

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



407 B

FROM: General Manager-Chief Engineer

SUBMITTAL DATE:
February 5, 2013

SUBJECT: Comprehensive Annual Financial Report for Fiscal Year 2011-2012

RECOMMENDED MOTION:

- 1) Accept and file the Comprehensive Annual Financial Report for Fiscal Year 2011-2012 prepared by District staff.
- 2) Accept and file the Independent Accountant's Report prepared by Teaman, Ramirez & Smith, Inc., and included in the Comprehensive Annual Financial Report for Fiscal Year 2011-2012.
- 3) Accept and file the Report on Internal Control prepared by Teaman, Ramirez & Smith, Inc.
- 4) Accept and file the Audit Committee Letter prepared by Teaman, Ramirez & Smith, Inc.

BACKGROUND:

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

Attachments

RLN:mc

Steve Thomas
Steve Thomas
For WARREN D. WILLIAMS
General Manager-Chief Engineer

FINANCIAL DATA	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

County Executive Office Signature

Steven C. Horn
Steven C. Horn, MPA

MINUTES OF THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT

On motion of Supervisor Ashley, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: February 5, 2013
xc: Flood

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

Prev. Agn. Ref.:

District: All

Agenda Number:

11-1

FISCAL PROCEDURES APPROVED
JEANINE J. REY, FINANCE DIRECTOR

BY *JEANINE J. REY*
JEANINE J. REY, Finance Director

Dep't Recomm.: ☐ Policy ☐ Policy
Consent ☐ Consent ☐ Consent

Per Exec. Ofc.:



Comprehensive Annual Financial Report *Fiscal Year Ended June 30, 2012*



*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, 2012



Submitted by:

Warren D. Williams

General Manager-Chief Engineer

Jeanine J. Rey

Finance Director

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

Riverside County Flood Control and Water Conservation District
Comprehensive Annual Financial Report
Year Ended June 30, 2012

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Riverside County Flood Control and Water Conservation District
Comprehensive Annual Financial Report
Year Ended June 30, 2012

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INTRODUCTORY SECTION



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- ♦ *GFOA Certificate of Achievement for Excellence in Financial Reporting for 2011*
- ♦ *List of Elected and Appointed Officials*
- ♦ *Organizational Chart*



RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

December 20, 2012

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Riverside County Flood Control and Water Conservation District (District) is a blended component unit of the County of Riverside, California. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

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.

Teamam, Ramirez & Smith, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2012. 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 Riverside County, which is the fifth county in the country with the largest numeric increase in population.¹ The District currently occupies 2,677 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

¹ Source: U.S. Census Bureau Public Information Office, April 2012

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 Riverside County; the operation and maintenance of the District's fleet and facilities, land interests, and encroachment issues; information technology services which provide technical support to the District's staff; and administrative services which provide clerical, financial and personnel support to the District's staff.

The Board of Supervisors is required to adopt by resolution a final budget for the County of Riverside, including all districts, agencies and authorities governed by the Board of Supervisors, by no later than October 2nd of each year pursuant to Sections 29080 through 29092 of the Government Code. The Board of Supervisors adopted the District's 2012 fiscal year budget on September 13, 2011. The annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared by fund and class or appropriation level (e.g. salaries and benefits, services and supplies) within each category present on the financial statements. The District may transfer resources between appropriation levels within the same fund at their discretion and with approval by the County of Riverside, Executive Office. Increase of resources or establishment of a new appropriation level requires approval by the Board of Supervisors.

Local Economy

The District oversees the western portion Riverside County which includes twenty two cities and unincorporated county communities west of the San Jacinto and Santa Rosa Mountains. Riverside County is California's fourth largest populated county according to the State Department of Finance. It represents 5.9 percent of California's total population.² Riverside County is part of a larger area known as Southern California's Inland Empire. Riverside and San Bernardino counties comprise what is commonly known as the Inland Empire. It is approximately 60 miles from north to south and some 50 miles wide. Major industries located within the Riverside County include government, retail trade, educational and health services, leisure and hospitality, and construction.

In 2012, the Inland Empire entered a turnaround period from the recession, approaching normal growth. However, Riverside County has been going through the recession with a very high level of unemployment. The loss of 6,300 governmental jobs due to state and local budget issues held the area back. The June 2012 unemployment rate of 12.6% was down from 14.0% in June 2011. The drop happened because 34,700 residents found jobs. From June 2011 to June 2012, the Inland Empire added 20,800 jobs or 1.8%. This included a gain of 27,100 jobs in the private sector which approached normal growth in historic terms.³

During the past ten years, the District's expenses related to the construction and maintenance of flood control facilities have not only increased in amount, but have also increased as a percentage of total expenses (a ten-year increase of 220.3 percent and a ten-year increase of 31.7 percent, respectively). The reason for this increase in construction and maintenance costs as a percentage of total expenses is due to the increase of total expenses by 69.7 percent over a ten year period. Maintenance costs for the current fiscal year ended have increased by 11.2 percent when compared to the prior year. With the fluctuation of the economy, the District continues to follow a moderate construction schedule. The District's practice has been to accumulate monies for large projects, while maintaining a prudent reserve for operations and maintenance.

During this same ten-year period, charges for services, while continuing to vary in amount, have actually decreased as a percentage of total revenue (a ten-year decrease of 5.5 percent). The reason for this relative decline is the relative decrease in expenses related to development and construction that are not supported by payments from developers and 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

² Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2011 and 2012. Sacramento, CA, May 2012

³ Source: Inland Empire Quarterly Economic Report, July 2012

internal document and is provided as information in the District's annual budget. The CIP does not contain all projects that need to be completed rather those that will be initiated during the prescribed five-year period.

Relevant Financial Policies

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

Major Initiatives

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

This LID retrofit project includes landscaping that incorporates design elements, materials, and vegetation and maintenance practices consistent with *Board Policy H-25, Water Efficient Landscape Policy for County Facilities*. This landscape includes drought-tolerant, California native plants and will set the standard for water conservation landscape. This conversion of our campus at Market Street into a LID BMP Demonstration and Monitoring Facility was partially funded by a \$475,000 State grant under Proposition 13 administered through the Santa Ana Watershed Project Authority. The grant partially funded the conversion of a portion of the existing parking areas in the back half of our compound to porous pavement, along with redirection of roof runoff to planter boxes, and additional bio-swales or rain gardens serving portions of the remaining impervious parking areas. Terms of the grant also require long-term monitoring of the performance of the features constructed under the grant so that meaningful data can be gathered to guide future design in the arid southwest.

To date, the project has won two awards from the American Society of Civil Engineers: Civil Engineering Project Improvement Award – (San Bernardino/Riverside Counties Branch ASCE) and Outstanding Sustainability Project, Honorable Mention – (ASCE Los Angeles Section) and other applications are under consideration.

Further, the following District-administered flood control project contracts were completed during, or were under construction at the end of fiscal year 2011/2012:

Facilities	Construction Cost
Calimesa Avenue L Storm Drain, Stage 2	\$3.1 Million
Day Creek Channel Stage 6, Phase 2	\$5.1 Million
Day Creek - Frank Avenue Storm Drain	\$164,000
Homeland Line 2, Stage 2	\$241,000
Montecito Ranch – Jameson Rd. Storm Drain Repair	\$47,000
Cabazon & Montgomery Channel Repairs	\$122,000
La Sierra Channel & Arlington Channel Repairs	\$327,000
Palm Canyon Wash Stage 4 Levee Restoration	\$147,000
Palm Canyon Wash/ Arenas Levee Restoration	\$39,000
Murrieta Line F Repair	\$209,000
Corona Drains - East Ontario Ave SD	\$3.6 Million
Pedley Hills - Bolero Drive Storm Drain	\$507,000


Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the twenty-first consecutive year that the District published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

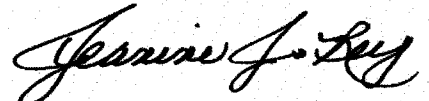
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 Regina Neal, Assistant Finance Director, and Darrylenn Prudholme-Brockington, Senior Accountant for their 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



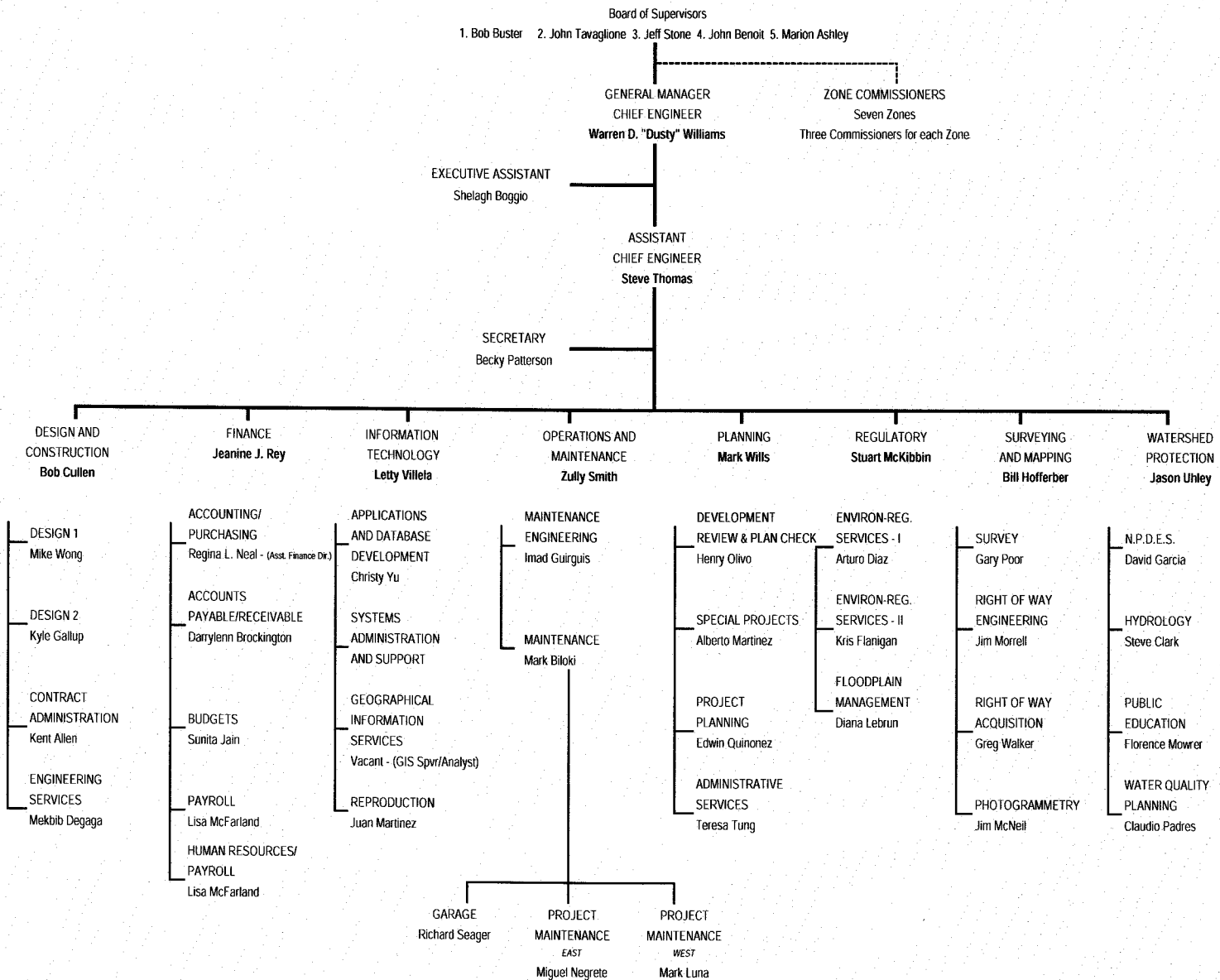
Jeanine J. Rey
Finance Director

**RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT**

List of Principal Officials

TITLE	NAME
Board of Supervisors	Bob Buster, 1 st District
Board of Supervisors	John Tavaglione, 2 nd District
Board of Supervisors	Jeff Stone, 3 rd District
Board of Supervisors	John Benoit, 4 th District
Board of Supervisors	Marion Ashley, District Chair, 5 th District
General Manager-Chief Engineer	Warren D. Williams
Assistant Chief Engineer	Stephen C. Thomas
Chief of Design & Construction	Bob Cullen
Chief of Operations & Maintenance	Zully Smith
Chief of Planning	Mark Wills
Chief of Regulatory	Stuart E. McKibbin
Chief of Surveying & Mapping	Bill Hofferber
Chief of Watershed Protection	Jason Uhley
Finance Director	Jeanine J. Rey
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, 2011

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.



Christopher P. Morin

President

Jeffrey R. Egan

Executive Director

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FINANCIAL SECTION



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



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



Independent Auditors' Report

Board of Supervisors
County of Riverside, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District (the District), a component unit of the County of Riverside, California (the County), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The statements and schedules listed in the supplementary information section in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Teaman Ramirez & Smith, L.L.C.

December 20, 2012

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, 2012. 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 – iv of this report. All monetary amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- ◆ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,070,826 (*net assets*). Of this amount, \$10,386 (*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 \$50,285. Approximately 83 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 \$256,302, an increase of \$4,929 in comparison with the prior year. This total amount is *available for spending* at the District's discretion (*restricted, assigned and unassigned fund balances*).
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund was \$2,530, or 67 percent of total general fund expenditures.
- ◆ The District had no debt during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on

balances of spendable resources, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

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

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

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 – 50 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 51 – 65 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66 – 81 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,070,826 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		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Current and Other Assets	\$ 277,032	\$ 273,643	\$ 267,366	\$ 5,742	\$ 5,610	\$ 6,964	\$ 282,774	\$ 279,253	\$274,330
Capital Assets, Net	804,107	756,970	723,372	16	23	13	804,123	756,993	723,385
Total Assets	1,081,139	1,030,613	990,738	5,758	5,633	6,977	1,086,897	1,036,246	997,715
Long-term Liabilities									
Outstanding	3,856	3,932	3,768	92	96	72	3,948	4,028	3,840
Other Liabilities	9,086	8,426	11,373	3,037	3,251	3,440	12,123	11,677	14,813
Total Liabilities	12,942	12,358	15,141	3,129	3,347	3,512	16,071	15,705	18,653
Net Assets:									
Invested in Capital Assets, Net of Related Debt	804,107	756,970	723,372	16	23	13	804,123	756,993	723,385
Restricted	256,317	251,826	237,211	-	-	-	256,317	251,826	237,211
Unrestricted	7,773	9,459	15,014	2,613	2,263	3,452	10,386	11,722	18,466
Total Net Assets	\$1,068,197	\$1,018,255	\$975,597	\$ 2,629	\$ 2,286	\$ 3,465	\$1,070,826	\$1,020,541	\$979,062

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* (\$10,386) 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 \$4,491 in restricted net assets reported in connection with the District's governmental activities. Property tax revenues account for approximately 71 percent of total revenues which contribute to the majority of growth in restricted net assets. In comparison to the prior year, restricted net assets reduced by approximately 69 percent (\$10,124) due primarily to the increased construction of flood control facilities in Zones 2 and 6 (\$6,321) and capital outlay for land purchase (\$2,021). Despite declining property values, foreclosures within the District's zone boundaries and diminished economic activity within the County of Riverside there are signs the economy is gradually improving. This is reflected in the increase in overall revenues (\$619) including increases in property tax and redevelopment revenues (\$1,581), special assessment revenues (\$20) and revenue from sale or lease of land (\$77). These increases in revenue were offset by decreases in other revenue sources, specifically charges for services (\$508), investment income (\$243) and area drainage fees (\$225). Overall expenditures increased (\$6,312) due in part to increases in construction costs of flood control facilities in Zones 2 and 6 (\$6,321) and capital outlay for land purchase in the same zones (\$2,021). These increases in costs were offset by decreases in Zone 5 expenses related to construction of flood control facilities (\$840) and land purchase expenses in Zones 1, 4 and 7 (\$1,184) and professional engineering costs in various zones (\$1,305).

The District's net assets increased \$50,285 during the current fiscal year. Approximately 54 percent of this increase represents the degree to which increases in ongoing revenues e.g., property tax revenues and charges for services, have outstripped similar increases in ongoing expenses. The remainder of this growth is attributable to the growth in net assets invested in capital assets, specifically, donations of capital assets (infrastructure and land).

