

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

622B



**FROM:** General Manager-Chief Engineer

**SUBMITTAL DATE:**  
January 12, 2010

**SUBJECT:** Comprehensive Annual Financial Report for Fiscal Year 2008-2009

**RECOMMENDED MOTION:**

- 1) Accept and file the Comprehensive Annual Financial Report for Fiscal Year 2008-2009 prepared by District staff.
- 2) Accept and file the Independent Accountant's Report prepared by Mayer Hoffman McCann P.C. and included in the Comprehensive Annual Financial Report for Fiscal Year 2008-2009.
- 3) Accept and file the Report on Internal Control prepared by Mayer Hoffman McCann P.C.
- 4) Accept and file the Audit Committee Letter prepared by Mayer Hoffman McCann P.C.

**BACKGROUND:**

This 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 Mayer Hoffman McCann P.C., statistical information, and other pertinent data.

Attachments

RLN:mc

*Warren D. Williams*  
**WARREN D. WILLIAMS**  
General Manager-Chief Engineer

<b>FINANCIAL DATA</b>	Current F.Y. District Cost:	\$0.00	In Current Year Budget:	N/A
	Current F.Y. County Cost:	\$0.00	Budget Adjustment:	N/A
	Annual Net District Cost:	\$0.00	For Fiscal Year:	N/A

**SOURCE OF FUNDS:** N/A

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

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *Michael R. Shetler*  
Michael R. Shetler

**County Executive Office Signature**

**MINUTES OF THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

On motion of Supervisor Tavaglione, seconded by Supervisor Buster and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley  
Nays: None  
Absent: None  
Date: January 12, 2010  
xc: Flood

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

**Prev. Agn. Ref.:**

**District:** All

**Agenda Number:**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**11.5**

12/30/09

Department of Finance

Dep't Recomm.:	<input type="checkbox"/>	Consent	<input type="checkbox"/>	Policy	<input type="checkbox"/>
Per Exec. Ofc.:	<input type="checkbox"/>	Consent	<input type="checkbox"/>	Policy	<input type="checkbox"/>



## Mayer Hoffman McCann P.C.

An Independent CPA Firm

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Irvine, California 92612  
949-474-2020 ph  
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Board of Supervisors  
Riverside County Flood Control and Water Conservation District  
Riverside, California

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

We have audited the financial statements of Riverside County Flood Control and Water Conservation District ("District") as of and for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of 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*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of District's management and it is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

Irvine, California  
October 30, 2009

5810

2010-01-097930

Board of Supervisors  
Riverside County Flood Control and Water Conservation District

## **SUMMARY OF AUDIT RESULTS**

We have audited the financial statements of the Riverside County Flood Control and Water Conservation District ("the District") for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009. Professional standards require that we provide you with the following information related to our audit.

### *Our Responsibility under U.S. Generally Accepted Auditing Standards*

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. In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

### *Audit Focus and Scope of the Audit*

An audit performed in accordance with auditing standards is designed to provide reasonable assurance of detecting errors or misstatements involving amounts significant to the financial statements of the District. Risks of significant error or misstatement addressed by the audit process include the following:

- Fraud risk for cash receipts and cash disbursements
- Risk of material fraud or misstatement associated with investments
- Risk of improper revenue recognition
- Risk of material misstatement associated with expenses: classification, accrual, support, and approval.
- Risk of errors associated with identifying capital asset additions and deletions

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2009. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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.

Examples of significant judgments and estimates reflected in the District's financial reporting process include:

- Judgments concerning which capital projects represent ordinary maintenance activities necessary to keep an asset operational for its originally intended useful life versus significant improvement, replacement, and life extending projects that should be capitalized as additions to capital assets.
- Estimates involving revenues and expenses to be accrued as of year end.
- Estimates of liabilities for claims and judgments.

#### *Significant Difficulties Encountered in Performing the Audit*

We encountered no difficulties in performing and completing our audit.

#### *Adjustments*

Professional standards require us to report to you all known and likely adjustments identified during the audit, other than those that are trivial. We noted not such adjustments..

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have obtained certain representations from management that are included in the management representation letter dated October 30, 2009.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Supervisors

Riverside County Flood Control and Water Conservation District

Page 3

This information is intended solely for the use of 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.

*Mayer Hoffman McGinnis*

October 30, 2009  
Irvine, California

# *Comprehensive Annual Financial Report*

## *Fiscal Year Ended June 30, 2009*

*Lake Hemet, - Flood Gate Controls*

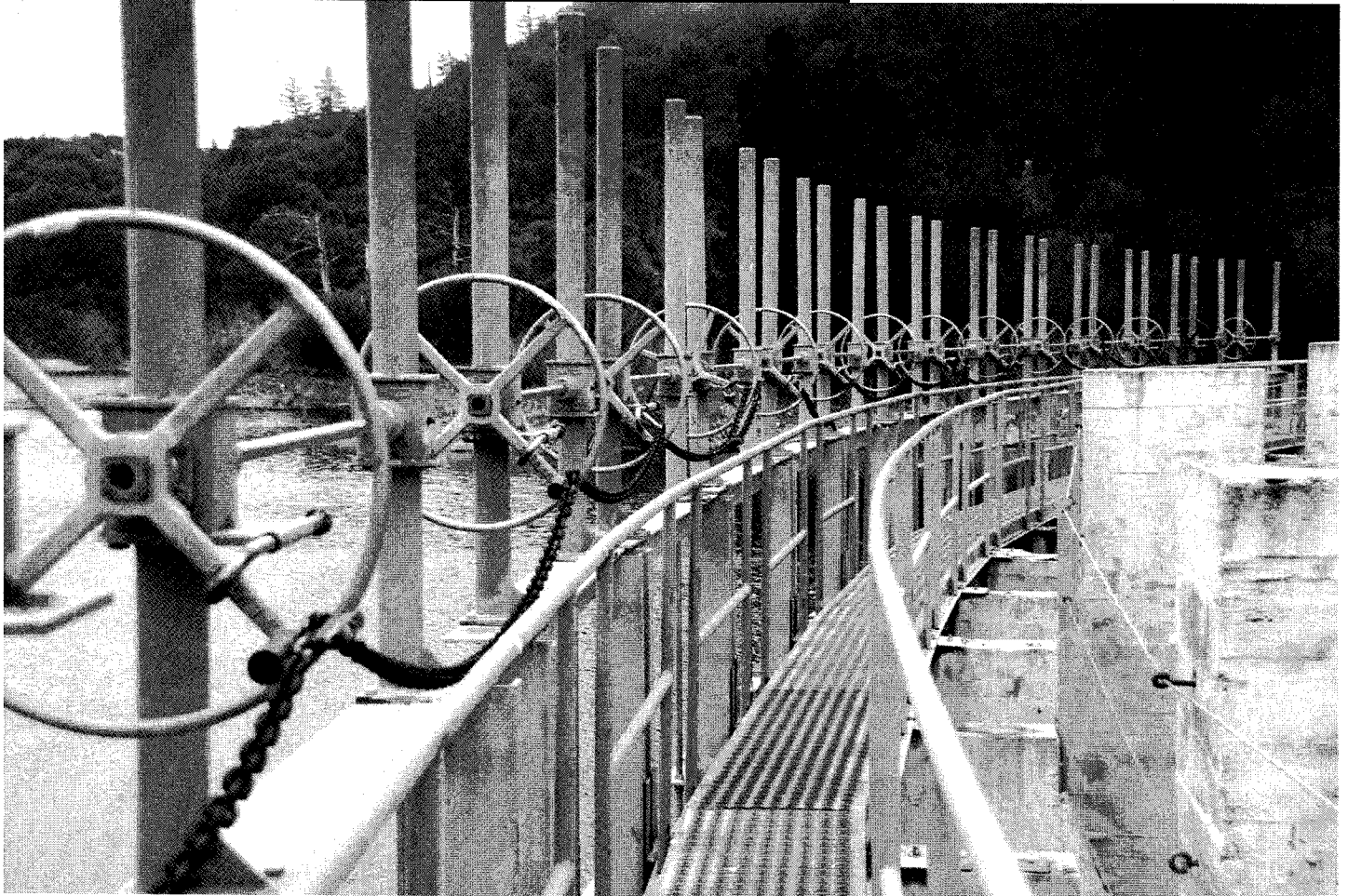


Photo Courtesy of:  
*Jeff Nanney*

*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  
(A Component Unit of the County of Riverside)  
Riverside, California*

*Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2009*



*Mt. San Jacinto (view from Palm Springs)*

Photo Courtesy of:  
*Jeff Nanney*

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

**Riverside County Flood Control and Water Conservation District**  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2009

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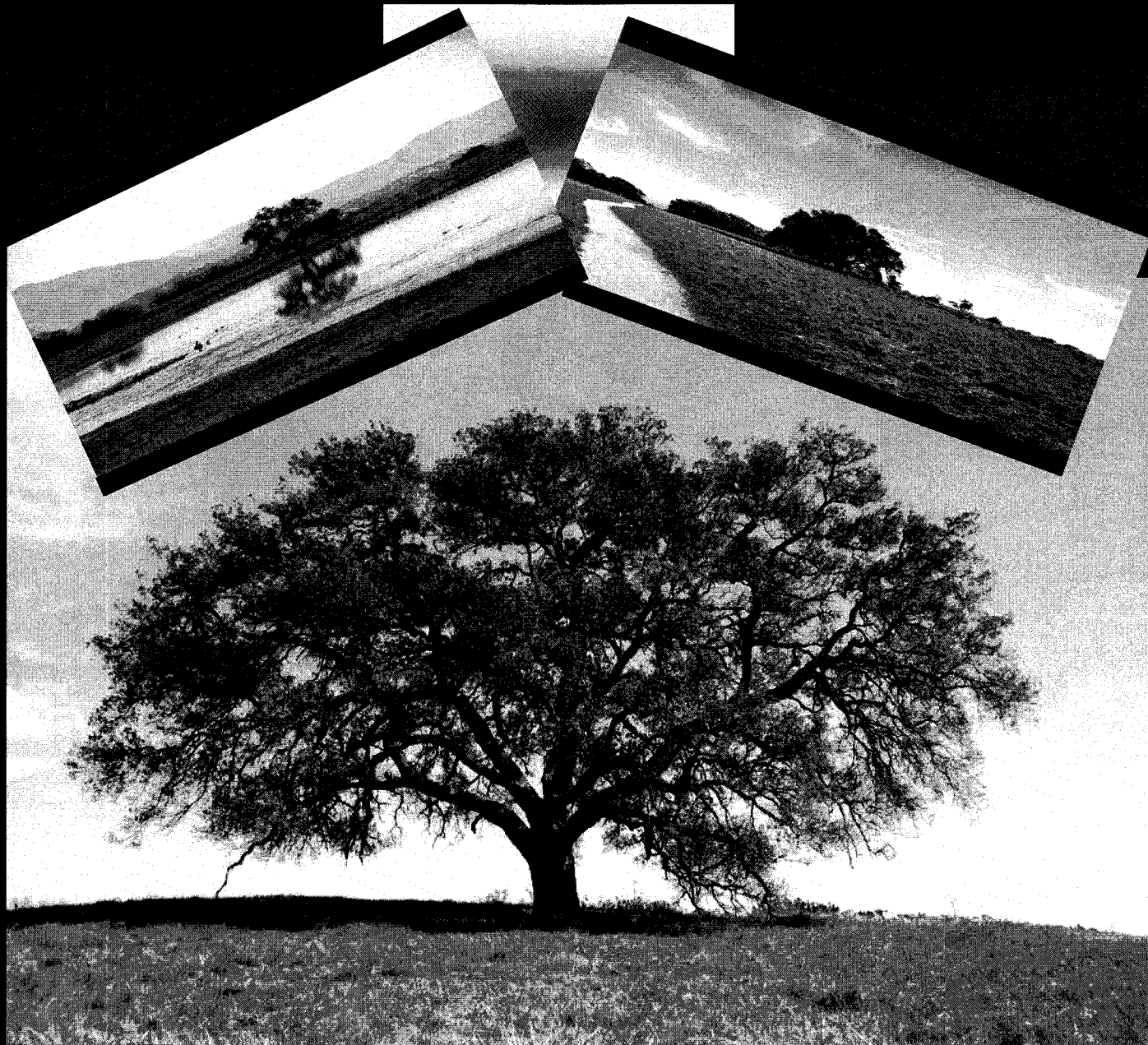
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**Riverside County Flood Control and Water Conservation District**  
**Comprehensive Annual Financial Report**  
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# INTRODUCTORY SECTION



*Santa Margarita Watershed Area*

Photo Courtesy of:  
*Jeff Nanney*

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*List of Elected and Appointed Officials*  
*Organizational Chart*



## RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

November 2, 2009

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Riverside County Flood Control and Water Conservation District (the District) is a blended component unit of the County of Riverside, California. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

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.

Mayer Hoffman McCann P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

### *Profile of the Government*

The District, formed in 1945 by an Act of the State Legislature, is located in the southern part of the state within the County of Riverside, which is considered to be the fastest growing county in California and the third fastest growing county in the United States. The District currently occupies 2,700 square miles and serves a population of approximately 1.7 million. The District is divided into seven geographic zones and is empowered to levy property or special assessment tax on both real and personal property located within the boundaries of each zone. Taxes collected within each zone must be spent for flood control projects within, or proportionally beneficial to, that zone.

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

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

The Board of Supervisors is required to adopt by resolution a final budget for the County of Riverside, including all districts, agencies and authorities governed by the Board of Supervisors, by no later than October 2<sup>nd</sup> of each year pursuant to Sections 29080 through 29092 of the Government Code. The Board of Supervisors adopted the District's 2009 fiscal year budget on July 1, 2008. The annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared by fund and appropriation class (e.g., salaries and benefits, services and supplies). The District may transfer resources between appropriation classes 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 class requires approval by the Board of Supervisors.

### ***Local Economy***

The District oversees the western portion of the County of Riverside which includes sixteen cities and unincorporated county communities west of the San Jacinto and Santa Rosa Mountains. The County of Riverside is California's fourth largest populated county according to the State Department of Finance. It represents 5.5 percent of California's total population.<sup>1</sup> The County of Riverside is part of a larger area known as Southern California's Inland Empire. Riverside and San Bernardino counties comprise what is commonly known as the Inland Empire. It is approximately 60 miles from north to south and some 50 miles wide. It spans Riverside and San Bernardino counties. Major industries located within the County of Riverside include government, retail trade, general manufacturing of medical devices, recreational vehicles and musical instruments, educational and health services, leisure and hospitality, and construction.

In 2009, the Inland Empire faced its most serious economic challenge since the 1930s. Similar to other areas of the country, Riverside County has been going through the recession with a very high level of unemployment. Of the 49 metropolitan areas with a Census 2000 population of 1 million or more, Riverside-San Bernardino-Ontario, California reported the second highest unemployment rate in August, 14.5 percent.<sup>2</sup> The recession has led to slow down in the construction and real estate industry. In 2005, the Inland Empire's developers received \$12.5 billion in construction permits. Current year expectations are only at \$1.9 billion in permits issued, a drop of \$10.6 billion. Of this drop, \$8.3 billion was lost by residential builders and \$2.3 billion by non-residential developers. The result is an estimated \$21.2 billion reduction in the area's economic activity. As a result construction employment has fallen 49.0 percent from a peak of 127,500 in 2006 to 67,100 in 2009.

During the past ten years, the District's expenses related to the construction and maintenance of flood control facilities have not only increased in amount, but have also increased as a percentage of total expenses (a 10-year increase of 173.2 percent and a 10-year increase of 22.3 percent, respectively). The reason for this increase in construction and maintenance costs as a percentage of total expenses is due to the increase of total expenses by 77.1 percent over a 10-year period. Maintenance costs for the current fiscal year ended have increased by 23.0 percent when compared to the prior year. With the fluctuation of the economy, the District continues to follow a moderate construction schedule. The District's practice has been to accumulate monies for large projects, while maintaining a prudent reserve for operations and maintenance.

During this same 10-year period, charges for services, while continuing to vary in amount, have actually decreased as a percentage of total revenue (a 10-year decrease of 5.6 percent). The reason for this relative decline is the relative decrease in expenses related to development and construction that are not supported by contributions from other entities.

### ***Long-term Financial Planning***

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

### ***Relevant Financial Policies***

The District's cash and investments, stated at fair value, are on account with and pooled with other governmental agencies by the County of Riverside Treasurer for the purpose of increasing income through investment activities. U.S. Bank Corporate Trust Services serves as the District's fiscal agent for special assessment debt and cash reserves. See *Note 3* in the *Notes to Financial Statements* section of this report for more detailed information.

