

**SUBMITTAL TO THE FLOOD CONTROL AND
WATER CONSERVATION DISTRICT BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

204B



FROM: General Manager-Chief Engineer

SUBMITTAL DATE:
January 5, 2016

SUBJECT: Comprehensive Annual Financial Report for FY 2014-2015; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Accept and file the Comprehensive Annual Financial Report for Fiscal Year 2014-2015 prepared by District staff; and
2. Accept and file the Independent Auditor's Report prepared by The Pun Group; and
3. Accept and file the Auditor's Communication with Those Charges with Governance Letter prepared by The Pun Group.

BACKGROUND:

Summary

The District prepared the Comprehensive Annual Financial Report for submission to the Government Finance Officers Association, the Board of Supervisors and the citizens served by the District. The report includes the District's financial statements audited by The Pun Group, statistical information, and other pertinent data.

DPB:mc
P8/201385

WARREN D. WILLIAMS
General Manager-Chief Engineer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ N/A	\$ 0	\$ N/A	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET DISTRICT COST	\$ 0	\$ N/A	\$ 0	\$ N/A	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: 15/16	

C.E.O. RECOMMENDATION:

APPROVE

BY:

Steven G. Horn

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FISCAL PROCEDURES APPROVED
JEANINE J. REY, FINANCE DIRECTOR

BY: JEANINE J. REY
Departmental Concurrence

- ☐ A-30
☐ 4/5 Vote
☐ Positions Added
☐ Change Order

Prev. Agn. Ref.:

District: All

Agenda Number:

11-2

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Comprehensive Annual Financial Report for Fiscal Year 2014-2015; [\$0]
DATE: January 5, 2016
PAGE: Page 2 of 2**

BACKGROUND:

Impact on Residents and Businesses

There is no impact upon existing residents or business. The items provided are for informational purposes only.

ATTACHMENTS:

1. Comprehensive Annual Financial Report for Fiscal Year 2014-2015
2. Independent Auditor's Report
3. Auditor's Communication with Those Charges with Governance Letter

DPB: mc
P8/201385



INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California
Page Three

The Combining and Individual Nonmajor Fund Financial Statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements is fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The Pw Group, LLP

Palm Desert, California
November 20, 2015



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California

We have audited, in accordance with the 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, the 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"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



November 20, 2015

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California

We have audited the financial statements of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District (the "District") for the year ended June 30, 2015, and have issued our report thereon dated November 20, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated August 25, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the District. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period – Retirement Program, the Schedule of Plan Contributions – Retirement Program, the Schedules of Funding Progress – Other Post Employment Benefits, and the Budgetary Comparison Schedules for each major fund, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the Combining and Individual Nonmajor Fund Financial Statements, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of this supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

No other new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the investment fair market value is based on information provided by the County of Riverside for the District's investment in the Riverside County Treasury Pool and by U.S. Bank, the trustee for investment in U.S. Treasury, Money Market Mutual funds, and Governmental Obligation Funds held by fiscal agent. We evaluated the key factors and assumptions used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the annual other post employment benefit ("OPEB") cost is based on the actuarial valuation. We evaluated the key factors and assumptions used to develop the annual OPEB cost in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liabilities is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 1 – Summary of Significant Accounting Policies
- Note 10 – Pension Plans
- Note 11 – Other Post Employment Benefits
- Note 13 – Commitments and Contingencies

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California
Page 5

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period – Retirement Program, the Schedule of Plan Contributions – Retirement Program, the Schedules of Funding Progress – Other Post Employment Benefits, and the Budgetary Comparison Schedules for each major fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining and Individual Nonmajor Fund Financial Statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Supervisors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

The PwC Group, LLP

Palm Desert, California



Comprehensive Annual Financial Report *Fiscal Year Ended June 30, 2015*



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



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015



Photos: Eagle Canyon Dam

Submitted by:

*Warren D. Williams
General Manager-Chief Engineer*

*Jeanine J. Rey
Finance Director*

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

Riverside County Flood Control and Water Conservation District
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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Riverside County Flood Control and Water Conservation District
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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INTRODUCTORY SECTION



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- ♦ *Letter of Transmittal*
- ♦ *GFOA Certificate of Achievement for Excellence in Financial Reporting for 2014*
- ♦ *List of Elected and Appointed Officials*
- ♦ *Organizational Chart*



RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

November 20, 2015

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 (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, 2015.

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.

The Pun Group, Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2015. 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 boasts the ninth largest numeric increase in population in the country.¹ The District currently occupies 2,677 square miles and serves a population of approximately 1.84 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 opening 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.

¹ Source: U.S. Census Bureau, Estimates of the Components of Resident Population Change: April 1, 2010 to July 1, 2014

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; watershed protection 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; the operation and maintenance of the District's fleet and facilities, land interests, and encroachment issues; information technology services providing technical support to the District staff; and administrative services providing clerical, financial and personnel support to the District 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, 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 2015 fiscal year budget on September 23, 2014. 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 Riverside County which includes twenty-two cities and unincorporated county communities west of the San Jacinto and Santa Rosa Mountains. Riverside County is California's fourth largest populated county according to the State Department of Finance. It represents 6.0% of California's total population.² Riverside County is part of a larger area known as Southern California's Inland Empire, comprised of Riverside and San Bernardino counties. It is approximately 60 miles from north to south and some 50 miles wide. Major industries located within the Riverside County include government, retail trade, educational and health services, leisure and hospitality, and construction.

From June 2014 to June 2015, the Inland Empire added 51,533 jobs or 4.0%. This reflects a constant upward trend in job growth for local government employment. The 2015 gain has been led by logistics (12,250) and eating & drinking (7,033). The June 2015 unemployment rate of 6.5% was down from 8.2% in June 2014. The number of unemployed fell by -29,300 (-18.8%).³

Over 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 172% and a ten-year increase of 10%, respectively). This increase in construction and maintenance costs as a percentage of total expenses coincides with an increase of total expenses (a ten-year increase of 136%). Maintenance costs for the current fiscal year ended have decreased by 112% from the prior year.

² Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2014 and 2015. Sacramento, CA, May 2015

³ Source: Inland Empire Quarterly Economic Report, July 2014

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 decreased, both in amount and as a percentage of total revenues (currently less than 1%, reflecting a ten-year decrease of 3.7%). The overall decrease is largely attributable to unusually high contributions from other agencies received in 2006 (\$887).

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, but rather those projects 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.

Major Initiatives

Between the summer of 2014 and the fall of 2015, the District will have issued Notices of Completion for eleven projects totaling over \$47 million dollars in construction costs (a figure that does not include the substantial right-of-way acquisition and environmental mitigation costs associated with these projects). By the end of June 2016, the District will be expected to complete an additional \$43 million in construction contracts.

Especially notable of the current projects is the contract to construct three miles of Romoland Line A channel and the Briggs Road Detention basin for \$27 million dollars. It is the largest single contract the District has ever issued. Also, the Eagle Canyon Dam project put an end to the canyon's repeated damaging flash flooding.



Additionally, the District is collaborating with the Cities of Corona, Norco, Moreno Valley, San Jacinto and Riverside to deliver priority infrastructure. With a significant El Nino posing a threat, the District is also working with the cities of Moreno Valley and Norco on smaller scale emergency projects to control sediment laden runoff.

Further, the following District-administered flood control project contracts were completed during, or were under construction at the end of fiscal year 2014/2015:

Facilities	Construction Cost
Arroyo del Toro Channel Stage 1	\$ 5 Million
Eagle Canyon Dam	\$ 10.6 Million
Gilman Home Channel	\$ 4 Million
Little Lake MDP Line B and Hemet MDP Line D stg 7	\$ 6.4 Million
North Norco Channel Stage 10	\$ 1.2 Million
Palm Springs MDP line 43	\$ 5 Million
Pyrite Channel Bypass	\$ 1.5 Million
Romoland A stage 3	\$ 6 Million
Romoland A stage 4,5,6, & Briggs Rd Basin	\$ 27 Million
San Jacinto MDP Lines C, C-4,C-5, & B	\$ 7 Million
Temescal Canyon Foster Road Storm drain	\$ 1.7 Million
West End Moreno MDP Line LL	\$ 1 Million

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, 2013. This was the twenty-third 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 Darrylenn Prudholme-Brockington, Principal Accountant, for her efforts in the preparation of this report. Credit must also be given to the Board of Supervisors, for their unfailing support in maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



WARREN D. WILLIAMS
General Manager-Chief Engineer

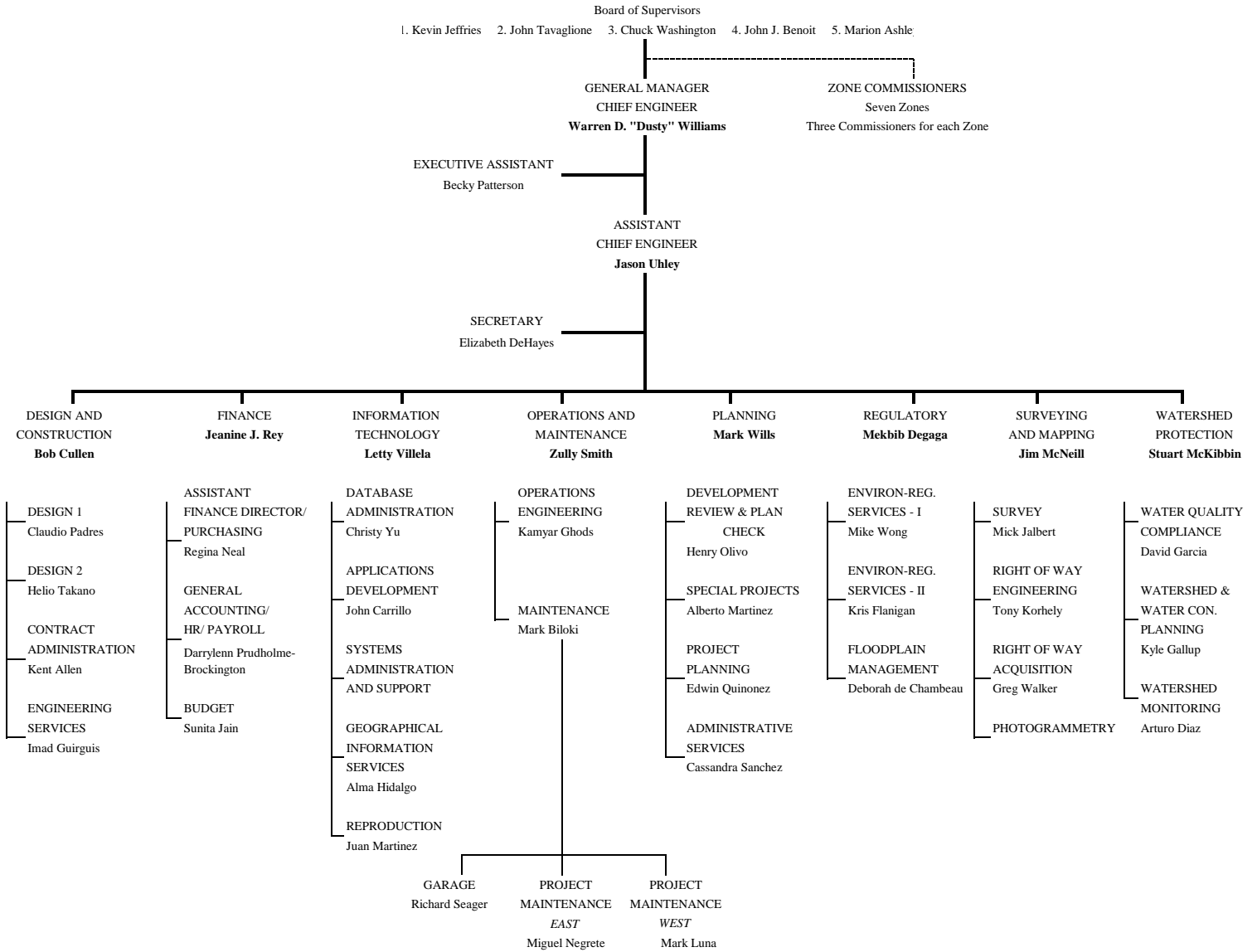


JEANINE J. REY
Finance Director

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

TITLE	NAME
Board of Supervisors	Kevin Jeffries, 1 st District
Board of Supervisors	John F. Tavaglione, 2 nd District
Board of Supervisors	Chuck Washington, 3 rd District
Board of Supervisors	John J. Benoit, 4 th District
Board of Supervisors	Marion Ashley, District Chair, 5 th District
General Manager-Chief Engineer	Warren D. Williams
Assistant Chief Engineer	Jason Uhley
Chief of Design & Construction	Robert J. Cullen
Chief of Operations & Maintenance	Zully Smith
Chief of Planning	Mark Wills
Chief of Regulatory	Mekbib Degaga
Chief of Surveying & Mapping	Jim McNeill
Chief of Watershed Protection	Stuart E. McKibbin
Finance Director	Jeanine J. Rey
Information Technology Officer	Leticia G. Villela

RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT





Government Finance Officers Association

**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, 2014

Executive Director/CEO

FINANCIAL SECTION



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



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





INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Implementation of GASB Statement No. 68 and 71

As discussed in Note 1 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 12 to the basic financial statements. In addition, net pension liability is reported in the Statement of Net Position in the amount of (\$36,011,197) as of the measurement date. Net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of Jun 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date for California Public Employee Retirement System (“CalPERS”) plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period – Retirement Program, the Schedule of Plan Contributions – Retirement Program, the Schedules of Funding Progress – Other Post Employment Benefits, and the Budgetary Comparison Schedules for each major fund on pages 7 through 17 and 62 through 77 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements, and the Introductory and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California
Page Three

The Combining and Individual Nonmajor Fund Financial Statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements is fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Palm Desert, California
November 20, 2015

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California

We have audited, in accordance with the 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, the 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"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Supervisors
of the Riverside County Flood Control and
Water Conservation District
Riverside, California
Page Two

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pen Group, LLP

Palm Desert, California
November 20, 2015

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, 2015. 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 - vi of this report. All monetary amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- ◆ The District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*," which resulted in the reporting of the District's unfunded pension liability on the District's government-wide financial statements. Due to implementation of GASB 68, a prior period adjustment decreased the District's unrestricted net position by \$43,056.
- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,103,944 (*net position*).
- ◆ The District's total net position increased by \$29,995. Approximately 63 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 \$240,672, a decrease of \$17,955 in comparison with the prior year. Less than 1% of this amount (\$919) is *available for spending* at the District's discretion (*unassigned fund balance*).
- ◆ At the end of the fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$3,174, or 53 percent of total general fund expenditures.
- ◆ The District issued the Zone 4 2015 Negotiable Promissory Notes to fund certain flood control facilities located in Zone 4 of the District. The promissory notes were issued in aggregate principal amount of \$21,000 plus an original issue premium of 2,423.