Governmental activities. Governmental activities increased the District's net assets by \$49,942, 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

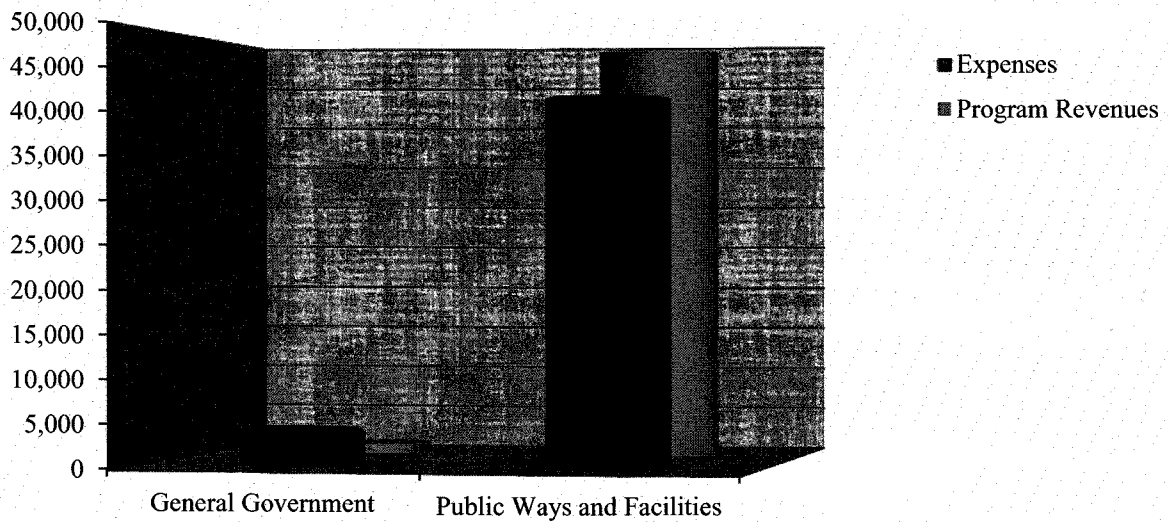
	Governmental Activities			Business-type Activities			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Revenues:									
Program Revenues:									
Charges for Services	\$ 5,017	\$ 5,423	\$ 6,364	\$ 1,905	\$ 1,515	\$ 1,436	\$ 6,922	\$ 6,938	\$ 7,800
Capital Grants and Contributions	44,895	35,479	21,538	-	-	-	44,895	35,479	21,538
General Revenues:									
Property Taxes	39,258	39,836	46,280	-	-	-	39,258	39,836	46,280
Redevelopment Pass-thru	6,040	5,136	8,111	-	-	-	6,040	5,136	8,111
Unrestricted Interest and Investment									
Earnings	1,173	1,425	2,324	33	46	82	1,206	1,471	2,406
Gain on Sale of Capital Assets	22	123	42	-	-	-	22	123	42
Total Revenues	96,405	87,422	84,659	1,938	1,561	1,518	98,343	88,983	86,177
Expenses:									
General Government	4,244	5,572	5,928	-	-	-	4,244	5,572	5,928
Public Ways and Facilities	42,219	39,192	41,769	-	-	-	42,219	39,192	41,769
Subdivision Operations	-	-	-	1,329	2,298	1,520	1,329	2,298	1,520
Photogrammetry Operations	-	-	-	112	285	93	112	285	93
Encroachment Permits	-	-	-	154	157	167	154	157	167
Total Expenses	46,463	44,764	47,697	1,595	2,740	1,780	48,058	47,504	49,477
Increase (Decrease) in Net Assets before Transfers	49,942	42,658	36,962	343	(1,179)	(262)	50,285	41,479	36,700
Transfers	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	49,942	42,658	36,962	343	(1,179)	(262)	50,285	41,479	36,700
Net Assets – 7/01/11	1,018,255	975,597	938,635	2,286	3,465	3,727	1,020,541	979,062	942,362
Net Assets – 6/30/12	\$1,068,197	\$1,018,255	\$975,597	\$ 2,629	\$ 2,286	\$ 3,465	\$1,070,826	\$1,020,541	\$979,062

- Historically, ongoing revenues have exceeded expenses as a percentage of net assets by approximately less than 1.0 to 4.0 percent in a given fiscal year. During the year, overall revenues increased by \$8,983 (10.3 percent) due to an increase of donated capital assets while ongoing revenues decreased by \$433 (less than 1.0 percent) due to a slowly recovering economy. Ongoing revenues continued to exceed expenses by \$5,047 (less than 1.0 percent).

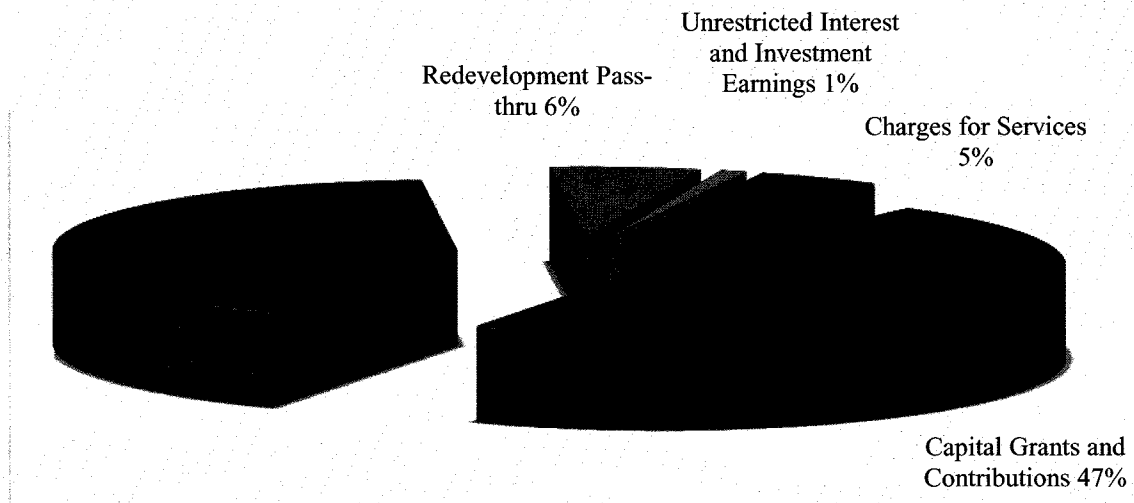
For the most part, increases and decreases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions include the following:

- An increase in Capital Grants and Contributions revenue of \$8,983 (10.0 percent) associated with the donation of capital assets – infrastructure and land in various zones.

Expenses and Program Revenues – Governmental Activities



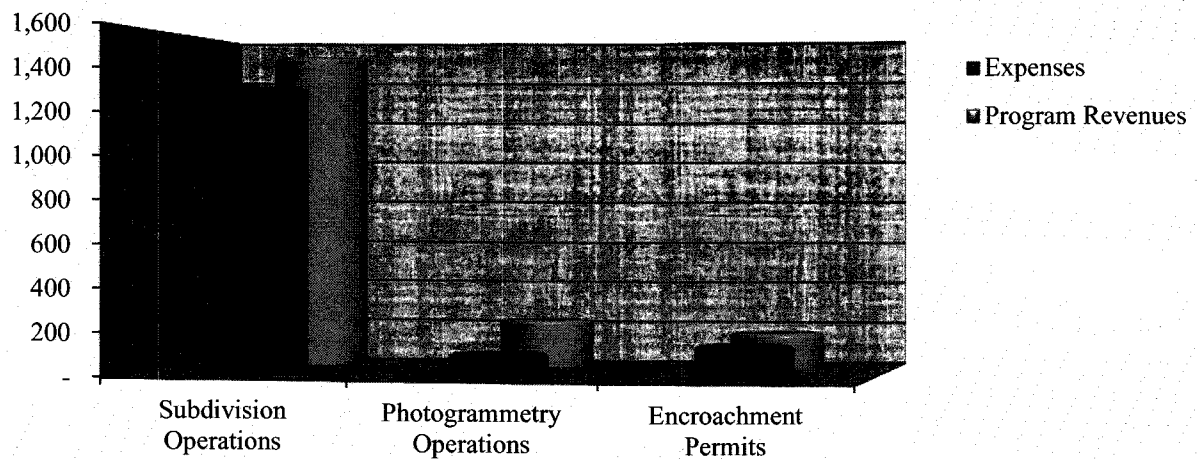
Revenues by Source – Governmental Activities



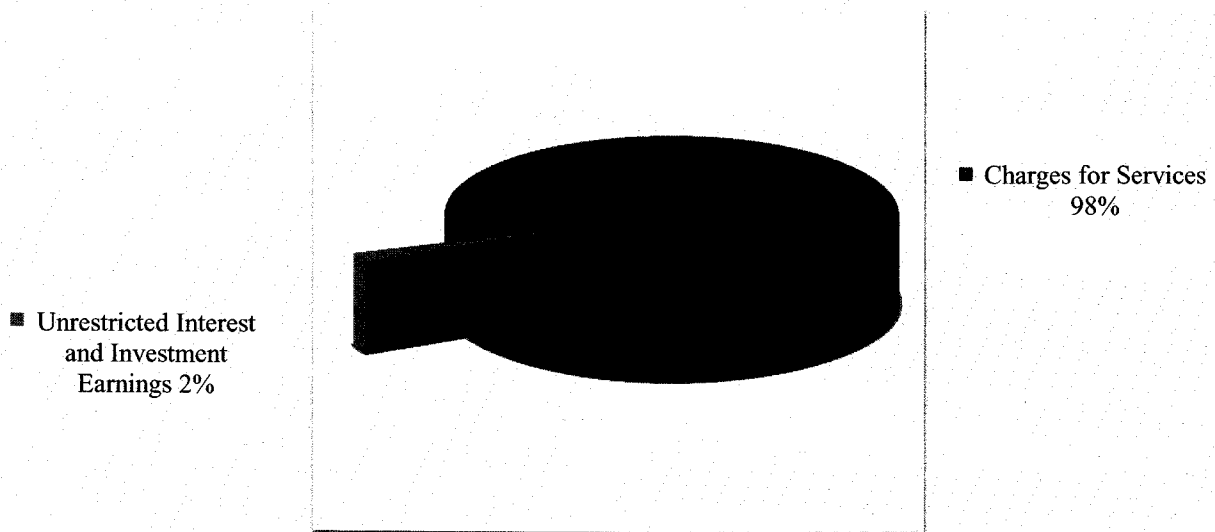
Business-type activities. Business-type activities increased the District's net assets by \$343, accounting for less than a 1.0 percent increase in the total government's net assets. Key elements of the increase are as follows.

- ♦ Overall charges for services and expenses for business-type activities increased by 26 percent and decreased by 42 percent respectively. The Subdivision operation accounts for a significant portion of this increase and decrease. Historically, increases and decreases in charges for services and expenses are development related and will vary based on development activity within the County of Riverside. This year is consistent with that pattern. Program revenues exceeded program expenses by \$177. The decrease in program expenses during the year is a result of the District establishing an allowance for uncollectible customer accounts in the prior fiscal year. Normal operating expenses closely paralleled inflation and the overall reduction in the demand for services for this fiscal year.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$256,302 an increase of \$4,929 in comparison with the prior year. The majority of this total amount (\$252,172) constitutes *restricted fund balances*, which reflect resources that are subject to externally enforceable legal restrictions that arise when the authorization to raise revenues is conditioned upon the revenue being used for a particular purpose, e.g., maintenance and construction of flood control facilities within designated zone boundaries. *Unassigned fund balance* (\$2,530) reflects surplus resources in the District's general fund that are available for spending at the District's discretion. The remainder of fund balance is *assigned fund balance* (\$1,600) and reflects resources that the District intends to use to fund accrued compensated absence liabilities as required.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,530, while total fund balance reached \$4,130. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 66.8 percent of total general fund expenditures, while total fund balance represents 1.09 percent of that same amount.

During the current fiscal year, the fund balance in the District's general fund increased by \$438. Key factors in this increase are as follows:

- ♦ Due to a slowly recovering economy, the general fund experienced increases in redevelopment revenues (\$116) and charges for services (\$195).
- ♦ The District completed the conversion of the District's yard at Market Street into a Low Impact Development (LID), Best Management Practices (BMP) Demonstration and Monitoring Facility and costs for this project recorded initially in the general fund were fully reimbursed by the capital project fund (\$1,680) prior to the end of the current fiscal year thereby decreasing the overall expenditures by \$1,161 or 23 percent.

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 \$245,677 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$4,504. Key factors in the aggregate net increase are as follows:

- ♦ *Zone 1* reported a fund balance of \$23,599 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$584. Property tax and redevelopment revenues account for approximately 94 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 148 percent (\$1,813). Overall revenues increased (\$781) due primarily to increases in property tax and redevelopment revenue (\$774), charges for services revenue (\$7) resulting from the sale of surplus land, and lease revenue from privately owned sources for use of District property (\$28). These increases offset the decreases in contributions from other governmental agencies for construction programs (\$2) and investment income (\$26). Additionally, expenditures decreased (\$1,211) due largely in part to decreases in construction costs of flood control facilities (\$829) and capital outlay for land acquisition (\$423).

- ♦ *Zone 2* reported a fund balance of \$63,544 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$349. Property tax and redevelopment revenues account for approximately 96 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects an increase of approximately 72 percent (\$880). Overall revenues increased (\$78) due primarily to increases in property tax and redevelopment revenue (\$533), and area drainage fees (\$4). These increases offset the decreases in investment income (\$72) and lease revenue from privately owned sources for use of District property (\$1), contributions from other governmental agencies for construction programs (\$2) and charges for services revenue for the Santa Ana Watershed Project Authority cost share agreement (\$384). Additionally, expenditures increased (\$6,694) due largely in part to increased construction costs of flood control facilities (\$5,222) and capital outlay for land acquisition (\$743).

- ◆ *Zone 3* reported a fund balance of \$ 13,254 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$375. Property tax and redevelopment revenues account for approximately 88 percent of total revenues in this fund and can fluctuate from year to year based on 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 59 percent (\$550). Overall revenues increased (\$32) due primarily to an increase in charges for services revenue for the Economic Development Agency's contribution to the Lakeland Village project (\$79). This increase offset the decreases in property tax and redevelopment revenue (\$36), and investment income (\$11). Additionally, expenditures increased (\$580) due largely in part to increased maintenance work in the zone (\$299) and capital outlay for land acquisition (\$190).

- ◆ *Zone 4* reported a fund balance of \$71,707 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$4,024. Property tax and redevelopment revenues account for approximately 92 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 29 percent (\$913). Overall revenues decreased (\$701) due primarily to decreases in charges for services (\$862), area drainage fees (\$139), special assessment revenue from payment of special assessment delinquencies (\$7), and investment income (\$45). These decreases were offset by increases in property tax and redevelopment revenue (\$310), and lease revenue from privately owned sources for use of District property (\$42). Additionally, expenditures decreased (\$1,544) due largely in construction costs of flood control facilities (\$1,371) and capital outlay for land acquisition (\$663).

- ◆ *Zone 5* reported a fund balance of \$14,409 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$1,475. Property tax and redevelopment revenues account for approximately 96 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 243 percent (\$1,045). Overall revenues increased (\$159) due primarily to increases in property tax and redevelopment revenue (\$161), and charges for services revenue resulting from the sale of surplus land (\$9). These increases were offset by decreases in contributions from other governmental agencies for construction programs (\$1), and investment income (\$10). Additionally, expenditures decreased (\$876) due largely in part to decreased construction program activity (\$840) within the zone.

- ◆ *Zone 6* reported a fund balance of \$22,908 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$2,876. Property tax and redevelopment revenues account for approximately 95 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 653 percent (\$2,494). Overall revenues decreased (\$165) due primarily to decreases in property tax and redevelopment revenue (\$135), contributions from other governmental agencies for construction programs (\$1), and investment income (\$37). These decreases were offset by an increase in lease revenue from privately owned sources for use of District property (\$8). Additionally, expenditures increased (\$2,343) due largely in part to increased construction costs of flood control facilities (\$1,099) and capital outlay for land acquisition (\$1,708).

- ◆ *Zone 7* reported a fund balance of \$36,256 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$1,271. Property tax and redevelopment revenues account for approximately 94 percent of total revenues in this fund and can fluctuate from year to year based on declining property values and increased foreclosures within the zone boundary as well as declining economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 96 percent (\$622). Overall revenues decreased (\$270) due primarily to decreases in property tax and redevelopment revenue (\$26), contributions from other governmental agencies for construction programs (\$77), charges for services revenue (\$41), area drainage fees (\$90), and investment income (\$36). Additionally, expenditures decreased (\$875) due largely in part to decreased maintenance program activity (\$837) within the zone.