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<sup>1</sup> Source: Riverside County Progress Report, TLMA, 2009

<sup>2</sup> Source: Inland Empire Quarterly Economic Report, July 2009

## Major Initiatives

The District has developed a conceptual landscape for the District office site, which will incorporate design elements, materials, and vegetation and maintenance practices consistent with *Board Policy H-25, Water Efficient Landscape Policy for County Facilities*. This conceptual landscape includes drought-tolerant, California native plants and will set the standard for water conservation landscape. Additionally, the District remodeled the Market Street entrance, constructing a security wall along Market Street. As additional background, the conversion of our yard at Market Street into a Low Impact Development (LID), Best Management Practices (BMP) Demonstration and Monitoring Facility is being partially funded by \$475,000 State grant under Proposition 50 and will be administered through SAWPA. The grant funds the conversion of a portion of the existing parking areas in the back half of our compound to porous pavement, redirects roof runoff to planter boxes, and adds additional bio-swales or rain gardens serving portions of the remaining impervious parking areas. The grant will also fund long-term monitoring of the performance of the features constructed under the grant so that meaningful data can be gathered to guide future design in the arid southwest. Also planned is a satellite maintenance yard in the southerly part of the county.

Further, the following flood control facilities were completed or were under construction at the end of the current fiscal year:

Facilities	Projected Construction Cost
Calimesa – Avenue L Storm Drain Stage 1	\$2.5 million
Corona Drains Lines 1-G, 1-H, & 1-J	\$2.2 million
Gavilan Hills Smith Road Ch. & Debris Basin Habitat Mitigation Plan	\$453,000
Hemet MDP Line D Stage 5	\$3.5 million

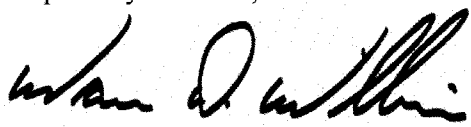
## Awards and Acknowledgements

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, 2008. This was the 18<sup>th</sup> consecutive year that the District published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

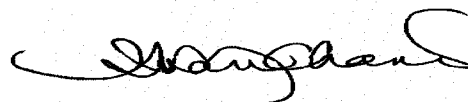
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Warren D. Williams  
General Manager-Chief Engineer

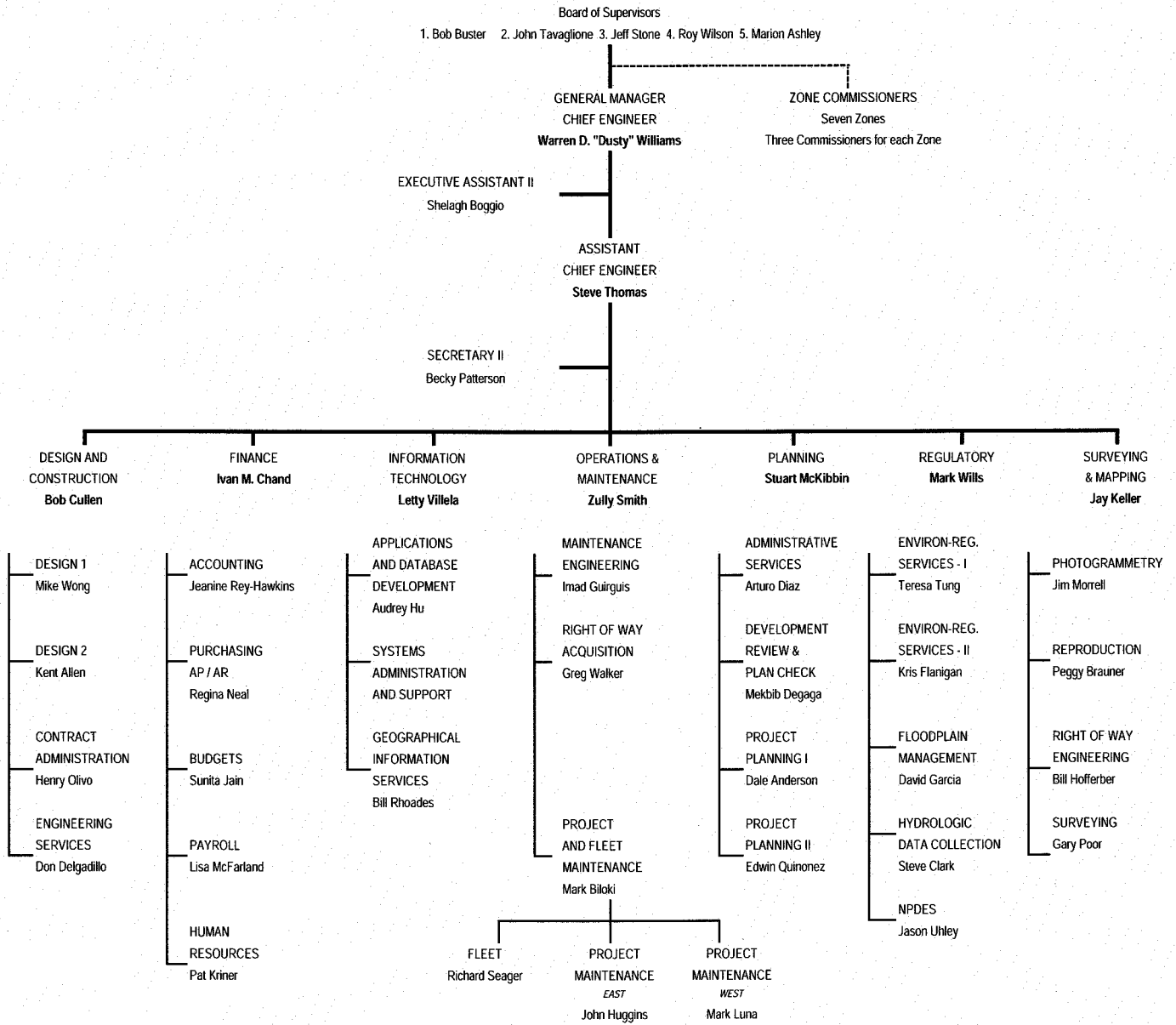


Ivan M. Chand  
Finance Director

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

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

# RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Riverside County Flood Control  
and Water Conservation District  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# FINANCIAL SECTION



*View of Lake Hemet*

Photo Courtesy of:  
*Jeff Nanney*

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*Independent Auditor's Report*  
*Management's Discussion and Analysis*  
*Basic Financial Statements*  
*Required Supplementary Information*  
*Supplementary Information*



## **Mayer Hoffman McCann P.C.**

**An Independent CPA Firm**

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Irvine, California 92612

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Board of Supervisors

Riverside County Flood Control and Water Conservation District

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District ("District"), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Riverside County Flood Control and Water Conservation District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, of the Riverside County Flood Control and Water Conservation District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Riverside County Flood Control and Water Conservation District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 30, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
October 30, 2009

## 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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – iii of this report. All monetary amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- ♦ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$942,362 (*net assets*). Of this amount, \$14,301 (*unrestricted net assets*) may be used to meet the District's ongoing obligations to citizens and creditors.
- ♦ The District's total net assets increased by \$74,572. Approximately 58 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 \$229,083, an increase of \$29,634 in comparison with the prior year. Approximately 99 percent of this total amount, \$227,328, is *available for spending* at the District's discretion (*unreserved, undesignated fund balance*).
- ♦ At the end of the fiscal year, unreserved, undesignated fund balance for the general fund was \$3,275, or 39 percent of total general fund expenditures.
- ♦ The District had no debt during the current fiscal year.

### Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government and public ways and facilities. The business-type activities of the District include subdivision operations, photogrammetry operations and encroachment permits.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

**Proprietary funds.** The District maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses *enterprise funds* to account for its subdivision, photogrammetry and encroachment permit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its hydrology, garage, project maintenance, mapping, data processing and photography services. 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 nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, the six internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

The combining statements referred to earlier in connection with nonmajor 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 67 – 82 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$942,362 at the close of the most recent fiscal year.

By far the largest portion of the District's net assets (75 percent) reflects its investment in capital assets (e.g. land and easements, buildings and improvements, infrastructure, and equipment). The District uses these capital assets to provide services to prevent and to protect citizens from flooding within the District's zone boundaries; consequently, these assets are *not* available for future spending.

### District's Net Assets

	Governmental Activities			Business-type Activities			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Current and Other Assets	\$249,891	\$226,884	\$192,412	\$ 6,779	\$ 8,236	\$ 6,163	\$256,670	\$235,120	\$198,575
Capital Assets, Net	704,139	658,848	638,773	36	39	54	704,175	658,887	638,827
Total Assets	954,030	885,732	831,185	6,815	8,275	6,217	960,845	894,007	837,402
Long-term Liabilities									
Outstanding	3,032	2,481	2,329	108	252	290	3,140	2,733	2,619
Other Liabilities	12,363	18,786	17,374	2,980	4,698	3,425	15,343	23,484	20,799
Total Liabilities	15,395	21,267	19,703	3,088	4,950	3,715	18,483	26,217	23,418
Net Assets:									
Invested in Capital Assets, Net of Related Debt	704,139	658,848	638,773	36	39	54	704,175	658,887	638,827
Restricted	223,886	195,493	162,709	-	-	-	223,886	195,493	162,709
Unrestricted	10,610	10,124	10,000	3,691	3,286	2,448	14,301	13,410	12,448
Total Net Assets	\$938,635	\$864,465	\$811,482	\$ 3,727	\$ 3,325	\$ 2,502	\$942,362	\$867,790	\$813,984

An additional portion of the District's net assets (24 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$14,301) may be used to meet the government's ongoing obligations to citizens and creditors.

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

There was an increase of \$28,393 in restricted net assets reported in connection with the District's governmental activities. Property tax revenues account for approximately 73 percent of total revenues which contribute to the majority of growth in restricted net assets. In comparison to the prior year, the positive change in restricted net assets decreased by approximately 13 percent (\$4,391) due to declining property values and increased foreclosures within the District's zone boundaries as well as declining economic activity within the County of Riverside. Overall revenues increased slightly (\$2,142) due primarily to increased charges for services revenue for the proposed formation of a Community Facilities District in Zone 4 and contributions from other governmental agencies for construction programs (\$4,809) and the sale of surplus property (\$603). These increases offset the decreases in property tax revenues (\$911) and investment income (\$2,291). Additionally, expenditures increased (\$6,633) due largely in part to the purchase of land (\$6,132).

The District's net assets increased by \$74,572 during the current fiscal year. Approximately 64 percent of this increase represents the degree to which increases in ongoing revenues e.g., property tax revenues, have outstripped similar increases in ongoing expenses. The remainder of this growth is attributable to the growth in net assets invested in capital assets, specifically, donations of capital assets (infrastructure and land).

**Governmental activities.** Governmental activities increased the District's net assets by \$74,170, thereby accounting for 99 percent of the total growth in net assets of the District. Key elements of the increase are as follows:

### District's Changes in Net Assets

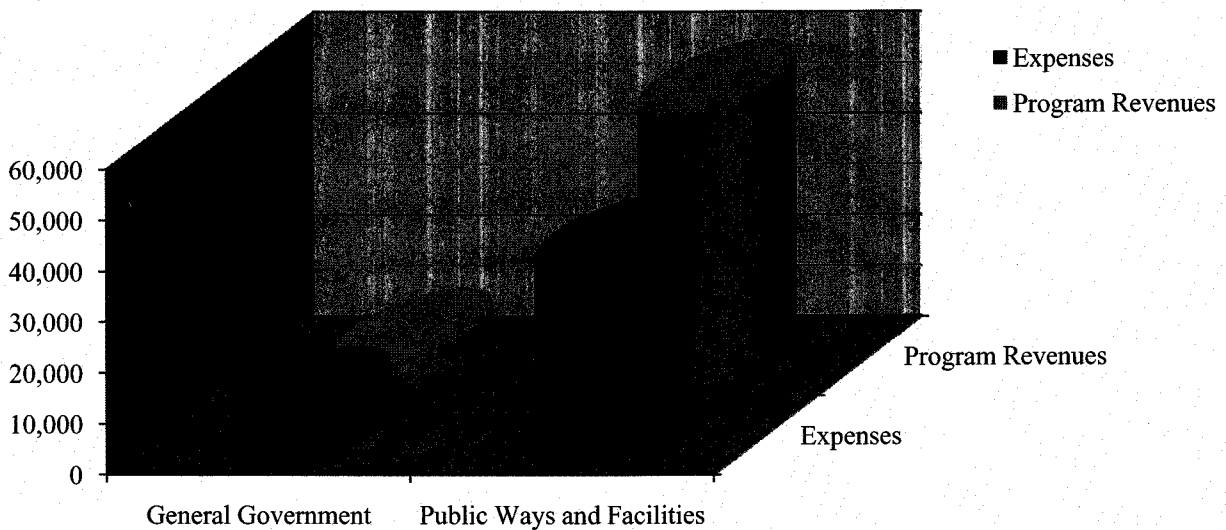
	Governmental Activities			Business-type Activities			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Revenues:									
Program Revenues:									
Charges for Services	\$ 14,829	\$ 9,018	\$ 17,614	\$ 3,026	\$ 4,661	\$ 6,032	\$ 17,855	\$ 13,679	\$ 23,646
Capital Grants and Contributions	45,798	23,565	37,635	-	-	-	45,798	23,565	37,635
General Revenues:									
Property Taxes	55,791	56,791	51,035	-	-	-	55,791	56,791	51,035
Unrestricted Interest and Investment Earnings	5,835	8,349	7,842	199	332	377	6,034	8,681	8,219
Gain on Sale of Capital Assets	1,289	(161)	61	-	-	-	1,289	(161)	61
Total Revenues	123,542	97,562	114,187	3,225	4,993	6,409	126,767	102,555	120,596
Expenses:									
General Government	9,660	9,195	8,988	-	-	-	9,660	9,195	8,988
Public Ways and Facilities	39,712	35,384	34,806	-	-	-	39,712	35,384	34,806
Subdivision Operations	-	-	-	2,340	3,833	5,169	2,340	3,833	5,169
Photogrammetry Operations	-	-	-	246	202	145	246	202	145
Encroachment Permits	-	-	-	237	135	164	237	135	164
Total Expenses	49,372	44,579	43,794	2,823	4,170	5,478	52,195	48,749	49,272
Increase (Decrease) in Net Assets before Transfers	74,170	52,983	70,393	402	823	931	74,572	53,806	71,324
Transfers	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	74,170	52,983	70,393	402	823	931	74,572	53,806	71,324
Net Assets – 7/01/08	864,465	811,482	741,089	3,325	2,502	1,571	867,790	813,984	742,660
Net Assets – 6/30/09	\$938,635	\$864,465	\$811,482	3,727	\$ 3,325	\$ 2,502	\$942,362	\$867,790	\$813,984

- ♦ Capital grants and contributions activities increased by \$22,233 (94 percent) during the year. This is a result of private or public parties donating capital assets (land and infrastructure) for the purpose of construction and/or maintenance.
- ♦ Charges for services increased by \$5,811 (64 percent) during the year. Most of this increase is the product of increased services for the proposed formation of a Community Facilities District in Zone 4 and increased contributions from other governmental agencies.

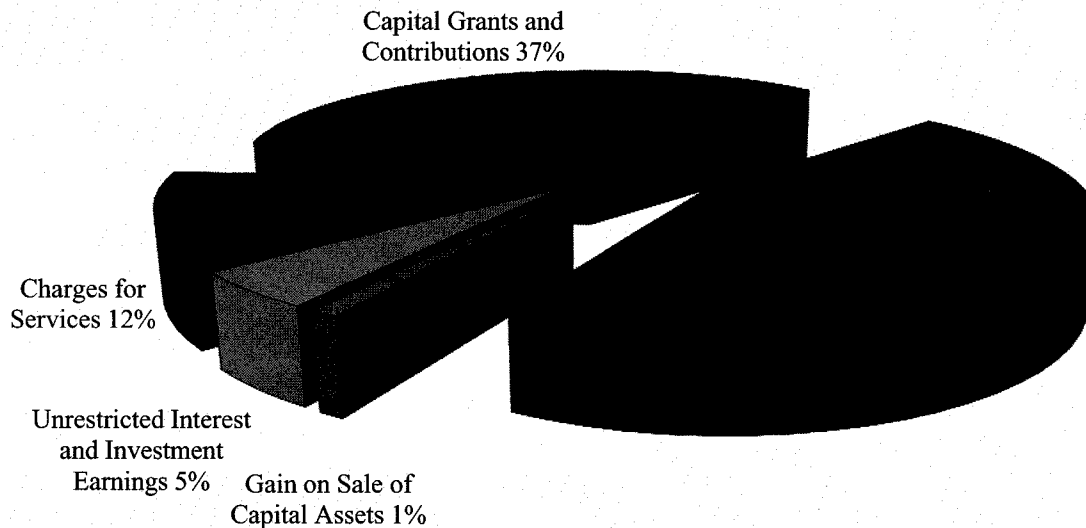
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions include the following:

- ♦ Growth in General Government expenses of \$465 (5 percent) reflects the costs associated with early retirements offered to eligible employees in response to a declining economic forecast.
- ♦ Growth in Public Ways and Facilities expenses of \$4,328 (12 percent) reflects the costs associated with land purchases necessary for the construction of flood control facilities.

## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities

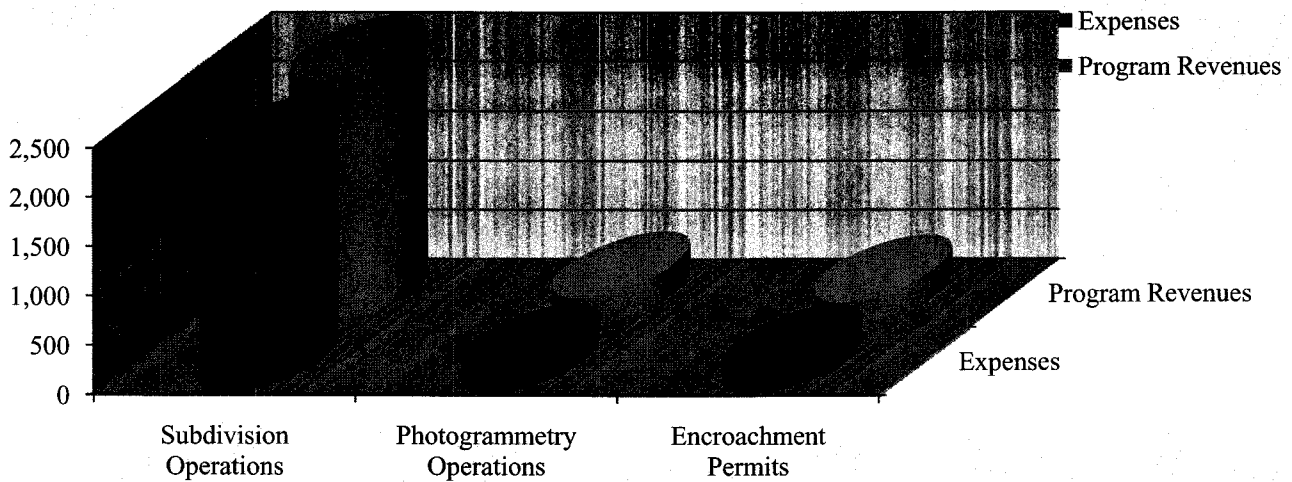


**Business-type activities.** Business-type activities increased the District's net assets by \$402, accounting for 1 percent of the total growth in the government's net assets. Key elements of the increase are as follows.

- ◆ Overall charges for services and expenses for business-type activities decreased by 35 percent and 32 percent respectively due to the steady decline of the economy. The subdivision operation accounts for a significant portion of this decrease which resulted from decreased land development activity within the County of Riverside. Increases and decreases in charges for services and expenses are development related and will vary based on development activity within the County of Riverside. Program revenues exceeded program expenses by 14 percent and closely paralleled inflation and growth in the demand for services.

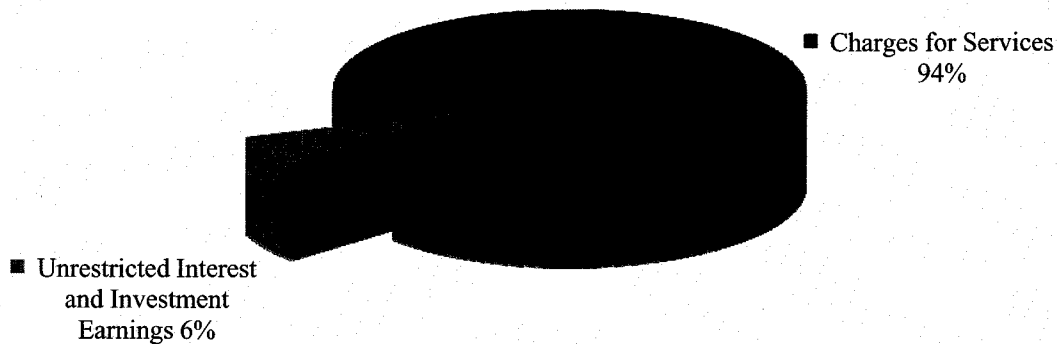
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## Expenses and Program Revenues – Business-type Activities



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## Revenues by Source – Business-type Activities



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## 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, *unreserved* fund balance 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 \$229,083, an increase of \$29,634 in comparison with the prior year. The majority of this total amount (\$227,328) constitutes *unreserved, undesignated fund balances*, which are available for spending at the District's discretion. The remainder of fund balance is *reserved or unreserved, designated* to indicate that it is not available for new spending because it has already been committed to pay off accrued compensated absence liabilities as required (\$1,755).

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$3,275, while total fund balance reached \$5,030. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 39 percent of total general fund expenditures, while total fund balance represents 60 percent of that same amount.

The fund balance of the District's general fund increased by \$1,097 during the current fiscal year. Key factors in this increase are as follows:

- ◆ Charges for administrative services revenues received from all District funds in support of general fund operations increased by \$1,795 to maintain cash flow within the general fund for operational purposes.

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 \$218,704 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$28,255. Key factors in the aggregate net increase are as follows:

- ◆ *Zone 1* reported a fund balance of \$24,353 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$3,737. Property tax revenues account for approximately 87 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 10 percent (\$415). Overall revenues decreased slightly (\$89) due primarily to decreases in investment income (\$255) and income from the sale of surplus land (\$520). These decreases offset the increases in property tax revenue (\$67), contributions from other governmental agencies for construction programs (\$94), charges for services revenue resulting from receipt of prior and current year payments required by a 10-year agreement with the County of Riverside (\$410) and area drainage fees (\$115). Additionally, expenditures increased (\$349) due largely in part to the purchase of land (\$653).

- ◆ *Zone 2* reported a fund balance of \$53,719 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$11,379. Property tax revenues account for approximately 83 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 13 percent (\$1,347). Overall revenues decreased (\$756) due primarily to decreases in property tax revenue (\$571), contributions from other governmental agencies for construction programs (\$181), investment income (\$481) and income from the sale of surplus land (\$80). These decreases offset the increases in charges for services revenue resulting from receipt of prior year Developer Impact Fee program reimbursement payments (\$463) and area drainage fees (\$94). Additionally, expenditures decreased (\$2,073) due largely in part to reduced construction program activity and land purchase within the zone.

- ◆ *Zone 3* reported a fund balance of \$10,833 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$1,216. Property tax revenues account for approximately 74 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 256 percent (\$874). Overall revenues increased (\$162) due primarily to increases in contributions from other governmental agencies for construction programs (\$24), charges for services revenue resulting from receipt of prior year reimbursement payments for the Gunderson Pond flood control project (\$333) and income from the sale of surplus land (\$18). These increases offset the decreases in property tax revenue (\$39) and investment income (\$174). Additionally, expenditures decreased (\$708) due largely in part to reduced construction program activity and land purchase within the zone.

- ◆ *Zone 4* reported a fund balance of \$57,201 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$7,349. Property tax revenues account for approximately 67 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 15 percent (\$1,310). Overall revenues increased (\$3,766) due primarily to increases in contributions from other governmental agencies for construction programs (\$180), charges for services revenue for the proposed formation of a Community Facilities District in Zone 4 (\$3,175) and income from the sale of surplus land (\$1,240). These increases offset the decreases in property tax revenue (\$328), special assessment revenue resulting in payment of special assessment delinquencies (\$15), area drainage fees (\$50) and investment income (\$436). Additionally, expenditures increased (\$5,098) due largely in part to increased construction program activity and land purchase within the zone.

- ◆ *Zone 5* reported a fund balance of \$14,076 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$2,668. Property tax revenues account for approximately 79 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 5 percent (\$132). Overall revenues increased (\$312) due primarily to increases in property tax revenue (\$67) and charges for services revenue resulting from receipt of Developer Impact Fee program and construction program reimbursement payments (\$439). These increases offset the decreases in contributions from other governmental agencies for construction programs (\$72), investment income (\$111) and income from the sale of surplus land (\$11). Additionally, expenditures increased (\$183) due largely in part to increased construction program activity.

- ◆ *Zone 6* reported a fund balance of \$26,080 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$360. Property tax revenues account for approximately 87 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 112 percent (\$3,261). Overall revenues decreased (\$401) due primarily to decreases in special assessment revenue resulting in payment of special assessment delinquencies (\$1), investment income (\$450) and income from the sale of surplus land (\$52). These decreases offset the increases in property tax revenue (\$42), contributions from other governmental agencies for construction programs (\$50) and charges for services revenue (\$10). Additionally, expenditures increased (\$2,869) due largely in part to increased construction program activity and land purchase within the zone.

- ◆ *Zone 7* reported a fund balance of \$32,442 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$2,266. Property tax revenues account for approximately 81 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 38 percent (\$1,391). Overall revenues decreased (\$1,000) due primarily to decreases in property tax revenue (\$149), charges for services revenue (\$34), area drainage fees (\$565) and investment income (\$315). These decreases offset the increases in contributions from other governmental agencies for construction programs (\$55) and income from the sale of surplus land (\$8). Additionally, expenditures increased (\$400) due largely in part to increased construction program activity and land purchase within the zone.

The NPDES funds had an aggregate fund balance of \$5,182 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$138. Key factors in the net increase are as follows:

- ◆ *NPDES Whitewater* reported a fund balance of \$370 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$78. 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 negative change in fund balance reflects a decrease of approximately 139 percent (\$277). Overall revenues decreased (\$34) due primarily to decreases in charges for services revenue received from cost sharing permittees (\$43). This decrease offsets the increases in special assessments (\$7) and investment income (\$2). Additionally, expenditures increased (\$243) due largely in part to increased salary and benefits paid to staff members reassigned to update compliance programs around new permits (\$108), charges for administrative services paid to the general fund to support administrative functions (\$17) and professional services costs incurred for services related to new federally mandated compliance programs (\$90).

- ◆ *NPDES Santa Ana* reported a fund balance of \$4,297 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 91 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 60 percent (\$97). Overall revenues increased (\$82) due primarily to increases in special assessment revenues resulting primarily from an audit of property within the watershed boundaries (\$150). This increase offsets the decrease in investment income (\$68). Additionally, expenditures decreased (\$15) due largely in part to decreased NPDES contributions to other conservation organizations for storm water/clean water educational programs (\$101).

- ◆ *NPDES Santa Margarita* reported a fund balance of \$515 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$43. Special assessment revenues account for approximately 51 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 130 percent (\$187). Overall revenues increased (\$100) due primarily to increases in special assessment revenue resulting primarily from an audit of property within the watershed boundary (\$47) and in charges for services revenue received from cost sharing permittees (\$56). These increases offset the decrease in investment income (\$3). Additionally, expenditures increased (\$287) due largely in part to increased salary and benefits paid to staff members reassigned to update compliance programs around new permits (\$6), charges for administrative services paid to the general fund to support administrative functions (\$7) and professional services costs incurred for services related to new federally mandated compliance programs (\$238).

The capital project fund had a total fund balance of \$167 at the end of the current fiscal year. The net increase in fund balance during the current year in the capital project fund was \$144. Capital outlay increased by \$71 due to the District remodeling its Market Street entrance and beginning construction on its security wall along Market Street. Transfers in are used to offset budgeted capital outlay costs incurred in any given fiscal year. Funds covering the total cost of the Market Street project (\$300) were transferred into the Capital Project Fund. The completion of the project and final payment is scheduled to occur in the next fiscal year.

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

Unrestricted net assets at the end of the year for 1) subdivision operations amounted to \$2,825, 2) photogrammetry operations amounted to \$388, and 3) encroachment permit operations amounted to \$265. The total growth in net assets for subdivision operations was \$377. The total growth for photogrammetry operations and encroachment permit operations was \$53 and \$28, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the District's business-type activities.

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

### **General Fund Budgetary Highlights**

During the year there was a \$950 increase in appropriations for salaries and benefits between the original and final amended budget. The main component of the increase is as follows:

- ◆ \$950 supplemental appropriation to compensate for a lag between the time when salary and benefit costs are charged to the general fund and the time when an allocation journal is processed to reimburse the general fund for those costs. This appropriation increase is for operational purposes only and does not represent an increase in actual salaries and benefits.

The increase was offset by a decrease in appropriations for services and supplies (\$865) and capital outlay (\$85).

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

- ◆ Total actual expenditures were less than budgetary estimates by \$2,476. Budgeted salaries and benefits appropriations increased 3 percent and services and supplies appropriations decreased 20 percent from prior year based on historical data, economic trends and operational needs. Actual salaries and benefits expenditures decreased by 1 percent and services and supplies expenditures decreased 5 percent. Salary and benefits expenditures decreased as a result of mandatory furloughs imposed by the County of Riverside in the last quarter of the fiscal year to cut expenditures in a declining economic environment. Similarly, services and supplies expenditures decreased as a result of the District's efforts to reduce over-all costs in a declining economic environment.
- ◆ Total actual revenues were less than budgetary estimates by \$1,479. Budgeted revenues decreased by 10 percent from the prior year based on historical data, economic trends and development activity. Actual revenues increased by 16 percent. This is primarily due to an increase of \$1,795 in charges for administrative services revenues received from all District funds in support of general fund operations to maintain cash flow within the general fund for operational purposes.

### **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, 2009, amounts to \$704,175 (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 7 percent (a 6 percent increase for governmental activities and an 8 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 \$34,673 and \$8,232, respectively.
- ◆ 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 \$20,142.

**District's Capital Assets**  
(net of depreciation)

	Governmental activities			Business-type activities			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Infrastructure	\$473,048	\$439,991	\$426,291	\$ -	\$ -	\$ -	\$473,048	\$439,991	\$426,291
Land and easements	201,046	186,750	181,414	-	-	-	201,046	186,750	181,414
Buildings and improvements	6,785	6,822	6,928	-	-	-	6,785	6,822	6,928
Improvements other than buildings	99	99	99	-	-	-	99	99	99
Equipment	3,019	2,681	2,338	36	39	54	3,055	2,720	2,392
Construction in progress	20,142	22,505	21,703	-	-	-	20,142	22,505	21,703
Total	\$704,139	\$658,848	\$638,773	36	\$ 39	\$ 54	\$704,175	\$658,887	\$638,827

Additional information on the District's capital assets can be found in note 7 on pages 44 – 45 of this report.

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

**Economic Factors and Next Year's Budgets and Rates**

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

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

All of these factors were considered in preparing the District's budget for the 2010 fiscal year.

General fund revenues and appropriations for fiscal year 2010 are estimated to decrease by 8 percent and 4 percent respectively for the general administration of the District. Decreases in tax revenues and revenues associated with inspection of developer constructed facilities to be accepted into the District's maintained system are expected to decrease by 2 percent and 8 percent respectively. Appropriation decreases are due primarily to reduction in developer constructed projects requiring District inspection services. The decreases in revenues and appropriations are a direct result of slowing development within the County of Riverside due to the declining economy.

Revenue and appropriation estimates are very difficult to make for the enterprise funds because they are directly related to the level of private development activity occurring in the County of Riverside during any given period. The Subdivision and Photogrammetry funds are expected to have averaged revenue and appropriation decreases of approximately 35 percent and 16 percent respectively. These decreases are a direct result of slowing development within the County of Riverside due to the declining economy and the effect of the economic downturn on other governmental agencies that seek photogrammetric services. The Encroachment Permits fund is expected to have revenue and appropriation increases of approximately 30 percent and 38 percent respectively. These increases are in anticipation of various agencies, developers and individuals requiring temporary access/use of District property to complete projects still in development.

### **Requests for Information**

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

# *BASIC FINANCIAL STATEMENTS*

*Lake Hemet Dam (old-side)*



Photo Courtesy of:  
*Jeff Nanney*

## *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 Assets

June 30, 2009

(Amounts Expressed in Thousands)

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 231,535	\$ 2,167	\$ 233,702
Restricted Cash	10,112	2,765	12,877
Receivables	5,840	1,640	7,480
Net Pension/OPEB Asset	2,364	-	2,364
Inventories	227	-	227
Prepays	20	-	20
Internal Balances	(207)	207	-
Capital Assets:			
Nondepreciable	221,188	-	221,188
Depreciable, Net	482,951	36	482,987
Total Assets	954,030	6,815	960,845
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	872	39	911
Matured Bonds Payable	46	-	46
Salaries and Benefits Payable	1,457	52	1,509
Developer and Other Agency Deposits	9,724	2,889	12,613
Due to Other Governments	264	-	264
Long-term Liabilities:			
Due Within One Year	547	20	567
Due in More Than One Year	2,485	88	2,573
Total Liabilities	15,395	3,088	18,483
<b>NET ASSETS</b>			
Invested in Capital Assets	704,139	36	704,175
Restricted by Enabling Legislation for:			
Public Ways and Facilities	223,886	-	223,886
Unrestricted	10,610	3,691	14,301
Total Net Assets	\$ 938,635	\$ 3,727	\$ 942,362

# Riverside County Flood Control and Water Conservation District

## Statement of Activities

For the Year Ended June 30, 2009

(Amounts Expressed in Thousands)

FUNCTION/PROGRAM ACTIVITIES:	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Governmental Activities			
General Government	\$ 9,660	\$ 5,742	\$ -
Public Ways and Facilities	39,712	9,087	45,798
Total Governmental Activities	49,372	14,829	45,798
Business-type Activities			
Subdivision Operations	2,340	2,490	-
Photogrammetry Operations	246	288	-
Encroachment Permits	237	248	-
Total Business-type Activities	2,823	3,026	-
Total	\$ 52,195	\$ 17,855	\$ 45,798

### General Revenues:

Property Taxes

Unrestricted Interest and Investment Earnings

Gain - Sale of Capital Assets

### Total General Revenues

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and  
Changes in Net Assets

Governmental Activities	Business- type Activities	Total
\$ (3,918)	\$ -	\$ (3,918)
15,173	-	15,173
11,255	-	11,255
-	150	150
-	42	42
-	11	11
-	203	203
11,255	203	11,458
55,791	-	55,791
5,835	199	6,034
1,289	-	1,289
62,915	199	63,114
74,170	402	74,572
864,465	3,325	867,790
\$ 938,635	\$ 3,727	\$ 942,362

The accompanying notes are an integral part of this statement.