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 position* presents information on all of the District's assets, liabilities and deferred inflows/outflows, with the difference reported as *net position*. 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 position changed during the most recent fiscal year. All changes in net position 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 18-20 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 presented as a major fund in the basic governmental fund financial statements.

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 21-28 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 29-31 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 32 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 33-61 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 schedule of changes in the net pension liability during the measurement period reported, schedule of plan contributions, progress in funding its obligation to provide other post-employment benefits to its employees. Required supplementary information can be found on pages 62-77 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 80-90 of this report.

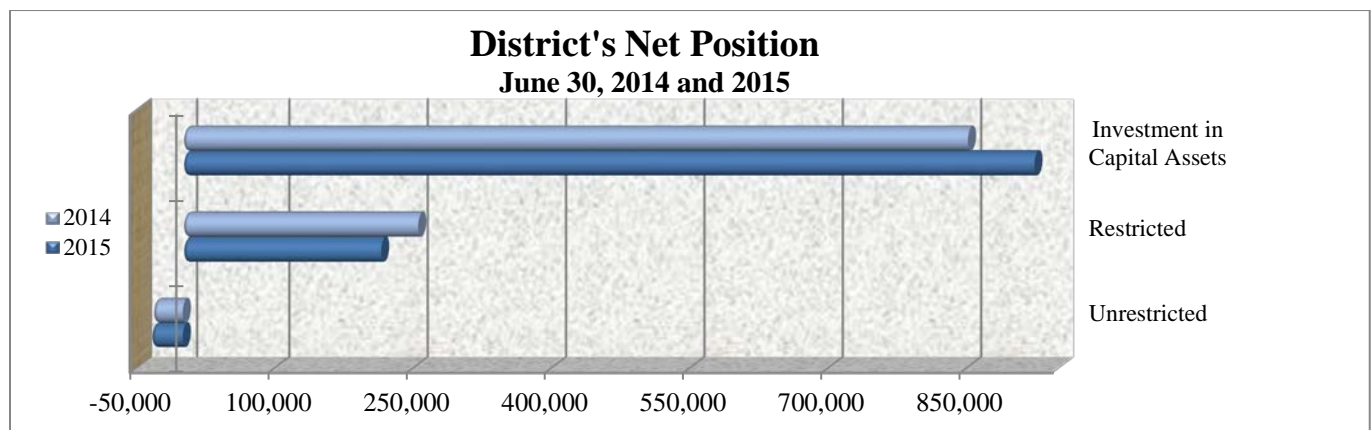
Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,103,944 at the close of the most recent fiscal year.

By far the largest portion of the District's net position (84 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 Position				Total	
	Governmental Activities		Business-type Activities			
	2015	2014 (As Restated)	2015	2014 (As Restated)	2015	2014 (As Restated)
Current and Other Assets	\$ 264,512	\$ 274,834	\$ 5,815	\$ 5,824	\$ 270,327	\$ 280,658
Capital Assets, Net	923,240	851,201	5	8	923,245	851,209
Total Assets	1,187,752	1,126,035	5,820	5,832	1,193,572	1,131,867
Deferred Outflows of Resources - Pensions	2,889	2,701	96	92	2,985	2,793
Long-term Liabilities Outstanding	61,718	46,941	1,266	1,540	63,336	48,481
Other Liabilities	18,124	9,123	3,437	3,107	21,211	12,230
Total Liabilities	79,842	56,064	4,703	4,647	84,547	60,711
Deferred Inflows of Resources - Pensions	7,800	-	266	-	8,066	-
Net Position:						
Investment in Capital Assets	923,245	851,201	5	8	923,245	851,209
Restricted	215,008	255,222	-	-	215,008	255,222
Unrestricted	(35,251)	(33,751)	942	1,269	(34,309)	(32,482)
Total Net Position	\$1,102,997	\$1,072,672	\$947	\$1,277	\$1,103,944	\$1,073,949

An additional portion of the District's net position (19 percent) represents resources that are subject to external restrictions on how they may be used. The deficit balance of -\$34,309 reported in unrestricted net position (-3 percent) is primarily the result of the District's unfunded pension liability.



The District's overall net position increased \$29,995 from the prior fiscal year. The District experienced a net decrease primarily due to changes in unrestricted net position.

Governmental activities. During the current fiscal year, net position for the Governmental activities decreased the District's net position by \$11,363 from the prior fiscal year, thereby accounting for 87 percent of the total decline in net position for the District. Key elements of the decrease are as follows:

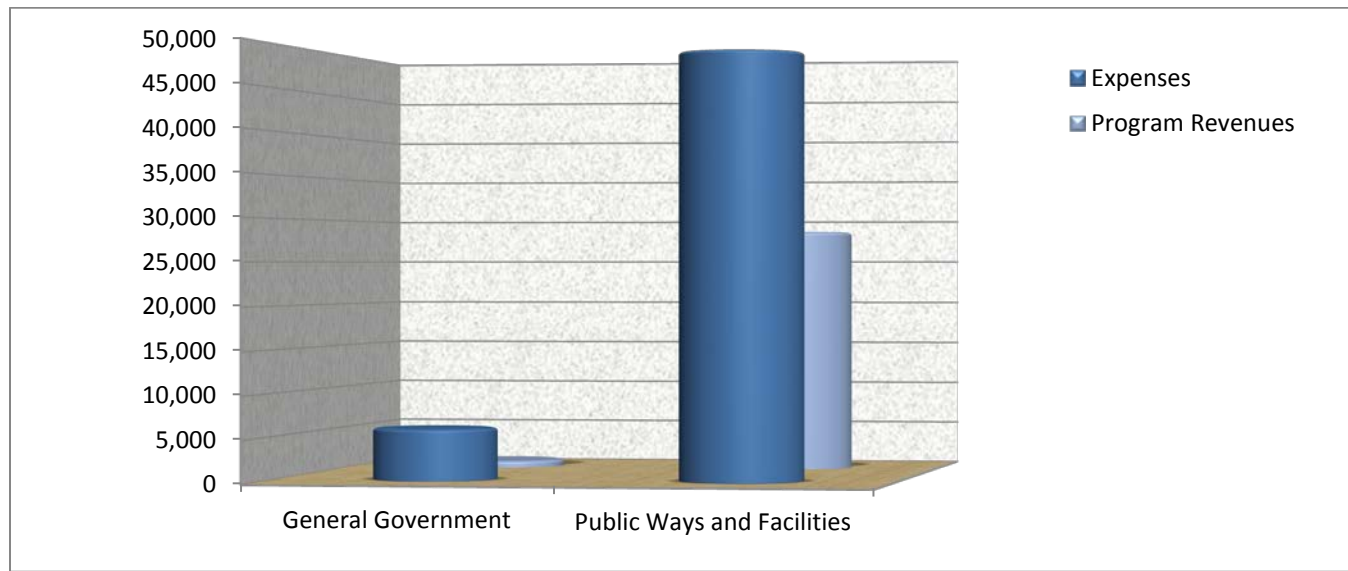
District's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014 (As Restated)	2015	2014 (As Restated)	2015	2014 (As Restated)
Revenues:						
Program Revenues:						
Charges for Services	\$7,445	\$ 5,005	\$1,447	\$1,741	\$8,892	\$ 6,746
Capital Grants and Contributions	21,991	15,770	-	-	21,991	15,770
General Revenues:						
Property Taxes	47,047	42,593	-	-	47,047	42,593
Redevelopment Pass-thru	7,698	7,733	-	-	7,698	7,733
Unrestricted Interest and Investment Earnings (Loss)	1,022	1,444	38	40	1,060	1,484
Gain on Sale of Capital Assets	45	74	-	-	45	74
Total Revenues	85,248	72,619	1,485	1,781	86,733	74,400
Expenses:						
General Government	6,001	5,222	-	-	6,001	5,222
Public Ways and Facilities	48,921	43,526	-	-	48,921	43,526
Subdivision Operations	-	-	1,547	1,453	1,547	1,453
Photogrammetry Operations	-	-	91	171	91	171
Encroachment Permits	-	-	178	146	178	146
Total Expenses	54,922	48,748	1,816	1,770	56,738	50,518
Increase (Decrease) in Net Position before Transfers	30,326	23,871	(331)	11	29,995	23,882
Transfers	(1)	(26)	1	26	-	-
Increase (Decrease) in Net Position	30,325	23,845	(330)	37	29,995	23,882
Net Position - Beginning	1,072,672	1,048,827	1,277	1,240	1,073,949	1,093,123
Net Position - Ending	\$1,102,997	\$1,072,672	\$947	\$1,277	\$1,103,944	\$1,073,949

- ◆ A prior period adjustment of \$41,688 reported in the governmental activities is the result of the District's unfunded pension liability. This adjustment reflects the reporting of net pension liabilities and deferred inflows of resources related to pensions.
- ◆ Historically, ongoing revenues have exceeded expenses as a percentage of net position by approximately less than 1.0 to 4.0 percent in a given fiscal year. During the year, overall revenues increased by \$12,629 (17 percent) due to an increase of donated capital assets of 39 percent and an increase in ongoing revenues of 11 percent. These increases are a result of a slowly recovering economy. Ongoing revenues continued to exceed expenses by \$8,335 (1% as a percentage of net position).

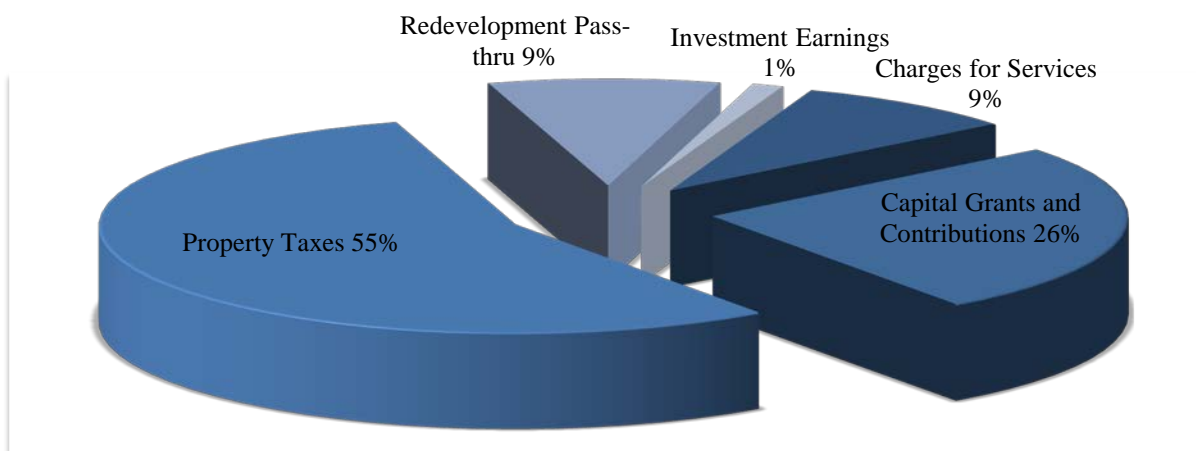
For the most part, increases and decreases in expenses paralleled inflation and growth in the demand for services. Noteworthy exceptions include the following:

- ◆ An increase Capital Grants and Contributions revenue of \$6,221 (39 percent) associated with the donation of capital assets - infrastructure and land in various zones.
- ◆ An increase in Charges for Services revenue of \$2,440 (49 percent) largely associated with the development projects within the Sunnymead and Perris Valley Area Drainage Plans.

Expenses and Program Revenues - Governmental Activities



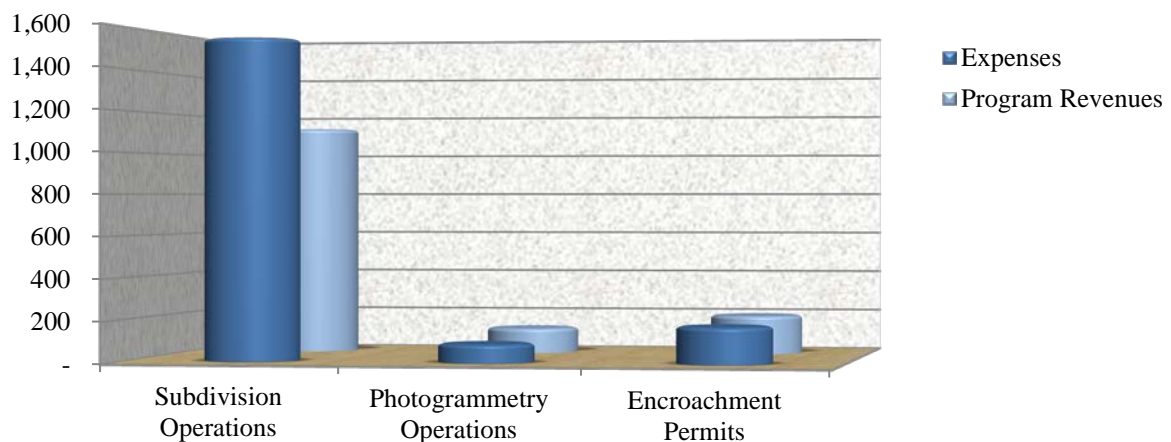
Revenues by Source - Governmental Activities



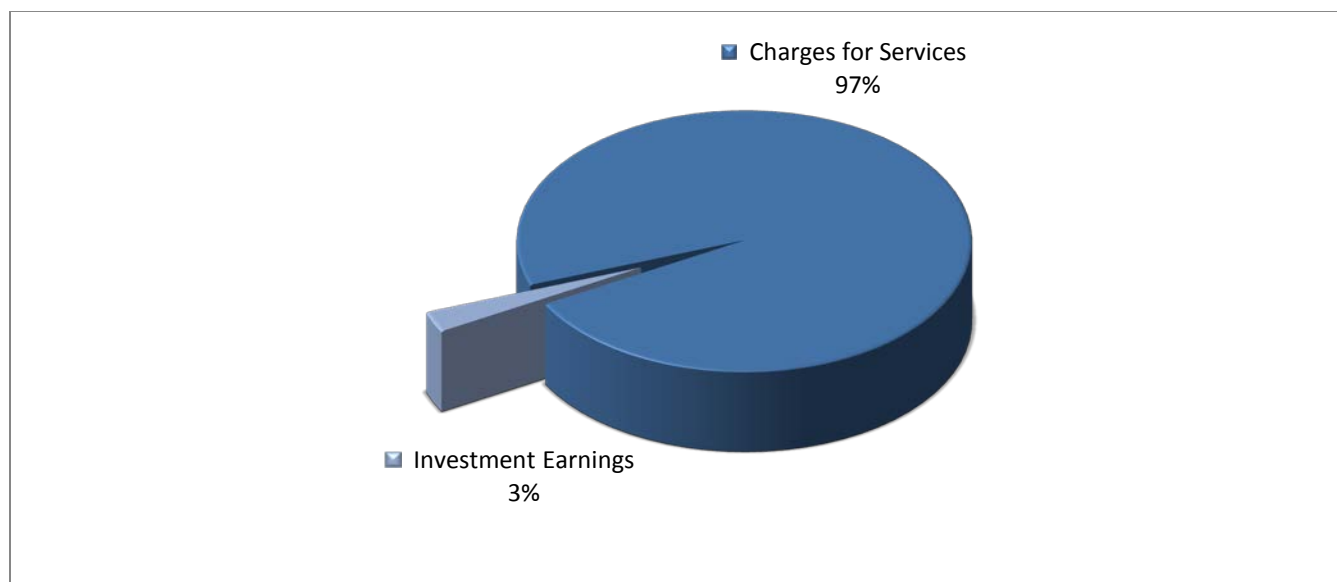
Business-type activities. Business-type activities decreased the District's net position by \$330. Key elements of the decrease are as follows.