The NPDES funds had an aggregate fund balance of \$6,451 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$611. Key factors in the net increase are as follows:

- ◆ *NPDES Whitewater* reported a fund balance of \$800 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$21. Special assessment revenues account for approximately 50 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 89 percent (\$175). Overall revenues decreased (\$146) due primarily to decreases in special assessments (\$6), charges for services revenue received from cost sharing permittees (\$139), and investment income (\$1). Additionally, expenditures increased (\$29) due largely in part to increased professional services expenditures to meet reporting requirements for state mandated regulatory compliance programs (\$58).

- ◆ *NPDES Santa Ana* reported a fund balance of \$4,764 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$23. Special assessment revenues account for approximately 79 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 95 percent (\$408). Overall revenues increased (\$97) due primarily to increases in special assessment revenues (\$35), and charges for services revenue received from cost sharing permittees (\$67). These increases offset the decrease in investment income (\$5). Additionally, expenditures increased (\$505) due largely in part to increases in professional services costs and salary and benefits paid to staff members to meet reporting requirements for federally mandated regulatory compliance programs (\$359), and in NPDES contributions to other conservation organizations for storm water/clean water educational programs (\$91).

- ◆ *NPDES Santa Margarita* reported a fund balance of \$887 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$320. Special assessment revenues account for approximately 27 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 411 percent (\$423). Overall revenues increased (\$756) due primarily to increases in charges for services revenue received from cost sharing permittees (\$756), and investment income (2). These increases offset the decrease in special assessment revenue (\$2). Additionally, expenditures increased (\$333) due largely in part to increased professional services costs incurred for services related to new federally mandated compliance programs (\$342).

The capital project fund had a total fund balance of \$44 at the end of the current fiscal year. The net decrease in fund balance during the current year in the capital project fund was \$377. Capital outlay increased by \$334 for the conversion of the District's yard at Market Street into a Low Impact Development (LID), Best Management Practices (BMP) Demonstration and Monitoring Facility. Transfers in are used to offset budgeted capital outlay costs incurred in any given fiscal year. Funds covering the remaining portion of the total cost of the LID project (\$1,303) were transferred into the Capital Project Fund.

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

Unrestricted net assets at the end of the year for 1) Subdivision operations amounted to \$1,468, 2) Photogrammetry operations amounted to \$671, and 3) Encroachment permit operations amounted to \$336. The total increase in net assets for Subdivision operations was \$228. The total growth for Photogrammetry operations and Encroachment permit operations was \$120 and \$20, 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 \$270 adjustment made between the original and final amended budget increasing general fund appropriations. The main component of the increase is as follows:

- ◆ A budget adjustment (\$270) was made to increase general government – salaries and benefits due to an increase in projected labor and to accommodate increased construction inspection services.

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 \$2,664. Budgeted expenditures increased by 32 percent from the prior year based on historical data, economic trends, development activity and changes to accounting methods. Overall actual general government expenditures decreased by 23 percent due to reduction in staff through retirement and attrition, and the conversion of the District's yard at Market Street into a Low Impact Development (LID), Best Management Practices (BMP) Demonstration and Monitoring Facility was completed and reimbursed in this current fiscal year.
- ◆ Total actual revenues were greater than budgetary estimates by \$81. Budgeted revenues decreased by 60 percent from the prior year based on historical data, economic trends and development activity. The decrease also reflects a change in the method of accounting for the reimbursement of administrative expenditures to the general fund made in the prior fiscal year. Reimbursements are now being accounted for as a reduction in expenditures through a contra-expenditure account and not in a revenue account in the general fund. Overall actual revenues increased by 8 percent (\$298) due to a gradually improving economy and a slight increase in demand for construction inspection services.

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, 2012, amounts to \$804,123 (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 6 percent (a 6 percent increase for governmental activities and a 30 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 \$41,879.
- ◆ 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 \$11,650.

District's Capital Assets
(net of depreciation)

	Governmental activities			Business-type activities			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Infrastructure	\$549,172	\$519,672	\$489,492	\$ -	\$ -	\$ -	\$549,172	\$519,672	\$489,492
Land and easements	231,116	217,573	208,381	-	-	-	231,116	217,573	208,381
Buildings and improvements	9,561	8,132	6,996	-	-	-	9,561	8,132	6,996
Improvements other than buildings	88	89	99	-	-	-	88	89	99
Equipment	2,520	2,427	2,866	16	23	13	2,536	2,450	2,879
Construction in progress	11,650	9,077	15,538	-	-	-	11,650	9,077	15,538
Total	\$804,107	\$756,970	\$723,372	\$ 16	\$ 23	\$ 13	\$804,123	\$756,993	\$723,385

Additional information on the District's capital assets can be found in note 6 on pages 41 – 42 of this report.

Long-term debt. The District Act limits the amount of general obligation debt the District may issue to the lesser of 3.75 percent of assessed valuation or \$21 million. The District had \$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

- ♦ Progress reducing unemployment nationwide has nearly stalled. To move toward maximum employment and price stability, the Federal Reserve is again taking steps to try and improve the economic conditions. Steps include purchasing more mortgage-backed securities and extend its commitment to keep its benchmark interest rate exceptionally low through mid-2015. Interest rates will remain low until unemployment reaches 7%. Currently, the unemployment rate is 8 percent, 1 percentage point away from the target rate. During the 14 month period since September 2011, unemployment has fallen 1 percentage point from 9 percent. Consumer and business demand pent up during the Great Recession is reviving. Motor vehicles sales have climbed over 50 percent from their recession lows. Mortgage rates at historically low levels and home sales are rising and inventories of unsold homes have decreased. The recovering housing market is attributed to increased construction. Latest data shows housing starts rising to an annual rate of 750,000 units. That's an increase from three years ago, but still lower than the longer trend of 1.5 million units. Over the next few years, an ongoing recovery in housing construction should be one of the key drivers of economic growth.
- ♦ While the federal government has been trying to deal with the dire economic conditions of the country, California continues to deal with its own budgetary crisis. The State of California has worked to reduce its \$21 billion budget deficit from last year to \$1.9 billion. The State's economic recovery, prior budget cuts, and the additional, temporary taxes provided by recent voter approved sales and income tax increase initiative have combined to provide a promising state. This is after a decade of acute state budget challenges. With this change, the State is projected to have a surplus starting 2014.
- ♦ The Inland Empire region has made some big job gains during the last year; however it is still expected to lag behind the broader State recovery, with an unemployment rate expected to remain in the double digits through 2014. There are some upbeat signs, according to various sources. The rumblings of a housing recovery and an upswing in job gains from the professional and business services sector are helping fuel the regional economy. The Inland Empire is still 122 jobs below its 2006 peak employment level of 1.28 million. The unemployment rate is 12 percent, though the forecast projects it will fall to 11 percent in 2013.

Home prices in the region rose 5 percent in the second quarter of 2012 compared with the same period a year ago. The rise was largely driven by low inventories of properties for sale and high demand for low-priced homes to flip into rentals. That has provided a modest boost to construction jobs, which grew by a few thousand in the last year. The area had lost almost 54 such jobs during the downturn. An even brighter spot is the professional and business services sector, which has accounted for roughly two-thirds of the area's job gains in the last year. Jobs in this sector tend to be white-collar jobs in such fields as architecture and legal services. The prospect of a new medical school at University of California, Riverside, could attract pharmaceutical companies and generate high-paying jobs in that field.

- ◆ The housing market in the County of Riverside has been hurt much more dramatically than in the nation as a whole. This year things are looking better. The biggest part of foreclosure surplus has been worked through. Foreclosure/Notices of Default filings in Riverside County were down 8 percent from November 2010 to November 2011. In July 2012, the inventory of homes for sale has decreased by 32 percent and the median price has increased by 11 percent from the same time in the previous year. With affordability at record levels, sales volumes rising, interest rates low, 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 2013 fiscal year.

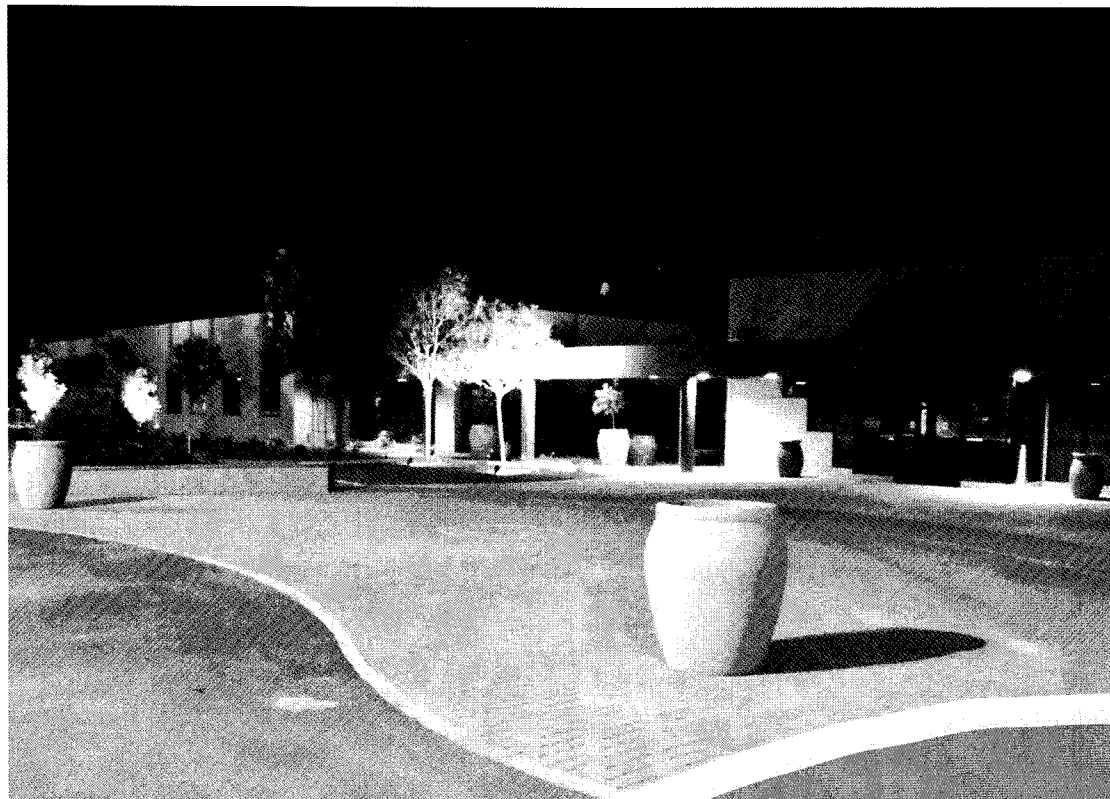
General fund revenues and appropriations for fiscal year 2013 are estimated to decrease by \$20 and \$1.1 million, respectively, for the general administration of the District. Decreases in revenues associated with inspection of developer constructed facilities to be accepted into the District's maintained system are expected to decrease by less than 1 percent. Additionally, the change in the method of accounting for the reimbursement of general administrative expenditures has substantially reduced the amount of budgeted revenues and appropriations needed in the general fund. Appropriation decreases are due primarily to reduction in developer constructed projects requiring District inspection services. The decreases in revenues and decreases in appropriations continue to be the direct result of diminished development within Riverside County due to a sluggish economy.

Revenue and appropriation estimates are very difficult to make for the enterprise funds because they are directly related to the level of private development activity occurring in Riverside County during any given period. The Subdivision, Photogrammetry and Encroachment Permits funds are expected to have averaged revenue and appropriation decreases of approximately 10 percent and 27 percent, respectively. These decreases are a direct result of diminished development within Riverside County due to the sluggish economy and the effect of the economic downturn on other governmental agencies that seek photogrammetric services as well as on various agencies, developers and individuals requiring temporary access/use of District property to complete projects still in development.

Requests for Information

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

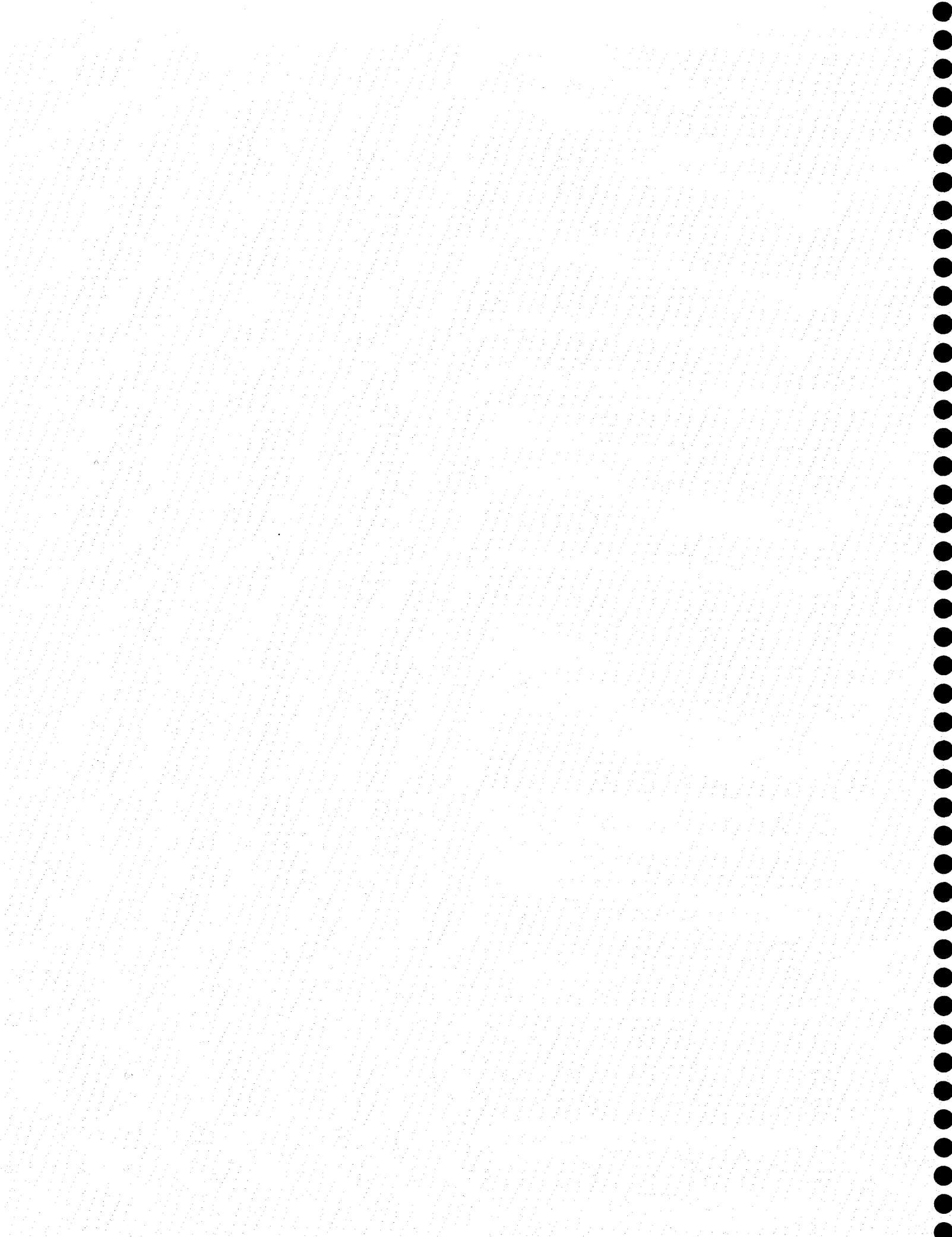
BASIC FINANCIAL STATEMENTS



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, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 265,076	\$ 2,607	\$ 267,683
Restricted Cash	5,816	2,691	8,507
Receivables (net of allowance for uncollectibles)	3,754	308	4,062
Net Pension Asset	1,806	-	1,806
OPEB Asset	483	-	483
Inventories	233	-	233
Internal Balances	(136)	136	-
Capital Assets:			
Nondepreciable	242,766		242,766
Depreciable, Net	561,341	16	561,357
	<hr/>	<hr/>	<hr/>
Total Assets	1,081,139	5,758	1,086,897
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts Payable and Accrued Liabilities	2,668	89	2,757
Salaries and Benefits Payable	975	38	1,013
Developer and Other Agency Deposits	4,825	2,900	7,725
Due to Other Governments	618	10	628
Long-term Liabilities:			
Due Within One Year	599	14	613
Due in More Than One Year	3,257	78	3,335
	<hr/>	<hr/>	<hr/>
Total Liabilities	12,942	3,129	16,071
	<hr/>	<hr/>	<hr/>
NET ASSETS			
Invested in Capital Assets	804,107	16	804,123
Restricted by Enabling Legislation for:			
Public Ways and Facilities	256,317	-	256,317
Unrestricted	7,773	2,613	10,386
	<hr/>	<hr/>	<hr/>
Total Net Assets	<u>\$ 1,068,197</u>	<u>\$ 2,629</u>	<u>\$ 1,070,826</u>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District