# Riverside County Flood Control and Water Conservation District

## Balance Sheet

### Governmental Funds

June 30, 2009

(Amounts Expressed in Thousands)

	<u>General Fund</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
<b>ASSETS</b>				
Cash and Investments	\$ 5,288	\$ 24,356	\$ 53,221	\$ 10,773
Restricted Cash	1,917	15	-	-
Receivables:				
Taxes Receivable	158	337	555	83
Accounts Receivable	269	7	-	1
Interest Receivable	17	62	137	29
Due From Other Funds	256	-	-	-
Due From Other Governments	4	-	-	2
Prepays	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 7,909</u>	<u>\$ 24,777</u>	<u>\$ 53,913</u>	<u>\$ 10,888</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 45	\$ 70	\$ 30	\$ 10
Salaries and Benefits Payable	782	109	93	25
Matured Bonds Payable	-	-	-	-
Due to Other Funds	28	189	60	18
Developer and Other Agency Deposits	2,002	15	-	-
Due to Other Governments	22	41	11	2
	<u>2,879</u>	<u>424</u>	<u>194</u>	<u>55</u>
Total Liabilities	<u>2,879</u>	<u>424</u>	<u>194</u>	<u>55</u>
<b>Fund Balances:</b>				
Unreserved, Designated for Compensated Absences	1,755	-	-	-
Unreserved, Undesignated, Reported in:				
General Fund	3,275	-	-	-
Special Revenue Funds	-	24,353	53,719	10,833
Capital Project Fund	-	-	-	-
	<u>5,030</u>	<u>24,353</u>	<u>53,719</u>	<u>10,833</u>
Total Fund Balances	<u>5,030</u>	<u>24,353</u>	<u>53,719</u>	<u>10,833</u>
Total Liabilities and Fund Balances	<u>\$ 7,909</u>	<u>\$ 24,777</u>	<u>\$ 53,913</u>	<u>\$ 10,888</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 56,881 7,153  684 1 169 107 517 -	\$ 13,586 6  223 13 35 - 300 -	\$ 24,811 20  173 222 65 - 1,150 -	\$ 32,099 -  193 - 84 - 186 -	\$ 403 -  10 - 1 - 27 -	\$ 4,334 -  66 3 11 - 8 15
<u>\$ 65,512</u>	<u>\$ 14,163</u>	<u>\$ 26,441</u>	<u>\$ 32,562</u>	<u>\$ 441</u>	<u>\$ 4,437</u>
 \$ 310 137 46 106 7,626 86	 \$ 16 36 - 18 16 1	 \$ 169 85 - 42 65 -	 \$ 59 34 - 26 - 1	 \$ 30 12 - 5 - 24	 \$ 74 24 - 12 - 30
<u>8,311</u>	<u>87</u>	<u>361</u>	<u>120</u>	<u>71</u>	<u>140</u>
-	-	-	-	-	-
-	-	-	-	-	-
57,201	14,076	26,080	32,442	370	4,297
-	-	-	-	-	-
<u>57,201</u>	<u>14,076</u>	<u>26,080</u>	<u>32,442</u>	<u>370</u>	<u>4,297</u>
<u>\$ 65,512</u>	<u>\$ 14,163</u>	<u>\$ 26,441</u>	<u>\$ 32,562</u>	<u>\$ 441</u>	<u>\$ 4,437</u>

Continued

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**  
*(Amounts Expressed in Thousands)*

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
<b>ASSETS</b>			
Cash and Investments	\$ 546	\$ 170	\$ 226,468
Restricted Cash	-	-	9,111
Receivables:		-	
Taxes Receivable	12	-	2,494
Accounts Receivable	-	-	516
Interest Receivable	1	-	611
Due From Other Funds	-	(3)	360
Due From Other Governments	-	-	2,194
Prepays	5	-	20
	<u>564</u>	<u>167</u>	<u>241,774</u>
Total Assets	<u>\$ 564</u>	<u>\$ 167</u>	<u>\$ 241,774</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 23	\$ -	\$ 836
Salaries and Benefits Payable	10	-	1,347
Matured Bonds Payable	-	-	46
Due to Other Funds	4	-	508
Developer and Other Agency Deposits	-	-	9,724
Due to Other Governments	12	-	230
	<u>49</u>	<u>-</u>	<u>12,691</u>
Total Liabilities	<u>49</u>	<u>-</u>	<u>12,691</u>
<b>Fund Balances:</b>			
Unreserved, Designated for Compensated Absences	-	-	1,755
Unreserved, Undesignated, Reported in:			
General Fund	-	-	3,275
Special Revenue Funds	515	-	223,886
Capital Project Fund	-	167	167
	<u>515</u>	<u>167</u>	<u>229,083</u>
Total Fund Balances	<u>515</u>	<u>167</u>	<u>229,083</u>
Total Liabilities and Fund Balances	<u>\$ 564</u>	<u>\$ 167</u>	<u>\$ 241,774</u>

The accompanying notes are an integral part of this statement.

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

June 30, 2009

*(Amounts Expressed in Thousands)*

Fund Balances - Total Governmental Funds (Page 20)

\$ 229,083

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

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

701,207

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

8,818

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

2,364

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

Compensated Absences

(2,837)

Net Assets of Governmental Activities (Page 15)

\$ 938,635

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, 2009

(Amounts Expressed in Thousands)

	General Fund	Zone 1	Zone 2	Zone 3
<b>REVENUES</b>				
Property Taxes	\$ 3,697	\$ 8,671	\$ 13,813	\$ 1,869
Special Assessments	-	-	-	-
Intergovernmental	44	94	159	24
Charges for Services	1,372	423	1,299	337
Charges for Administrative Services	4,252	-	-	-
Area Drainage Fees	-	115	107	-
Investment Income	151	580	1,224	263
Use of Assets	5	64	5	18
	<u>9,521</u>	<u>9,947</u>	<u>16,607</u>	<u>2,511</u>
<b>Total Revenues</b>				
	<u>9,521</u>	<u>9,947</u>	<u>16,607</u>	<u>2,511</u>
<b>EXPENDITURES</b>				
General Government	8,371	-	-	-
Public Ways and Facilities	-	5,489	5,129	1,281
Capital Outlay	53	653	-	-
	<u>8,424</u>	<u>6,142</u>	<u>5,129</u>	<u>1,281</u>
<b>Total Expenditures</b>				
	<u>8,424</u>	<u>6,142</u>	<u>5,129</u>	<u>1,281</u>
Excess (Deficiency) of Revenues:				
Over (Under) Expenditures	<u>1,097</u>	<u>3,805</u>	<u>11,478</u>	<u>1,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	55	82	12
Transfers Out	-	(123)	(181)	(26)
	<u>-</u>	<u>(68)</u>	<u>(99)</u>	<u>(14)</u>
<b>Total Other Financing Sources (Uses)</b>				
	<u>-</u>	<u>(68)</u>	<u>(99)</u>	<u>(14)</u>
<b>Net Change in Fund Balances</b>	<u>1,097</u>	<u>3,737</u>	<u>11,379</u>	<u>1,216</u>
<b>Fund Balances, Beginning of Year</b>	<u>3,933</u>	<u>20,616</u>	<u>42,340</u>	<u>9,617</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,030</u>	<u>\$ 24,353</u>	<u>\$ 53,719</u>	<u>\$ 10,833</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 15,214	\$ 3,188	\$ 4,661	\$ 4,678	\$ -	\$ -
9	-	-	-	279	2,148
183	36	50	55	-	-
3,994	487	10	8	330	100
-	-	-	-	-	-
686	-	-	92	-	-
1,477	321	657	876	11	106
1,264	-	-	66	-	-
22,827	4,032	5,378	5,775	620	2,354
-	-	-	-	-	-
12,745	1,342	3,103	3,212	698	2,095
2,619	-	2,600	260	-	-
15,364	1,342	5,703	3,472	698	2,095
7,463	2,690	(325)	2,303	(78)	259
94	18	28	30	-	-
(208)	(40)	(63)	(67)	-	-
(114)	(22)	(35)	(37)	-	-
7,349	2,668	(360)	2,266	(78)	259
49,852	11,408	26,440	30,176	448	4,038
\$ 57,201	\$ 14,076	\$ 26,080	\$ 32,442	\$ 370	\$ 4,297

Continued

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30, 2009

(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ 55,791
Special Assessments	457	-	2,893
Intergovernmental	-	-	645
Charges for Services	422	-	8,782
Charges for Administrative Services	-	-	4,252
Area Drainage Fees	-	-	1,000
Investment Income	13	1	5,680
Use of Assets	-	-	1,422
<b>Total Revenues</b>	<b>892</b>	<b>1</b>	<b>80,465</b>
<b>EXPENDITURES</b>			
General Government	-	-	8,371
Public Ways and Facilities	935	-	36,029
Capital Outlay	-	157	6,342
<b>Total Expenditures</b>	<b>935</b>	<b>157</b>	<b>50,742</b>
Excess (Deficiency) of Revenue: Over (Under) Expenditures	(43)	(156)	29,723
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	300	619
Transfers Out	-	-	(708)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>300</b>	<b>(89)</b>
<b>Net Change in Fund Balances</b>	<b>(43)</b>	<b>144</b>	<b>29,634</b>
<b>Fund Balances, Beginning of Year</b>	<b>558</b>	<b>23</b>	<b>199,449</b>
<b>Fund Balances, End of Year</b>	<b>\$ 515</b>	<b>\$ 167</b>	<b>\$ 229,083</b>

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, 2009

(Amounts Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds (Page 24)

\$ 29,634

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

Land	6,132	
Sale of land	(68)	
Infrastructure - construction in progress	3,042	
Buildings and improvements	157	
Equipment	58	
Adjustment to equipment	1	9,322

Donation of capital assets

Land	8,232	
Infrastructure	34,673	42,905

Less current year depreciation

Infrastructure	(7,021)	
Buildings and improvements	(194)	
Equipment	(47)	(7,262)
		44,965

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

(69)

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

Change in Long-term Compensated Absences

(646)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of certain internal service funds is reported with governmental activities.

286

Change in Net Assets of Governmental Activities (Page 17)

\$ 74,170

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
June 30, 2009  
*(Amount Expressed in Thousands)*

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Subdivision Operations</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 1,555	\$ 612	\$ 2,167	\$ 5,067
Restricted Cash	2,474	291	2,765	1,001
Receivables:				
Accounts Receivable	1,504	64	1,568	9
Interest Receivable	18	2	20	16
Due From Other Funds	1	4	5	202
Due From Other Governments	29	23	52	-
Inventories	-	-	-	227
Total Current Assets	<u>5,581</u>	<u>996</u>	<u>6,577</u>	<u>6,522</u>
<b>Noncurrent Assets:</b>				
Capital Assets:				
Depreciable, Net	-	36	36	2,932
Total Assets	<u>\$ 5,581</u>	<u>\$ 1,032</u>	<u>\$ 6,613</u>	<u>\$ 9,454</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 39	\$ -	\$ 39	\$ 36
Salaries and Benefits Payable	44	8	52	110
Due to Other Funds	8	3	11	48
Compensated Absences - Current Portion	16	4	20	35
Due to Other Governments	-	-	-	34
Developer and Other Agency Deposits	2,578	311	2,889	-
Total Current Liabilities	<u>2,685</u>	<u>326</u>	<u>3,011</u>	<u>263</u>
<b>Noncurrent Portion of Long-term Liabilities:</b>				
Compensated Absences	71	17	88	160
Total Noncurrent Liabilities	<u>71</u>	<u>17</u>	<u>88</u>	<u>160</u>
Total Liabilities	<u>2,756</u>	<u>343</u>	<u>3,099</u>	<u>423</u>
<b>Net Assets:</b>				
Invested in Capital Assets	-	36	36	2,932
Unrestricted	2,825	653	3,478	6,099
Total Net Assets	<u>2,825</u>	<u>689</u>	<u>3,514</u>	<u>9,031</u>
Total Liabilities and Net Assets	<u>\$ 5,581</u>	<u>\$ 1,032</u>		<u>\$ 9,454</u>
<b>Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>			213	
<b>Net Assets of Business-type Activities</b>			<u>\$ 3,727</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 Assets**  
**Proprietary Funds**  
For the Year Ended June 30, 2009  
*(Amount Expressed in Thousands)*

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Subdivision Operations</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 2,490	\$ 536	\$ 3,026	\$ 6,895
<b>OPERATING EXPENSES</b>				
Personnel Services	900	239	1,139	2,226
Administrative Services	1,076	110	1,186	527
Services and Supplies	314	101	415	3,204
Depreciation	-	27	27	962
Total Operating Expenses	2,290	477	2,767	6,919
Operating Income (Loss)	200	59	259	(24)
<b>NONOPERATING REVENUES</b>				
Investment Income	177	22	199	155
Gain on Sale of Capital Assets	-	-	-	10
Total Nonoperating Revenues	177	22	199	165
Income (Loss) Before Transfers	377	81	458	141
Transfers In	-	-	-	1,114
Transfers Out	-	-	-	(1,025)
Total Transfers In (Out)	-	-	-	89
Change in Net Assets	377	81	458	230
Net Assets, Beginning of Year	2,448	608	3,056	8,801
Net Assets, End of Year	\$ 2,825	\$ 689		\$ 9,031
<b>Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>			(56)	
<b>Change in Net Assets of Business-type Activities</b>			\$ 402	

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, 2009

(Amounts Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers/Other Funds	\$ 2,385	\$ 552	\$ 2,937	\$ 6,699
Cash Paid to Suppliers for Goods and Services	(1,655)	(215)	(1,870)	(3,764)
Cash Paid to Employees for Services	(1,069)	(251)	(1,320)	(2,303)
Net Cash Provided by (Used in) Operating Activities	(339)	86	(253)	632
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers Received	-	-	-	89
Net Cash Provided by Noncapital Financing Activities	-	-	-	89
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Capital Assets	-	-	-	10
Acquisition and Construction of Capital Assets	-	(24)	(24)	(1,288)
Net Cash Used in Capital and Related Financing Activities	-	(24)	(24)	(1,278)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	209	26	235	180
Net Cash Provided by Investing Activities	209	26	235	180
Net Change in Cash and Cash Equivalents	(130)	88	(42)	(377)
Cash and Cash Equivalents, Beginning of Year	4,159	815	4,974	6,445
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,029</b>	<b>\$ 903</b>	<b>\$ 4,932</b>	<b>\$ 6,068</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating Income (Loss)	\$ 200	\$ 59	\$ 259	\$ (24)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	-	27	27	962
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable	1,360	4	1,364	6
Due from Other Funds	(1)	(4)	(5)	(202)
Due from Other Governments	(24)	(23)	(47)	-
Inventories	-	-	-	104
Increase (Decrease) in:				
Accounts Payable	(273)	(7)	(280)	(137)
Salaries and Benefits Payable	(35)	(2)	(37)	18
Due to Other Funds	8	3	11	48
Compensated Absences	(134)	(10)	(144)	(95)
Due to Other Governments	-	-	-	(48)
Developer and Other Agency Deposits	(1,440)	39	(1,401)	-
Net Cash Provided by (Used in) Operating Activities	<b>\$ (339)</b>	<b>\$ 86</b>	<b>\$ (253)</b>	<b>\$ 632</b>

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, 2009**  
*(Amounts Expressed in Thousands)*

	Agency Funds
<b>ASSETS</b>	
Cash and Investments	\$ 3,014
Cash and Investments with Fiscal Agents	3,047
	<hr/>
Total Assets	\$ 6,061
	<hr/>
<b>LIABILITIES</b>	
Accounts Payable	\$ 2,989
Matured Bonds Payable	20
Due to Bondholders	3,027
Due to Other Governments	25
	<hr/>
Total Liabilities	\$ 6,061
	<hr/>

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
(Amounts Expressed in Thousands)

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

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

**B) Basis of Presentation**

*Government – wide Financial Statements*

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

The *statement of activities* presents a comparison between program expenses and program revenues for each segment of the *business-type activities* of the District and for each function of the District's *governmental activities*. *Program expenses* include such direct expenses that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. *Program revenues* include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as *general revenues*.