- ◆ A prior period adjustment of \$1,368 reported in the business-type activities is the result of the District's unfunded pension liability. This adjustment reflects the reporting of net pension liabilities and deferred inflows of resources related to pensions.
- ◆ Overall charges for services for business-type activities decreased by 17 percent while expenses increased by 3 percent from the previous fiscal year. 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. Development activity within the Subdivision operations has decreased by 19 percent over the past year due to fluctuation in the economy. Normal operating expenses closely paralleled inflation and the overall increase 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 \$240,672 a decrease of \$17,955 in comparison with the prior year. The majority of this total amount (\$236,767) 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* (\$919) 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* (\$2,255) and reflects resources that the District intends to use to fund accrued compensated absence liabilities as required and *nonspendable fund balance* (\$731) for imprest cash and prepaid items.

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 \$919, while total fund balance reached \$3,175. 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 15 percent of total general fund expenditures, while total fund balance represents 53 percent of that same amount.

During the current fiscal year, the fund balance in the District's general fund decreased by \$1,207. The decrease in fund balance is a result of increased capital outlay of \$115 during the fiscal year for the purchase of fixed asset equipment. As a result, expenditures of the general fund increased by \$1,538 from the prior fiscal year.

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 \$228,279 at the end of the current fiscal year. The aggregate net decrease in fund balance during the current year was \$18,126. Key factors in the aggregate net decrease are as follows:

- ◆ *Zone 1* reported a fund balance of \$22,503 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$598. Property tax and redevelopment revenues account for approximately 88 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as 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 117 percent (\$4,084). Overall revenues increased (\$896) as a result of increases in property tax revenue (\$472) and area drainage fees (\$917). These increases offset the decreases in redevelopment revenue (\$25), intergovernmental revenue (\$3), investment earnings (\$17), and use of assets from the lease of land (\$4). Additionally, expenditures increased (\$4,645) due largely in part to increases in construction costs by \$3,921 during the current fiscal year.

- ◆ *Zone 2* reported a fund balance of \$69,210 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$982. Property tax and redevelopment revenues account for approximately 97 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as 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 50 percent (975). Overall revenues increased (\$547) as a result of increases in property tax revenue (\$1,223) and redevelopment revenue (\$45). These increases offset the decreases in intergovernmental revenue (\$210), charges for services (\$22), area drainage fees (\$430), investment earnings (\$52), and use of assets from the lease of property (\$7). Additionally, expenditures increased (\$1,409) due to the purchase of land and real property for the Main Street Dam project.

- ◆ *Zone 3* reported a fund balance of \$10,074 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$752. Property tax and redevelopment revenues account for approximately 76 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as 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 79 percent (\$2,830). Overall revenues increased (\$595) as a result of increases in property tax revenue (\$174), redevelopment revenue (\$40), intergovernmental revenue (\$294), and charges for services revenue (\$123). These increases offset the decrease in investment earnings (\$36). Additionally, expenditures decreased (\$2,315) due largely in part to the decreases in construction activity of \$1,153.

- ◆ *Zone 4* reported a fund balance of \$77,253 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$4,127. Property tax and redevelopment revenues account for approximately 86 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as 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 72 percent (\$1,722). Overall revenues increased (\$2,165) as a result of increases in property tax revenue (\$1,153), redevelopment revenue (\$22), intergovernmental revenue (\$7), area drainage fees (\$1,097), and use of assets from the lease of property (\$7). These increases were offset by decreases in special assessments (\$1), investment earnings (\$119), and charges for services (\$1). Additionally, expenditures increased (\$23,330) due largely in part to increased costs to construct the flood control facilities, Romoland MDP, Little Lake MDP, San Jacinto MDP, and West End Moreno MDP (\$22,646). Zone 4 also reported a large increase in fund balance due proceeds from the issuance of long-term debt to construct the flood control facility, Romoland MDP Line A, Stage 4.

- ◆ *Zone 5* reported a fund balance of \$11,127 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$2,707. Property tax and redevelopment revenues account for approximately 98 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as 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 260 percent (\$4,401). Overall revenues increased (\$342) as a result of increases in property tax revenue (\$323) and redevelopment revenue (\$48). These increases were offset by decreases in intergovernmental revenue (\$13), charges for services (\$1) and investment earnings (\$15). Additionally, expenditures increased (\$4,717) due primarily to increased costs to construct the flood control facility, Gilman Home Channel (\$3,630).

- ◆ *Zone 6* reported a fund balance of \$16,906 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$2,529. Property tax and redevelopment revenues account for approximately 29 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as 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 an increase of approximately 40 percent (\$1,018). Overall revenues decreased (\$253) due primarily to decreases in redevelopment revenue (\$162), intergovernmental revenue (\$1), charges for services (\$324), and investment earnings (\$46). These decreases offset the increases in property tax revenue (\$280). Additionally, expenditures decreased (\$1,451) due largely in part to the decreases in construction costs related to the flood control facility, Eagle Canyon Dam and Debris Basin.

- ◆ *Zone 7* reported a fund balance of \$21,036 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$16,649. 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 property values and foreclosures within the zone

boundary as well as 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 an increase of approximately 1,042 percent (\$18,417). Overall revenues increased (\$428) as a result of increases in property tax revenue (\$438), redevelopment revenue (\$4), and intergovernmental revenue (\$2), and area drainage fees (\$115). These increases were offset by decreases in charges for services revenue (\$31), investment earnings (\$92) and use of assets from the lease of property (\$8). Additionally, expenditures increased (\$18,682) due largely in part to construction costs related to the Murrieta Creek Flood Protection and Environmental Restoration Project (\$17,100).

The NPDES funds had an aggregate fund balance of \$9,200 at the end of the current fiscal year. The aggregate net decrease in fund balance during the current year was \$1,405. Key factors in the net decrease are as follows:

- ◆ *NPDES Whitewater* reported a fund balance of \$1,552 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$259. Special assessment revenues account for approximately 45 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 35 percent (\$67). Overall revenues decreased (\$142) due primarily to decreases in contributions from other agencies. Additionally, expenditures decreased (\$212), due largely in part to decreases in professional services costs to meet reporting requirements for federally mandated regulatory compliance programs (\$65), and in NPDES contributions to other conservation organizations for storm water/clean water educational programs (\$99).

- ◆ *NPDES Santa Ana* reported a fund balance of \$5,768 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$635. Special assessment revenues account for approximately 82 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 596 percent (\$763). Overall revenues increased (\$369) as a result of increases in special assessments (\$37), intergovernmental revenue received from cost sharing permittees charges for services revenue received from cost sharing permittees (\$340). These increases were offset by a decrease in investment earnings (\$8). Additionally, expenditures decreased (\$406) due largely in part to increases in professional services costs to meet reporting requirements for federally mandated regulatory compliance programs (\$292), and in NPDES contributions to other conservation organizations for storm water/clean water educational programs (\$128).

- ◆ *NPDES Santa Margarita* reported a fund balance of \$1,880 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$511. Special assessment revenues account for approximately 26 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 260 percent (\$830). Overall revenues increased (\$811) as a result of increases in special assessments (\$12), intergovernmental revenue received from cost sharing permittees (\$803). These increases were offset by a decrease in investment earnings (\$4). Additionally, expenditures decreased (\$38) due largely in part to decreased professional services costs incurred for services related to new federally mandated compliance programs (\$173).

The capital project fund had a total fund balance of \$18 at the end of the current fiscal year. The net decrease in fund balance during the current year in the capital project fund was \$27. Capital outlay decreased by \$980 due to the completion of a contract to replace the HVAC system, boiler units and emergency management system (EMS) at District headquarters in the prior fiscal year (\$915). Transfers in are used to offset budgeted capital outlay costs incurred in any given 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 position at the end of the year for 1) Subdivision operations amounted to \$306, 2) Photogrammetry operations amounted to \$783, and 3) Encroachment permit operations amounted to \$352. The total decrease in net position for Subdivision operations was \$376. The total increase in net position for 1) Photogrammetry operations was \$36 and 2) Encroachment permit operations was \$17. 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 were no adjustments made between the original and final amended budget increasing general fund appropriations.

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

- ◆ Total actual expenditures were more than budgetary estimates by \$152. The \$152 variance was due primarily to costs incurred for professional services. Budgeted expenditures increased by 18 percent from the prior year. There was a 34 percent increase in actual expenditures from the prior year.
- ◆ Total actual revenues, including transfer in, exceeded budgetary estimates by \$482. The \$482 variance was due in large part to contributions and transfers to the general fund from other funds as a result of an internal service fund rate decrease. Budgeted charges for services revenues decreased by 5 percent from the prior year.

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, 2015, amounts to \$923,245 (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 8 percent (an 8 percent increase for governmental activities and a 38 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 \$18,877.
- ◆ 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 \$71,194.

District's Capital Assets (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Infrastructure	\$586,149	\$562,727	\$ -	\$ -	\$586,149	\$562,727
Land and easements	253,223	245,953	-	-	253,223	245,953
Buildings and improvements	9,862	10,122	-	-	9,862	10,122
Improvements other than buildings	85	86	-	-	85	86
Equipment	2,727	2,111	5	8	2,732	2,119
Construction in progress	71,194	30,202	-	-	71,194	30,202
Total	\$923,240	\$851,201	\$ 5	\$ 8	\$923,245	\$851,209

Additional information on the District's capital assets can be found in note 5 on pages 49-50 of this report.

Long-term debt. The District Act limits the amount of general obligation debt the District may issue to the lesser of 3.75 percent of assessed valuation or \$21 million. The District had \$21 million total negotiable promissory notes outstanding at the end of the current fiscal year to finance the construction certain flood control facilities located in Zone 4 of the District, including but not limited to the construction of the Romoland MDP Line A, Stage 4 project. The principal of, premium, and interest on the Notes are payable from the revenues and taxes of Zone 4.

Economic Factors and Next Year's Budgets and Rates

- ◆ Since the end of the recession, the economy is moving towards a path of normalization. Several indicators suggest the economy is stabilizing: growth in employment and real incomes is solid, the dollar appears to be stabilizing, household wealth is improving, and the stock market is buoyant. Job gains are averaging 200,000 per month, remaining above the minimum needed to sustain improvement in labor market conditions. The labor market is nearing maximum employment. The unemployment rate fell from 6.2 percent in June 2014 to 5.3 June 2015. Inflation remains below the Federal Open Market Committee's 2.0 percent objective.
- ◆ Despite the drought, California continues to experience overall economic growth. Nonfarm employment has risen at a 3.0 percent annual rate for the past three years, which is a pace more than one and half time the rest of the country. California added 470,000 new jobs over the past year. The unemployment rate fell from 7.2 percent in May 2014 to 6.2 percent in May 2015. Professional, scientific, and technical services sector jobs have been the largest contributor to employment growth over the past year. Construction in California is booming. More than 130,000 new residential permits have been issued over the past two years alone. Tight inventory levels in housing are causing housing prices to appreciate.
- ◆ The Inland Empire's employment levels are at all-time highs and job growth currently ranks fourth highest in the state. The economic growth in the Riverside/San Bernardino/Ontario economy will be the highest in California, for an average of 4.2% through 2020. The unemployment rate was 6.4 percent May 2015, just 0.2 percentage points above the statewide rate. The Inland Empire added 51,533 jobs from June 2014 to June 2015, an increase of 4.0 percent. Logistics and health care are expected to have the most economic growth. The population of the Inland area is continuing to expand as the region's affordability continues to draw more residents and push population growth higher than other regions in Southern California. According to the Department of Finance, the Inland Southern California population grew by 1.1% from January 2014 to January 2015, which was faster than growth in Los Angeles County (0.8%) as well as in the state overall (0.9%).

All of these factors were considered in preparing the District's budget for the 2016 fiscal year.

Special Revenue fund revenue for fiscal year 2016 is projected to decrease by \$5.8 million due to the proceeds from the sale of the promissory notes in Zone 4 and increases in ADP fee contributions and property tax revenue.

The District's Zone funds as a group have appropriations of \$156.8 million for fiscal year 2016, a decrease of \$1.8 million from the prior year. The decrease is primarily due to a reduction in the amount budgeted for Zone 7 Construction Projects, as well as the number of Construction Projects budgeted in Zone 1. Appropriations are projected to decrease in the general fund due to the transition of expenses to the Zones from the general fund. The Capital Project fund appropriation is proposed to increase as the District anticipates greater costs for the ongoing projects at the District's headquarters: installation of storage and solar conversion. Enterprise fund appropriations are expected to decrease as a result of decreasing service requests in the Encroachment Permit and Photogrammetry funds. Appropriations for the Internal Service funds are proposed to increase due to anticipated increase in fixed asset equipment purchases for the Garage/Fleet Operations fund.