Statement of Activities

For the Year Ended June 30, 2012

(Amounts Expressed in Thousands)

	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
FUNCTIONS/PROGRAMS:			
Governmental Activities			
General Government	\$ 4,244	\$ 1,179	\$ -
Public Ways and Facilities	42,219	3,838	44,895
Total Governmental Activities	46,463	5,017	44,895
Business-type Activities			
Subdivision Operations	1,329	1,506	-
Photogrammetry Operations	112	228	-
Encroachment Permits	154	171	-
Total Business-type Activities	1,595	1,905	-
Total	\$ 48,058	\$ 6,922	\$ 44,895

General Revenues:

Property Taxes

Redevelopment Pass-thru

Unrestricted Interest and Investment Earnings

Gain - Sale of Capital Assets

Total General Revenues

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

Net (Expenses) Revenues and
Changes in Net Assets

Governmental Activities	Business- type Activities	Total
\$ (3,065)	\$ -	\$ (3,065)
6,514	-	6,514
3,449	-	3,449
-	177	177
-	116	116
-	17	17
-	310	310
3,449	310	3,759
39,258	-	39,258
6,040	-	6,040
1,173	33	1,206
22	-	22
46,493	33	46,526
49,942	343	50,285
1,018,255	2,286	1,020,541
<u>\$ 1,068,197</u>	<u>\$ 2,629</u>	<u>\$ 1,070,826</u>

Riverside County Flood Control and Water Conservation District

Balance Sheet

Governmental Funds

June 30, 2012

(Amounts Expressed in Thousands)

	<u>General Fund</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
ASSETS				
Cash and Investments	\$ 4,213	\$ 25,124	\$ 63,135	\$ 13,307
Restricted Cash	1,691	-	50	-
Receivables:				
Taxes Receivable	118	220	698	49
Accounts Receivable	131	8	3	5
Interest Receivable	3	12	31	7
Due From Other Funds	58	-	-	-
Due From Other Governments	42	5	800	-
	<u>42</u>	<u>5</u>	<u>800</u>	<u>-</u>
Total Assets	<u>\$ 6,256</u>	<u>\$ 25,369</u>	<u>\$ 64,717</u>	<u>\$ 13,368</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 95	\$ 1,370	\$ 120	\$ 38
Salaries and Benefits Payable	214	153	100	24
Due to Other Funds	4	17	13	3
Deferred Revenue	98	220	371	49
Developer and Other Agency Deposits	1,693	-	50	-
Due to Other Governments	22	10	519	-
	<u>22</u>	<u>10</u>	<u>519</u>	<u>-</u>
Total Liabilities	<u>2,126</u>	<u>1,770</u>	<u>1,173</u>	<u>114</u>
Fund Balances:				
Restricted for:				
Public Ways and Facilities	-	23,599	63,544	13,254
Capital Projects	-	-	-	-
Assigned to:				
General Fund, Compensated Absences	1,600	-	-	-
Unassigned:	<u>2,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,130</u>	<u>23,599</u>	<u>63,544</u>	<u>13,254</u>
Total Liabilities and Fund Balances	<u>\$ 6,256</u>	<u>\$ 25,369</u>	<u>\$ 64,717</u>	<u>\$ 13,368</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 71,962 3,038	\$ 14,406 6	\$ 22,657 20	\$ 36,767 10	\$ 778 -	\$ 5,012 -
574	103	128	143	19	70
1	2	343	-	-	3
37	7	11	18	-	2
-	46	-	-	-	-
9	-	-	-	55	15
<u>\$ 75,621</u>	<u>\$ 14,570</u>	<u>\$ 23,159</u>	<u>\$ 36,938</u>	<u>\$ 852</u>	<u>\$ 5,102</u>
\$ 254 213 30 366 3,045 6	\$ 38 36 4 76 7 -	\$ 36 36 3 156 20 -	\$ - 45 5 621 10 1	\$ 24 8 1 19 - -	\$ 224 36 3 69 - 6
<u>3,914</u>	<u>161</u>	<u>251</u>	<u>682</u>	<u>52</u>	<u>338</u>
71,707 - - -	14,409 - - -	22,908 - - -	36,256 - - -	800 - - -	4,764 - - -
<u>71,707</u>	<u>14,409</u>	<u>22,908</u>	<u>36,256</u>	<u>800</u>	<u>4,764</u>
<u>\$ 75,621</u>	<u>\$ 14,570</u>	<u>\$ 23,159</u>	<u>\$ 36,938</u>	<u>\$ 852</u>	<u>\$ 5,102</u>

Continued

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Balance Sheet

Governmental Funds - Continued

June 30, 2012

(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
ASSETS			
Cash and Investments	\$ 1,287	\$ 44	\$ 258,692
Restricted Cash	-	-	4,815
Receivables:			
Taxes Receivable	19	-	2,141
Accounts Receivable	-	-	496
Interest Receivable	1	-	129
Due From Other Funds	-	-	104
Due From Other Governments	-	-	926
	<u>1,307</u>	<u>44</u>	<u>267,303</u>
Total Assets	<u>\$ 1,307</u>	<u>\$ 44</u>	<u>\$ 267,303</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 376	\$ -	\$ 2,575
Salaries and Benefits Payable	20	-	885
Due to Other Funds	1	-	84
Deferred Revenue	20	-	2,065
Developer and Other Agency Deposits	-	-	4,825
Due to Other Governments	3	-	567
	<u>420</u>	<u>-</u>	<u>11,001</u>
Total Liabilities	<u>420</u>	<u>-</u>	<u>11,001</u>
Fund Balances:			
Restricted for:			
Public Ways and Facilities	887		252,128
Capital Projects	-	44	44
Assigned to:			
General Fund, Compensated Absences	-	-	1,600
Unassigned:	<u>-</u>	<u>-</u>	<u>2,530</u>
	<u>887</u>	<u>44</u>	<u>256,302</u>
Total Fund Balances	<u>887</u>	<u>44</u>	<u>256,302</u>
	<u>\$ 1,307</u>	<u>\$ 44</u>	<u>\$ 267,303</u>
Total Liabilities and Fund Balances	<u>\$ 1,307</u>	<u>\$ 44</u>	<u>\$ 267,303</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, 2012

(Amounts Expressed in Thousands)

Fund Balances - Total Governmental Funds (Page 20)	\$	256,302
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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.		801,665
--	--	---------

Internal service funds are used by management to charge the costs of hydrology services, garage, project maintenance, mapping services, data processing, and photography to individual funds. The assets and liabilities of these funds are included in governmental activities in the statement of net assets.		9,506
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The net pension asset (NPA) and net OPEB asset (NOA) should be adjusted for any difference between contributions made and the annual required contributions (ARC). A positive year-end balance in the NPA and NOA should be recognized as the year-end asset in relation to the ARC in governmental activities in the statement of net position.

Net Pension Asset	1,806		
OPEB Asset	483		2,289

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

Earned but unavailable revenues		2,065	
Compensated Absences		(3,630)	

Net Assets of Governmental Activities (Page 15)	\$	1,068,197
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The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	General Fund	Zone 1	Zone 2	Zone 3
REVENUES				
Property Taxes	\$ 2,744	\$ 6,191	\$ 10,351	\$ 1,392
Redevelopment Pass-thru	323	2,219	1,972	601
Special Assessments	-	-	-	-
Intergovernmental	43	97	164	22
Charges for Services	1,026	213	3	201
Area Drainage Fees	-	-	4	-
Investment Income	24	108	275	59
Use of Assets	68	92	6	-
Total Revenues	4,228	8,920	12,775	2,275
EXPENDITURES				
General Government	3,734	-	-	-
Public Ways and Facilities	-	7,900	12,231	1,649
Capital Outlay	56	7	743	190
Total Expenditures	3,790	7,907	12,974	1,839
Excess (Deficiency) of Revenues Over (Under) Expenditures	438	1,013	(199)	436
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	(429)	(150)	(61)
Total Other Financing Sources (Uses)	-	(429)	(150)	(61)
Net Change in Fund Balances	438	584	(349)	375
Fund Balances, Beginning of Year	3,692	23,015	63,893	12,879
Fund Balances, End of Year	\$ 4,130	\$ 23,599	\$ 63,544	\$ 13,254

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 10,338	\$ 2,157	\$ 3,173	\$ 3,380	\$ -	\$ -
1,297	486	591	396	-	-
1	-	-	-	284	2,259
163	34	50	54	-	-
161	10	-	-	285	561
281	-	-	14	-	-
318	64	104	164	3	20
50	-	48	-	-	-
12,609	2,751	3,966	4,008	572	2,840
-	-	-	-	-	-
8,233	1,194	4,482	2,586	551	2,817
-	-	2,241	35	-	-
8,233	1,194	6,723	2,621	551	2,817
4,376	1,557	(2,757)	1,387	21	23
-	-	-	-	-	-
(352)	(82)	(119)	(116)	-	-
(352)	(82)	(119)	(116)	-	-
4,024	1,475	(2,876)	1,271	21	23
67,683	12,934	25,784	34,985	779	4,741
\$ 71,707	\$ 14,409	\$ 22,908	\$ 36,256	\$ 800	\$ 4,764

Continued

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Continued
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
REVENUES			
Property Taxes	\$ -	\$ -	\$ 39,726
Redevelopment Pass-thru	-	-	7,885
Special Assessments	478	-	3,022
Intergovernmental	-	-	627
Charges for Services	1,256	-	3,716
Area Drainage Fees	-	-	299
Investment Income	4	-	1,143
Use of Assets	-	-	264
	<hr/>	<hr/>	<hr/>
Total Revenues	1,738	-	56,682
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General Government	-	-	3,734
Public Ways and Facilities	1,418	-	43,061
Capital Outlay	-	1,680	4,952
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,418	1,680	51,747
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	320	(1,680)	4,935
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,303	1,303
Transfers Out	-	-	(1,309)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	1,303	(6)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	320	(377)	4,929
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	567	421	251,373
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 887	\$ 44	\$ 256,302
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds (Page 24) \$ 4,929

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	13,980	
Donation of capital assets	41,879	
Less current year depreciation	<u>(8,791)</u>	47,068

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

Pension asset	(139)	
OPEB asset	<u>54</u>	(85)

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

Earned but unavailable revenues	(2,208)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund.

Change in Long-term Compensated Absences	74
--	----

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

	<u>164</u>
Change in Net Assets of Governmental Activities (Page 17)	<u><u>\$ 49,942</u></u>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District

Statement of Net Assets

Proprietary Funds

June 30, 2012

(Amount Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
ASSETS				
Current Assets:				
Cash and Investments	\$ 1,612	\$ 995	\$ 2,607	\$ 6,384
Restricted Cash	2,622	69	2,691	1,001
Receivables:				
Accounts Receivable (net of allowance for uncollectibles)	232	25	257	8
Interest Receivable	3	1	4	4
Due From Other Funds	-	-	-	36
Due From Other Governments	18	29	47	4
Inventories	-	-	-	233
Total Current Assets	4,487	1,119	5,606	7,670
Noncurrent Assets:				
Capital Assets:				
Depreciable, Net	-	16	16	2,442
Total Assets	\$ 4,487	\$ 1,135	\$ 5,622	\$ 10,112
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 81	\$ 8	\$ 89	\$ 93
Salaries and Benefits Payable	32	6	38	90
Due to Other Funds	2	-	2	8
Compensated Absences - Current Portion	11	3	14	35
Due to Other Governments	-	10	10	51
Developer and Other Agency Deposits	2,830	70	2,900	-
Total Current Liabilities	2,956	97	3,053	277
Noncurrent Portion of Long-term Liabilities:				
Compensated Absences	63	15	78	191
Total Noncurrent Liabilities	63	15	78	191
Total Liabilities	3,019	112	3,131	468
Net Assets:				
Invested in Capital Assets	-	16	16	2,442
Unrestricted	1,468	1,007	2,475	7,202
Total Net Assets	1,468	1,023	2,491	9,644
Total Liabilities and Net Assets	\$ 4,487	\$ 1,135		\$ 10,112
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			138	
Net Assets of Business-type Activities			\$ 2,629	

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, 2012
(Amount Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
OPERATING REVENUES				
Charges for Services	\$ 1,506	\$ 399	\$ 1,905	\$ 6,900
OPERATING EXPENSES				
Personnel Services	753	168	921	2,247
Administrative Services	138	26	164	592
Services and Supplies	415	60	475	3,061
Depreciation	-	11	11	894
Total Operating Expenses	1,306	265	1,571	6,794
Operating Income (Loss)	200	134	334	106
NONOPERATING REVENUES				
Investment Income	28	5	33	31
Gain on Sale of Capital Assets	-	-	-	(3)
Total Nonoperating Revenues	28	5	33	28
Income (Loss) Before Transfers	228	139	367	134
Transfers In	-	1	1	6
Transfers Out	-	-	-	(1)
Total Transfers In (Out)	-	1	1	5
Change in Net Assets	228	140	368	139
Net Assets, Beginning of Year	1,240	883		9,505
Net Assets, End of Year	\$ 1,468	\$ 1,023		\$ 9,644
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(25)	
Change in Net Assets of Business-type Activities			\$ 343	

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, 2012

(Amounts Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers/Other Funds	\$ 1,348	\$ 372	\$ 1,720	\$ 7,132
Cash Paid to Suppliers for Goods and Services	(508)	(90)	(598)	(3,734)
Cash Paid to Employees for Services	(747)	(172)	(919)	(2,223)
Net Cash Provided by (Used in) Operating Activities	93	110	203	1,175
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Received	-	1	1	5
Net Cash Provided by Noncapital Financing Activities	-	1	1	5
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	-	-	-	(3)
Acquisition and Construction of Capital Assets	-	(4)	(4)	(963)
Net Cash Used in Capital and Related Financing Activities	-	(4)	(4)	(966)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	30	5	35	33
Net Cash Provided by Investing Activities	30	5	35	33
Net Change in Cash and Cash Equivalents	123	112	235	247
Cash and Cash Equivalents, Beginning of Year	4,111	952	5,063	7,138
Cash and Cash Equivalents, End of Year	\$ 4,234	\$ 1,064	\$ 5,298	\$ 7,385
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ 200	\$ 134	\$ 334	\$ 106
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	-	11	11	894
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable	51	18	69	2
Due from Other Funds	6	5	11	234
Due from Other Governments	22	(9)	13	(4)
Inventories	-	-	-	87
Increase (Decrease) in:				
Accounts Payable	56	2	58	(17)
Salaries and Benefits Payable	5	1	6	26
Due to Other Funds	(11)	(6)	(17)	(202)
Compensated Absences	1	(5)	(4)	(2)
Due to Other Governments	-	-	-	51
Developer and Other Agency Deposits	(237)	(41)	(278)	-
Net Cash Provided by (Used in) Operating Activities	\$ 93	\$ 110	\$ 203	\$ 1,175

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, 2012
(Amounts Expressed in Thousands)

	Agency Funds
ASSETS	
Cash and Investments	\$ 2,821
Cash and Investments with Fiscal Agents	<u>2,039</u>
Total Assets	<u><u>\$ 4,860</u></u>
LIABILITIES	
Accounts Payable	\$ 2,775
Due to Bondholders	2,039
Due to Other Governments	<u>46</u>
Total Liabilities	<u><u>\$ 4,860</u></u>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District

Notes to Financial Statements

June 30, 2012

(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

B) Basis of Presentation

Government – wide Financial Statements

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

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

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

C) Fund Financial Statements

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

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Fund Financial Statements - Continued

The District reports the following as a major governmental fund:

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

The District reports the following major enterprise fund:

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

The District reports the following additional fund types:

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

D) Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, special assessments, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Riverside County Flood Control and Water Conservation District

Notes to Financial Statements

June 30, 2012

(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D) Basis of Accounting - Continued

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

Governmental fund type financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues and other governmental fund type financial resources are recognized when they become susceptible to accrual – that is, when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, contracts and other nonexchange transactions are considered available and are accrued when received within sixty days after fiscal year-end. Revenue received from expenditure driven (cost-reimbursement) grants, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, are considered available and accrued if expected to be received within twelve months after fiscal year-end.