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

**C) Fund Financial Statements**

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

Proprietary fund *operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating revenues*, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
(Amounts Expressed in Thousands)

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C) Fund Financial Statements - Continued**

The District reports the following as a major governmental fund:

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

The District reports the following major enterprise fund:

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

The District reports the following additional fund types:

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

**D) Basis of Accounting**

The government-wide 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. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
*(Amounts Expressed in Thousands)*

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**D) Basis of Accounting – Continued**

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 are considered available and are accrued when received within sixty days after fiscal year-end. Revenue received from expenditure driven (cost-reimbursement) grants, contracts and other nonexchange transactions, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, are considered available and accrued if expected to be received within twelve months after fiscal year-end.

For its government-wide and proprietary fund financial statements, the District has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for governmental units. Under GASB 20, the District has elected not to apply FASB pronouncements issued after November 30, 1989 for its government-wide and enterprise fund financial statements.

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

The District's cash from operations is deposited in the County Treasury. The County pools its funds with other government agencies in the County and invests them as prescribed by the California Government Code. 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' position in the pool is not the same as the value of the pooled shares.

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

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

**F) Property Taxes**

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
*(Amounts Expressed in Thousands)*

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**F) Property Taxes – Continued**

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 <sup>st</sup> Installment
	February 1	-	2 <sup>nd</sup> Installment
Delinquent Date	December 10	-	1 <sup>st</sup> Installment
	April 10	-	2 <sup>nd</sup> Installment

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the agencies based on complex formulas prescribed by the state statutes.

**G) 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 government-wide and fund financial statements.

**H) Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The capitalization thresholds are \$5 for equipment and all buildings, improvements and infrastructure capitalized.

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

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
*(Amounts Expressed in Thousands)*

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**I) Compensated Absences**

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

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

**J) Long-term Debt**

The District reports long-term debt of governmental funds at face value in the government-wide statement of net assets. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide statement of net assets. Long-term debt and other obligations financed by the proprietary fund types are reported as liabilities in the appropriate proprietary fund types and in the government-wide statement of net assets.

**K) Operating/Nonoperating Revenues and Expenses**

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

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

**L) Interfund Transactions**

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

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

**M) Reservations/Designations**

In fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
*(Amounts Expressed in Thousands)*

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**N) Encumbrances**

Encumbrances, which are commitments, related to executory contracts for goods or services, are recorded for budgetary control purposes in the governmental funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if the unperformed contracts in process at year-end are completed.

Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as a reservation of fund balance and reappropriated in the subsequent year.

**O) 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 Financial Statements**  
June 30, 2009  
*(Amounts Expressed in Thousands)*

**2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

	Total Governmental Funds	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals
<b>Assets:</b>					
Cash and Investments	\$ 226,468	\$ -	\$ 5,067	\$ -	\$ 231,535
Restricted Cash	9,111	-	1,001	-	10,112
Receivables:					
Taxes	2,494	-	-	-	2,494
Accounts	516	-	9	-	525
Interest	611	-	16	-	627
Due from Other Funds	360	-	202	(562)	-
Due from Other Governments	2,194	-	-	-	2,194
Prepays	20	-	-	-	20
Net Pension Asset/OPEB Asset	-	2,364	-	-	2,364
Inventories	-	-	227	-	227
Internal Balances	-	-	-	(207)	(207)
Capital Assets:					
Nondepreciable	-	221,188	-	-	221,188
Depreciable, Net	-	480,019	2,932	-	482,951
<b>Total Assets</b>	<b>\$ 241,774</b>	<b>\$ 703,571</b>	<b>\$ 9,454</b>	<b>\$ (769)</b>	<b>\$ 954,030</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 836	\$ -	\$ 36	\$ -	\$ 872
Matured Bonds Payable	46	-	-	-	46
Salaries and Benefits Payable	1,347	-	110	-	1,457
Due to Other Funds	508	-	48	(556)	-
Developer and Other Agency Deposits	9,724	-	-	-	9,724
Due to Other Governments	230	-	34	-	264
Compensated Absences – Current Portion	-	512	35	-	547
Due in More Than One Year:					
Compensated Absences – Long-term Portion	-	2,325	160	-	2,485
<b>Total Liabilities</b>	<b>12,691</b>	<b>2,837</b>	<b>423</b>	<b>(556)</b>	<b>15,395</b>
<b>Fund Balances/Net Assets:</b>					
Total Fund Balances/Net Assets	229,083	700,734	9,031	(213)	938,635
<b>Total Liabilities and Fund Balances/Net Assets</b>	<b>\$ 241,774</b>	<b>\$ 703,571</b>	<b>\$ 9,454</b>	<b>\$ (769)</b>	<b>\$ 954,030</b>

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
*(Amounts Expressed in Thousands)*

**3) CASH AND INVESTMENTS**

Cash and investments totaled \$252,640 as of June 30, 2009. Each fund's portion of this total is reflected in the financial statement accounts entitled "Cash and investments", "Restricted cash", and "Cash and investments with fiscal agents."

All District cash and investments are on deposit with the County Treasurer with the exception of a portion of cash collected from special assessments. 100.0 percent of cash collected from special assessments is held by the District for others in trust and is on account with a third party. The cash is classified as "Cash and investments with fiscal agents" in the District's financial statements and amounted to \$3,047 at June 30, 2009.

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	\$ 249,593
Investments Held by Fiscal Agents	<u>3,047</u>
 Total Cash and Investments	 <u>\$ 252,640</u>

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

Cash and Investments Summary:	
Total Governmental Activities	\$ 241,647
Total Business-type Activities	4,932
Total Fiduciary Funds	<u>6,061</u>
 Total Cash and Investments	 <u>\$ 252,640</u>

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2009  
*(Amounts Expressed in Thousands)*

**3) CASH AND INVESTMENTS – Continued**

**A) Investments**

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

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

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

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

As of June 30, 2009, the major classes of the District's investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
With Trustee (Fiscal Agent):		
Collateralized Money Market Fund	\$ 3,047	On demand
Total with Trustee (Fiscal Agent)	<u>\$ 3,047</u>	<u>On demand</u>

**B) Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates and 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, 2009, the WAM for the Pooled Investment fund portfolio was 1.06 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.

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**3) CASH AND INVESTMENTS – Continued**

**B) Interest Rate Risk - Continued**

As noted in the County Treasurer's Investment Fund Monthly Report for June 2009, the Pooled Investment fund was rated: Aaa/MR1 by Moody's Investor Service and AAA/V1+ by Fitch Ratings.

**C) Custodial Credit Risk**

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

**D) Credit Risk**

The District's Investment Policy Statement sets forth the minimum acceptable credit ratings for investments from the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (Standard & Poor's) and P-1 (Moody's). For an issuer of long-term debt, the rating must be no less than an "A". At June 30, 2009, 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, 2009, there were no investments that constitute a concentration of credit risk.

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**4) RECEIVABLES**

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

Governmental activities:

	Taxes	Accounts	Interest	Due From Other Governments	Total Receivables
General Fund	\$ 158	\$ 269	\$ 17	\$ 4	\$ 448
Zone 1	337	7	62	-	406
Zone 2	555	-	137	-	692
Zone 3	83	1	29	2	115
Zone 4	684	1	169	517	1,371
Zone 5	223	13	35	300	571
Zone 6	173	222	65	1,150	1,610
Zone 7	193	-	84	186	463
NPDES Whitewater	10	-	1	27	38
NPDES Santa Ana	66	3	11	8	88
NPDES Margarita	12	-	1	-	13
Internal Service Funds	-	9	16	-	25
Total Governmental Activities	<u>\$ 2,494</u>	<u>\$ 525</u>	<u>\$ 627</u>	<u>\$ 2,194</u>	<u>\$ 5,840</u>

Business-type activities:

	Accounts	Interest	Due From Other Governments	Total Receivables
Subdivision Operations	\$ 1504	\$ 18	\$ 29	\$ 1,551
Other Enterprise Funds	64	2	23	89
Total Business-type Activities	<u>\$ 1,568</u>	<u>\$ 20</u>	<u>\$ 52</u>	<u>\$ 1,640</u>

**5) DEVELOPER AND OTHER AGENCY DEPOSITS**

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

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**6) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2009, is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 14
	Zone 1	35
	Zone 2	33
	Zone 3	8
	Zone 4	53
	Zone 5	12
	Zone 6	28
	Zone 7	11
	NPDES Whitewater	4
	NPDES Santa Ana	9
	NPDES Margarita	3
	Subdivision Operations	6
	Nonmajor Enterprise Funds	2
	Internal Service Funds	38
		<u>256</u>
Zone 4	Zone 1	<u>107</u>
Capital Project Fund	General Fund	<u>(3)</u>
Subdivision Operations	General Fund	<u>1</u>
Nonmajor Enterprise Funds	Zone 2	3
	Zone 4	1
		<u>4</u>
Hydrology*	Zone 1	7
	Zone 2	10
	Zone 3	1
	Zone 4	11
	Zone 5	2
	Zone 6	3
	Zone 7	3
		<u>37</u>
Garage-Fleet Operation*	General Fund	2
	Zone 1	35
	Zone 2	7
	Zone 3	7
	Zone 4	33

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**6) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued**

Due To/From Other Funds - Continued:

Receivable Fund	Payable Fund	Amount
Garage-Fleet Operation*		
Continued	Zone 5	2
	Zone 6	6
	Zone 7	9
	NPDES Whitewater	-
	NPDES Santa Ana	1
	NPDES Margarita	-
	Subdivision Operations	-
	Nonmajor Enterprise Funds	1
	Internal Service Funds	4
		<u>107</u>
Project Maintenance		
Operation*	Zone 1	1
	Zone 2	1
	Zone 3	-
	Zone 4	1
	Zone 5	-
	Zone 6	1
	Zone 7	1
		<u>5</u>
Data Processing*		
	General Fund	14
	Zone 1	4
	Zone 2	6
	Zone 3	2
	Zone 4	7
	Zone 5	2
	Zone 6	4
	Zone 7	2
	NPDES Whitewater	1
	NPDES Santa Ana	2
	NPDES Margarita	1
	Subdivision Operations	2
	Nonmajor Enterprise Funds	-
	Internal Service Funds	6
		<u>53</u>
Total		<u>\$ 567</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.

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**6) 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	Capital Project Fund	\$ 52	Capital Project Payments
Zone 2	Capital Project Fund	77	Capital Project Payments
Zone 3	Capital Project Fund	11	Capital Project Payments
Zone 4	Capital Project Fund	88	Capital Project Payments
Zone 5	Capital Project Fund	17	Capital Project Payments
Zone 6	Capital Project Fund	27	Capital Project Payments
Zone 7	Capital Project Fund	28	Capital Project Payments
Zone 1	Internal Service Fund	71	
Zone 2	Internal Service Fund	104	
Zone 3	Internal Service Fund	15	
Zone 4	Internal Service Fund	120	
Zone 5	Internal Service Fund	23	
Zone 6	Internal Service Fund	36	
Zone 7	Internal Service Fund	39	
Internal Service Fund	Zone 1	55	Reimbursement
Internal Service Fund	Zone 2	82	Reimbursement
Internal Service Fund	Zone 3	12	Reimbursement
Internal Service Fund	Zone 4	94	Reimbursement
Internal Service Fund	Zone 5	18	Reimbursement
Internal Service Fund	Zone 6	28	Reimbursement
Internal Service Fund	Zone 7	30	Reimbursement
Internal Service Fund	Internal Service Fund	706	
Total		<u>\$ 1,733</u>	

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

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**7) CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Retirements	Transfers and Adjustments	Ending Balance
<u>Governmental Activities:</u>					
<i>Capital Asset, Nondepreciable:</i>					
Land and Easements	\$ 186,750	\$ 14,364	\$ (68)	\$ -	\$ 201,046
Construction in Progress	22,505	3,042	-	(5,405)	20,142
Total Capital Assets, Nondepreciable	<u>209,255</u>	<u>17,406</u>	<u>(68)</u>	<u>(5,405)</u>	<u>221,188</u>
<i>Capital Assets, Depreciable</i>					
Infrastructure	519,853	34,673	-	5,405	559,931
Land Improvements	110	-	-	-	110
Buildings and Improvements	9,639	157	-	-	9,796
Equipment	12,839	1,368	(627)	-	13,580
Total Capital Assets, Depreciable	<u>542,441</u>	<u>36,198</u>	<u>(627)</u>	<u>5,405</u>	<u>583,417</u>
Less Accumulated Depreciation for:					
Infrastructure	(79,862)	(7,021)	-	-	(86,883)
Land Improvements	(11)	-	-	-	(11)
Buildings and Improvements	(2,817)	(194)	-	-	(3,011)
Equipment	(10,158)	(1,009)	606	-	(10,561)
Total Accumulated Depreciation	<u>(92,848)</u>	<u>(8,224)</u>	<u>606</u>	<u>-</u>	<u>(100,466)</u>
Total Capital Assets, Depreciable, Net	<u>449,593</u>	<u>27,974</u>	<u>(21)</u>	<u>5,405</u>	<u>482,951</u>
Governmental Activities Capital Assets, Net	<u>\$ 658,848</u>	<u>\$ 45,380</u>	<u>\$ (89)</u>	<u>\$ -</u>	<u>\$ 704,139</u>
<u>Business-type Activities:</u>					
<i>Capital Assets, Depreciable</i>					
Equipment	\$ 560	\$ 24	\$ (5)	\$ -	\$ 579
Total Capital Assets, Depreciable	<u>560</u>	<u>24</u>	<u>(5)</u>	<u>-</u>	<u>579</u>
Less Accumulated Depreciation for:					
Equipment	(521)	(27)	5	-	(543)
Total Accumulated Depreciation	<u>(521)</u>	<u>(27)</u>	<u>5</u>	<u>-</u>	<u>(543)</u>
Total Capital Assets, Depreciable, Net	<u>39</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>36</u>
Business-type Activities Capital Assets, Net	<u>\$ 39</u>	<u>\$ (3)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36</u>

**Riverside County Flood Control and Water Conservation District**  
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**7) CAPITAL ASSETS - Continued**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 241
Public Ways and Facilities	7,021
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.	962
Total Depreciation Expense – Governmental Functions	<u>\$ 8,224</u>

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

Other Enterprise Funds	\$ 27
Total Depreciation Expense – Business-type Functions	<u>\$ 27</u>

**8) LONG-TERM OBLIGATIONS**

The following is a summary of long-term liability transactions for the year ended June 30, 2009:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 2,481	\$ 788	\$ (237)	\$ 3,032	\$ 547
Total Governmental Activities – Long-term Liabilities	<u>\$ 2,481</u>	<u>\$ 788</u>	<u>\$ (237)</u>	<u>\$ 3,032</u>	<u>\$ 547</u>
<u>Business-type Activities:</u>					
Compensated Absences	\$ 252	\$ 0	\$ (144)	\$ 108	\$ 20
Total Business-type Activities – Long-term Liabilities	<u>\$ 252</u>	<u>\$ 0</u>	<u>\$ (144)</u>	<u>\$ 108</u>	<u>\$ 20</u>

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

**9) SPECIAL ASSESSMENT BONDS**

Debt without Government Obligation

The District issued special assessment bonds 4-5 and the Elsinore Valley Benefit District (Zone 3) for the construction of flood control facilities in Zones 3 and 4 of the Special Revenue Funds. The bonds are to be repaid through special assessment revenues and are not considered obligations of the District, as the District's duties are limited to acting as an agent for the assessed property owners and the bondholders. Accordingly, these bonds are not reflected in the accompanying financial statements.

**Riverside County Flood Control and Water Conservation District**  
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**9) SPECIAL ASSESSMENT BONDS - Continued**

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

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

At June 30, 2009, the reserve balances for bonds in District 4-5 and the Zone 3 Elsinore Valley Benefit District were included in the agency fund cash and investments or cash with fiscal agent balances, and amounted to \$273 and \$457, respectively. 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:

1990 Improvement District 4-5 Bonds, bearing interest of 7.7 percent, due in semi-annual installments of \$235 to \$260, plus interest, through September 2, 2010.	\$ 495
1993 Zone 3 – Limited Obligation Improvement Bonds, bearing interest of 7.9 percent, due in annual installments of \$260 to \$475 plus interest, through September 1, 2017.	<u>3,225</u>
Total special assessment bonds without governmental obligation:	<u>\$ 3,720</u>

**10) NET ASSETS/FUND BALANCES**

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

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

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

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**11) SELF-INSURANCE PROGRAM**

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

The maximum coverage under the workers' compensation policy is \$500 per claim, and there is no deductible. The County allocates an annual premium to the District based on current payroll costs and an experience modification. The annual premium to the District in fiscal year 2009 was approximately \$229.

**12) RETIREMENT PLAN**

**Plan Description**

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

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

**Funding Policy**

Active plan members in the CalPERS hired after January 9, 1992 (SEIU bargaining unit) and September 3, 1992 (LIUNA bargaining unit) are required to contribute 7 or 8 percent of their annual covered salary, depending on their hire date, for the first five (5) years of continuous service. Commencing the sixth (6<sup>th</sup>) year of continuous service, the District pays the plan member's share of the contribution. The District makes the contribution required of District employees hired prior to the aforementioned dates, respectively, on their behalf and for their account. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2008-09, the employer contribution rate was 13.1 percent.