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



CONTENTS

- ♦ *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 Position

June 30, 2015

(Amounts Expressed in Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 235,413	\$ 2,458	\$ 237,871
Restricted Cash	1,956	2,963	4,919
Cash with Fiscal Agent	23,423	-	23,423
Receivables (net of allowance for uncollectibles)	2,244	282	2,526
Inventories	226	-	226
Net OPEB Asset	632	-	632
Prepaid Items	730	-	730
Internal Balances	(112)	112	-
Capital Assets:			
Nondepreciable	324,417	-	324,417
Depreciable, Net	598,823	5	598,828
Total Assets	<u>1,187,752</u>	<u>5,820</u>	<u>1,193,572</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions After the Measurement Date	2,889	96	2,985
Total Deferred Outflows of Resources	<u>2,889</u>	<u>96</u>	<u>2,985</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	13,422	217	13,639
Salaries and Benefits Payable	1,193	75	1,268
Developer and Other Agency Deposits	1,960	3,134	5,094
Due to Other Governments	162	-	162
Unearned Revenue	545	-	545
Long-term Liabilities:			
Portion Due Within One Year:			
Compensated Absences	492	11	503
Promissory Notes	350	-	350
Portion Due in More Than One Year:			
Compensated Absences	3,822	80	3,902
Promissory Notes	23,073	-	23,073
Net Pension Liability	34,825	1,186	36,011
Total Liabilities	<u>79,844</u>	<u>4,703</u>	<u>84,547</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Difference Between Projected and Actual			
Earnings on Pension Plan Investments	7,800	266	8,066
Total Deferred Inflows of Resources	<u>7,800</u>	<u>266</u>	<u>8,066</u>
NET POSITION			
Investment in Capital Assets	923,240	5	923,245
Restricted by Enabling Legislation for:			
Capital Projects	18	-	18
Public Ways and Facilities	214,990	-	214,990
Unrestricted (Deficit)	(35,251)	942	(34,309)
Total Net Position	<u>\$ 1,102,997</u>	<u>\$ 947</u>	<u>\$ 1,103,944</u>

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, 2015

(Amounts Expressed in Thousands)

	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
FUNCTIONS/PROGRAMS:			
Governmental Activities			
General Government	\$ 6,001	\$ 835	\$ -
Public Ways and Facilities	48,921	6,610	21,991
Total Governmental Activities	54,922	7,445	21,991
Business-type Activities			
Subdivision Operations	1,547	1,131	-
Photogrammetry Operations	91	124	-
Encroachment Permits	178	192	-
Total Business-type Activities	1,816	1,447	-
Total	\$ 56,738	\$ 8,892	\$ 21,991

General Revenues and Transfers:

Property Taxes

Redevelopment Pass-thru

Unrestricted Interest and Investment Earnings (Loss)

Gain - Sale of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year, as Previously Reported

Prior Period Adjustment (Note 12)

Restated Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business- type Activities	Total
\$ (5,166)	\$ -	\$ (5,166)
(20,320)	-	(20,320)
(25,486)	-	(25,486)
-	(416)	(416)
-	33	33
-	14	14
-	(369)	(369)
(25,486)	(369)	(25,855)
47,047	-	47,047
7,698	-	7,698
1,022	38	1,060
45	-	45
(1)	1	-
55,811	39	55,850
30,325	(330)	29,995
1,114,360	2,645	1,117,005
(41,688)	(1,368)	(43,056)
1,072,672	1,277	1,073,949
\$ 1,102,997	\$ 947	\$ 1,103,944

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District

Balance Sheet

Governmental Funds

June 30, 2015

(Amounts Expressed in Thousands)

	General Fund	Zone 1	Zone 2	Zone 3
ASSETS				
Cash and Investments	\$ 3,447	\$ 26,000	\$ 69,592	\$ 10,349
Restricted Cash	1,879	9	32	-
Cash with Fiscal Agent	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Taxes Receivable	65	139	247	33
Accounts Receivable	13	152	3	5
Interest Receivable	3	13	26	5
Due From Other Funds	5	-	-	-
Due From Other Governments	3	98	93	14
Prepaid Items	-	171	170	37
Total Assets	<u>\$ 5,415</u>	<u>\$ 26,582</u>	<u>\$ 70,163</u>	<u>\$ 10,443</u>
LIABILITIES				
Accounts Payable	\$ 98	\$ 3,804	\$ 490	\$ 303
Salaries and Benefits Payable	161	108	175	30
Due to Other Funds	10	17	9	3
Developer and Other Agency Deposits	1,883	10	32	-
Due to Other Governments	23	-	-	-
Unearned Revenue	-	-	-	-
Due to Third Parties	-	-	-	-
Total Liabilities	<u>2,175</u>	<u>3,939</u>	<u>706</u>	<u>336</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	65	140	247	33
Unavailable Revenue - Special Assessments	-	-	-	-
Total Deferred Inflows of Resources	<u>65</u>	<u>140</u>	<u>247</u>	<u>33</u>
FUND BALANCES				
Nonspendable:				
Imprest Cash	1	-	-	-
Prepaid Items	-	171	170	37
Restricted for:				
Capital Projects	-	-	-	-
Public Ways and Facilities	-	22,332	69,040	10,037
Assigned to:				
Compensated Absences	2,255	-	-	-
Unassigned	919	-	-	-
Total Fund Balances	<u>3,175</u>	<u>22,503</u>	<u>69,210</u>	<u>10,074</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,415</u>	<u>\$ 26,582</u>	<u>\$ 70,163</u>	<u>\$ 10,443</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 60,317	\$ 11,700	\$ 17,880	\$ 21,513	\$ 1,440	\$ 6,008
1	6	20	9	-	-
23,423	-	-	-	-	-
244	52	71	82	9	45
1	-	343	-	-	2
33	6	9	11	1	3
101	-	-	-	-	-
173	14	41	45	126	-
170	36	73	73	-	-
<u>\$ 84,463</u>	<u>\$ 11,814</u>	<u>\$ 18,437</u>	<u>\$ 21,733</u>	<u>\$ 1,576</u>	<u>\$ 6,058</u>
\$ 6,357	\$ 482	\$ 1,280	\$ 35	\$ 6	\$ 185
311	45	109	67	8	57
35	103	7	4	1	3
1	5	20	9	-	-
92	-	-	-	-	-
-	-	45	500	-	-
-	-	-	-	-	-
<u>6,796</u>	<u>635</u>	<u>1,461</u>	<u>615</u>	<u>15</u>	<u>245</u>
244	52	70	82	-	-
-	-	-	-	9	45
<u>244</u>	<u>52</u>	<u>70</u>	<u>82</u>	<u>9</u>	<u>45</u>
-	-	-	-	-	-
170	36	73	73	-	-
-	-	-	-	-	-
77,253	11,091	16,833	20,963	1,552	5,768
-	-	-	-	-	-
-	-	-	-	-	-
<u>77,423</u>	<u>11,127</u>	<u>16,906</u>	<u>21,036</u>	<u>1,552</u>	<u>5,768</u>
<u>\$ 84,463</u>	<u>\$ 11,814</u>	<u>\$ 18,437</u>	<u>\$ 21,733</u>	<u>\$ 1,576</u>	<u>\$ 6,058</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, 2015
(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
ASSETS			
Cash and Investments	\$ 2,072	\$ 18	\$ 230,336
Restricted Cash	-	-	1,956
Cash with Fiscal Agent	-	-	23,423
Receivables (net of allowance for uncollectibles)			
Taxes Receivable	6	-	993
Accounts Receivable	-	-	519
Interest Receivable	1	-	111
Due From Other Funds	1	-	107
Due From Other Governments	-	-	607
Prepaid Items	-	-	730
Total Assets	<u>\$ 2,080</u>	<u>\$ 18</u>	<u>\$ 258,782</u>
LIABILITIES			
Accounts Payable	\$ 161	\$ -	\$ 13,201
Salaries and Benefits Payable	32	-	1,103
Due to Other Funds	1	-	193
Developer and Other Agency Deposits	-	-	1,960
Due to Other Governments	-	-	115
Unearned Revenue	-	-	545
Due to Third Parties	-	-	-
Total Liabilities	<u>194</u>	<u>-</u>	<u>17,117</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	-	933
Unavailable Revenue - Special Assessments	6	-	60
Total Deferred Inflows of Resources	<u>6</u>	<u>-</u>	<u>993</u>
FUND BALANCES			
Nonspendable for:			
Imprest Cash	-	-	1
Prepaid Items	-	-	730
Restricted for:			
Capital Projects	-	18	18
Public Ways and Facilities	1,880	-	236,749
Assigned to:			
Compensated Absences	-	-	2,255
Unassigned	-	-	919
Total Fund Balances	<u>1,880</u>	<u>18</u>	<u>240,672</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,080</u>	<u>\$ 18</u>	<u>\$ 258,782</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 Position - Governmental Activities

June 30, 2015

(Amounts Expressed in Thousands)

Fund Balances - Total Governmental Funds (Page 23)	\$	240,672
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Amounts reported for governmental activities in the statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds, net of \$2,570 reported in Internal Service Funds.		920,670
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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 Position, net of \$113 allocated to business-type activities.		7,289
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The 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 NOA should be recognized as the year-end asset in relation to the ARC in governmental activities in the statement of net position.		632
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds balance sheet and should be recognized in the government-wide statement of activities as revenue thereby increasing unrestricted net position in the government-wide statement of Net Position.		993
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Deferred inflows and outflows of resources related to pension activity outside of the measurement date are not reported in the governmental funds but are included in the statement of Net Position.

Deferred contributions after the measurement date	\$ 2,889	
Deferred difference between projected and actual earnings on pension plan investments	(7,800)	(4,911)

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

Net pension liability	(34,825)	
Promissory Notes, including unamortized premiums	(23,423)	
Compensated absences, net of \$214 reported in internal service funds	(4,100)	(62,348)

Net Position of Governmental Activities (Page 18)	\$	<u><u>1,102,997</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 Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2015

(Amounts Expressed in Thousands)

	General Fund	Zone 1	Zone 2	Zone 3
REVENUES				
Property Taxes	\$ 3,255	\$ 7,092	\$ 12,377	\$ 1,657
Redevelopment Pass-thru	503	1,779	1,309	627
Special Assessments	-	-	-	-
Intergovernmental	42	91	161	565
Charges for Services	750	21	10	124
Area Drainage Fees	-	917	5	-
Investment Earnings (Loss)	24	92	313	42
Use of Assets	-	82	-	-
Total Revenues	<u>4,574</u>	<u>10,074</u>	<u>14,175</u>	<u>3,015</u>
EXPENDITURES				
General Government	5,873	-	-	-
Public Ways and Facilities	-	10,697	8,989	3,767
Capital Outlay	144	-	4,189	-
Total Expenditures	<u>6,017</u>	<u>10,697</u>	<u>13,178</u>	<u>3,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,443)</u>	<u>(623)</u>	<u>997</u>	<u>(752)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	236	80	62	22
Transfers Out	-	(55)	(77)	(22)
Proceeds From Issuance of Long-Term Debt	-	-	-	-
Original Issue Premium	-	-	-	-
Total Other Financing Sources (Uses)	<u>236</u>	<u>25</u>	<u>(15)</u>	<u>-</u>
Net Change in Fund Balances	(1,207)	(598)	982	(752)
Fund Balances, Beginning of Year	<u>4,382</u>	<u>23,101</u>	<u>68,228</u>	<u>10,826</u>
Fund Balances, End of Year	<u>\$ 3,175</u>	<u>\$ 22,503</u>	<u>\$ 69,210</u>	<u>\$ 10,074</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 12,347	\$ 2,641	\$ 3,635	\$ 4,091	\$ -	\$ -
1,707	473	917	383	-	-
-	-	-	-	300	2,311
168	20	46	54	362	500
10	-	-	8	-	-
1,855	-	-	188	-	-
268	52	74	107	5	21
16	-	4	-	-	-
<u>16,371</u>	<u>3,186</u>	<u>4,676</u>	<u>4,831</u>	<u>667</u>	<u>2,832</u>
-	-	-	-	-	-
35,190	5,890	7,218	21,380	406	2,185
494	-	-	117	-	-
<u>35,684</u>	<u>5,890</u>	<u>7,218</u>	<u>21,497</u>	<u>406</u>	<u>2,185</u>
<u>(19,313)</u>	<u>(2,704)</u>	<u>(2,542)</u>	<u>(16,666)</u>	<u>261</u>	<u>647</u>
142	16	51	49	1	1
(125)	(19)	(38)	(32)	(3)	(13)
21,000	-	-	-	-	-
2,423	-	-	-	-	-
<u>23,440</u>	<u>(3)</u>	<u>13</u>	<u>17</u>	<u>(2)</u>	<u>(12)</u>
4,127	(2,707)	(2,529)	(16,649)	259	635
<u>73,296</u>	<u>13,834</u>	<u>19,435</u>	<u>37,685</u>	<u>1,293</u>	<u>5,133</u>
<u>\$ 77,423</u>	<u>\$ 11,127</u>	<u>\$ 16,906</u>	<u>\$ 21,036</u>	<u>\$ 1,552</u>	<u>\$ 5,768</u>

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, 2015
(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
REVENUES			
Property Taxes	\$ -	\$ -	\$ 47,095
Redevelopment Pass-thru	-	-	7,698
Special Assessments	506	-	3,117
Intergovernmental	1,403	-	3,412
Charges for Services	-	-	923
Area Drainage Fees	-	-	2,965
Investment Earnings (Loss)	6	-	1,004
Use of Assets	-	-	102
	<hr/>	<hr/>	<hr/>
Total Revenues	1,915	-	66,316
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General Government	-	-	5,873
Public Ways and Facilities	1,398	-	97,120
Capital Outlay	-	27	4,971
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,398	27	107,964
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	517	(27)	(41,648)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	1	-	661
Transfers Out	(7)	-	(391)
Proceeds From Issuance of Long-Term Debt	-	-	21,000
Original Issue Premium	-	-	2,423
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(6)	-	23,693
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	511	(27)	(17,955)
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	1,369	45	258,627
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 1,880	\$ 18	\$ 240,672
	<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, 2015

(Amounts Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds (Page 27) \$ (17,955)

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, net of \$1,450 reported in Internal Service Fund	\$ 62,260	
Donation of capital assets	18,877	
Less current year depreciation, net of \$909 reported in Internal Service Fund	<u>(9,635)</u>	71,502

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

Earned but unavailable revenues	(51)
---------------------------------	------

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 Net Pension Liability	448	
Change in accrued other postemployment benefits (OPEB) asset	31	
Change in Long-term Compensated Absences	<u>(249)</u>	230

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in Net Position of certain internal service funds is reported with governmental activities, net of \$7 allocated to business-type activities

22

The issuance of long-term debt provides current financial resources to governmental funds. However, the repayment reduces long-term liabilities in the governmental statement of net position.

