ana							
Public Education Outreach events	30	34	39	45	75	72	66
NPDES - Santa Margarita							
Public Education Outreach events	6	4	4	8	28	5	2
NPDES - Whitewater							
Public Education Outreach events	4	8	11	15	15	18	6
Photogrammetry operations	16	36	18	14	18	7	7
Subdivision operations							
Plan check cases processed	549	590	628	787	429	271	312
Flood plain cases processed	562	470	212	105	85	73	7
Enroachment permits							
Permits - Issuance and Inspection	49	161	154	146	214	93	441

Source: The District

Note: Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.

**Riverside County Flood Control and Water Conservation District
Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Function							
General Government							
Buildings and improvements	1	2	-	-	-	-	-
Equipment	39	28	10	12	30	10	16
Public ways and facilities							
Infrastructure							
Basins	6	-	-	-	1	2	-
Channels	14	15	5	3	1	9	6
Levees	2	1	1	-	-	-	-
Storm Drains	34	87	52	28	58	21	43

Source: The District

Note: Last ten years data not available. The District implemented GASB 44 in fiscal year 2004-2005.