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**12) RETIREMENT PLAN - Continued**

**Annual Pension Cost and Net Pension Obligation (Asset)**

Three-Year Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (NPA)
June 30, 2007	\$ 1,607	100%	\$ (2,501)
June 30, 2008	\$ 1,752	100%	\$ (2,362)
June 30, 2009	\$ 1,874	100%	\$ (2,223)

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

Annual Required Contribution	\$ 1,874
Interest on Net Pension Obligation (Asset)	-
Adjustments to Annual Required Contribution	-
Annual Pension Cost	1,874
Contributions Made	(1,874)
Pension Asset Amortization	139
Increase (Decrease) in Net Pension Obligation (Asset)	139
Net Pension Obligation (Asset) Beginning of Year	(2,362)
Net Pension Obligation (Asset) End of Year	<u>\$ (2,223)</u>

**Actuarial Assumptions**

For 2009, the District's annual pension cost of \$1,874 was equal to the District's required contributions. The District's actual contributions were \$1,874, which reflects the required contribution. The annual required contribution was determined as part of the June 30, 2006 actuarial valuation of the plan using the Entry Age Actuarial Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year represents the normal cost.

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**12) RETIREMENT PLAN - Continued**

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

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

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

**13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

The District participates in the County's program that provides retiree medical benefits for eligible retirees enrolled in County-sponsored plans. 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, 45 District employees of an average retirement age meet these eligibility requirements and will be covered upon retirement. Another 115 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 will cease effective January 1, 2011, at which time all retirees will be 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.

**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.

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**13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued**

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 fully pre-fund the ARC in fiscal year 2008-09.

The District's annual OPEB cost, net OPEB obligation (asset) and the related information for fiscal year ending 2009 were as follows:

Annual Required Contribution	\$ 25
Interest on Net Pension Obligation (Asset)	(6)
Adjustments to Annual Required Contribution	4
Annual Pension Cost	<u>23</u>
Contributions Made	(93)
Pension Asset Amortization	-
Increase (Decrease) in Net Pension Obligation (Asset)	<u>(70)</u>
Net OPEB Obligation (Asset) Beginning of Year	(71)
Net OPEB Obligation (Asset) End of Year	<u>\$ (141)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

Three-Year Trend Information<sup>1</sup>

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset (NOA)
June 30, 2008	\$ 29	345%	\$ (71)
June 30, 2009	\$ 23	404%	\$ (141)

<sup>1</sup> GASB 45 implemented in 2007-08 reporting year. Three year trend information is not available.

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**13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued**

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009, was as follows:

	2009	2008
Actuarial Accrued Liability (a)	\$ 660	\$ 303
Actuarial Value on Plan Assets (b)	105	-
Unfunded Actuarial Accrued Liability (Funding Excess) (a) - (b)	555	303
Funded Ratio (b) / (a)	15.91%	0.00%
Covered Payroll (c)	\$ 14,396	\$ 14,656
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll $[(a) - (b)] / (c)$	3.86%	2.07%

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	06/30/2009
Actuarial Cost Method	Entry Age Actuarial Cost
Amortization Method	Level Percentage of Projected Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	15-year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	3.25%
Healthcare Inflation Rate	10.00% Initial 5.00% Ultimate

**14) CONTINGENCIES**

**Lawsuits and Other Claims**

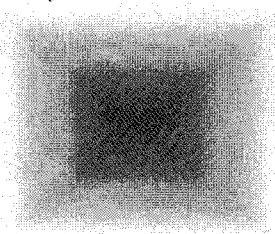
The District is named in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the District's financial position, results or operations.

# REQUIRED SUPPLEMENTARY INFORMATION

*Lake Hemet Flood Gates*



Photo Courtesy of:  
*Jeff Nanney*



## CONTENTS

*Schedule of Funding Progress for PERS*  
*Notes to the Required Supplementary Information*  
*Budgetary Comparison Schedules:*  
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**Riverside County Flood Control and Water Conservation District**  
**Schedule of Funding Progress for PERS**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

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

*Required Supplementary Information*  
*Schedule of Funding Progress – Retirement Program*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2006	\$ 75,422	\$ 84,198	\$ 8,776	89.6%	\$ 13,042	67.3%
June 30, 2007	\$ 82,383	\$ 90,833	\$ 8,450	90.7%	\$ 13,818	61.2%
June 30, 2008	\$ 88,463	\$ 98,300	\$ 9,837	90.0%	\$ 14,137	69.6%

*Required Supplementary Information*  
*Schedule of Funding Progress – OPEB<sup>1</sup>*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2008	\$ -	\$ 303	\$ 303	0.0%	\$ 14,656	2.1%
June 30, 2009	\$ 105	\$ 660	\$ 555	15.9%	\$ 14,396	3.7%

<sup>1</sup> GASB 45 implemented in 2007-08 reporting year. Three year trend information is not available.

**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 Section 29000-29143 of the Government Code of the State of California (the Government Code, commonly known as the County Budget Act), the District prepares and adopts a budget 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 major appropriation level within each organization for the following classes:

- ◆ Salaries and benefits (which include personnel services)
- ◆ Services and supplies (which include contractual services, supplies and materials, and administrative charges)
- ◆ Capital outlay
- ◆ Debt service payments for principal and interest
- ◆ Transfers

Encumbrances are commitments related to executory contracts 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 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, 2009  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 3,793	\$ 3,793	\$ 3,697	\$ (96)
Intergovernmental	47	47	44	(3)
Charges for Services	1,763	1,763	1,372	(391)
Charges for Administrative Services	5,200	5,200	4,252	(948)
Investment Income	193	193	151	(42)
Use of Assets	4	4	5	1
Total Revenues	11,000	11,000	9,521	(1,479)
<b>EXPENDITURES</b>				
General Government				
Salaries and Benefits	5,463	6,413	4,879	1,534
Services and Supplies	5,293	4,428	3,492	936
Capital Outlay	144	59	53	6
Total Expenditures	10,900	10,900	8,424	2,476
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	100	100	1,097	997
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	144	144	-	(144)
Transfers Out	(3)	(3)	-	3
Total Other Financing Sources (Uses)	141	141	-	(141)
Net Change in Fund Balance	241	241	1,097	856
Fund Balance, Beginning of Year	3,933	3,933	3,933	-
Fund Balance, End of Year	\$ 4,174	\$ 4,174	\$ 5,030	\$ 856

## **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, 2009  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 8,687	\$ 8,687	\$ 8,671	\$ (16)
Intergovernmental	94	94	94	-
Charges for Services	207	207	423	216
Area Drainage Fees	2	2	115	113
Investment Income	775	775	580	(195)
Use of Assets	80	80	64	(16)
Total Revenues	9,845	9,845	9,947	102
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	3,226	3,226	2,647	579
Services and Supplies	14,078	14,328	2,842	11,486
Capital Outlay	519	519	653	(134)
Total Expenditures	17,823	18,073	6,142	11,931
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,978)	(8,228)	3,805	12,033
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,851	1,851	55	(1,796)
Transfers Out	(1,046)	(1,046)	(123)	923
Total Other Financing Sources (Uses)	805	805	(68)	(873)
Net Change in Fund Balance	(7,173)	(7,423)	3,737	11,160
Fund Balance, Beginning of Year	20,616	20,616	20,616	-
Fund Balance, End of Year	\$ 13,443	\$ 13,193	\$ 24,353	\$ 11,160

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

**Budgetary Comparison Schedule**

**Special Revenue Fund - Zone 2**

**For the Year Ended June 30, 2009**

*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 14,286	\$ 14,286	\$ 13,813	\$ (473)
Intergovernmental	164	164	159	(5)
Charges for Services	577	577	1,299	722
Area Drainage Fees	9	9	107	98
Investment Income	1,517	1,517	1,224	(293)
Use of Assets	6	6	5	(1)
<b>Total Revenues</b>	<b>16,559</b>	<b>16,559</b>	<b>16,607</b>	<b>48</b>
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	2,969	2,969	2,346	623
Services and Supplies	16,554	17,054	2,783	14,271
Capital Outlay	939	939	-	939
<b>Total Expenditures</b>	<b>20,462</b>	<b>20,962</b>	<b>5,129</b>	<b>15,833</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(3,903)	(4,403)	11,478	15,881
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	82	82
Transfers Out	(1,524)	(1,524)	(181)	1,343
<b>Total Other Financing Sources (Uses)</b>	<b>(1,524)</b>	<b>(1,524)</b>	<b>(99)</b>	<b>1,425</b>
Net Change in Fund Balance	(5,427)	(5,927)	11,379	17,306
Fund Balance, Beginning of Year	42,340	42,340	42,340	-
Fund Balance, End of Year	\$ 36,913	\$ 36,413	\$ 53,719	\$ 17,306

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 3**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,030	\$ 2,030	\$ 1,869	\$ (161)
Intergovernmental	24	24	24	-
Charges for Services	296	296	337	41
Investment Income	409	409	263	(146)
Use of Assets	-	-	18	18
Total Revenues	2,759	2,759	2,511	(248)
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	1,016	1,016	717	299
Services and Supplies	2,449	2,449	564	1,885
Capital Outlay	1,260	1,260	-	1,260
Total Expenditures	4,725	4,725	1,281	3,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,966)	(1,966)	1,230	3,196
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	12	12
Transfers Out	(217)	(217)	(26)	191
Total Other Financing Sources (Uses)	(217)	(217)	(14)	203
Net Change in Fund Balance	(2,183)	(2,183)	1,216	3,399
Fund Balance, Beginning of Year	9,617	9,617	9,617	-
Fund Balance, End of Year	\$ 7,434	\$ 7,434	\$ 10,833	\$ 3,399

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

**Budgetary Comparison Schedule**

**Special Revenue Fund - Zone 4**

For the Year Ended June 30, 2009

*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 15,514	\$ 15,514	\$ 15,214	\$ (300)
Special Assessments	-	-	9	9
Intergovernmental	187	187	183	(4)
Charges for Services	2	2	3,994	3,992
Area Drainage Fees	384	384	686	302
Investment Income	1,870	1,870	1,477	(393)
Use of Assets	8	8	1,264	1,256
<b>Total Revenues</b>	<b>17,965</b>	<b>17,965</b>	<b>22,827</b>	<b>4,862</b>
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	4,267	4,267	3,221	1,046
Services and Supplies	13,012	12,182	9,524	2,658
Capital Outlay	1,300	2,630	2,619	11
<b>Total Expenditures</b>	<b>18,579</b>	<b>19,079</b>	<b>15,364</b>	<b>3,715</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(614)	(1,114)	7,463	8,577
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	94	94
Transfers Out	(1,755)	(1,255)	(208)	1,047
<b>Total Other Financing Sources (Uses)</b>	<b>(1,755)</b>	<b>(1,255)</b>	<b>(114)</b>	<b>1,141</b>
Net Change in Fund Balance	(2,369)	(2,369)	7,349	9,718
Fund Balance, Beginning of Year	49,852	49,852	49,852	-
Fund Balance, End of Year	\$ 47,483	\$ 47,483	\$ 57,201	\$ 9,718

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 5**  
**For the Year Ended June 30, 2009**  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 3,133	\$ 3,133	\$ 3,188	\$ 55
Intergovernmental	37	37	36	(1)
Charges for Services	302	302	487	185
Investment Income	405	405	321	(84)
Use of Assets	-	-	-	-
Total Revenues	3,877	3,877	4,032	155
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	1,028	1,028	853	175
Services and Supplies	2,448	2,448	489	1,959
Capital Outlay	35	35	-	35
Total Expenditures	3,511	3,511	1,342	2,169
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	366	366	2,690	2,324
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	18	18
Transfers Out	(339)	(339)	(40)	299
Total Other Financing Sources (Uses)	(339)	(339)	(22)	317
Net Change in Fund Balance	27	27	2,668	2,641
Fund Balance, Beginning of Year	11,408	11,408	11,408	-
Fund Balance, End of Year	\$ 11,435	\$ 11,435	\$ 14,076	\$ 2,641

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 6**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Property Taxes	\$ 4,576	\$ 4,576	\$ 4,661	\$ 85
Intergovernmental	-	-	50	50
Charges for Services	-	-	10	10
Investment Income	1,074	1,074	657	(417)
Use of Assets	110	110	-	(110)
	<u>5,760</u>	<u>5,760</u>	<u>5,378</u>	<u>(382)</u>
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	1,667	1,667	1,340	327
Services and Supplies	5,371	5,371	1,763	3,608
Capital Outlay	5,950	5,950	2,600	3,350
	<u>12,988</u>	<u>12,988</u>	<u>5,703</u>	<u>7,285</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(7,228)</u>	<u>(7,228)</u>	<u>(325)</u>	<u>6,903</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	28	28
Transfers Out	(531)	(531)	(63)	468
	<u>(531)</u>	<u>(531)</u>	<u>(35)</u>	<u>496</u>
Net Change in Fund Balance	(7,759)	(7,759)	(360)	7,399
Fund Balance, Beginning of Year	26,440	26,440	26,440	-
Fund Balance, End of Year	<u>\$ 18,681</u>	<u>\$ 18,681</u>	<u>\$ 26,080</u>	<u>\$ 7,399</u>

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 7**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Property Taxes	\$ 4,903	\$ 4,903	\$ 4,678	\$ (225)
Intergovernmental	-	-	55	55
Charges for Services	32	32	8	(24)
Area Drainage Fees	230	230	92	(138)
Investment Income	1,153	1,153	876	(277)
Use of Assets	-	-	66	66
Total Revenues	6,318	6,318	5,775	(543)
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	1,287	1,287	1,053	234
Services and Supplies	4,575	4,575	2,159	2,416
Capital Outlay	2,000	2,000	260	1,740
Total Expenditures	7,862	7,862	3,472	4,390
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,544)	(1,544)	2,303	3,847
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	30	30
Transfers Out	(561)	(561)	(67)	494
Total Other Financing Sources (Uses)	(561)	(561)	(37)	524
Net Change in Fund Balance	(2,105)	(2,105)	2,266	4,371
Fund Balance, Beginning of Year	30,176	30,176	30,176	-
Fund Balance, End of Year	\$ 28,071	\$ 28,071	\$ 32,442	\$ 4,371

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - NPDES - Whitewater**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Special Assessments	\$ 277	\$ 277	\$ 279	\$ 2
Charges for Services	373	373	330	(43)
Investment Income	6	6	11	5
Total Revenues	656	656	620	(36)
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	317	297	226	71
Service and Supplies	463	483	472	11
Total Expenditures	780	780	698	82
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(124)	(124)	(78)	46
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1)	(1)	-	1
Total Other Financing Sources (Uses)	(1)	(1)	-	1
Net Change in Fund Balance	(125)	(125)	(78)	47
Fund Balance, Beginning of Year	448	448	448	-
Fund Balance, End of Year	\$ 323	\$ 323	\$ 370	\$ 47

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - NPDES - Santa Ana**  
**For the Year Ended June 30, 2009**  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Special Assessments	\$ 2,090	\$ 2,090	\$ 2,148	\$ 58
Charges for Services	100	100	100	-
Investment Income	97	97	106	9
Total Revenues	2,287	2,287	2,354	67
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	626	619	529	90
Service and Supplies	2,191	2,232	1,566	666
Total Expenditures	2,817	2,851	2,095	756
Excess (Deficiency) of Revenues Over (Under) Expenditures	(530)	(564)	259	823
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2)	(9)	-	9
Total Other Financing Sources (Uses)	(2)	(9)	-	9
Net Change in Fund Balance	(532)	(573)	259	832
Fund Balance, Beginning of Year	4,038	4,038	4,038	-
Fund Balance, End of Year	\$ 3,506	\$ 3,465	\$ 4,297	\$ 832

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - NPDES - Santa Margarita**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Special Assessments	\$ 420	\$ 420	\$ 457	\$ 37
Charges for Services	393	393	422	29
Investment Income	10	10	13	3
Total Revenues	823	823	892	69
<b>EXPENDITURES</b>				
Public Ways and Facilities				
Salaries and Benefits	294	293	242	51
Service and Supplies	569	719	693	26
Total Expenditures	863	1,012	935	77
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(40)	(189)	(43)	146
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1)	(1)	-	1
Total Other Financing Sources (Uses)	(1)	(1)	-	1
Net Change in Fund Balance	(41)	(190)	(43)	147
Fund Balance, Beginning of Year	558	558	558	-
Fund Balance, End of Year	\$ 517	\$ 368	\$ 515	\$ 147

# SUPPLEMENTARY INFORMATION

*Lake Hemet Spillway*



Photo Courtesy of:  
*Jeff Nanney*

## 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, 2009  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Investment Income	\$ 3	\$ 3	\$ 1	\$ (2)
Total Revenues	3	3	1	(2)
<b>EXPENDITURES</b>				
Capital Outlay	5,375	5,375	157	5,218
Total Expenditures	5,375	5,375	157	5,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,372)	(5,372)	(156)	5,216
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,400	5,400	300	(5,100)
Total Other Financing Sources (Uses)	5,400	5,400	300	(5,100)
Net Change in Fund Balance	28	28	144	116
Fund Balance, Beginning of Year	23	23	23	-
Fund Balance, End of Year	\$ 51	\$ 51	\$ 167	\$ 116