(23,423)

Change in Net Position of Governmental Activities (Page 20)

\$ 30,325

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Net Position
Proprietary Funds
June 30, 2015
(Amount Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,299	\$ 1,159	\$ 2,458	\$ 5,077
Receivables:				
Accounts Receivable (net of allowance for uncollectibles)	237	30	267	9
Interest Receivable	4	1	5	2
Due From Other Funds	-	1	1	92
Due From Other Governments	6	4	10	3
Inventories	-	-	-	226
Total Current Assets	<u>1,546</u>	<u>1,195</u>	<u>2,741</u>	<u>5,409</u>
Noncurrent Assets:				
Restricted Cash	2,818	145	2,963	-
Capital Assets:				
Depreciable, Net	-	5	5	2,570
Total Noncurrent Assets	<u>2,818</u>	<u>150</u>	<u>2,968</u>	<u>2,570</u>
Total Assets	<u>4,364</u>	<u>1,345</u>	<u>5,709</u>	<u>7,979</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Contributions After the Measurement Date	96	-	96	-
Total Deferred Outflows of Resources	<u>96</u>	<u>-</u>	<u>96</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 186	\$ 31	\$ 217	\$ 221
Salaries and Benefits Payable	66	9	75	90
Due to Other Funds	2	-	2	5
Compensated Absences - Current Portion	9	2	11	24
Due to Other Governments	-	-	-	47
Developer and Other Agency Deposits	2,981	153	3,134	-
Total Current Liabilities	<u>3,244</u>	<u>195</u>	<u>3,439</u>	<u>387</u>
Noncurrent Portion of Long-term Liabilities:				
Compensated Absences	70	10	80	190
Net Pension Liability	1,186	-	1,186	-
Total Noncurrent Liabilities	<u>1,256</u>	<u>10</u>	<u>1,266</u>	<u>190</u>
Total Liabilities	<u>4,500</u>	<u>205</u>	<u>4,705</u>	<u>577</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Difference Between Projected and Actual Earnings on Pension Plan Investments	266	-	266	-
Total Deferred Inflows of Resources	<u>266</u>	<u>-</u>	<u>266</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	-	5	5	2,570
Unrestricted	(306)	1,135	829	4,832
Total Net Position	<u>\$ (306)</u>	<u>\$ 1,140</u>	<u>\$ 834</u>	<u>\$ 7,402</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			113	
Net Position of Business-type Activities			<u>\$ 947</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 Position
Proprietary Funds

For the Year Ended June 30, 2015
(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	\$ 1,131	\$ 316	\$ 1,447	\$ 6,775
OPERATING EXPENSES				
Personnel Services	783	97	880	1,945
Administrative Services	146	41	187	473
Services and Supplies	611	128	739	3,221
Depreciation	-	3	3	909
Total Operating Expenses	1,540	269	1,809	6,548
Operating Income (Loss)	(409)	47	(362)	227
NONOPERATING REVENUES				
Investment Earnings (Loss)	33	5	38	18
Gain on Sale of Capital Assets	-	-	-	41
Total Nonoperating Revenues	33	5	38	59
Income (Loss) Before Transfers	(376)	52	(324)	286
Transfers In	-	1	1	160
Transfers Out	-	-	-	(431)
Total Transfers In (Out)	-	1	1	(271)
Change in Net Position	(376)	53	(323)	15
Net Position, Beginning of Year	1,438	1,087	2,525	7,387
Prior Period Adjustment	(1,368)	-	(1,368)	-
Restated Net Position, Beginning of Year	70	1,087	1,157	7,387
Net Position, End of Year	\$ (306)	\$ 1,140		\$ 7,402
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(7)	
Change in Net Position of Business-type Activities			<u>\$ (330)</u>	

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, 2015

(Amounts Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers/Other Funds	\$ 1,219	\$ 320	\$ 1,539	\$ 6,742
Cash Paid to Suppliers for Goods and Services	(608)	(150)	(758)	(3,561)
Cash Paid to Employees for Services	(739)	(98)	(837)	(1,978)
Net Cash Provided by (Used In) Operating Activities	(128)	72	(56)	1,203
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers From Other Funds	-	1	1	160
Transfers (To) Other Funds	-	-	-	(431)
Net Cash Provided by (Used In) Noncapital Financing Activities	-	1	1	(271)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	-	-	-	41
Acquisition and Construction of Capital Assets	-	-	-	(1,446)
Net Cash Used in Capital and Related Financing Activities	-	-	-	(1,405)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	33	5	38	18
Net Cash Provided by Investing Activities	33	5	38	18
Net Change in Cash and Cash Equivalents	(95)	78	(17)	(455)
Cash and Cash Equivalents, Beginning of Year	4,212	1,226	5,438	5,532
Cash and Cash Equivalents, End of Year	\$ 4,117	\$ 1,304	\$ 5,421	\$ 5,077
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (409)	\$ 47	\$ (362)	\$ 227
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	-	3	3	909
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable	8	(24)	(16)	-
Due from Other Funds	-	-	-	(30)
Due from Other Governments	5	(3)	2	(3)
Inventories	-	-	-	9
Deferred Outflows of Resources	(96)	-	(96)	-
Increase (Decrease) in:				
Accounts Payable	149	20	169	88
Salaries and Benefits Payable	39	4	43	(18)
Due to Other Funds	-	(1)	(1)	(9)
Compensated Absences	17	(6)	11	(15)
Net Pension Liability	1,186	-	1,186	-
Due to Other Governments	-	-	-	45
Deferred Inflows of Resources	266	-	266	-
Prior Period Adjustment for Pensions	(1,368)	-	(1,368)	-
Developer and Other Agency Deposits	75	32	107	-
Net Cash Provided by (Used In) Operating Activities	\$ (128)	\$ 72	\$ (56)	\$ 1,203

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, 2015
(Amounts Expressed in Thousands)

	Agency Funds
ASSETS	
Cash and Investments	\$ 4,131
Cash and Investments with Fiscal Agents	1,427
	<hr/>
Total Assets	\$ 5,558
	<hr/>
LIABILITIES	
Accounts Payable	\$ 4,131
Due to Bondholders	1,427
	<hr/>
Total Liabilities	\$ 5,558
	<hr/>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(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 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 position 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 the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Fund Financial Statements - Continued

The District reports the following as major governmental funds:

- ◆ 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 funds:

- ◆ 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. The District reports on 3 different agency funds.

D) Basis of Accounting and Measurement Focus

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 the Financial Statements
For the Year Ended June 30, 2015
(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.

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. Restricted cash of \$1,956 and \$2,963, for governmental and proprietary funds respectively, consists mostly of developer and other agency deposits for specific purposes.

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) Deferred Outflows/Inflows of Resources

The statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District recognizes deferred outflows of resources on the government-wide financial statements in relation to pensions.

The statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District reports an item under this category on the governmental funds balance sheet, under the modified accrual basis of accounting, labeled *unavailable revenue* from two sources: property taxes and special assessments expected to fund the current year but received in a future period. The District also recognizes deferred inflows of resources on the government-wide financial statements in relation to pensions.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G) 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.

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

H) Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I) 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 position. 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.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I) Capital Assets - Continued

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

J) 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.

K) Long-term Debt

The District reports long-term debt of governmental funds at face value in the government-wide statement of net position. 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 position. 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 position. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. The premiums, discounts, and deferred gains and losses are reported in the government-wide statement of net position and are amortized over the life of the debt.

L) 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 position.

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 position.

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.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N) 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.

O) Net Position/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ◆ Investment in Capital Assets - This category reports all capital assets, including infrastructure, into one component of net position. Accumulated depreciation reduces the balance in this category.
- ◆ Restricted Net Position - 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 Position - This category represents the net position of the District, not restricted for any project or other purpose.

When expenses are incurred for purposes of which both restricted and unrestricted net positions are available, the District's policy is to apply restricted net position first, then unrestricted net position as needed.

In accordance with Government Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions* and the District's Fiscal Policy F2, Fund Balance Policy, the District classifies governmental fund balances as follows:

- ◆ Nonspendable - includes amounts either not in spendable form, or legally or contractually required to be maintained intact.
- ◆ Restricted - constraints placed on the use of amounts are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O) Net Position/Fund Balances - Continued

- ◆ Committed - includes amount committed for specific purposes by the Board of Supervisors, the District's highest level of decision making authority, by adopting an ordinance prior to the end of the fiscal year to commit fund balance. Amounts classified as "Committed" are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. Action to constrain resources must occur prior to year end; however, the amount can be determined in the subsequent year.
- ◆ Assigned - includes amounts, intended by the District, to be used for specific purposes. Amounts are neither restricted nor limited. The Board of Supervisors has, by resolution, delegated the authority to assign amounts to be used for specific purposes to the Finance Director and District management for the purpose of reporting these amounts in the financial statements.
- ◆ Unassigned - includes any remaining amounts after classifying fund balances according to the fund balance categories of nonspendable, restricted, committed and assigned. The general fund is the only governmental fund that reports a positive amount of unassigned fund balance. However, if a governmental fund other than the general fund were to have nonspendable, restricted, and committed fund balance in excess of total fund balance, the difference would be reported as negative unassigned fund balance.

Fund Balance Spending Order

Unless legal requirements disallow it, the District will spend the most restricted dollars before less restricted in the following order: (1) Nonspendable (if the funds become spendable), (2) Restricted, (3) Committed, (4) Assigned, (5) Unassigned.

Minimum Fund Balance Policy for Governmental Funds

The following minimum fund balance guidelines for governmental funds have been established by the District's Fiscal Policy F2, Fund Balance Policy, to ensure a sufficient level of fund balance is maintained for unanticipated expenditures, delays in revenue receipt, or revenue shortfalls:

◆ **Unrestricted Fund Balance - General Fund**

The District shall achieve an unrestricted fund balance in its General Fund equal to a minimum of 66 percent of General Fund expenditures. The District will annually evaluate the minimum fund balance provisions and make adjustments according to an assessment of current events and circumstances as well as changing forecasts, projections and other related risks.

The District has established a contingency account and budgets the minimum assigned fund balance in the General Fund with the recommended budget submitted to the Board of Supervisors for approval each fiscal year. 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 the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P) Developer And Other Agency Deposits

Developer and other agency deposits are deposits made by developers and other governmental agencies to support services 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 accordingly.

Q) Pensions

The pension expense is for the measurement period of 2013-14 and the net pension liability is measured as of June 30, 2014. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2013 and were rolled forward to June 30, 2014.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and addition to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms.

Investments are reported at fair value. Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five year period.

R) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The District has implemented GASB No. 68 which is reflected on the District's financial statements and beginning net position.

Governmental Accounting Standards Board Statement No. 69

In January of 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement was issued to improve the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. Statement No. 69 is effective for periods beginning after December 15, 2013. Currently, this statement has no effect on the District's financial statements.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

R) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 71

In November of 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This statement was issued to eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement amends paragraph 137 of Statement 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions for Statement No. 71 are required to be applied simultaneously with the provisions of Statement 68, which is effective for periods beginning after June 15, 2014. The District has implemented GASB No. 71 which is reflected on the District's financial statements.

S) Future Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). Statement No. 72 is effective for periods beginning after June 15, 2015. Currently, this statement has no effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 73

In June of 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. Statement No. 73 is effective for periods beginning after June 15, 2015. The District has elected not to early implement GASB No. 71 and has not determined its effect on the District's financial statements.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

S) Future Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standards Board Statement No. 74

In June of 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 74 is effective for periods beginning after June 15, 2016. The District has elected not to early implement GASB No. 74 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 75

In June of 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. Statement No. 75 is effective for periods beginning after June 15, 2017. The District has elected not to early implement GASB No. 75 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 76

In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 75 is effective for periods beginning after June 15, 2015. The District has elected not to early implement GASB No. 76 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement improves financial reporting by helping users better understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact those abatements have on a government's financial position and economic condition. Statement No. 77 is effective for periods beginning after December 15, 2015. The District has elected not to early implement GASB No. 77 and has not determined its effect on the District's financial statements.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

2) CASH AND INVESTMENTS

Cash and investments totaled \$271,771 as of June 30, 2015. Each fund's portion of this total is reflected in the financial statement accounts entitled "Cash and Investments", "Cash and Cash Equivalents", "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 imprest cash on hand, proceeds from debt issuances, and a portion of cash collected from special assessments. Proceeds from debt issuances are reported in the governmental funds and is on account with a third party. 100 percent of cash collected from special assessments is held by the District for others in trust and is on account with a third party. All cash held by a third party is classified as "Cash and Investments with Fiscal Agents" in the District's financial statements and amounted to \$24,850 at June 30, 2015.

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 Treasury	\$ 246,920
Imprest Cash Held at the District	1
Investments Held by Fiscal Agents	<u>24,850</u>
Total Cash and Investments	<u><u>\$ 271,771</u></u>

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

Cash and Investments Summary:	
Total Governmental Activities	\$ 260,792
Total Business-type Activities	5,421
Total Fiduciary Funds	<u>5,558</u>
Total Cash and Investments	<u><u>\$ 271,771</u></u>

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.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

2) CASH AND INVESTMENTS - Continued

A) Investments - Continued

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, 2015, the major classes of the District's investments consisted of the following:

	Fair Value	Weighted Average Maturity (Years)
With Trustee (Fiscal Agent):		
Govt Obligation Fund	\$23,423	9.20
US Treasury Bond	1,117	1.34
US Bank Money Market	310	Less than 1 year
	<hr/>	
Total with Trustee (Fiscal Agent)	\$24,850	
	<hr/>	

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, 2015, the WAM for the Pooled Investment fund portfolio was 1.37 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.