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

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

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

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

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

F) Property Taxes

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

Riverside County Flood Control and Water Conservation District

Notes to Financial Statements

June 30, 2012

(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F) Property Taxes – Continued

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

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

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

G) Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at the lower of cost (on a first-in, first-out basis) or market in the proprietary funds. Inventories for all governmental funds are valued at average cost. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as expenditures when consumed rather than when purchased. Material amounts of inventory are reported as assets of the respective fund.

H) Capital Assets

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

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

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

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I) Compensated Absences

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

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

J) Long-term Debt

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

K) Operating/Nonoperating Revenues and Expenses

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

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

L) Interfund Transactions

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

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M) Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2) CASH AND INVESTMENTS

Cash and investments totaled \$281,050 as of June 30, 2012. Each fund's portion of this total is reflected in the financial statement accounts entitled "Cash and investments", "Restricted cash", and "Cash and investments with fiscal agents."

All District cash and investments are on deposit with the County Treasurer with the exception of a portion of cash collected from special assessments. 100.0 percent of cash collected from special assessments is held by the District for others in trust and is on account with a third party. The cash is classified as "Cash and investments with fiscal agents" in the District's financial statements and amounted to \$2,039 at June 30, 2012.

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	\$ 279,011
Investments Held by Fiscal Agents	<u>2,039</u>
Total Cash and Investments	<u>\$ 281,050</u>

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

Cash and Investments Summary:	
Total Governmental Activities	\$ 270,892
Total Business-type Activities	5,298
Total Fiduciary Funds	<u>4,860</u>
Total Cash and Investments	<u>\$ 281,050</u>

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

2) CASH AND INVESTMENTS – Continued

A) Investments

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

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

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

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

As of June 30, 2012, 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):		
US Treasury Bond	\$1,093	5.43
US Bank Term CD	654	0.88
US Bank Money Market	292	Less than 1 year
Total with Trustee (Fiscal Agent)	<u>\$ 2,039</u>	

B) Interest Rate Risk

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

The County Treasurer manages exposure to declines in the market value of the Pooled Investment fund portfolio by maintaining a weighted average days to maturity (WAM) of less than 541 days or 1.5 years in accordance with the County Treasurer's Statement of Investment Policy. As of June 30, 2012, the WAM for the Pooled Investment fund portfolio was 1.18 years. Additionally, the County Treasurer maintains at least 40 percent of the portfolio's total value in securities having maturities of 1 year or less to provide sufficient liquidity to meet daily expenditure requirements. Investments held by Fiscal Agents have a maturity of 1 year or less.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

2) CASH AND INVESTMENTS – Continued

B) Interest Rate Risk – Continued

As noted in the County Treasurer's Investment Fund Monthly Report for June 2012, the Pooled Investment fund was rated: Aaa/bf 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, 2012, 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, 2012, there were no investments that constitute a concentration of credit risk.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

3) RECEIVABLES

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

Governmental activities:

	Taxes	Accounts	Interest	Due From Other Governments	Total Receivables
General Fund	\$ 118	\$ 131	\$ 3	\$ 42	\$ 294
Zone 1	220	8	12	5	245
Zone 2	698	3	31	800	1,532
Zone 3	49	5	7	-	61
Zone 4	574	1	37	9	621
Zone 5	103	2	7	-	112
Zone 6	128	343	11	-	482
Zone 7	143	-	18	-	161
NPDES Whitewater	19	-	-	55	74
NPDES Santa Ana	70	3	2	15	90
NPDES Margarita	19	-	1	-	20
Internal Service Funds	-	8	4	4	16
Total Governmental Activities	<u>\$ 2,141</u>	<u>\$ 504</u>	<u>\$ 133</u>	<u>\$ 930</u>	<u>\$ 3,708</u>

Business-type activities:

	Accounts	Interest	Due From Other Governments	Total Receivables
Subdivision Operations	\$ 232	\$ 3	\$ 18	\$ 253
Other Enterprise Funds	25	1	29	55
Total Business-type Activities	<u>\$ 257</u>	<u>\$ 4</u>	<u>\$ 47</u>	<u>\$ 308</u>

4) DEVELOPER AND OTHER AGENCY DEPOSITS

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Zone 1	10
	Zone 2	8
	Zone 3	2
	Zone 4	16
	Zone 5	4
	Zone 6	3
	Zone 7	4
	NPDES Whitewater	1
	NPDES Santa Ana	2
	NPDES Margarita	1
	Subdivision Operations	1
	Internal Service Funds	6
		<u>58</u>
Special Revenue Fund	Agency Fund	46
		<u>46</u>
Garage-Fleet Operations*	Zone 1	5
	Zone 2	4
	Zone 3	1
	Zone 4	12
	Internal Service Funds	1
		<u>23</u>
Data Processing*	General Fund	4
	Zone 1	2
	Zone 2	1
	Zone 4	2
	Zone 7	1
	NPDES Santa Ana	1
	Subdivision Operations	1
	Internal Service Funds	1
		<u>13</u>
Total		<u>\$ 140</u>

*Internal Service Funds

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Transfers

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

(a) Between governmental activities:

Transfer From	Transfer To	Amount	Purpose
Operating or Debt Subsidy:			
Zone 1	Capital Project Fund	\$ 226	Capital Project Payments
Zone 2	Capital Project Fund	351	Capital Project Payments
Zone 3	Capital Project Fund	61	Capital Project Payments
Zone 4	Capital Project Fund	350	Capital Project Payments
Zone 5	Capital Project Fund	82	Capital Project Payments
Zone 6	Capital Project Fund	118	Capital Project Payments
Zone 7	Capital Project Fund	115	Capital Project Payments
Zone 2	Internal Service Fund	2	
Zone 4	Internal Service Fund	2	
Zone 6	Internal Service Fund	1	
Zone 7	Internal Service Fund	1	
Mapping Services	Photogrammetry Operations Fund	1	
Total		<u>\$ 1,310</u>	

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

6) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Retirements	Transfers and Adjustments	Ending Balance
<u>Governmental Activities:</u>					
<i>Capital Asset, Nondepreciable:</i>					
Land and Easements	\$ 217,573	\$ 13,566	\$ (23)	\$ -	\$ 231,116
Construction in Progress	9,077	9,051	-	(6,478)	11,650
Total Capital Assets, Nondepreciable	226,650	22,617	(23)	(6,478)	242,766
<i>Capital Assets, Depreciable</i>					
Infrastructure	622,502	31,529	-	6,478	660,509
Land Improvements	110	-	-	-	110
Buildings and Improvements	11,555	1,680	-	-	13,235
Equipment	13,363	1,022	(237)	-	14,148
Total Capital Assets, Depreciable	647,530	34,231	(237)	6,478	688,002
Less Accumulated Depreciation for:					
Infrastructure	(102,830)	(8,507)	-	-	(111,337)
Land Improvements	(21)	(1)	-	-	(22)
Buildings and Improvements	(3,423)	(251)	-	-	(3,674)
Equipment	(10,936)	(926)	234	-	(11,628)
Total Accumulated Depreciation	(117,210)	(9,685)	234	-	(126,661)
Total Capital Assets, Depreciable, Net	530,320	24,546	(3)	6,478	561,341
Governmental Activities Capital Assets, Net	756,970	\$ 47,163	\$ (26)	\$ -	804,107
<u>Business-type Activities:</u>					
<i>Capital Assets, Depreciable</i>					
Equipment	\$ 592	\$ 4	\$ -	\$ -	\$ 596
Total Capital Assets, Depreciable	592	4	-	-	596
Less Accumulated Depreciation for:					
Equipment	(569)	(11)	-	-	(580)
Total Accumulated Depreciation	(569)	(11)	-	-	(580)
Total Capital Assets, Depreciable, Net	23	(7)	-	-	16
Business-type Activities Capital Assets, Net	\$ 23	\$ (7)	\$ -	\$ -	\$ 16

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

6) CAPITAL ASSETS – Continued

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 283
Public Ways and Facilities	8,508
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.	894
Total Depreciation Expense – Governmental Functions	<u>\$ 9,685</u>

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

Other Enterprise Funds	\$ 11
Total Depreciation Expense – Business-type Functions	<u>\$ 11</u>

7) LONG-TERM OBLIGATIONS

The following is a summary of long-term liability transactions for the year ended June 30, 2012:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 3,932	\$ 199	\$ (275)	\$ 3,856	\$ 599
Total Governmental Activities –					
Long-term Liabilities	<u>\$ 3,932</u>	<u>\$ 199</u>	<u>\$ (275)</u>	<u>\$ 3,856</u>	<u>\$ 599</u>
<u>Business-type Activities:</u>					
Compensated Absences	\$ 96	\$ 2	\$ (6)	\$ 92	\$ 14
Total Business-type Activities –					
Long-term Liabilities	<u>\$ 96</u>	<u>\$ 2</u>	<u>\$ (6)</u>	<u>\$ 92</u>	<u>\$ 14</u>

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

8) SPECIAL ASSESSMENT BONDS

Debt without Government Obligation

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

8) SPECIAL ASSESSMENT BONDS – Continued

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

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

At June 30, 2012, the reserve balance for the bond in the Zone 3 Elsinore Valley Benefit District was included in the agency fund cash and investments or cash with fiscal agent balances, and amounted to \$561. The District's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

Special assessment debt without District obligation consists of the following:

1993 Zone 3 – Limited Obligation Improvement Bonds, bearing interest of 7.9 percent, due in annual installments of \$305 to \$475 plus interest, through September 1, 2017.	\$ 2,380
Total special assessment bonds without governmental obligation:	\$ <u>2,380</u>

9) NET ASSETS/FUND BALANCES

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

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

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

Riverside County Flood Control and Water Conservation District

Notes to Financial Statements

June 30, 2012

(Amounts Expressed in Thousands)

10) FUND BALANCE DISCLOSURE

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

- ◆ Nonspendable – includes fund balance amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.
- ◆ Restricted – includes fund balance amounts that are constrained to being used for a specific purpose by external parties such as creditors, grantors, laws, or regulations.
- ◆ Committed – includes fund balance amounts that are committed for a specific purpose. These funds require action from the Board of Supervisors to remove or change the specified use. *Authority to commit: Commitments will only be used for specific purposes pursuant to a formal action by the Board of Supervisors. Board of Supervisors approval is required to establish, change, or remove a commitment.*
- ◆ Assigned – includes fund balance amounts that have been set aside and are intended to be used for a specific purpose but are neither restricted nor committed. Assigned amounts cannot cause a deficit in unassigned fund balance. *Authority to assign: Assignments within the general fund must be established by the County Executive Officer or an Executive Officer designee. No formal action is required to remove an assignment.*
- ◆ Unassigned – includes positive fund balance within the General Fund which has not been classified within any of the above mentioned categories and is available for any purpose within the General Fund.

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

Minimum Fund Balance Policy for Governmental Funds

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

◆ Unassigned Fund Balance – General Fund

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

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

10) FUND BALANCE DISCLOSURE – Continued

Minimum Fund Balance Policy for Governmental Funds – Continued

◆ Fund Balance – Special Revenue Funds

Special Revenue fund balances shall be kept at the higher of the minimum level dictated by the funding source or an amount that does not fall below zero. In the event the minimum fund balance drops below the prescribed levels, the District will develop a plan to replenish the minimum fund balance within two years and include the plan with the recommended budget submitted to the Board of Supervisors for approval in the following budget year.

11) SELF-INSURANCE PROGRAM

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

The maximum coverage under the workers' compensation policy is \$500 per claim, and there is no deductible. The County allocates an annual premium to the District based on current payroll costs and an experience modification. The annual premium to the District in fiscal year 2012 was approximately \$275.

12) RETIREMENT PLAN

Plan Description

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

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

Funding Policy

Active plan members in the CalPERS hired after January 9, 1992 (SEIU bargaining unit) and September 3, 1992 (LIUNA bargaining unit) are required to contribute 7 or 8 percent of their annual covered salary, depending on their hire date, for the first five (5) years of continuous service. Commencing the sixth (6th) year of continuous service, the District pays the plan member's share of the contribution. The District makes the contribution required of District employees hired prior to the aforementioned dates, respectively, on their behalf and for their account. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2011-12, the employer contribution rate was 16.8 percent.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

12) RETIREMENT PLAN – Continued

Funded Status and Funding Progress

As of The most recent valuation date, the plan was 93.6% funded. The actuarial accrued liability for benefits was \$112.2, and the actuarial value of assets was \$ 93.6, resulting in an unfunded actuarial liability (UAAL) of \$18.5. The covered payroll (annual payroll of active employees covered by the plan) was \$14.7, and the ratio of the UAAL to the covered payroll was 126.7%.

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, 2010	\$ 1,951	100%	\$ (2,084)
June 30, 2011	\$ 2,116	100%	\$ (1,945)
June 30, 2012	\$ 2,710	100%	\$ (1,806)

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

Annual Required Contribution	\$ 2,611
Interest on Net Pension Obligation (Asset)	151
Adjustments to Annual Required Contribution	(52)
Annual Pension Cost	2,710
Contributions Made	(2,710)
Pension Asset Amortization	139
Increase (Decrease) in Net Pension Obligation (Asset)	139
Net Pension Obligation (Asset) Beginning of Year	(1,945)
Net Pension Obligation (Asset) End of Year	<u>\$ (1,806)</u>

Actuarial Assumptions

For 2012, the District's annual pension cost of \$2,710, including interest and adjustments, was equal to the District's required contributions. The District's actual contributions were \$2,710, which reflects the required contribution. The annual required contribution was determined as part of the June 30, 2009 actuarial valuation of the plan using the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year represents the normal cost.

Riverside County Flood Control and Water Conservation District

Notes to Financial Statements

June 30, 2012

(Amounts Expressed in Thousands)

12) RETIREMENT PLAN – Continued

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.

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

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

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

13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District participates in the County's program that provides retiree medical benefits for eligible retirees enrolled in County-sponsored and administered retiree medical plans. Benefit provisions are established and amended through negotiations between the County and the respective unions. All employees who retire from active employment after age 50 with 5 years of District service (and are immediately eligible for CalPERS pension benefits) are eligible to participate. Former employees eligible for CalPERS pension benefits but who are not eligible for retirement at termination of employment are not eligible for retiree health benefits. Currently, 92 District employees of an average retirement age meet these eligibility requirements and will be covered upon retirement. Another 82 employees have sufficient time in service to qualify for these benefits upon retirement after age 50.

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

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

Funding Policy

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

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

In June 2004, the Government Accounting Standards Board (GASB) issued GASB Statement 45 (GASB 45). GASB 45 addresses accounting and financial reporting for post-employment benefits other than pensions, referred to as OPEB, and requires the District to report OPEB costs on an actuarial basis to account for the future costs of promised benefits. The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB 45. GASB requires the ARC to be developed each year based on the plan's assets and liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Although GASB does not actually require prefunding, the portion of the ARC that is not funded each year would accumulate as a liability on the District's financial statements. Therefore the District opted to pay 100% of the ARC in fiscal year 2010-12.

The District's annual OPEB cost, net OPEB obligation (asset) and the related information for fiscal year ending 2012 were as follows:

Annual Required Contribution	\$ 23
Interest on Net Pension Obligation (Asset)	(33)
Adjustments to Annual Required Contribution	26
Annual Pension Cost	<u>16</u>
Contributions Made	(70)
Pension Asset Amortization	<u>-</u>
Increase (Decrease) in Net Pension Obligation (Asset)	(54)
Net OPEB Obligation (Asset) Beginning of Year	(429)
Net OPEB Obligation (Asset) End of Year	<u><u>\$ (483)</u></u>

Riverside County Flood Control and Water Conservation District

Notes to Financial Statements

June 30, 2012

(Amounts Expressed in Thousands)

13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset (NOA)
June 30, 2010	\$ 45	398%	\$ (275)
June 30, 2011	\$ 38	505%	\$ (429)
June 30, 2012	\$ 16	438%	\$ (483)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 was as follows:

	2011
Actuarial Accrued Liability (a)	\$ 482
Actuarial Value on Plan Assets (b)	269
Unfunded Actuarial Accrued Liability (Funding Excess) (a) – (b)	213
Funded Ratio (b) / (a)	55.81%
Covered Payroll (c)	\$ 15,600
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll [(a) – (b)] / (c)	1.37%

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:

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2012
(Amounts Expressed in Thousands)

13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Actuarial Valuation Date	07/01/2011
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percentage of Future Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	15-year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.61%
Projected Salary Increases	3.25%
Healthcare Inflation Rate - Initial	10.00%
Healthcare Inflation Rate - Ultimate	5.00%
Inflation Rate	3.25%

14) CONTINGENCIES AND COMMITMENTS

Lawsuits and Other Claims

The District is named in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the District's financial position, results or operations. The estimated amount of remaining construction contract obligations at year-end is \$3,857.