**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 Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2009**  
*(Amounts Expressed in Thousands)*

	Photogrammetry Operations	Encroachment Permits	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Investments	\$ 392	\$ 220	\$ 612
Restricted Cash	-	291	291
Receivables:			
Accounts Receivable	-	64	64
Interest Receivable	1	1	2
Due from Other Funds	4	-	4
Due from Other Governments	1	22	23
	<hr/>	<hr/>	<hr/>
Total Current Assets	398	598	996
<b>Noncurrent Assets:</b>			
Capital Assets:			
Depreciable, Net	36	-	36
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 434	\$ 598	\$ 1,032
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Salaries and Benefits Payable	\$ -	\$ 8	\$ 8
Due to Other Funds	-	3	3
Compensated Absences - Current Portion	2	2	4
Developer and Other Agency Deposits	-	311	311
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	2	324	326
<b>Noncurrent Portion of Long-term Liabilities:</b>			
Compensated Absences	8	9	17
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	8	9	17
	<hr/>	<hr/>	<hr/>
Total Liabilities	10	333	343
	<hr/>	<hr/>	<hr/>
<b>Net Assets</b>			
Invested in Capital Assets	36	-	36
Unrestricted	388	265	653
	<hr/>	<hr/>	<hr/>
Total Net Assets	424	265	689
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 434	\$ 598	\$ 1,032
	<hr/>	<hr/>	<hr/>

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Photogrammetry Operations	Encroachment Permits	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 288	\$ 248	\$ 536
<b>OPERATING EXPENSES</b>			
Personnel Services	106	133	239
Administrative Services	20	90	110
Services and Supplies	90	11	101
Depreciation	27	-	27
Total Operating Expenses	243	234	477
Operating Income (Loss)	45	14	59
<b>NONOPERATING REVENUES</b>			
Investment Income	8	14	22
Change in Net Assets	53	28	81
Net Assets, Beginning of Year	371	237	608
Net Assets, End of Year	\$ 424	\$ 265	\$ 689

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Photogrammetry Operations	Encroachment Permits	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers/Other Funds	\$ 283	\$ 269	\$ 552
Cash Paid to Suppliers for Goods and Services	(110)	(105)	(215)
Cash Paid to Employees for Services	(116)	(135)	(251)
Net Cash Provided by (Used in) Operating Activities	57	29	86
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(24)	-	(24)
Net Cash Used in Capital and Related Financing Activities	(24)	-	(24)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	10	16	26
Net Cash Provided by Investing Activities	10	16	26
Net Change in Cash and Cash Equivalents	43	45	88
Cash and Cash Equivalents, Beginning of Year	349	466	815
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 392</b>	<b>\$ 511</b>	<b>\$ 903</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income	\$ 45	\$ 14	\$ 59
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	27	-	27
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	4	4
Due from Other Funds	(4)	-	(4)
Due from Other Governments	(1)	(22)	(23)
Increase (Decrease) in:			
Accounts Payable	-	(7)	(7)
Salaries and Benefits Payable	(4)	2	(2)
Due to Other Funds	-	3	3
Compensated Absences	(6)	(4)	(10)
Developer and Other Agency Deposits	-	39	39
Net Cash Provided by (Used in) Operating Activities	\$ 57	\$ 29	\$ 86

**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.

*Photography Fund:* This fund was established to account for revenues and expenses related to photography services performed by the Photogrammetry section. The photography function of the Photogrammetry section is a self-supporting function and receives revenue for photography services provided to other sections of the District, to other governmental agencies and to the general fund.

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**

June 30, 2009

(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Investments	\$ 77	\$ 1,124	\$ 478
Restricted Cash	-	1,000	-
Receivables:			
Accounts Receivable	-	-	-
Interest Receivable	-	5	1
Due from Other Funds	37	107	5
Inventories	-	77	150
	<hr/>	<hr/>	<hr/>
Total Current Assets	114	2,313	634
	<hr/>	<hr/>	<hr/>
<b>Noncurrent Assets:</b>			
Capital Assets:			
Depreciable, Net	-	2,694	-
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 114	\$ 5,007	\$ 634
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 3	\$ 21	\$ 2
Salaries and Benefits Payable	16	29	5
Due to Other Funds	9	15	-
Compensated Absences - Current Portion	4	10	1
Due to Other Governments	34	-	-
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	66	75	8
	<hr/>	<hr/>	<hr/>
<b>Noncurrent Portion of Long-Term Liabilities:</b>			
Compensated Absences	21	45	3
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	21	45	3
	<hr/>	<hr/>	<hr/>
Total Liabilities	87	120	11
	<hr/>	<hr/>	<hr/>
<b>Net Assets:</b>			
Invested in Capital Assets	-	2,694	-
Unrestricted	27	2,193	623
	<hr/>	<hr/>	<hr/>
Total Net Assets	27	4,887	623
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 114	\$ 5,007	\$ 634
	<hr/>	<hr/>	<hr/>

Mapping Services	Data Processing	Photography	Total
\$ 847	\$ 2,541	\$ -	\$ 5,067
1	-	-	1,001
9	-	-	9
3	7	-	16
-	53	-	202
-	-	-	227
860	2,601	-	6,522
135	103	-	2,932
\$ 995	\$ 2,704	\$ -	\$ 9,454
\$ 1	\$ 9	\$ -	\$ 36
13	47	-	110
6	18	-	48
4	16	-	35
-	-	-	34
24	90	-	263
19	72	-	160
19	72	-	160
43	162	-	423
135	103	-	2,932
817	2,439	-	6,099
952	2,542	-	9,031
\$ 995	\$ 2,704	\$ -	\$ 9,454

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Hydrology Services	Garage	Project Maintenance
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 757	\$ 3,164	\$ 1,051
<b>OPERATING EXPENSES</b>			
Personnel Services	293	622	12
Administrative Services	81	176	2
Services and Supplies	329	954	833
Depreciation	-	867	-
Total Operating Expenses	703	2,619	847
Operating Income (Loss)	54	545	204
<b>NONOPERATING REVENUES</b>			
Investment Income	2	43	6
Gain on Sale of Capital Assets	-	9	-
Total Nonoperating Revenues	2	52	6
Income (Loss) Before Transfers	56	597	210
Transfers In	-	408	-
Transfers Out	-	-	-
Total Transfers In (Out)	-	408	-
Change in Net Assets	56	1,005	210
Net Assets, Beginning of Year	(29)	3,882	413
Net Assets, End of Year	\$ 27	\$ 4,887	\$ 623

<u>Mapping Services</u>	<u>Data Processing</u>	<u>Photography</u>	<u>Total</u>
<u>\$ 454</u>	<u>\$ 1,469</u>	<u>\$ -</u>	<u>\$ 6,895</u>
260	1,039	-	2,226
63	205	-	527
105	983	-	3,204
<u>39</u>	<u>56</u>	<u>-</u>	<u>962</u>
<u>467</u>	<u>2,283</u>	<u>-</u>	<u>6,919</u>
<u>(13)</u>	<u>(814)</u>	<u>-</u>	<u>(24)</u>
29	75	-	155
<u>1</u>	<u>-</u>	<u>-</u>	<u>10</u>
<u>30</u>	<u>75</u>	<u>-</u>	<u>165</u>
17	(739)	-	141
706	-	-	1,114
<u>(319)</u>	<u>-</u>	<u>(706)</u>	<u>(1,025)</u>
<u>387</u>	<u>-</u>	<u>(706)</u>	<u>89</u>
404	(739)	(706)	230
<u>548</u>	<u>3,281</u>	<u>706</u>	<u>8,801</u>
<u>\$ 952</u>	<u>\$ 2,542</u>	<u>\$ -</u>	<u>\$ 9,031</u>

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Year Ended June 30, 2009  
*(Amounts Expressed in Thousands)*

	Hydrology Services	Garage	Project Maintenance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts from Interfund Services Provided	\$ 720	\$ 3,057	\$ 1,046
Cash Paid to Suppliers for Goods and Services	(464)	(1,194)	(757)
Cash Paid to Employees for Services	(309)	(660)	(5)
Net Cash Provided by (Used in) Operating Activities	(53)	1,203	284
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers Received	-	408	-
Net Cash Provided by Noncapital Financing Activities	-	408	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from Sale of Capital Assets	-	9	-
Acquisition and Construction of Capital Assets	-	(1,210)	-
Net Cash Used in Capital and Related Financing Activities	-	(1,201)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	3	46	6
Net Cash Provided by Investing Activities	3	46	6
Net Change in Cash and Cash Equivalents	(50)	456	290
Cash and Cash Equivalents, Beginning of Year	127	1,668	188
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 77</b>	<b>\$ 2,124</b>	<b>\$ 478</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income (Loss)	\$ 54	\$ 545	\$ 204
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	-	867	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	-	-
Due from Other Funds	(37)	(107)	(5)
Inventories	-	4	100
Increase (Decrease) in:			
Accounts Payable	(15)	(83)	(22)
Salaries and Benefits Payable	3	1	4
Due to Other Funds	9	15	-
Compensated Absences	(19)	(39)	3
Due to Other Governments	(48)	-	-
Net Cash Provided by (Used in) Operating Activities	<b>\$ (53)</b>	<b>\$ 1,203</b>	<b>\$ 284</b>

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

Mapping Services	Data Processing	Photography	Total
\$ 449	\$ 1,416	\$ 11	\$ 6,699
(162)	(1,182)	(5)	(3,764)
(257)	(1,053)	(19)	(2,303)
30	(819)	(13)	632
387	-	(706)	89
387	-	(706)	89
1	-	-	10
(74)	(31)	27	(1,288)
(73)	(31)	27	(1,278)
29	91	5	180
29	91	5	180
373	(759)	(687)	(377)
475	3,300	687	6,445
\$ 848	\$ 2,541	\$ -	\$ 6,068
\$ (13)	\$ (814)	\$ -	\$ (24)
39	56	-	962
(5)	-	11	6
-	(53)	-	(202)
-	-	-	104
-	(12)	(5)	(137)
5	10	(5)	18
6	18	-	48
(2)	(24)	(14)	(95)
-	-	-	(48)
\$ 30	\$ (819)	\$ (13)	\$ 632

## **Riverside County Flood Control and Water Conservation District Agency Funds**

Special assessment/improvement districts with debt without government obligation:

*Improvement District 4-2:* The improvement district was formed and bonds issued to finance purchase of rights-of-way and the preparation of plans for the construction of flood control improvements. The project will convey flood flows through San Jacinto River – Zone 4 via an unlined, open channel and utilize two existing retention basins.

*Assessment District 4-5:* The assessment district was formed and bonds issued to finance the construction of the Bradley Road Channel. The Bradley Road Channel is a retention basin and outlet channel in the unincorporated area of Riverside County, south of Sun City along Bradley Road between Holland Road on the south and Salt Creek Channel on the north.

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

### **Other Agency Funds**

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

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

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

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2009**  
*(Amounts Expressed in Thousands)*

	Beginning Balance	Additions	Deletions	Ending Balance
<hr/> <b>District 4-2</b> <hr/>				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ -	\$ 741	\$ 741	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 741</u>	<u>\$ 741</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Matured Bonds Payable	\$ -	\$ 25	\$ 25	\$ -
Due to Bondholders	<u>-</u>	<u>746</u>	<u>746</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 771</u>	<u>\$ 771</u>	<u>\$ -</u>
<hr/> <b>District 4-5</b> <hr/>				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 533	\$ 317	\$ 237	\$ 613
Total Assets	<u>\$ 533</u>	<u>\$ 317</u>	<u>\$ 237</u>	<u>\$ 613</u>
<b>LIABILITIES</b>				
Matured Bonds Payable	\$ 5	\$ 15	\$ -	\$ 20
Due to Bondholders	<u>528</u>	<u>317</u>	<u>252</u>	<u>593</u>
Total Liabilities	<u>\$ 533</u>	<u>\$ 332</u>	<u>\$ 252</u>	<u>\$ 613</u>
<hr/> <b>Elsinore Valley Benefit District - Zone 3</b> <hr/>				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 2,394	\$ 377	\$ 337	\$ 2,434
Total Assets	<u>\$ 2,394</u>	<u>\$ 377</u>	<u>\$ 337</u>	<u>\$ 2,434</u>
<b>LIABILITIES:</b>				
Due to Bondholders	<u>\$ 2,394</u>	<u>\$ 377</u>	<u>\$ 337</u>	<u>\$ 2,434</u>
Total Liabilities	<u>\$ 2,394</u>	<u>\$ 377</u>	<u>\$ 337</u>	<u>\$ 2,434</u>

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2009**  
*(Amounts Expressed in Thousands)*

	Beginning Balance	Additions	Deletions	Ending Balance
<b>SAMP Grant</b>				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 24	\$ 1	\$ -	\$ 25
Total Assets	<u>\$ 24</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 25</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 24	\$ 1	\$ -	\$ 25
Total Liabilities	<u>\$ 24</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 25</u>
<b>Flood Stop Notices</b>				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 2	\$ -	\$ -	\$ 2
Total Assets	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2	\$ -	\$ -	\$ 2
Total Liabilities	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
<b>Special Subdivision</b>				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 3,248	\$ 370	\$ 631	\$ 2,987
Total Assets	<u>\$ 3,248</u>	<u>\$ 370</u>	<u>\$ 631</u>	<u>\$ 2,987</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,248	\$ 370	\$ 631	\$ 2,987
Total Liabilities	<u>\$ 3,248</u>	<u>\$ 370</u>	<u>\$ 631</u>	<u>\$ 2,987</u>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and Investments	\$ 3,274	\$ 371	\$ 631	\$ 3,014
Cash and Investments with Fiscal Agents	2,927	1,435	1,315	3,047
Total Assets	<u>\$ 6,201</u>	<u>\$ 1,806</u>	<u>\$ 1,946</u>	<u>\$ 6,061</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,250	\$ 370	\$ 631	\$ 2,989
Matured Bonds Payable	5	40	25	20
Due to Bondholders	2,922	1,440	1,335	3,027
Due to Other Governments	24	1	-	25
Total Liabilities	<u>\$ 6,201</u>	<u>\$ 1,851</u>	<u>\$ 1,991</u>	<u>\$ 6,061</u>

# STATISTICAL SECTION

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- Financial Trends** 83  
*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*
- Revenue Capacity** 93  
*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*
- Debt Capacity** 98  
*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*
- Demographic and Economic Information** 103  
*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*
- Operating Information** 106  
*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*



*"Angel Canyon Falls"  
(East of the City of Corona/Home Gardens Area)*

Photo Courtesy of:  
Jeff Nanney

**Riverside County Flood Control and Water Conservation District**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
*(Amounts Expressed in Thousands - Accrual Basis of Accounting)*

Page 1

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

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

Note: Last ten years data not available. The District implemented GASB 34 in fiscal year 2001-2002.

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

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

Page 2

<b>Fiscal Year</b>			
<b>2007</b>	<b>2008</b>	<b>2009</b>	
			<b>Governmental Activities</b>
\$ 638,773	\$ 658,848	\$ 704,139	Invested in capital assets, net of related debt
162,709	195,493	223,886	Restricted
10,000	10,124	10,610	Unrestricted
<u>\$ 811,482</u>	<u>\$ 864,465</u>	<u>\$ 938,635</u>	Total governmental activities net assets
			<b>Business - type activities</b>
\$ 54	\$ 39	\$ 36	Invested in capital assets, net of related debt
-	-	-	Restricted
2,448	3,286	3,691	Unrestricted
<u>\$ 2,502</u>	<u>\$ 3,325</u>	<u>\$ 3,727</u>	Total business-type activities net assets
			<b>Primary government</b>
\$ 638,827	\$ 658,887	\$ 704,175	Invested in capital assets, net of related debt
162,709	195,493	223,886	Restricted
12,448	13,410	14,301	Unrestricted
<u>\$ 813,984</u>	<u>\$ 867,790</u>	<u>\$ 942,362</u>	Total primary government net assets

# Riverside County Flood Control and Water Conservation District

## Changes in Net Assets

### Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 1

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

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

Note: Last ten years data not available. The District implemented GASB 34 in fiscal year 2001-2002.