As noted in the County Treasurer's Investment Fund Monthly Report for June 2015, the Pooled Investment fund was rated: Aaa-bf by Moody's Investor Service and AAA/V1 by Fitch Ratings.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

2) CASH AND INVESTMENTS - Continued

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, 2015, 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, 2015, there were no investments that constitute a concentration of credit risk.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

3) RECEIVABLES

Receivables at year-end of the District's major funds 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	\$ 65	\$ 13	\$ 3	\$ 3	\$ 84
Zone 1	139	152	13	98	402
Zone 2	247	3	26	93	369
Zone 3	33	5	5	14	57
Zone 4	244	1	33	173	451
Zone 5	52	0	6	14	72
Zone 6	71	343	9	41	464
Zone 7	82	0	11	45	138
NPDES Whitewater	9	0	1	126	136
NPDES Santa Ana	45	2	3	0	50
NPDES Santa Margarita	6	0	1	0	7
Internal Service Funds	0	9	2	3	14
Total Governmental Activities	<u>\$ 993</u>	<u>\$ 528</u>	<u>\$ 113</u>	<u>\$ 610</u>	<u>\$ 2,244</u>

Business-type activities:

	Accounts	Interest	Due From Other Governments	Total Receivables
Subdivision Operations	\$ 237	\$ 4	\$ 6	\$ 247
Other Enterprise Funds	30	1	4	35
Total Business-type Activities	<u>\$ 267</u>	<u>\$ 5</u>	<u>\$ 10</u>	<u>\$ 282</u>

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

4) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Zone 1	\$ 1
	Zone 2	1
	Zone 4	2
	Zone 6	1
		<u>\$ 5</u>
Zone 4	Zone 5	\$ 101
		<u>\$ 101</u>
NPDES Santa Margarita	NPDES Santa Ana	\$ 1
		<u>\$ 1</u>
Nonmajor Enterprise Funds	Zone 2	\$ 1
		<u>\$ 1</u>
Garage-Fleet Operations*	Zone 1	\$ 14
	Zone 2	4
	Zone 3	2
	Zone 4	27
	Zone 5	1
	Zone 6	2
	Zone 7	3
	Internal Service Funds	1
		<u>\$ 54</u>
Data Processing*	General Fund	\$ 10
	Zone 1	2
	Zone 2	5
	Zone 3	1
	Zone 4	6
	Zone 5	1
	Zone 6	3
	Zone 7	1
	NPDES Santa Ana	2
	NPDES Santa Margarita	1
	Subdivision Operations	2
	Internal Service Funds	4
		<u>\$ 38</u>
Total		<u>\$ 200</u>

*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 the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

4) 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:

Transfer From	Transfer To	Amount	Purpose
Operating or Debt Subsidy:			
Zone 1	Internal Service Fund	\$ 24	Fixed Assets Reimbursement
Zone 2	Internal Service Fund	38	Fixed Assets Reimbursement
Zone 3	Internal Service Fund	9	Fixed Assets Reimbursement
Zone 4	Internal Service Fund	51	Fixed Assets Reimbursement
Zone 5	Internal Service Fund	7	Fixed Assets Reimbursement
Zone 6	Internal Service Fund	13	Fixed Assets Reimbursement
Zone 7	Internal Service Fund	17	Fixed Assets Reimbursement
Zone 1	General Fund	31	Funded Leave Balance
Zone 2	General Fund	39	Funded Leave Balance
Zone 3	General Fund	13	Funded Leave Balance
Zone 4	General Fund	74	Funded Leave Balance
Zone 5	General Fund	12	Funded Leave Balance
Zone 6	General Fund	25	Funded Leave Balance
Zone 7	General Fund	15	Funded Leave Balance
NPDES Whitewater	General Fund	3	Funded Leave Balance
NPDES Santa Ana	General Fund	13	Funded Leave Balance
NPDES Santa Margarita	General Fund	7	Funded Leave Balance
Internal Service Fund	General Fund	4	Rate Adjustment
Internal Service Fund	Zone 1	80	Rate Adjustment
Internal Service Fund	Zone 2	62	Rate Adjustment
Internal Service Fund	Zone 3	22	Rate Adjustment
Internal Service Fund	Zone 4	142	Rate Adjustment
Internal Service Fund	Zone 5	16	Rate Adjustment
Internal Service Fund	Zone 6	51	Rate Adjustment
Internal Service Fund	Zone 7	49	Rate Adjustment
Internal Service Fund	NPDES Whitewater	1	Rate Adjustment
Internal Service Fund	NPDES Santa Ana	1	Rate Adjustment
Internal Service Fund	NPDES Santa Margarita	1	Rate Adjustment
Internal Service Fund	Nonmajor Enterprise Funds	1	Rate Adjustment
Internal Service Fund	Internal Service Fund	1	Rate Adjustment
Total		<u>\$ 822</u>	

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

5) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Retirements	Transfers and Adjustments	Ending Balance
<u>Governmental Activities:</u>					
<i>Capital Assets, Nondepreciable:</i>					
Land and Easements	\$ 245,953	\$ 7,270	\$ -	\$ -	\$253,223
Construction in Progress	30,202	57,285	-	(16,293)	71,194
Total Capital Assets, Nondepreciable	<u>276,155</u>	<u>64,555</u>	<u>-</u>	<u>(16,293)</u>	<u>324,417</u>
<i>Capital Assets, Depreciable</i>					
Infrastructure	691,849	16,407	-	16,293	724,549
Land Improvements	110	-	-	-	110
Buildings and Improvements	14,335	27	-	-	14,362
Equipment	14,746	1,598	(507)	-	15,837
Total Capital Assets, Depreciable	<u>721,040</u>	<u>18,032</u>	<u>(507)</u>	<u>16,293</u>	<u>754,858</u>
Less Accumulated Depreciation for:					
Infrastructure	(129,122)	(9,278)	-	-	(138,400)
Land Improvements	(24)	(1)	-	-	(25)
Buildings and Improvements	(4,213)	(287)	-	-	(4,500)
Equipment	(12,635)	(978)	503	-	(13,110)
Total Accumulated Depreciation	<u>(145,994)</u>	<u>(10,544)</u>	<u>503</u>	<u>-</u>	<u>(156,035)</u>
Total Capital Assets, Depreciable, Net	<u>575,046</u>	<u>(7,488)</u>	<u>(4)</u>	<u>16,293</u>	<u>598,823</u>
Governmental Activities Capital Assets, Net	<u>\$ 851,201</u>	<u>\$ 72,043</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 923,240</u>
<u>Business-type Activities:</u>					
<i>Capital Assets, Depreciable</i>					
Equipment	\$ 604	\$ -	\$ -	\$ -	\$ 604
Total Capital Assets, Depreciable	<u>604</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604</u>
Less Accumulated Depreciation for:					
Equipment	(596)	(3)	-	-	(599)
Total Accumulated Depreciation	<u>(596)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(599)</u>
Total Capital Assets, Depreciable, Net	<u>8</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>5</u>
Business-type Activities Capital Assets, Net	<u>\$ 8</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
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5) CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 356
Public Ways and Facilities	9,279
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.	909
Total Depreciation Expense - Governmental Functions	<u>\$ 10,544</u>

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

Other Enterprise Funds	\$ 3
Total Depreciation Expense - Business-type Functions	<u>\$ 3</u>

Replacement of Capital Assets

In accordance with District rate methodology, a balance of resources has been accumulated in the proprietary fund financial statements for the replacement of District capital assets. As of June 30, 2015, the balance of resources amounted to \$2,000 and is reflected in Unrestricted Net Position.

6) LONG-TERM OBLIGATIONS

The following is a summary of long-term liability transactions for the year ended June 30, 2015:

	Beginning Balance (As Restated)	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Compensated absences	\$ 4,080	\$ 873	\$ (639)	\$ 4,314	\$ 492
Promissory Note	-	21,000	-	21,000	350
Promissory Note Premium	-	2,423	-	2,423	-
Net Pension Liabilities	42,861	13,101	\$ (21,137)	\$ 34,825	-
Total governmental Activities					
- Long-term liabilities	<u>\$ 46,941</u>	<u>\$ 47,719</u>	<u>\$ (639)</u>	<u>\$ 62,562</u>	<u>\$ 492</u>
<u>Business-type activities:</u>					
Compensated absences	\$ 80	\$ 18	\$ (7)	\$ 91	\$ 11
Net Pension Liabilities	1,460	446	(720)	1,186	-
Total business-type					
Activities - Long-term					
liabilities	<u>\$ 1,540</u>	<u>\$ 464</u>	<u>\$ (720)</u>	<u>\$ 1,277</u>	<u>\$ 11</u>

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
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6) LONG-TERM OBLIGATIONS - Continued

Promissory Note

On June 25, 2015, the District issued the Zone 4 2015 Negotiable Promissory Notes to fund certain flood control facilities located in Zone 4 of the District, including but not limited to construction of the Romoland MDP Lina A, Stage 4 for Zone 4 and certain expenses incidental thereto. The principal of, premium, and interest on the Notes are payable from the revenues and taxes of Zone 4 ("Zone 4 Revenues"). The Notes are further secured by a first lien and specific pledge of the Zone 4 Revenues as the Zone 4 Revenues are received, except that any Zone 4 Revenues not needed for debt services on the Notes in any fiscal year will be available to the District for any lawful purpose.

The Notes are not subject to optional redemption prior to maturity.

The Promissory Notes were issued in aggregate principal amount of 21,000 plus an original issue premium 2,423. The Notes are to be repaid at an interest rate between 2.0% and 5.0%. At June 30, 2015, the principal and premium for the Zone 4 2015 Negotiable Promissory Notes was included in the governmental funds cash with fiscal agent balance and amounted to \$23,423.

The annual debt service requirement for the \$21,000 principal amount of the Notes outstanding as of June 30, 2015 is as follows:

Payment Date (June 30)	Principal	Interest	Total
2016	\$ 350	\$ 178	\$ 528
2017	1,920	964	2,884
2018	1,980	907	2,887
2019	2,060	827	2,887
2020	2,160	724	2,884
2021 - 2025	<u>\$ 12,530</u>	<u>\$ 1,891</u>	<u>\$ 14,421</u>
	<u>\$ 21,000</u>	<u>\$ 5,491</u>	<u>\$ 26,491</u>

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
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7) 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.

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, 2015, 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 \$577. 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 \$325 to \$475 plus interest, through September 1, 2017.	<u>\$ 1,325</u>
Total special assessment bonds without governmental obligation:	<u>\$ 1,325</u>

8) 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 2015 was approximately \$310.

In the past three fiscal year, the District has not experienced settlements or judgements that exceeded the self-insured coverage.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
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9) RETIREMENT PLAN

A) Plan Description

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

Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400P Street, Sacramento, CA 95814 or an electronic version may be obtained at CalPERS' website under Forms and Publications.

B) Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. At service retirement, a monthly allowance equal to the product of the benefit factor, years of service, and final compensation is paid to the retiree in the form of an annuity. A classic CalPERS member, an employee hired prior to January 1, 2013 becomes eligible for service retirement upon attainment of age 50 with at least 5 years of credited service with a benefit formula of 3% at 60. A classic CalPERS member, hired on or after August 23, 2012 has a modified retirement formula of 2% at 60. A PEPR member, an employee hired after January 1, 2013, will be eligible for service retirement at age 55 with at least 5 years of service with a benefit formula of 2% at 62.

C) Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2015 the average active employee contribution rate is 8 percent of annual covered salary and the District's contribution rate is 18 percent of annual payroll. The District's contributions to CalPERS for the fiscal year ended June 30, 2015 of \$2,918 were equal to the District's required contributions.

D) Net Pension Liability

The District's Net Pension Liability was measured as of June 30, 2014, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2013 with a roll-forward adjustment to June 30, 2014.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

9) RETIREMENT PLAN - Continued

E) Actuarial Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions	
Discount Rate	7.50% (net of administrative expenses)
Inflation	2.75%
Projected Salary Increases	3.30% to 14.20% depending on entry age, service, and type of employment
Payroll Growth	3.00%
Mortality Rates	Derived using CalPERS' membership data for all funds including Society of Actuaries Scale BB
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

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.

F) Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

9) RETIREMENT PLAN - Continued

F) Discount Rate - Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
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9) RETIREMENT PLAN - Continued

G) Net Pension Liability

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<u>Balance at Valuation Date of 7/1/2014:</u>	\$ 146,854	\$ 102,534	\$ 44,320
<i>Changes During the Measurement Period:</i>			
Service Cost	2,659	-	2,659
Interest on the Total Pension Liability	10,889	-	10,889
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions from the Employer	-	2,793	2,793
Contributions from the Employee	-	1,394	1,394
Net Investment Income	-	17,670	17,670
Benefit Payments, including Refunds of Employee Contributions	(6,007)	(6,007)	-
Net Changes	\$ 7,541	\$ 15,850	\$ (8,309)
<u>Balance at Measurement Date of 6/30/2014:</u>	<u>\$ 154,395</u>	<u>\$ 118,384</u>	<u>\$ 36,011</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate – 1% (6.50 %)	Discount Rate (7.50 %)	Discount Rate + 1% (8.50 %)
Plan's Net Pension Liability/ (Asset)	\$ 56,422	\$ 36,011	\$ 19,056

H) Pension Plan Fiduciary Net Position

Detailed information about the CalPERS pension plan Fiduciary Net Position is available in a separately issued financial report. That report may be obtained at CalPERS' website under Forms and Publications.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
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9) RETIREMENT PLAN - Continued

I) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of 2,549. At June 30, 2015, the District reported deferred inflows of resources of related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 2,985	\$ -
Differences between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(8,066)
Total	\$ 2,985	\$ (8,066)

\$2,985 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (2,017)
2016	(2,017)
2017	(2,016)
2018	(2,016)
2019	-
Thereafter	-
	<u><u>\$ (8,066)</u></u>

J) Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
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9) RETIREMENT PLAN - Continued

J) Recognition of Gains and Losses - Continued

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARS�) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARS� for the Plan for the 2013-14 measurement period is 3.9 years, which was obtained by dividing the total service years of 2,152 (the sum of remaining service lifetimes of the active employees) by 553 (the total number of participant: active, inactive, and retired).