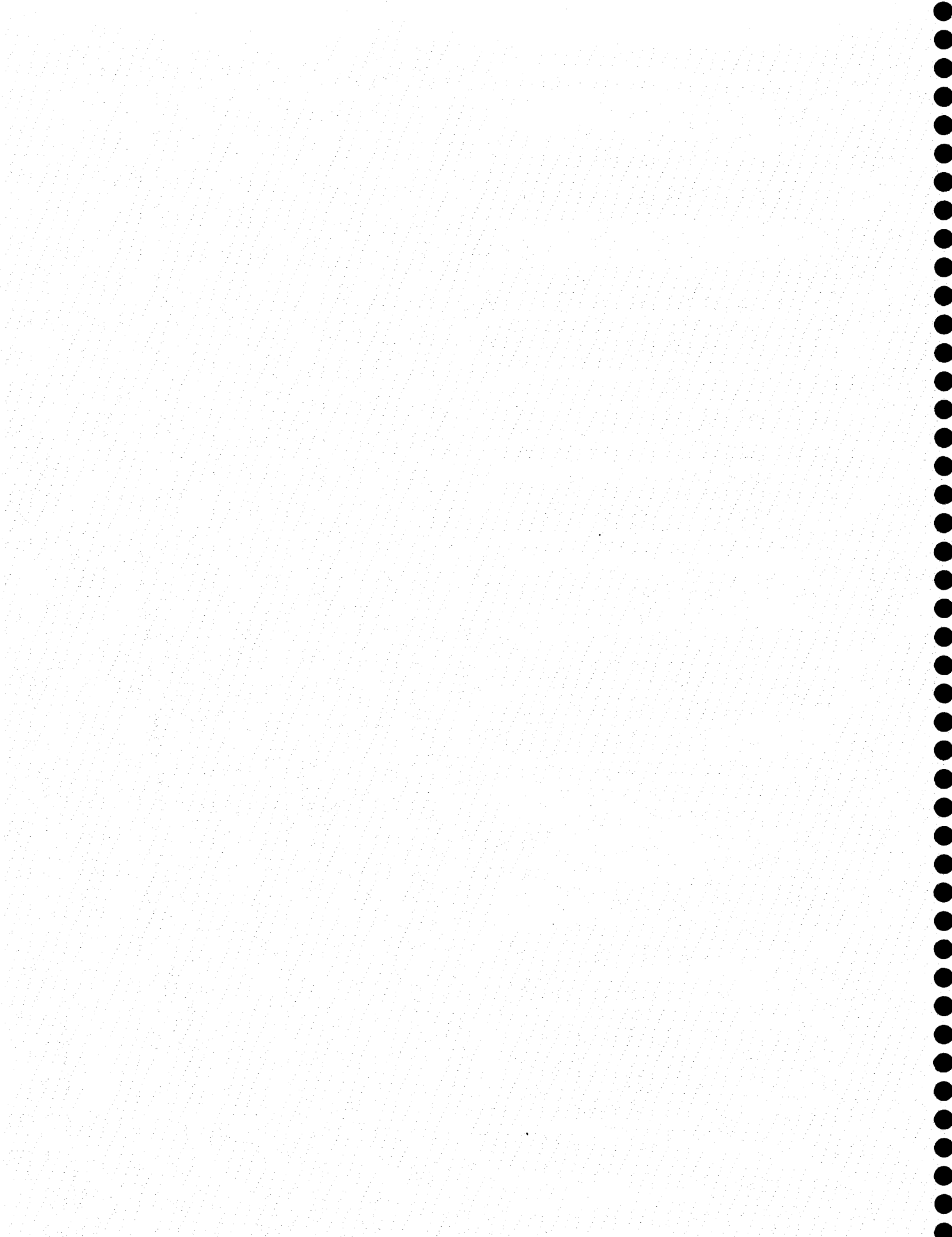
REQUIRED SUPPLEMENTARY INFORMATION



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





Riverside County Flood Control and Water Conservation District

Schedule of Funding Progress

For the Year Ended June 30, 2012

(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, 2009	\$ 93,681	\$ 112,268	\$ 18,587	83.4%	\$ 14,668	126.7%
June 30, 2010	\$ 98,710	\$ 118,367	\$ 19,657	83.4%	\$ 15,423	127.4%
June 30, 2011	\$ 104,545	\$ 125,474	\$ 20,929	83.3%	\$ 15,585	134.3%

Required Supplementary Information Schedule of Funding Progress – OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2009	\$ 100	\$ 337	\$ 237	29.7%	\$ 14,210	1.7%
June 30, 2010	\$ 105	\$ 660	\$ 555	15.9%	\$ 14,396	3.9%
June 30, 2011	\$ 269	\$ 482	\$ 213	55.8%	\$ 15,600	1.4%

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

BUDGETARY COMPARISON SCHEDULES

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

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

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

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

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

Riverside County Flood Control and Water Conservation District General Fund

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

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule - General Fund
For The Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 2,944	\$ 2,944	\$ 2,744	\$ (200)
Redevelopment Pass-thru	200	200	323	123
Intergovernmental	45	45	43	(2)
Charges for Services	917	917	1,026	109
Charges for Administrative Services	5	5	-	(5)
Investment Income	30	30	24	(6)
Use of Assets	6	6	68	62
Total Revenues	4,147	4,147	4,228	81
EXPENDITURES				
General Government	6,134	6,397	3,734	2,663
Capital Outlay	50	57	56	1
Total Expenditures	6,184	6,454	3,790	2,664
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,037)	(2,307)	438	2,745
OTHER FINANCING SOURCES (USES)				
Transfers In	50	50	-	(50)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	50	50	-	(50)
Net Change in Fund Balance	(1,987)	(2,257)	438	2,695
Fund Balance, Beginning of Year	3,692	3,692	3,692	-
Fund Balance, End of Year	\$ 1,705	\$ 1,435	\$ 4,130	\$ 2,695

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, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 6,574	\$ 6,574	\$ 6,191	\$ (383)
Redevelopment Pass-thru	1,000	1,000	2,219	1,219
Intergovernmental	96	96	97	1
Charges for Services	210	210	213	3
Area Drainage Fees	10	10	-	(10)
Investment Income	111	111	108	(3)
Use of Assets	93	93	92	(1)
Total Revenues	8,094	8,094	8,920	826
EXPENDITURES				
Public Ways and Facilities	19,328	19,328	7,900	11,428
Capital Outlay	350	350	7	343
Total Expenditures	19,678	19,678	7,907	11,771
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,584)	(11,584)	1,013	12,597
OTHER FINANCING SOURCES (USES)				
Transfers In	2,877	2,877	-	(2,877)
Transfers Out	(837)	(837)	(429)	408
Total Other Financing Sources (Uses)	2,040	2,040	(429)	(2,469)
Net Change in Fund Balance	(9,544)	(9,544)	584	10,128
Fund Balance, Beginning of Year	23,015	23,015	23,015	-
Fund Balance, End of Year	\$ 13,471	\$ 13,471	\$ 23,599	\$ 10,128

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 2
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 10,781	\$ 10,781	\$ 10,351	\$ (430)
Redevelopment Pass-thru	1,000	1,000	1,972	972
Intergovernmental	167	167	164	(3)
Charges for Services	1,600	1,600	3	(1,597)
Area Drainage Fees	1	1	4	3
Investment Income	247	247	275	28
Use of Assets	7	7	6	(1)
Total Revenues	13,803	13,803	12,775	(1,028)
EXPENDITURES				
Public Ways and Facilities	41,463	41,463	12,231	29,232
Capital Outlay	3,440	3,440	743	2,697
Total Expenditures	44,903	44,903	12,974	31,929
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,100)	(31,100)	(199)	30,901
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(1,301)	(1,301)	(150)	1,151
Total Other Financing Sources (Uses)	(1,301)	(1,301)	(150)	1,151
Net Change in Fund Balance	(32,401)	(32,401)	(349)	32,052
Fund Balance, Beginning of Year	63,893	63,893	63,893	-
Fund Balance, End of Year	\$ 31,492	\$ 31,492	\$ 63,544	\$ 32,052

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 3
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 1,407	\$ 1,407	\$ 1,392	\$ (15)
Redevelopment Pass-thru	500	500	601	101
Intergovernmental	22	22	22	-
Charges for Services	200	200	201	1
Investment Income	51	51	59	8
Total Revenues	2,180	2,180	2,275	95
EXPENDITURES				
Public Ways and Facilities	4,125	4,125	1,649	2,476
Capital Outlay	1,270	1,270	190	1,080
Total Expenditures	5,395	5,395	1,839	3,556
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(3,215)	(3,215)	436	3,651
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(226)	(226)	(61)	165
Total Other Financing Sources (Uses)	(226)	(226)	(61)	165
Net Change in Fund Balance	(3,441)	(3,441)	375	3,816
Fund Balance, Beginning of Year	12,879	12,879	12,879	-
Fund Balance, End of Year	\$ 9,438	\$ 9,438	\$ 13,254	\$ 3,816

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 4
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 10,754	\$ 10,754	\$ 10,338	\$ (416)
Redevelopment Pass-thru	500	500	1,297	797
Special Assessments	10	10	1	(9)
Intergovernmental	162	162	163	1
Charges for Services	183	183	161	(22)
Area Drainage Fees	86	86	281	195
Investment Income	278	278	318	40
Contributions	-	-	-	-
Use of Assets	8	8	50	42
Total Revenues	11,981	11,981	12,609	628
EXPENDITURES				
Public Ways and Facilities	20,428	20,428	8,233	12,195
Capital Outlay	2,005	2,005	-	2,005
Total Expenditures	22,433	22,433	8,233	14,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,452)	(10,452)	4,376	14,828
OTHER FINANCING SOURCES (USES)				
Transfers In	5,375	5,375	-	(5,375)
Transfers Out	(1,301)	(1,301)	(352)	949
Total Other Financing Sources (Uses)	4,074	4,074	(352)	(4,426)
Net Change in Fund Balance	(6,378)	(6,378)	4,024	10,402
Fund Balance, Beginning of Year	67,683	67,683	67,683	-
Fund Balance, End of Year	\$ 61,305	\$ 61,305	\$ 71,707	\$ 10,402

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 5
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 2,529	\$ 2,529	\$ 2,157	\$ (372)
Redevelopment Pass-thru	100	100	486	386
Intergovernmental	37	37	34	(3)
Charges for Services	-	-	10	10
Investment Income	60	60	64	4
Total Revenues	2,726	2,726	2,751	25
EXPENDITURES				
Public Ways and Facilities	10,147	10,147	1,194	8,953
Capital Outlay	125	125	-	125
Total Expenditures	10,272	10,272	1,194	9,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,546)	(7,546)	1,557	9,103
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(303)	(303)	(82)	221
Total Other Financing Sources (Uses)	(303)	(303)	(82)	221
Net Change in Fund Balance	(7,849)	(7,849)	1,475	9,324
Fund Balance, Beginning of Year	12,934	12,934	12,934	-
Fund Balance, End of Year	\$ 5,085	\$ 5,085	\$ 14,409	\$ 9,324

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 6
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property Taxes	\$ 3,591	\$ 3,591	\$ 3,173	\$ (418)
Redevelopment Pass-thru	450	450	591	141
Intergovernmental	52	52	50	(2)
Charges for Services	-	-	-	-
Investment Income	120	120	104	(16)
Use of Assets	45	45	48	3
Total Revenues	4,258	4,258	3,966	(292)
EXPENDITURES				
Public Ways and Facilities	14,712	14,712	4,482	10,230
Capital Outlay	5,500	5,500	2,241	3,259
Total Expenditures	20,212	20,212	6,723	13,489
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,954)	(15,954)	(2,757)	13,197
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(438)	(438)	(119)	319
Total Other Financing Sources (Uses)	(438)	(438)	(119)	319
Net Change in Fund Balance	(16,392)	(16,392)	(2,876)	13,516
Fund Balance, Beginning of Year	25,784	25,784	25,784	-
Fund Balance, End of Year	\$ 9,392	\$ 9,392	\$ 22,908	\$ 13,516

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 7
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 3,741	\$ 3,741	\$ 3,380	\$ (361)
Redevelopment Pass-thru	250	250	396	146
Intergovernmental	55	55	54	(1)
Charges for Services	-	-	-	-
Area Drainage Fees	12	12	14	2
Investment Income	160	160	164	4
Total Revenues	4,218	4,218	4,008	(210)
EXPENDITURES				
Public Ways and Facilities	4,776	4,676	2,586	2,090
Capital Outlay	-	-	35	(35)
Total Expenditures	4,776	4,676	2,621	2,055
Excess (Deficiency) of Revenues Over (Under) Expenditures	(558)	(458)	1,387	1,845
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(428)	(428)	(116)	312
Total Other Financing Sources (Uses)	(428)	(428)	(116)	312
Net Change in Fund Balance	(986)	(886)	1,271	2,157
Fund Balance, Beginning of Year	34,985	34,985	34,985	-
Fund Balance, End of Year	\$ 33,999	\$ 34,099	\$ 36,256	\$ 2,157

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Whitewater
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Special Assessments	\$ 295	\$ 295	\$ 284	\$ (11)
Charges for Services	416	416	285	(131)
Investment Income	6	6	3	(3)
Total Revenues	717	717	572	(145)
EXPENDITURES				
Public Ways and Facilities	763	763	551	212
Total Expenditures	763	763	551	212
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46)	(46)	21	67
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(46)	(46)	21	67
Fund Balance, Beginning of Year	779	779	779	-
Fund Balance, End of Year	<u>\$ 733</u>	<u>\$ 733</u>	<u>\$ 800</u>	<u>\$ 67</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Ana
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

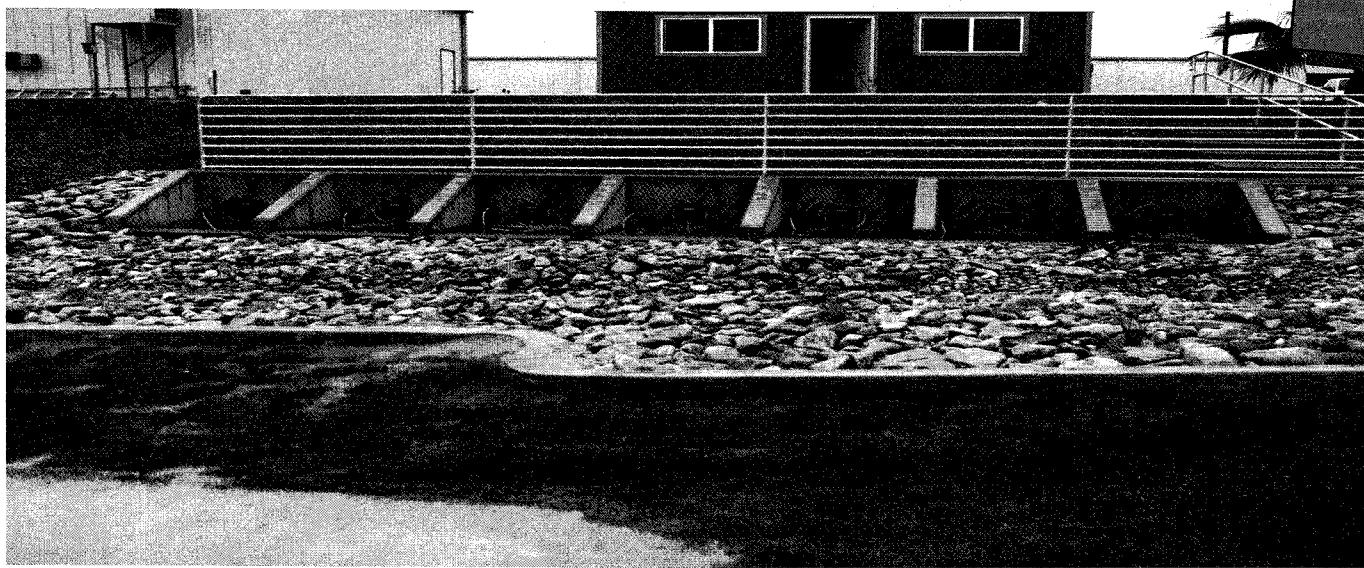
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Special Assessments	\$ 2,265	\$ 2,265	\$ 2,259	\$ (6)
Charges for Services	500	500	561	61
Investment Income	20	20	20	-
Total Revenues	2,785	2,785	2,840	55
EXPENDITURES				
Public Ways and Facilities	3,758	3,758	2,817	941
Total Expenditures	3,758	3,758	2,817	941
Excess (Deficiency) of Revenues Over (Under) Expenditures	(973)	(973)	23	996
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(973)	(973)	23	996
Fund Balance, Beginning of Year	4,741	4,741	4,741	-
Fund Balance, End of Year	\$ 3,768	\$ 3,768	\$ 4,764	\$ 996