# Riverside County Flood Control and Water Conservation District

## Changes in Net Assets

### Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 2

Fiscal Year		
2007	2008	2009
\$ 8,988	\$ 9,195	\$ 9,660
34,806	35,384	39,712
-	-	-
43,794	44,579	49,372
5,169	3,833	2,340
145	202	246
164	135	237
5,478	4,170	2,823
\$ 49,272	\$ 48,749	\$ 52,195
\$ 5,861	\$ 4,248	\$ 5,742
11,753	4,770	9,087
37,635	23,565	45,798
55,249	32,583	60,627
5,703	4,204	2,490
142	282	288
187	175	248
6,032	4,661	3,026
\$ 61,281	\$ 37,244	\$ 63,653
\$ 11,455	\$ (11,996)	\$ 11,255
554	491	203
\$ 12,009	\$ (11,505)	\$ 11,458
\$ 51,035	\$ 56,791	\$ 55,791
7,842	8,349	5,835
61	(161)	1,289
-	-	-
58,938	64,979	62,915
377	332	199
377	332	199
\$ 59,315	\$ 65,311	\$ 63,114
\$ 70,393	\$ 52,983	\$ 74,170
931	823	402
\$ 71,324	\$ 53,806	\$ 74,572

#### Expenses

##### Governmental Activities:

General government  
Public ways and facilities  
Interest on long-term debt  
Total governmental activities expenses

##### Business-type activities:

Subdivision operations  
Photogrammetry operations  
Enroachment permits  
Total business-type activities expenses  
Total primary government expenses

#### Program Revenues

##### Governmental Activities

Charges for services:  
General government  
Public ways and facilities  
Capital grants and contributions  
Total governmental activities program revenues

##### Business-type activities

Charges for services:  
Subdivision operations  
Photogrammetry operations  
Enroachment permits  
Total business-type activities program revenues  
Total primary government program revenues

##### Net (expense)/revenue

Governmental activities  
Business-type activities  
Total primary government net (expense)/revenue

#### General Revenues and Other Changes in

##### Net Assets

##### Governmental activities:

Taxes:  
Property Taxes  
Unrestricted interest and investment earnings  
Gain on sale of capital assets  
Other

##### Total governmental activities

##### Business-type activities:

Unrestricted interest and investment earnings  
Total business-type activities  
Total primary government

#### Change in Net Assets

Governmental activities  
Business-type activities  
Total primary government

**Riverside County Flood Control and Water Conservation District**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(Amounts Expressed in Thousands - Accrual Basis of Accounting)*

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Total</b>
2001-02	\$ 22,633	\$ 22,633
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701
2006-07	51,035	51,035
2007-08	56,791	56,791
2008-09	55,791	55,791

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

Note: Last ten years data not available. The District implemented GASB 34 in fiscal year 2001-2002.

**Riverside County Flood Control and Water Conservation District**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)*

Page 1

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved	\$ -	\$ -	\$ 6	\$ 48	\$ 1
Unreserved	2,155	1,562	1,591	2,775	2,577
Total general fund	<u>\$ 2,155</u>	<u>\$ 1,562</u>	<u>\$ 1,597</u>	<u>\$ 2,823</u>	<u>\$ 2,578</u>
All other governmental funds					
Reserved	\$ 60	\$ 76	\$ 2,998	\$ 7,049	\$ 19,051
Unreserved, reported in:					
Special revenue funds	81,223	98,095	108,072	113,398	104,904
Capital project fund	86	124	276	224	105
Total all other governmental funds	<u>\$ 81,369</u>	<u>\$ 98,295</u>	<u>\$ 111,346</u>	<u>\$ 120,671</u>	<u>\$ 124,060</u>

Source: CAFR - Balance Sheet for the Governmental Funds

**Riverside County Flood Control and Water Conservation District**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(Amounts Expressed in Thousands - Modified Accrual Basis of Accounting)*

Page 2

Fiscal Year					
2005	2006	2007	2008	2009	
\$ 1	\$ 21	\$ 1	\$ 1	\$ -	General Fund
1,360	3,469	4,411	3,932	5,030	Reserved
\$ 1,361	\$ 3,490	\$ 4,412	\$ 3,933	\$ 5,030	Unreserved
					Total general fund
\$ 3,913	\$ 1,017	\$ -	\$ -	\$ -	All other governmental funds
					Reserved
118,699	133,481	162,709	195,493	223,886	Unreserved, reported in:
88	143	104	23	167	Special revenue funds
\$ 122,700	\$ 134,641	\$ 162,813	\$ 195,516	\$ 224,053	Capital project fund
					Total all other governmental funds

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

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

Page 1

	<b>Fiscal Year</b>				
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Revenues</b>					
Property taxes	\$ 18,871	\$ 20,800	\$ 22,633	\$ 25,058	\$ 28,620
Special assessments	2,196	2,200	2,291	2,419	2,464
Inter-governmental	-	570	-	-	-
Charges for services	7,214	6,151	10,565	7,300	7,489
Area drainage fees	3,128	4,146	2,998	2,928	7,027
Interest income	3,572	5,804	2,526	1,626	913
Use of assets	420	821	1,044	4,998	671
Total revenues	<u>35,401</u>	<u>40,492</u>	<u>42,057</u>	<u>44,329</u>	<u>47,184</u>
<b>Expenditures</b>					
General government	3,891	5,345	5,386	5,649	6,793
Public ways and facilities	20,943	16,447	20,700	25,447	36,285
Capital outlay	2,897	924	1,328	1,714	596
Debt service:					
Principal	1,240	1,318	864	875	295
Interest	255	182	117	70	39
Total expenditures	<u>29,226</u>	<u>24,216</u>	<u>28,395</u>	<u>33,755</u>	<u>44,008</u>
Excess of revenues over (under) expenditures	6,175	16,276	13,662	10,574	3,176
<b>Other financing sources (uses)</b>					
Proceeds from bond issuance	-	-	-	-	-
Transfers in	1,848	2,165	1,216	1,189	374
Transfers out	(1,819)	(2,108)	(1,216)	(1,212)	(406)
Sale of Capital Assets	-	-	-	-	-
Total other financing sources (uses)	<u>29</u>	<u>57</u>	<u>-</u>	<u>(23)</u>	<u>(32)</u>
 Net change in fund balances	 <u>\$ 6,204</u>	 <u>\$ 16,333</u>	 <u>\$ 13,662</u>	 <u>\$ 10,551</u>	 <u>\$ 3,144</u>
 Debt service as a percentage of noncapital expenditures	 6.02%	 6.88%	 3.76%	 3.04%	 0.78%

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

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

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

Page 2

Fiscal Year					
2005	2006	2007	2008	2009	
					<b>Revenues</b>
\$ 32,306	\$ 42,701	\$ 51,035	\$ 56,791	\$ 55,791	Property taxes
2,347	2,436	2,620	2,705	2,893	Special assessments
-	887	4,920	463	645	Inter-governmental
18,469	11,175	8,497	6,703	13,034	Charges for services
4,629	7,541	3,847	1,406	1,000	Area drainage fees
2,703	4,463	7,629	8,095	5,680	Interest income
121	73	188	818	1,422	Use of assets
<u>60,575</u>	<u>69,276</u>	<u>78,736</u>	<u>76,981</u>	<u>80,465</u>	Total revenues
					<b>Expenditures</b>
10,169	9,139	8,545	8,601	8,371	General government
51,680	42,699	39,143	34,437	36,029	Public ways and facilities
655	3,528	1,230	1,230	6,342	Capital outlay
					Debt service:
310	325	-	-	-	Principal
24	8	-	-	-	Interest
<u>62,838</u>	<u>55,699</u>	<u>48,918</u>	<u>44,268</u>	<u>50,742</u>	Total expenditures
(2,263)	13,577	29,818	32,713	29,723	Excess of revenues over (under) expenditures
					<b>Other financing sources (uses)</b>
-	-	-	-	-	Proceeds from bond issuance
369	1,945	339	-	619	Transfers in
(683)	(2,151)	(1,063)	(489)	(708)	Transfers out
-	699	-	-	-	Sale of Capital Assets
<u>(314)</u>	<u>493</u>	<u>(724)</u>	<u>(489)</u>	<u>(89)</u>	Total other financing sources (uses)
<u>\$ (2,577)</u>	<u>\$ 14,070</u>	<u>\$ 29,094</u>	<u>\$ 32,224</u>	<u>\$ 29,634</u>	Net change in fund balances
0.54%	0.64%	0.00%	0.00%	0.00%	Debt service as a percentage of noncapital expenditures

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

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Total</b>
1999-00	\$ 18,871	\$ 18,871
2000-01	20,800	20,800
2001-02	22,633	22,633
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701
2006-07	51,305	51,305
2007-08	56,791	56,791
2008-09	55,791	55,791

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

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

Page 1

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>			<b>Personal Property</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other</b>	<b>Other</b>
2004-05	\$ 80,794,268	\$ 27,502,556	\$ 27,699,681	\$ 4,151,837
2005-06	124,594,705	33,091,453	42,964,130	4,704,815
2006-07	147,032,777	38,971,178	48,341,171	5,163,074
2007-08	144,017,064	43,619,731	49,753,730	5,589,865
2008-09	120,318,983	46,176,540	45,510,406	5,433,642

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

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

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

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

<sup>1</sup> Includes tax exempt property

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

Page 2

<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage Actual Value <sup>1</sup></b>
\$ 4,657,680.12	\$ 135,490,661.88	\$ 1.00000	\$ 140,148,342	100%
5,109,755	200,245,348	1.00000	205,355,103	100%
5,529,547	233,978,653	1.00000	239,508,200	100%
6,109,816	236,870,574	1.00000	242,980,390	100%
6,154,324	211,285,247	1.00000	217,439,571	100%

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

Overlapping Rates							
Fiscal Year	Flood Control Zone 1	County		School District	City of Riverside	Metro Water West	Total Direct & Overlapping Rates
		Riverside County General	County Wide				
1999-00	0.00000	-	1.00000	0.00000	0.00000	0.00890	1.00890
2000-01	0.00000	-	1.00000	0.00000	0.00000	0.00880	1.00880
2001-02	0.00000	-	1.00000	0.00000	0.00000	0.00770	4.00000
2002-03	0.00000	-	1.00000	0.05000	0.00000	0.00670	1.05670
2003-04	0.00000	-	1.00000	0.04993	0.00000	0.00610	1.05603
2004-05	0.00000	-	1.00000	0.05848	0.01092	0.00580	1.07520
2005-06	0.00000	-	1.00000	0.05854	0.00861	0.00520	1.07235
2006-07	0.00000	-	1.00000	0.05315	0.00821	0.00470	1.06606
2007-08	0.00000	-	1.00000	0.04775	0.00627	0.00450	1.05852
2008-09	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620

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

# Riverside County Flood Control and Water Conservation District

## Principal Property Taxpayers

June 30, 2009

(Amounts Expressed in Thousands)

Taxpayer	2009			2005		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Southern California Edison Company	\$ 15,492	1	0.51%	\$ 7,276	2	0.42%
Verizon California Inc	10,975	2	0.36%	7,461	1	0.43%
Centex Homes	8,466	3	0.28%	5,252	3	0.30%
Deutsche Bank Natl Trust Company	8,061	4	0.26%			
Southern California Gas Company	5,527	5	0.18%	3,621	5	0.21%
KB Home Coastal Inc	5,214	6	0.17%	3,924	4	0.22%
Inland Empire Energy Ctr LLC	4,706	7	0.15%			
US Bank National Association	4,154	8	0.14%			
KSL Desert Resort	4,105	9	0.13%	2,449	9	0.14%
Standard Pacific Corporation	4,061	10	0.13%			
Bank of New York	3,847	11	0.13%			
Abbott Vascular Inc	3,582	12	0.12%	2,907	8	0.17%
Pardee Homes	3,235	13	0.11%	2,303	11	0.13%
DS Hotel	3,057	14	0.10%			
Ashby USA	3,047	15	0.10%			
Pulte Home Corp				3,221	6	0.18%
Blythe Energy, LLC				3,099	7	0.18%
Murdy S.P.				2,339	10	0.13%
Tyler Mall Ltd Partnership				2,221	12	0.13%
Western Pacific Housing				2,174	13	0.12%
Costco Wholesale Corporation				1,634	14	0.09%
Starwood Mission Hills CMBS				1,621	15	0.09%
Totals	<u>\$ 87,529</u>		<u>2.87%</u>	<u>\$ 51,502</u>		<u>2.94%</u>

Source: County Treasurer-Tax Collector

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

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

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year<sup>1</sup></b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount<sup>2</sup></b>	<b>Percent of Levy</b>
1999-00	\$ 16,113	\$ 16,902	104.9%	\$ -	\$ 16,902	104.9%
2000-01	17,531	18,352	104.7%	-	18,352	104.7%
2001-02	21,108	20,494	97.1%	-	20,494	97.1%
2002-03	23,611	22,380	94.8%	-	22,380	94.8%
2003-04	27,437	23,168	84.4%	-	23,168	84.4%
2004-05	33,125	26,882	81.2%	-	26,882	81.2%
2005-06	41,048	31,566	76.9%	-	31,566	76.9%
2006-07	47,333	41,672	88.0%	-	41,672	88.0%
2007-08	46,491	48,072	103.4%	-	48,072	103.4%
2008-09	39,817	49,638	124.7%	-	49,638	124.7%

Notes:

<sup>1</sup> Based on information available November 15, 2008 from the County of Riverside, Auditor Controller's Office.

<sup>2</sup> Includes current and prior year's redemption, penalties and interest.

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

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

Sources: CAFR - Long-term Debt Schedule

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

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

<sup>1</sup> Amounts expressed in thousands, except Per Capita amount.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
1999-00	\$ 3,900	\$ 60	\$ 3,840	0.01%	\$ 2.52
2000-01	2,635	76	2,559	0.00%	1.59
2001-02	1,805	239	1,566	0.00%	0.95
2002-03	930	242	688	0.00%	0.40
2003-04	635	242	393	0.00%	0.22
2004-05	325	242	83	0.00%	0.04
2005-06	-	-	-	-	-
2006-07	-	-	-	-	-
2007-08	-	-	-	-	-
2008-09	-	-	-	-	-

Sources: State of California, Department of Finance

Notes:

<sup>1</sup> Calculation based on assessed valuations reported for the District only.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

<sup>2</sup> Amounts expressed in thousands, except Per Capita amount.

**Riverside County Flood Control and Water Conservation District**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2009**  
*(Amounts Expressed in Thousands)*

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

Source: CAFR - Notes to Basic Financial Statements, Note 8 Long-term Obligations

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

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

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed Value	\$ 156,740,432
Add back: exempt real property	<u>\$ -</u>
Total assessed value	21,000
Debt limit (lesser of 2% of assessed valuation or \$21,000)	
Debt applicable to limit:	-
General obligation debt	<u>-</u>
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>\$ 21,000</u>
Legal debt margin	

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

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

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

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

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

<u>Special Assessment Bonds</u>					
<u>Fiscal Year</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u>		<u>Coverage</u>	
		<u>Principal</u>	<u>Interest</u>		
2005	\$ 1,192	\$ 605	\$ 302	1.31	
2006	1,046	663	479	0.92	
2007	892	840	453	0.69	
2008	744	435	345	0.95	
2009	906	460	330	1.15	

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

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

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

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<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>3</sup></b>	<b>Education Level in Years of Formal Schooling<sup>4</sup></b>
1999-00	1,522,855	\$ -	\$ 23,271		
2000-01	1,609,356	-	24,957		
2001-02	1,644,341	-	25,099		
2002-03	1,705,500	-	25,691		
2003-04	1,776,700	-	24,814		
2004-05	1,871,950	44,627,329	25,032	32	16.6
2005-06	1,911,281	49,443,185	23,478	32	16.6
2006-07	2,031,625	52,850,398	22,737	32	16.6
2007-08	2,073,571	57,666,983	24,885	31	20.1
2008-09	2,100,516	61,023,518	24,301	32	20.1

Sources:

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

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

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

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<b>School Enrollment<sup>4</sup></b>	<b>Unemployment Rate Percent<sup>5</sup></b>
307,393	5.9%
319,910	5.0%
333,330	5.8%
349,607	6.2%
364,857	5.8%
380,964	5.4%
395,183	4.9%
413,059	5.1%
596,645	9.5%
593,029	14.0%

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

Employer	2009			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
County of Riverside	21,425	1	2.70%	15,740	1	1.95%
March Air Reserve Base	8,400	2	1.06%	6,800	2	0.84%
University of California, Riverside	7,147	3	0.90%	5,336	3	0.66%
Wal-Mart	6,550	4	0.83%	2,650	6	0.33%
Stater Bros Markets	6,500	5	0.82%			
Riverside Unified School District	5,099	6	0.64%	3,553	4	0.44%
Pechanga Resort & Casino	5,000	7	0.63%			
Abbott Vascular formerly Guidant Corp.	4,500	8	0.57%			
Riverside Community College	3,765	9	0.47%	1,477	12	0.18%
Kaiser Permanente Medical Care	3,200	10	0.40%	1,700	10	0.21%
City of Riverside	3,000	11	0.38%	2,642	7	0.33%
Temecula Valley Unified School District	2,752	12	0.35%			
Hemet Unified School District	2,590	13	0.33%			
Morongo Casino, Resort & Spa	2,402	14	0.30%			
Eisenhower Medical Center	2,223	15	0.28%			
Riverside County Regional Medical Center				2,400	8	0.30%
Countywide Ralphs Grovery Company				2,720	5	0.34%
Alvord Unified School District				1,200	14	0.15%
Riverside County Office of Education				1,521	11	0.19%
Riverside Community Hospital				1,053	15	0.13%
The Press Enterprise Co.				1,300	13	0.16%
SBC/ Pacific Bell				1,800	9	0.22%
<b>Total</b>	<b>84,553</b>		<b>10.66%</b>	<b>51,892</b>		<b>6.42%</b>

Source: Riverside County Economic Development Agency

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

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

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

Source: The District

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

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

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

Source: The District

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

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

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

Source: The District

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