10) 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, 93 District employees meet the age eligibility requirements, 85 of which will be covered upon retirement while the remaining 8 will qualify upon reaching 5 years of service. Another 83 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 the Financial Statements
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10) 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 2014-15.

The District's annual OPEB cost, net OPEB obligation (asset) and the related information for fiscal year ending 2015 were as follows:

Annual Required Contribution	\$ 3
Interest on Net Pension Obligation (Asset)	(44)
Adjustments to Annual Required Contribution	35
Annual OPEB Cost	(6)
Contributions Made	(25)
Pension Asset Amortization	-
Increase (Decrease) in Net Pension Obligation (Asset)	(31)
Net OPEB Obligation (Asset) Beginning of Year	(601)
Net OPEB Obligation (Asset) End of Year	<u>\$ (632)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset (NOA)
June 30, 2013	\$ 14	493%	\$ (539)
June 30, 2014	\$ 10	720%	\$ (601)
June 30, 2015	\$ (6)	417%	\$ (632)

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

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 was as follows:

	2014
Actuarial Accrued Liability (a)	\$ 479
Actuarial Value on Plan Assets (b)	532
Unfunded Actuarial Accrued Liability (Funding Excess) (a) - (b)	<u>(53)</u>
Funded Ratio (b) / (a)	111.1%
Covered Payroll (c)	\$ 16,297
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll [(a) - (b)] / (c)	0.33%

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	07/01/2014
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percentage of Future Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	15-year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.28%
Projected Salary Increases	3.00%
Inflation Rate	2.75%

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2015
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11) 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 \$29,002.

12) PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$41,688 was made to decrease the governmental activities' beginning net position. The adjustment was made to reflect costs related to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Of the \$41,688 adjustment, \$42,861 is related to net pension liabilities, \$2,701 is related to pension contributions as of the valuation date, and \$1,528 is related to removing the net pension asset originally reported in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

A prior period adjustment of \$1,368 was made to decrease the business type activities' beginning net position. The adjustment was made to reflect costs related to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Of the \$1,368 adjustment, \$1,460 is related to net pension liabilities and \$92 is related to pension contributions as of the valuation date.

13) UNRESTRICTED NET POSITION DEFICIT

Due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, requiring the reporting of the District's unfunded pension liability, the government-wide financial statements reported a deficit unrestricted fund balance of \$35,251 for the year ended June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION



CONTENTS

- ♦ *Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Plan Contributions of Retirement Program, and Schedule of Funding Progress of OPEB*
- ♦ *Notes to the Required Supplementary Information*
- ♦ *Budgetary Comparison Schedules:*
 - ⇒ *General Fund*
 - ⇒ *Special Revenue Funds*



Riverside County Flood Control and Water Conservation District
Schedule of Required Supplementary Information
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

*Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period – Retirement Program*

Measurement Period	2013-2014 ¹
TOTAL PENSION LIABILITY²	
Service Cost	\$ 2,659
Interest	10,889
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(6,007)
Net Change in Total Pension Liability	7,541
Total Pension Liability – Beginning	146,854
Total Pension Liability – Ending (a)	\$ 154,395
PLAN FIDUCIARY NET POSITION	
Contributions – Employer	\$ 2,793
Contributions – Employee	1,394
Net Investment Income ³	17,670
Benefit Payments, Including Refunds of Employee Contributions	(6,007)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	\$ 15,850
Plan Fiduciary Net Position – Beginning	102,534
Plan Fiduciary Net Position – Ending (b)	\$ 118,384
Plan Net Pension Liability/(Asset) – Ending (a) - (b)	\$ 36,011
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.68%
Covered-Employee Payroll	15,385
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	234.06%

¹ Last ten years of data is not available. The District implemented GASB 68 in fiscal year 2014-2015 using a measurement period of 2013-2014.

² For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 (valuation date) total pension liability.

³ Net of administrative expenses.

Riverside County Flood Control and Water Conservation District
Schedule of Required Supplementary Information
For the Year Ended June 30, 2015
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Schedule of Plan Contributions – Retirement Program

	Fiscal Year 2014-15	Fiscal Year 2013-14
Actuarially Determined Contribution	\$ 2,985	\$ 2,793
Contributions in Relation to the Actuarially Determined Contribution	(2,985)	(2,793)
Contribution Deficiency (Excess)	-	-
 Covered-Employee Payroll	 \$ 16,555	 \$ 15,385
Contributions as a Percentage of Covered-Employee Payroll	18.03%	18.15%

A summary of principal assumptions and method used to determine the Fiscal Year 2014 -15 ARC is shown below.

Actuarial Valuation Date	June 30, 2012
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	25 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Discount Rate	7.50%
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation Rate	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Schedule of Funding Progress
Other Post Employment Benefits – OPEB

The table below shows 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:

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, 2012	\$ 321	\$ 494	\$ 173	65.0%	\$ 15,339	1.1%
June 30, 2013	\$ 407	\$ 546	\$ 139	74.5%	\$ 15,688	0.9%
June 30, 2014	\$ 532	\$ 479	\$ (53)	111.1%	\$ 16,297	(0.3%)

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, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 2,919	\$ 2,919	\$ 3,255	\$ 336
Redevelopment Pass-thru	473	473	503	30
Intergovernmental	39	39	42	3
Charges for Services	623	623	750	127
Charges for Administrative Services	5	5	-	(5)
Investment Earnings (Loss)	24	24	24	-
Use of Assets	68	68	-	(68)
Total Revenues	4,151	4,151	4,574	423
EXPENDITURES				
General Government	5,688	5,718	5,873	(155)
Capital Outlay	177	147	144	3
Total Expenditures	5,865	5,865	6,017	(152)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,714)	(1,714)	(1,443)	271
OTHER FINANCING SOURCES (USES)				
Transfers In	177	177	236	59
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	177	177	236	59
Net Change in Fund Balance	(1,537)	(1,537)	(1,207)	330
Fund Balance, Beginning of Year	5,068	5,068	4,382	(686)
Fund Balance, End of Year	\$ 3,531	\$ 3,531	\$ 3,175	\$ (356)

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, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 6,629	\$ 6,629	\$ 7,092	\$ 463
Redevelopment Pass-thru	1,607	1,607	1,779	172
Intergovernmental	88	88	91	3
Charges for Services	1	1	21	20
Area Drainage Fees	5	5	917	912
Investment Earnings (Loss)	55	55	92	37
Use of Assets	94	94	82	(12)
Total Revenues	8,479	8,479	10,074	1,595
EXPENDITURES				
Public Ways and Facilities	16,253	16,113	10,697	5,416
Capital Outlay	559	559	-	559
Total Expenditures	16,812	16,672	10,697	5,975
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(8,333)	(8,193)	(623)	7,570
OTHER FINANCING SOURCES (USES)				
Transfers In	1,497	1,497	80	(1,417)
Transfers Out	(1,597)	(1,737)	(55)	1,682
Total Other Financing Sources (Uses)	(100)	(240)	25	265
Net Change in Fund Balance	(8,433)	(8,433)	(598)	7,835
Fund Balance, Beginning of Year	16,851	16,851	23,101	6,250
Fund Balance, End of Year	\$ 8,418	\$ 8,418	\$ 22,503	\$ 14,085

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 2
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 11,028	\$ 11,028	\$ 12,377	\$ 1,349
Redevelopment Pass-thru	1,657	1,657	1,309	(348)
Intergovernmental	147	147	161	14
Charges for Services	1	1	10	9
Area Drainage Fees	100	100	5	(95)
Investment Earnings (Loss)	202	202	313	111
Use of Assets	6	6	-	(6)
Total Revenues	13,141	13,141	14,175	1,034
EXPENDITURES				
Public Ways and Facilities	34,248	34,248	8,989	25,259
Capital Outlay	9,480	9,480	4,189	5,291
Total Expenditures	43,728	43,728	13,178	30,550
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(30,587)	(30,587)	997	31,584
OTHER FINANCING SOURCES (USES)				
Transfers In	2,350	2,350	62	(2,288)
Transfers Out	(1,336)	(1,336)	(77)	1,259
Total Other Financing Sources (Uses)	1,014	1,014	(15)	(1,029)
Net Change in Fund Balance	(29,573)	(29,573)	982	30,555
Fund Balance, Beginning of Year	66,924	66,924	68,228	1,304
Fund Balance, End of Year	\$ 37,351	\$ 37,351	\$ 69,210	\$ 31,859

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 3
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 1,470	\$ 1,470	\$ 1,657	\$ 187
Redevelopment Pass-thru	614	614	627	13
Intergovernmental	19	19	565	546
Charges for Services	1	1	124	123
Investment Earnings (Loss)	41	41	42	1
Total Revenues	2,145	2,145	3,015	870
EXPENDITURES				
Public Ways and Facilities	6,357	6,357	3,767	2,590
Capital Outlay	10	10	-	10
Total Expenditures	6,367	6,367	3,767	2,600
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(4,222)	(4,222)	(752)	3,470
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	22	22
Transfers Out	(140)	(140)	(22)	118
Total Other Financing Sources (Uses)	(140)	(140)	-	140
Net Change in Fund Balance	(4,362)	(4,362)	(752)	3,610
Fund Balance, Beginning of Year	13,458	13,458	10,826	(2,632)
Fund Balance, End of Year	\$ 9,096	\$ 9,096	\$ 10,074	\$ 978

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 4
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 10,931	\$ 10,931	\$ 12,347	\$ 1,416
Redevelopment Pass-thru	1,686	1,686	1,707	21
Intergovernmental	1,394	1,394	168	(1,226)
Charges for Services	-	-	10	10
Area Drainage Fees	100	100	1,855	1,755
Investment Earnings (Loss)	207	207	268	61
Use of Assets	8	8	16	8
Total Revenues	14,326	14,326	16,371	2,045
EXPENDITURES				
Public Ways and Facilities	40,049	40,049	35,190	4,859
Capital Outlay	2,575	2,575	494	2,081
Total Expenditures	42,624	42,624	35,684	6,940
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(28,298)	(28,298)	(19,313)	8,985
OTHER FINANCING SOURCES (USES)				
Transfers In	1,449	1,449	142	(1,307)
Transfers Out	(2,244)	(2,244)	(125)	2,119
Other Financing Sources	20,000	20,000	23,423	3,423
Total Other Financing Sources (Uses)	19,205	19,205	23,440	4,235
Net Change in Fund Balance	(9,093)	(9,093)	4,127	13,220
Fund Balance, Beginning of Year	71,978	71,978	73,296	1,318
Fund Balance, End of Year	\$ 62,885	\$ 62,885	\$ 77,423	\$ 14,538

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 5
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 2,327	\$ 2,327	\$ 2,641	\$ 314
Redevelopment Pass-thru	392	392	473	81
Intergovernmental	31	31	20	(11)
Investment Earnings (Loss)	37	37	52	15
Total Revenues	2,787	2,787	3,186	399
EXPENDITURES				
Public Ways and Facilities	8,345	8,345	5,890	2,455
Capital Outlay	115	115	-	115
Total Expenditures	8,460	8,460	5,890	2,570
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(5,673)	(5,673)	(2,704)	2,969
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	16	16
Transfers Out	(114)	(114)	(19)	95
Total Other Financing Sources (Uses)	(114)	(114)	(3)	111
Net Change in Fund Balance	(5,787)	(5,787)	(2,707)	3,080
Fund Balance, Beginning of Year	13,763	13,763	13,834	71
Fund Balance, End of Year	\$ 7,976	\$ 7,976	\$ 11,127	\$ 3,151

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 6
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 3,367	\$ 3,367	\$ 3,635	\$ 268
Redevelopment Pass-thru	632	632	917	285
Intergovernmental	44	44	46	2
Investment Earnings (Loss)	65	65	74	9
Use of Assets	4	4	4	-
Total Revenues	4,112	4,112	4,676	564
EXPENDITURES				
Public Ways and Facilities	13,025	13,025	7,218	5,807
Capital Outlay	100	100	-	100
Total Expenditures	13,125	13,125	7,218	5,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,013)	(9,013)	(2,542)	6,471
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	51	51
Transfers Out	(206)	(206)	(38)	168
Total Other Financing Sources (Uses)	(206)	(206)	13	219
Net Change in Fund Balance	(9,219)	(9,219)	(2,529)	6,690
Fund Balance, Beginning of Year	17,153	17,153	19,435	2,282
Fund Balance, End of Year	\$ 7,934	\$ 7,934	\$ 16,906	\$ 8,972

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 7
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 3,592	\$ 3,592	\$ 4,091	\$ 499
Redevelopment Pass-thru	425	425	383	(42)
Intergovernmental	48	48	54	6
Charges for Services	-	-	8	8
Area Drainage Fees	95	95	188	93
Investment Earnings (Loss)	111	111	107	(4)
Total Revenues	4,271	4,271	4,831	560
EXPENDITURES				
Public Ways and Facilities	11,089	26,089	21,380	4,709
Capital Outlay	3,000	3,000	117	2,883
Total Expenditures	14,089	29,089	21,497	7,592
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,818)	(24,818)	(16,666)	8,152
OTHER FINANCING SOURCES (USES)				
Transfers In	3,912	3,912	49	(3,863)
Transfers Out	(4,172)	(4,172)	(32)	4,140
Total Other Financing Sources (Uses)	(260)	(260)	17	277
Net Change in Fund Balance	(10,078)	(25,078)	(16,649)	8,429
Fund Balance, Beginning of Year	16,507	10,855	37,685	26,830
Fund Balance, End of Year	\$ 6,429	\$ (14,223)	\$ 21,036	\$ 35,259

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Whitewater
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Special Assessments	\$ 299	\$ 299	\$ 300	\$ 1
Intergovernmental	580	580	362	(218)
Investment Earnings (Loss)	3	3	5	2
Total Revenues	882	882	667	(215)
EXPENDITURES				
Public Ways and Facilities	789	779	406	373
Total Expenditures	789	779	406	373
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	93	103	261	158
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1	1
Transfers Out	-	(10)	(3)	7
Total Other Financing Sources (Uses)	-	(10)	(2)	8
Net Change in Fund Balance	93	93	259	166
Fund Balance, Beginning of Year	1,141	1,141	1,293	152
Fund Balance, End of Year	\$ 1,234	\$ 1,234	\$ 1,552	\$ 318