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Margarita
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Special Assessments	\$ 476	\$ 476	\$ 478	\$ 2
Charges for Services	1,500	1,500	1,256	(244)
Investment Income	4	4	4	-
Total Revenues	1,980	1,980	1,738	(242)
EXPENDITURES				
Public Ways and Facilities	2,113	2,113	1,418	695
Total Expenditures	2,113	2,113	1,418	695
Excess (Deficiency) of Revenues Over (Under) Expenditures	(133)	(133)	320	453
OTHER FINANCING SOURCES (USES)				
Transfers In	1	1	-	(1)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	1	1	-	(1)
Net Change in Fund Balance	(132)	(132)	320	452
Fund Balance, Beginning of Year	567	567	567	-
Fund Balance, End of Year	\$ 435	\$ 435	\$ 887	\$ 452

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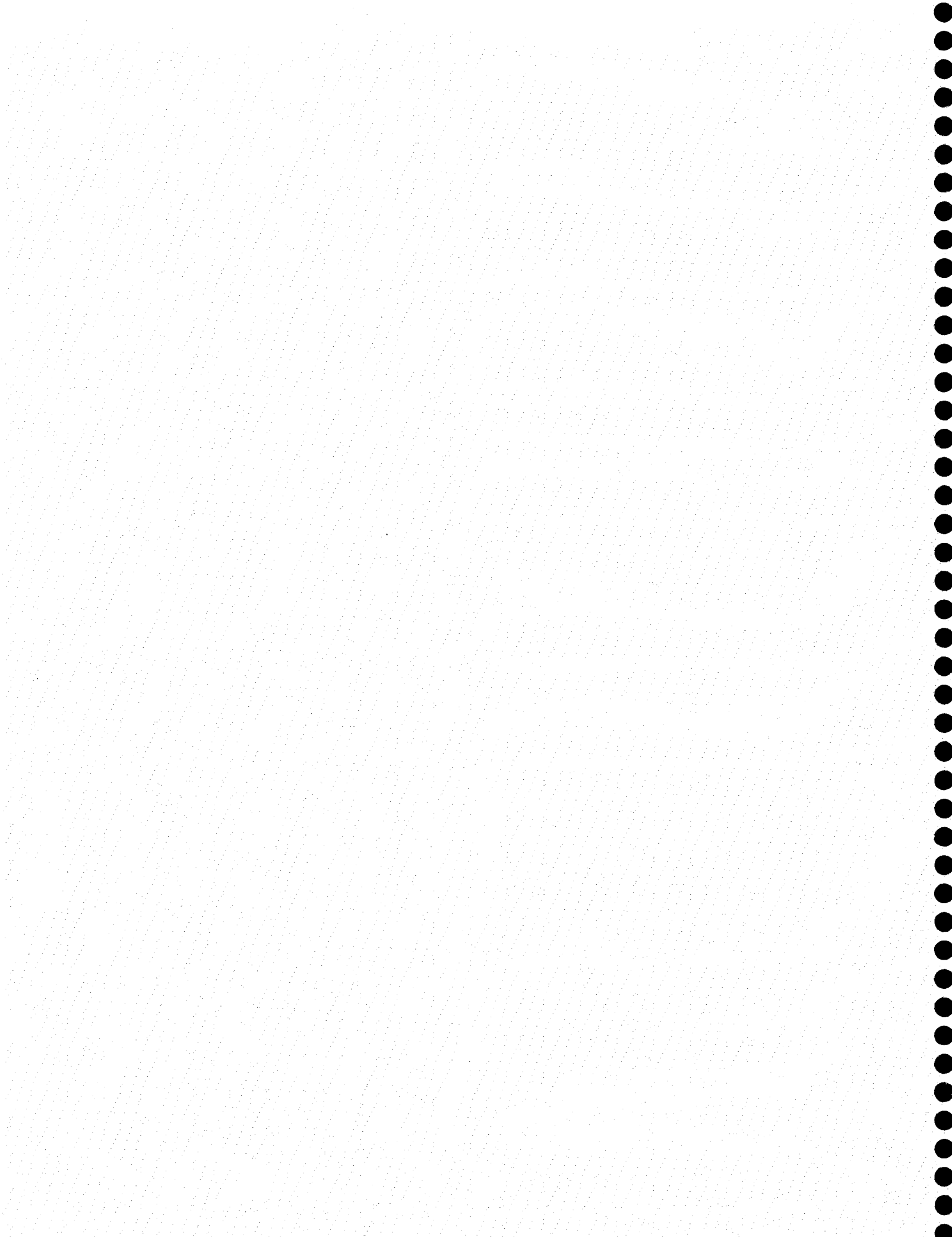
SUPPLEMENTARY INFORMATION



CONTENTS

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





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

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

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Flood Control Capital Project Fund
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Investment Income	1	1	-	(1)
Total Revenues	1	1	-	(1)
EXPENDITURES				
Capital Outlay	4,635	4,635	1,680	2,955
Total Expenditures	4,635	4,635	1,680	2,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,634)	(4,634)	(1,680)	2,954
OTHER FINANCING SOURCES (USES)				
Transfers In	4,635	4,635	1,303	(3,332)
Total Other Financing Sources (Uses)	4,635	4,635	1,303	(3,332)
Net Change in Fund Balance	1	1	(377)	(378)
Fund Balance, Beginning of Year	421	421	421	-
Fund Balance, End of Year	<u>\$ 422</u>	<u>\$ 422</u>	<u>\$ 44</u>	<u>\$ (378)</u>

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

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

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

Riverside County Flood Control and Water Conservation District
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2012
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 675	\$ 320	\$ 995
Restricted Cash	3	66	69
Receivables:			
Accounts Receivable	1	24	25
Interest Receivable	1	-	1
Due from Other Funds	-	-	-
Due from Other Governments	-	29	29
	<hr/>	<hr/>	<hr/>
Total Current Assets	680	439	1,119
	<hr/>	<hr/>	<hr/>
Noncurrent Assets:			
Capital Assets:			
Depreciable, Net	16	-	16
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 696	\$ 439	\$ 1,135
	<hr/>	<hr/>	<hr/>
LIABILITIES AND NET ASSETS			
Liabilities:			
Current liabilities:			
Accounts Payable	\$ -	\$ 8	\$ 8
Salaries and Benefits Payable	3	3	6
Due to Other Funds	-	-	-
Due to Other Governments	-	10	10
Compensated Absences - Current Portion	1	2	3
Developer and Other Agency Deposits	-	70	70
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	4	93	97
	<hr/>	<hr/>	<hr/>
Noncurrent Portion of Long-term Liabilities:			
Compensated Absences	5	10	15
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	5	10	15
	<hr/>	<hr/>	<hr/>
Total Liabilities	9	103	112
	<hr/>	<hr/>	<hr/>
Net Assets			
Invested in Capital Assets	16	-	16
Unrestricted	671	336	1,007
	<hr/>	<hr/>	<hr/>
Total Net Assets	687	336	1,023
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 696	\$ 439	\$ 1,135
	<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, 2012
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
OPERATING REVENUES			
Charges for Services	\$ 228	\$ 171	\$ 399
OPERATING EXPENSES			
Personnel Services	56	112	168
Administrative Services	3	23	26
Services and Supplies	42	18	60
Depreciation	11	-	11
Total Operating Expenses	112	153	265
Operating Income (Loss)	116	18	134
NONOPERATING REVENUES			
Investment Income	3	2	5
Income (Loss) Before Transfers	119	20	139
Transfers In	1	-	1
Change in Net Assets	120	20	140
Net Assets, Beginning of Year	567	316	883
Net Assets, End of Year	\$ 687	\$ 336	\$ 1,023

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers/Other Funds	\$ 232	\$ 140	\$ 372
Cash Paid to Suppliers for Goods and Services	(65)	(25)	(90)
Cash Paid to Employees for Services	(61)	(111)	(172)
Net Cash Provided by (Used in) Operating Activities	106	4	110
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers Received	1	-	1
Net Cash Provided by Noncapital Financing Activities	1	-	1
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(4)	-	(4)
Net Cash Used in Capital and Related Financing Activities	(4)	-	(4)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	3	2	5
Net Cash Provided by Investing Activities	3	2	5
Net Change in Cash and Cash Equivalents	106	6	112
Cash and Cash Equivalents, Beginning of Year	572	380	952
Cash and Cash Equivalents, End of Year	\$ 678	\$ 386	\$ 1,064
Reconciliation of Operating Income (Loss) to			
Net Cash Provided by (Used in) Operating Activities			
Operating Income	\$ 116	\$ 18	\$ 134
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	11	-	11
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	(1)	19	18
Due from Other Funds	5	-	5
Due from Other Governments	-	(9)	(9)
Increase (Decrease) in:			
Accounts Payable	(6)	8	2
Salaries and Benefits Payable	1	-	1
Due to Other Funds	(4)	(2)	(6)
Due to Other Governments	(10)	10	-
Compensated Absences	(6)	1	(5)
Developer and Other Agency Deposits	-	(41)	(41)
Net Cash Provided by (Used in) Operating Activities	\$ 106	\$ 4	\$ 110

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

Riverside County Flood Control and Water Conservation District Internal Service Funds

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

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

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

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

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

Riverside County Flood Control and Water Conservation District
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012
(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
ASSETS			
Current Assets:			
Cash and Investments	\$ 109	\$ 3,618	\$ 946
Restricted Cash	-	1,001	-
Receivables:			
Accounts Receivable	-	-	-
Interest Receivable	-	2	1
Due from Other Funds	-	23	-
Due from Other Governments	-	-	-
Inventories	-	77	156
	<hr/>	<hr/>	<hr/>
Total Current Assets	109	4,721	1,103
	<hr/>	<hr/>	<hr/>
Noncurrent Assets:			
Capital Assets:			
Depreciable, Net	146	2,207	-
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 255	\$ 6,928	\$ 1,103
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 2	\$ 43	\$ 12
Salaries and Benefits Payable	15	30	1
Due to Other Funds	1	3	-
Compensated Absences - Current Portion	5	11	1
Due to Other Governments	51	-	-
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	74	87	14
	<hr/>	<hr/>	<hr/>
Noncurrent Portion of Long-Term Liabilities:			
Compensated Absences	26	60	4
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	26	60	4
	<hr/>	<hr/>	<hr/>
Total Liabilities	100	147	18
	<hr/>	<hr/>	<hr/>
Net Assets:			
Invested in Capital Assets	146	2,207	-
Unrestricted	9	4,574	1,085
	<hr/>	<hr/>	<hr/>
Total Net Assets	155	6,781	1,085
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 255	\$ 6,928	\$ 1,103
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Mapping Services	Data Processing	Total
\$ 541	\$ 1,170	\$ 6,384
-	-	1,001
8	-	8
-	1	4
-	13	36
-	4	4
-	-	233
549	1,188	7,670
59	30	2,442
<u>\$ 608</u>	<u>\$ 1,218</u>	<u>\$ 10,112</u>
\$ 9	\$ 27	\$ 93
6	38	90
1	3	8
3	15	35
-	-	51
19	83	277
15	86	191
15	86	191
34	169	468
59	30	2,442
515	1,019	7,202
574	1,049	9,644
<u>\$ 608</u>	<u>\$ 1,218</u>	<u>\$ 10,112</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
OPERATING REVENUES			
Charges for Services	\$ 924	\$ 3,337	\$ 593
OPERATING EXPENSES			
Personnel Services	326	719	4
Administrative Services	81	167	4
Services and Supplies	385	1,179	586
Depreciation	34	780	-
Total Operating Expenses	826	2,845	594
Operating Income (Loss)	98	492	(1)
NONOPERATING REVENUES			
Investment Income	-	20	4
Gain on Sale of Capital Assets (Loss)	-	(3)	-
Total Nonoperating Revenues	-	17	4
Income (Loss) Before Transfers	98	509	3
Transfers In	-	6	-
Transfers Out	-	-	-
Total Transfers In (Out)	-	6	-
Change in Net Assets	98	515	3
Net Assets, Beginning of Year	57	6,266	1,082
Net Assets, End of Year	\$ 155	\$ 6,781	\$ 1,085

Mapping Services	Data Processing	Total
\$ 322	\$ 1,724	\$ 6,900
174	1,024	2,247
78	262	592
56	855	3,061
49	31	894
357	2,172	6,794
(35)	(448)	106
2	5	31
-	-	(3)
2	5	28
(33)	(443)	134
-	-	6
(1)	-	(1)
(1)	-	5
(34)	(443)	139
608	1,492	9,505
\$ 574	\$ 1,049	\$ 9,644

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012
(Amounts Expressed in Thousands)

	Hydrology Services	Garage	Project Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Interfund Services Provided	\$ 975	\$ 3,463	\$ 595
Cash Paid to Suppliers for Goods and Services	(581)	(1,379)	(505)
Cash Paid to Employees for Services	(323)	(697)	(5)
Net Cash Provided by (Used in) Operating Activities	71	1,387	85
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers Received	-	6	-
Net Cash Provided by Noncapital Financing Activities	-	6	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Capital Assets	-	(3)	-
Acquisition and Construction of Capital Assets	(171)	(774)	-
Net Cash Used in Capital and Related Financing Activities	(171)	(777)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	-	21	4
Net Cash Provided by Investing Activities	-	21	4
Net Change in Cash and Cash Equivalents	(100)	637	89
Cash and Cash Equivalents, Beginning of Year	209	3,982	857
Cash and Cash Equivalents, End of Year	\$ 109	\$ 4,619	\$ 946
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 98	\$ 492	\$ (1)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	34	780	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	-	-
Due from Other Funds	51	126	2
Due from Other Governments	-	-	-
Inventories	-	(2)	89
Increase (Decrease) in:			
Accounts Payable	-	(17)	(4)
Salaries and Benefits Payable	3	14	(1)
Due to Other Funds	(166)	(14)	-
Compensated Absences	-	8	-
Due to Other Governments	51	-	-
Net Cash Provided by (Used in) Operating Activities	\$ 71	\$ 1,387	\$ 85

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

Mapping Services	Data Processing	Total
\$ 324	\$ 1,775	\$ 7,132
(129)	(1,140)	(3,734)
(174)	(1,024)	(2,223)
21	(389)	1,175
(1)	-	5
(1)	-	5
-	-	(3)
(9)	(9)	(963)
(9)	(9)	(966)
2	6	33
2	6	33
13	(392)	247
528	1,562	7,138
\$ 541	\$ 1,170	\$ 7,385

\$ (35)	\$ (448)	\$ 106
49	31	894
2	-	2
-	55	234
-	(4)	(4)
-	-	87
8	(4)	(17)
1	9	26
(3)	(19)	(202)
(1)	(9)	(2)
-	-	51
\$ 21	\$ (389)	\$ 1,175

Riverside County Flood Control and Water Conservation District Agency Funds

Special assessment/improvement districts with debt without government obligation:

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

Other Agency Funds

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

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

Riverside County Flood Control and Water Conservation District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012
(Amounts Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
<hr/> Flood Stop Notices <hr/>				
ASSETS				
Cash and Investments	\$ 46	\$ -	\$ -	\$ 46
Total Assets	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46</u>
LIABILITIES				
Accounts Payable	\$ 46	\$ 46	\$ 92	\$ -
Due to Other Funds	\$ -	\$ 46	\$ -	\$ 46
Total Liabilities	<u>\$ 46</u>	<u>\$ 92</u>	<u>\$ 92</u>	<u>\$ 46</u>
<hr/> Special Subdivision <hr/>				
ASSETS				
Cash and Investments	\$ 2,714	\$ 1,120	\$ 1,059	\$ 2,775
Total Assets	<u>\$ 2,714</u>	<u>\$ 1,120</u>	<u>\$ 1,059</u>	<u>\$ 2,775</u>
LIABILITIES				
Accounts Payable	\$ 2,714	\$ 1,120	\$ 1,059	\$ 2,775
Total Liabilities	<u>\$ 2,714</u>	<u>\$ 1,120</u>	<u>\$ 1,059</u>	<u>\$ 2,775</u>

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

Agency Funds

June 30, 2012

(Amounts Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Elsinore Valley Benefit District - Zone 3</u>				
ASSETS				
Cash and Investments with Fiscal Agents	\$ 2,155	\$ 218	\$ 334	\$ 2,039
Total Assets	<u>\$ 2,155</u>	<u>\$ 218</u>	<u>\$ 334</u>	<u>\$ 2,039</u>
LIABILITIES:				
Due to Bondholders	\$ 2,155	\$ 218	\$ 334	\$ 2,039
Total Liabilities	<u>\$ 2,155</u>	<u>\$ 218</u>	<u>\$ 334</u>	<u>\$ 2,039</u>
 <u>Total Agency Funds</u>				
ASSETS				
Cash and Investments	\$ 2,760	\$ 1,120	\$ 1,059	\$ 2,821
Cash and Investments with Fiscal Agents	2,155	218	334	2,039
Total Assets	<u>\$ 4,915</u>	<u>\$ 1,338</u>	<u>\$ 1,393</u>	<u>\$ 4,860</u>
LIABILITIES				
Accounts Payable	\$ 2,760	\$ 1,166	\$ 1,151	\$ 2,775
Due to Bondholders	2,155	218	334	2,039
Due to Other Funds	-	46	-	46
Total Liabilities	<u>\$ 4,915</u>	<u>\$ 1,430</u>	<u>\$ 1,485</u>	<u>\$ 4,860</u>

STATISTICAL SECTION

CONTENTS

Financial Trends 82

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 91

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 97

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 102

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 105

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.