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Ana
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Special Assessments	\$ 2,260	\$ 2,260	\$ 2,311	\$ 51
Intergovernmental	500	500	500	-
Investment Earnings (Loss)	17	17	21	4
Total Revenues	2,777	2,777	2,832	55
EXPENDITURES				
Public Ways and Facilities	4,276	4,256	2,185	2,071
Total Expenditures	4,276	4,256	2,185	2,071
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,499)	(1,479)	647	2,126
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1	1
Transfers Out	-	(20)	(13)	7
Total Other Financing Sources (Uses)	-	(20)	(12)	8
Net Change in Fund Balance	(1,499)	(1,499)	635	2,134
Fund Balance, Beginning of Year	5,155	5,155	5,133	(22)
Fund Balance, End of Year	\$ 3,656	\$ 3,656	\$ 5,768	\$ 2,112

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Margarita
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Special Assessments	\$ 490	\$ 490	\$ 506	\$ 16
Intergovernmental	1,884	1,884	1,403	(481)
Investment Earnings (Loss)	4	4	6	2
Total Revenues	2,378	2,378	1,915	(463)
EXPENDITURES				
Public Ways and Facilities	2,363	2,353	1,398	955
Total Expenditures	2,363	2,353	1,398	955
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	15	25	517	492
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1	1
Transfers Out	-	(10)	(7)	3
Total Other Financing Sources (Uses)	-	(10)	(6)	4
Net Change in Fund Balance	15	15	511	496
Fund Balance, Beginning of Year	750	750	1,369	619
Fund Balance, End of Year	\$ 765	\$ 765	\$ 1,880	\$ 1,115

SUPPLEMENTARY

INFORMATION



CONTENTS

- ♦ *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, 2015
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 1,075	\$ 1,075	\$ -	\$ (1,075)
Investment Earnings (Loss)	1	1	-	(1)
Total Revenues	1,076	1,076	-	(1,076)
EXPENDITURES				
Capital Outlay	1,075	1,075	27	1,048
Total Expenditures	1,075	1,075	27	1,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	1	1	(27)	(28)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	1	1	(27)	(28)
Fund Balance, Beginning of Year	152	152	45	(107)
Fund Balance, End of Year	<u>\$ 153</u>	<u>\$ 153</u>	<u>\$ 18</u>	<u>\$ (135)</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 Position
Nonmajor Enterprise Funds
June 30, 2015
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 789	\$ 370	\$ 1,159
Receivables:			
Accounts Receivable	-	30	30
Interest Receivable	1	-	1
Due from Other Funds	1	-	1
Due from Other Governments	-	4	4
	<hr/>	<hr/>	<hr/>
Total Current Assets	791	404	1,195
	<hr/>	<hr/>	<hr/>
Noncurrent Assets:			
Restricted Cash	4	141	145
Capital Assets:			
Depreciable, Net	5	-	5
	<hr/>	<hr/>	<hr/>
Total Current Assets	9	141	150
	<hr/>	<hr/>	<hr/>
Total Assets	800	545	1,345
	<hr/>	<hr/>	<hr/>
LIABILITIES AND Net Position			
Liabilities:			
Current liabilities:			
Accounts Payable	\$ 3	\$ 28	\$ 31
Salaries and Benefits Payable	5	4	9
Due to Other Funds	-	-	-
Compensated Absences - Current Portion	1	1	2
Developer and Other Agency Deposits	-	153	153
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	9	186	195
	<hr/>	<hr/>	<hr/>
Noncurrent Portion of Long-term Liabilities:			
Compensated Absences	3	7	10
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	3	7	10
	<hr/>	<hr/>	<hr/>
Total Liabilities	12	193	205
	<hr/>	<hr/>	<hr/>
Net Position			
Net Investment in Capital Assets	5	-	5
Unrestricted	783	352	1,135
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 788	\$ 352	\$ 1,140
	<hr/>	<hr/>	<hr/>

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
OPERATING REVENUES			
Charges for Services	\$ 124	\$ 192	\$ 316
OPERATING EXPENSES			
Personnel Services	21	76	97
Administrative Services	28	13	41
Services and Supplies	39	89	128
Depreciation	3	-	3
Total Operating Expenses	91	178	269
Operating Income (Loss)	33	14	47
NONOPERATING REVENUES			
Investment Earnings	3	2	5
Income (Loss) Before Transfers	36	16	52
Transfers In	-	1	1
Change in Net Position	36	17	53
Net Position, Beginning of Year	752	335	1,087
Net Position, End of Year	\$ 788	\$ 352	\$ 1,140

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers/Other Funds	\$ 123	\$ 197	\$ 320
Cash Paid to Suppliers for Goods and Services	(66)	(84)	(150)
Cash Paid to Employees for Services	(23)	(75)	(98)
Net Cash Provided by (Used In) Operating Activities	34	38	72
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers From Other Funds	-	1	1
Net Cash Provided by Noncapital Financing Activities	-	1	1
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	-	-	-
Net Cash Used in Capital and Related Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	3	2	5
Net Cash Provided by Investing Activities	3	2	5
Net Change in Cash and Cash Equivalents	37	41	78
Cash and Cash Equivalents, Beginning of Year	756	470	1,226
Cash and Cash Equivalents, End of Year	\$ 793	\$ 511	\$ 1,304
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ 33	\$ 14	\$ 47
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	3	-	3
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	(24)	(24)
Due from Other Funds	-	-	-
Due from Other Governments	-	(3)	(3)
Increase (Decrease) in:			
Accounts Payable	1	19	20
Salaries and Benefits Payable	3	1	4
Due to Other Funds	-	(1)	(1)
Due to Other Governments	-	-	-
Compensated Absences	(6)	-	(6)
Developer and Other Agency Deposits	-	32	32
Net Cash Provided by (Used In) Operating Activities	\$ 34	\$ 38	\$ 72

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 Position
Internal Service Funds

June 30, 2015

(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 112	\$ 3,648	\$ 188
Receivables:			
Accounts Receivable	-	-	-
Interest Receivable	-	2	-
Due from Other Funds	-	54	-
Due from Other Governments	-	-	-
Inventories	-	71	155
	<hr/>	<hr/>	<hr/>
Total Current Assets	112	3,775	343
	<hr/>	<hr/>	<hr/>
Noncurrent Assets:			
Capital Assets:			
Depreciable, Net	1	2,503	-
	<hr/>	<hr/>	<hr/>
Total Assets	113	6,278	343
	<hr/>	<hr/>	<hr/>
LIABILITIES AND NET POSITION			
Liabilities:			
Current Liabilities:			
Accounts Payable	6	104	26
Salaries and Benefits Payable	13	43	-
Due to Other Funds	2	2	-
Compensated Absences - Current Portion	4	10	1
Due to Other Governments	46	-	-
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	71	159	27
	<hr/>	<hr/>	<hr/>
Noncurrent Portion of Long-Term Liabilities:			
Compensated Absences	33	79	4
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	33	79	4
	<hr/>	<hr/>	<hr/>
Total Liabilities	104	238	31
	<hr/>	<hr/>	<hr/>
Net Position:			
Net Investment in Capital Assets	1	2,503	-
Unrestricted	8	3,537	312
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 9	\$ 6,040	\$ 312
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Mapping Services	Data Processing	Total
\$ 144	\$ 985	\$ 5,077
9	-	9
-	-	2
-	38	92
-	3	3
-	-	226
153	1,026	5,409
26	40	2,570
179	1,066	7,979
2	83	221
11	23	90
1	-	5
2	7	24
-	1	47
16	114	387
17	57	190
17	57	190
33	171	577
26	40	2,570
120	855	4,832
\$ 146	\$ 895	\$ 7,402

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
OPERATING REVENUES			
Charges for Services	\$ 766	\$ 3,248	\$ 211
OPERATING EXPENSES			
Personnel Services	343	832	2
Administrative Services	75	149	1
Services and Supplies	395	1,206	289
Depreciation	35	845	-
Total Operating Expenses	848	3,032	292
Operating Income (Loss)	(82)	216	(81)
NONOPERATING REVENUES			
Investment Earnings (Loss)	-	14	1
Gain (Loss) on Sale of Capital Assets	-	40	-
Total Nonoperating Revenues	-	54	1
Income (Loss) Before Transfers	(82)	270	(80)
Transfers In	1	159	-
Transfers Out	-	(391)	(40)
Total Transfers In (Out)	1	(232)	(40)
Change in Net Position	(81)	38	(120)
Net Position, Beginning of Year	90	6,002	432
Net Position, End of Year	\$ 9	\$ 6,040	\$ 312

Mapping Services	Data Processing	Total
<u>\$ 188</u>	<u>\$ 2,362</u>	<u>\$ 6,775</u>
189	579	1,945
39	209	473
65	1,266	3,221
<u>10</u>	<u>19</u>	<u>909</u>
303	2,073	6,548
<u>(115)</u>	<u>289</u>	<u>227</u>
1	2	18
<u>1</u>	<u>-</u>	<u>41</u>
2	2	59
<u>(113)</u>	<u>291</u>	<u>286</u>
-	-	160
<u>-</u>	<u>-</u>	<u>(431)</u>
-	-	(271)
<u>(113)</u>	<u>291</u>	<u>15</u>
<u>259</u>	<u>604</u>	<u>7,387</u>
<u><u>\$ 146</u></u>	<u><u>\$ 895</u></u>	<u><u>\$ 7,402</u></u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015
(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Interfund Services Provided	\$ 766	\$ 3,233	\$ 211
Cash Paid to Suppliers for Goods and Services	(470)	(1,290)	(276)
Cash Paid to Employees for Services	(350)	(811)	(2)
Net Cash Provided by (Used In) Operating Activities	(54)	1,132	(67)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers From Other Funds	1	159	-
Transfers (To) Other Funds	-	(391)	(40)
Net Cash Provided by (Used In) Noncapital Financing Activities	1	(232)	(40)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Capital Assets	-	40	-
Acquisition and Construction of Capital Assets	-	(1,389)	-
Net Cash Used in Capital and Related Financing Activities	-	(1,349)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	-	14	1
Net Cash Provided by Investing Activities	-	14	1
Net Change in Cash and Cash Equivalents	(53)	(435)	(106)
Cash and Cash Equivalents, Beginning of Year	165	4,083	294
Cash and Cash Equivalents, End of Year	\$ 112	\$ 3,648	\$ 188
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ (82)	\$ 216	\$ (81)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	35	845	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	-	-
Due from Other Funds	-	(15)	-
Due from Other Governments	-	-	-
Inventories	-	10	(1)
Increase (Decrease) in:			
Accounts Payable	(45)	60	15
Salaries and Benefits Payable	(3)	5	-
Due to Other Funds	(1)	(3)	-
Compensated Absences	(4)	16	-
Due to Other Governments	46	(2)	-
Net Cash Provided by (Used In) Operating Activities	\$ (54)	\$ 1,132	\$ (67)

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

Mapping Services	Data Processing	Total
\$ 188	\$ 2,344	\$ 6,742
(104)	(1,421)	(3,561)
(184)	(631)	(1,978)
(100)	292	1,203
-	-	160
-	-	(431)
-	-	(271)
1	-	41
(24)	(33)	(1,446)
(23)	(33)	(1,405)
1	2	18
1	2	18
(122)	261	(455)
266	724	5,532
\$ 144	\$ 985	\$ 5,077
\$ (115)	\$ 289	\$ 227
10	19	909
-	-	-
-	(15)	(30)
-	(3)	(3)
-	-	9
-	58	88
3	(23)	(18)
-	(5)	(9)
2	(29)	(15)
-	1	45
\$ (100)	\$ 292	\$ 1,203

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

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

For the Year Ended June 30, 2015

(Amounts Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
Flood Stop Notices				
ASSETS				
Cash and Investments	\$ 252	\$ 402	\$ 405	\$ 249
Total Assets	<u>\$ 252</u>	<u>\$ 402</u>	<u>\$ 405</u>	<u>\$ 249</u>
LIABILITIES				
Accounts Payable	\$ 252	\$ 202	\$ 205	\$ 249
Due to Other Funds	-	-	-	-
Total Liabilities	<u>\$ 252</u>	<u>\$ 202</u>	<u>\$ 205</u>	<u>\$ 249</u>
Special Subdivision				
ASSETS				
Cash and Investments	\$ 5,036	\$ 439	\$ 1,593	\$ 3,882
Total Assets	<u>\$ 5,036</u>	<u>\$ 439</u>	<u>\$ 1,593</u>	<u>\$ 3,882</u>
LIABILITIES				
Accounts Payable	\$ 5,036	\$ 9	\$ 1,163	\$ 3,882
Total Liabilities	<u>\$ 5,036</u>	<u>\$ 9</u>	<u>\$ 1,163</u>	<u>\$ 3,882</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2015

(Amounts Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Elsinore Valley Benefit District - Zone 3</u>				
ASSETS				
Cash and Investments with Fiscal Agents	\$ 1,645	\$ 103	\$ 321	\$ 1,427
Total Assets	<u>\$ 1,645</u>	<u>\$ 103</u>	<u>\$ 321</u>	<u>\$ 1,427</u>
LIABILITIES:				
Due to Bondholders	\$ 1,645	\$ 103	\$ 321	\$ 1,427
Total Liabilities	<u>\$ 1,645</u>	<u>\$ 103</u>	<u>\$ 321</u>	<u>\$ 1,427</u>
 <u>Total Agency Funds</u>				
ASSETS				
Cash and Investments	\$ 5,288	\$ 841	\$ 1,998	\$ 4,131
Cash and Investments with Fiscal Agents	<u>1,645</u>	<u>103</u>	<u>321</u>	<u>1,427</u>
Total Assets	<u>\$ 6,933</u>	<u>\$ 944</u>	<u>\$ 2,319</u>	<u>\$ 5,558</u>
LIABILITIES				
Accounts Payable	\$ 5,288	\$ 211	\$ 1,368	\$ 4,131
Due to Bondholders	<u>1,645</u>	<u>103</u>	<u>321</u>	<u>1,427</u>
Total Liabilities	<u>\$ 6,933</u>	<u>\$ 314</u>	<u>\$ 1,689</u>	<u>\$ 5,558</u>

STATISTICAL SECTION

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