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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				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in capital assets, net of related debt	\$ 487,331	\$ 495,570	\$ 547,589	\$ 598,366	\$ 638,773
Restricted	-	-	118,694	133,481	162,709
Unrestricted	125,720	128,365	10,124	9,242	10,000
Total governmental activities net assets	<u>\$ 613,051</u>	<u>\$ 623,935</u>	<u>\$ 676,407</u>	<u>\$ 741,089</u>	<u>\$ 811,482</u>
Business - type activities					
Invested in capital assets, net of related debt	\$ 175	\$ 126	\$ 92	\$ 71	\$ 54
Restricted	-	-	-	-	-
Unrestricted	1,293	800	1,014	1,500	2,448
Total business-type activities net assets	<u>\$ 1,468</u>	<u>\$ 926</u>	<u>\$ 1,106</u>	<u>\$ 1,571</u>	<u>\$ 2,502</u>
Primary government					
Invested in capital assets, net of related debt	\$ 487,506	\$ 495,696	\$ 547,681	\$ 598,437	\$ 638,827
Restricted	-	-	118,694	133,481	162,709
Unrestricted	127,013	129,165	11,138	10,742	12,448
Total primary government net assets	<u>\$ 614,519</u>	<u>\$ 624,861</u>	<u>\$ 677,513</u>	<u>\$ 742,660</u>	<u>\$ 813,984</u>

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

Riverside County Flood Control and Water Conservation District

Net Assets by Component

Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 2

Fiscal Year					
2008	2009	2010	2011	2012	
\$ 658,848	\$ 704,139	\$ 723,372	\$ 756,970	\$ 804,107	Governmental Activities
195,493	223,886	237,211	251,826	256,317	Invested in capital assets, net of related debt
10,124	10,610	15,014	9,459	7,773	Restricted
\$ 864,465	\$ 938,635	\$ 975,597	\$1,018,255	\$1,068,197	Unrestricted
					Total governmental activities net assets
\$ 39	\$ 36	\$ 13	\$ 23	\$ 16	Business - type activities
-	-	-	-	-	Invested in capital assets, net of related debt
3,286	3,691	3,452	2,263	2,613	Restricted
\$ 3,325	\$ 3,727	\$ 3,465	\$ 2,286	\$ 2,629	Unrestricted
					Total business-type activities net assets
\$ 658,887	\$ 704,175	\$ 723,385	\$ 756,993	\$ 804,123	Primary government
195,493	223,886	237,211	251,826	256,317	Invested in capital assets, net of related debt
13,410	14,301	18,466	11,722	10,386	Restricted
\$ 867,790	\$ 942,362	\$ 979,062	\$1,020,541	\$1,070,826	Unrestricted
					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				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General government	\$ 5,366	\$ 6,670	\$ 8,002	\$ 9,725	\$ 8,988
Public ways and facilities	19,622	34,225	29,964	31,517	34,806
Interest on long-term debt	54	28	18	3	-
Total governmental activities expenses	25,042	40,923	37,984	41,245	43,794
Business-type activities:					
Subdivision operations	1,699	2,914	4,136	4,719	5,169
Photogrammetry operations	227	196	183	338	145
Enroachment permits	114	122	216	250	164
Total business-type activities expenses	2,040	3,232	4,535	5,307	5,478
Total primary government expenses	\$ 27,082	\$ 44,155	\$ 42,519	\$ 46,552	\$ 49,272
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 4,938	\$ 4,589	\$ 7,041	\$ 8,470	\$ 5,861
Public ways and facilities	10,288	10,598	16,478	11,399	11,753
Capital grants and contributions	6,233	7,037	31,756	38,156	37,635
Total governmental activities program revenues	21,459	22,224	55,275	58,025	55,249
Business-type activities:					
Charges for services:					
Subdivision operations	1,912	2,364	4,249	4,865	5,703
Photogrammetry operations	151	145	164	389	142
Enroachment permits	104	147	211	307	187
Total business-type activities program revenues	2,167	2,656	4,624	5,561	6,032
Total primary government program revenues	\$ 23,626	\$ 24,880	\$ 59,899	\$ 63,586	\$ 61,281
Net (expense)/revenue					
Governmental activities	\$ (3,583)	\$ (18,699)	\$ 17,291	\$ 16,780	\$ 11,455
Business-type activities	127	(576)	89	254	554
Total primary government net (expense)/revenue	\$ (3,456)	\$ (19,275)	\$ 17,380	\$ 17,034	\$ 12,009
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property Taxes	\$ 25,058	\$ 28,620	\$ 32,306	\$ 42,701	\$ 51,035
Redevelopment pass-thru	-	-	-	-	-
Unrestricted interest and investment earnings	1,653	941	2,771	4,583	7,842
Gain on sale of capital assets	5	15	61	618	61
Other	-	7	43	-	-
Total governmental activities	26,716	29,583	35,181	47,902	58,938
Business-type activities:					
Unrestricted interest and investment earnings	34	34	91	211	377
Total business-type activities	34	34	91	211	377
Total primary government	\$ 26,750	\$ 29,617	\$ 35,272	\$ 48,113	\$ 59,315
Change in Net Assets					
Governmental activities	\$ 23,133	\$ 10,884	\$ 52,472	\$ 64,682	\$ 70,393
Business-type activities	161	(542)	180	465	931
Total primary government	\$ 23,294	\$ 10,342	\$ 52,652	\$ 65,147	\$ 71,324

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

Riverside County Flood Control and Water Conservation District

Changes in Net Assets

Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 2

Fiscal Year				
2008	2009	2010	2011	2012
\$ 9,195	\$ 9,660	\$ 5,928	\$ 5,572	\$ 4,244
35,384	39,712	41,769	39,192	42,219
-	-	-	-	-
44,579	49,372	47,697	44,764	46,463
3,833	2,340	1,520	2,298	1,329
202	246	93	285	112
135	237	167	157	154
4,170	2,823	1,780	2,740	1,595
\$ 48,749	\$ 52,195	\$ 49,477	\$ 47,504	\$ 48,058
\$ 4,248	\$ 5,742	\$ 1,149	\$ 915	\$ 1,179
4,770	9,087	5,215	4,508	3,838
23,565	45,798	21,538	35,479	44,895
32,583	60,627	27,902	40,902	49,912
4,204	2,490	1,082	992	1,506
282	288	171	342	228
175	248	183	181	171
4,661	3,026	1,436	1,515	1,905
\$ 37,244	\$ 63,653	\$ 29,338	\$ 42,417	\$ 51,817
\$ (11,996)	\$ 11,255	\$ (19,795)	\$ (3,862)	\$ 3,449
491	203	(344)	(1,225)	310
\$ (11,505)	\$ 11,458	\$ (20,139)	\$ (5,087)	\$ 3,759
\$ 56,791	\$ 55,791	\$ 46,280	\$ 39,836	\$ 39,258
-	-	8,111	5,136	6,040
8,349	5,835	2,324	1,425	1,173
(161)	1,289	42	123	22
-	-	-	-	-
64,979	62,915	56,757	46,520	46,493
332	199	82	46	33
332	199	82	46	33
\$ 65,311	\$ 63,114	\$ 56,839	\$ 46,566	\$ 46,526
\$ 52,983	\$ 74,170	\$ 36,962	\$ 42,658	\$ 49,942
823	402	(262)	(1,179)	343
\$ 53,806	\$ 74,572	\$ 36,700	\$ 41,479	\$ 50,285

Expenses

Governmental Activities:

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

Total governmental activities expenses

Business-type activities:

Subdivision operations
Photogrammetry operations
Enroachment permits

Total business-type activities expenses

Total primary government expenses

Program Revenues

Governmental Activities:

Charges for services:

General government
Public ways and facilities
Capital grants and contributions

Total governmental activities program revenues

Business-type activities:

Charges for services:
Subdivision operations
Photogrammetry operations
Enroachment permits

Total business-type activities program revenues

Total primary government program revenues

Net (expense)/revenue

Governmental activities

Business-type activities

Total primary government net (expense)/revenue

General Revenues and Other Changes in

Net Assets

Governmental activities:

Taxes:

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

Total governmental activities

Business-type activities:

Unrestricted interest and investment earnings

Total business-type activities

Total primary government

Change in Net Assets

Governmental activities

Business-type activities

Total primary government

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

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Total
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701
2006-07	51,035	51,035
2007-08	56,791	56,791
2008-09	55,791	55,791
2009-10	46,280	46,280
2010-11	39,836	39,836
2011-12	39,258	39,258

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

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

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

Page 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Assigned to:					
Compensated absences	\$ 881	\$ 1,531	\$ 819	\$ 1,755	\$ 1,755
Restricted for:					
Encumbrances	47	-	-	20	-
Unassigned	1,895	1,047	542	1,715	2,657
Total general fund	<u>\$ 2,823</u>	<u>\$ 2,578</u>	<u>\$ 1,361</u>	<u>\$ 3,490</u>	<u>\$ 4,412</u>
 All other governmental funds					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances	7,049	19,051	3,913	1,017	-
Public ways and facilities	113,398	104,904	118,699	133,481	162,709
Capital project fund	224	105	88	143	104
Total all other governmental funds	<u>\$ 120,671</u>	<u>\$ 124,060</u>	<u>\$ 122,700</u>	<u>\$ 134,641</u>	<u>\$ 162,813</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					
2008	2009	2010	2011	2012	
					General Fund
					Assigned to:
\$ 1,755	\$ 1,755	\$ 1,195	\$ 1,402	\$ 1,600	Compensated absences
					Restricted for:
-	-	-	-	-	Encumbrances
2,178	3,275	3,518	2,290	2,530	Unassigned
<u>\$ 3,933</u>	<u>\$ 5,030</u>	<u>\$ 4,713</u>	<u>\$ 3,692</u>	<u>\$ 4,130</u>	Total general fund
					All other governmental funds
					Restricted for:
\$ -	\$ -	\$ -	\$ -	\$ -	Debt service
-	-	-	-	-	Encumbrances
195,493	223,886	237,211	251,826	252,128	Public ways and facilities
23	167	356	421	44	Capital project fund
<u>\$ 195,516</u>	<u>\$ 224,053</u>	<u>\$ 237,567</u>	<u>\$ 252,247</u>	<u>\$ 252,172</u>	Total all other governmental funds

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

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

Page 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues					
Property taxes	\$ 25,058	\$ 28,620	\$ 32,306	\$ 42,701	\$ 51,035
Redevelopment pass-thru	-	-	-	-	-
Special assessments	2,419	2,464	2,347	2,436	2,620
Inter-governmental	-	-	-	887	4,920
Charges for services	7,300	7,489	18,469	11,175	8,497
Area drainage fees	2,928	7,027	4,629	7,541	3,847
Interest income	1,626	913	2,703	4,463	7,629
Contributions	-	-	-	-	-
Use of assets	4,998	671	121	73	188
Total revenues	<u>44,329</u>	<u>47,184</u>	<u>60,575</u>	<u>69,276</u>	<u>78,736</u>
Expenditures					
General government	5,649	6,793	10,169	9,139	8,545
Public ways and facilities	25,447	36,285	51,680	42,699	39,143
Capital outlay	1,714	596	655	3,528	1,230
Debt service:					
Principal	875	295	310	325	-
Interest	70	39	24	8	-
Total expenditures	<u>33,755</u>	<u>44,008</u>	<u>62,838</u>	<u>55,699</u>	<u>48,918</u>
Excess of revenues over (under) expenditures	10,574	3,176	(2,263)	13,577	29,818
Other financing sources (uses)					
Proceeds from bond issuance	-	-	-	-	-
Transfers in	1,189	374	369	1,945	339
Transfers out	(1,212)	(406)	(683)	(2,151)	(1,063)
Sale of Capital Assets	-	-	-	699	-
Total other financing sources (uses)	<u>(23)</u>	<u>(32)</u>	<u>(314)</u>	<u>493</u>	<u>(724)</u>
 Net change in fund balances	 <u>\$ 10,551</u>	 <u>\$ 3,144</u>	 <u>\$ (2,577)</u>	 <u>\$ 14,070</u>	 <u>\$ 29,094</u>
 Debt service as a percentage of noncapital expenditures	 3.04%	 0.78%	 0.54%	 0.64%	 0.00%

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					
2008	2009	2010	2011	2012	
					Revenues
\$ 56,791	\$ 55,791	\$ 43,534	\$ 40,814	\$ 39,726	Property taxes
-	-	6,229	5,173	7,885	Redevelopment pass-thru
2,705	2,893	3,155	3,002	3,022	Special assessments
463	645	795	711	627	Inter-governmental
6,703	13,034	4,631	4,029	3,716	Charges for services
1,406	1,000	662	524	299	Area drainage fees
8,095	5,680	2,265	1,389	1,143	Interest income
-	-	2,415	-	-	Contributions
818	1,422	179	123	264	Use of assets
<u>76,981</u>	<u>80,465</u>	<u>63,865</u>	<u>55,765</u>	<u>56,682</u>	Total revenues
					Expenditures
8,601	8,371	4,638	4,931	3,734	General government
34,437	36,029	42,085	38,540	43,061	Public ways and facilities
1,230	6,342	3,835	3,125	4,952	Capital outlay
-	-	-	-	-	Debt service:
-	-	-	-	-	Principal
-	-	-	-	-	Interest
<u>44,268</u>	<u>50,742</u>	<u>50,558</u>	<u>46,596</u>	<u>51,747</u>	Total expenditures
32,713	29,723	13,307	9,169	4,935	Excess of revenues over (under) expenditures
					Other financing sources (uses)
-	-	-	-	-	Proceeds from bond issuance
-	619	881	1,409	1,303	Transfers in
(489)	(708)	(991)	(1,485)	(1,309)	Transfers out
-	-	-	-	-	Sale of Capital Assets
<u>(489)</u>	<u>(89)</u>	<u>(110)</u>	<u>(76)</u>	<u>(6)</u>	Total other financing sources (uses)
<u>\$ 32,224</u>	<u>\$ 29,634</u>	<u>\$ 13,197</u>	<u>\$ 9,093</u>	<u>\$ 4,929</u>	Net change in fund balances
0.00%	0.00%	0.00%	0.00%	0.00%	Debt service as a percentage of noncapital expenditures

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

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

Fiscal Year	Property Taxes	Total
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701
2006-07	51,305	51,305
2007-08	56,791	56,791
2008-09	55,791	55,791
2009-10	43,534	43,534
2010-11	40,814	40,814
2011-12	39,726	39,726

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

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

Page 1

Fiscal Year Ended June 30	Real Property			Personal Property
	Residential Property	Commercial Property	Other	Other
2004-05	\$ 80,794,268	\$ 27,502,556	\$ 27,699,681	\$ 4,151,837
2005-06	124,594,705	33,091,453	42,964,130	4,704,815
2006-07	147,032,777	38,971,178	48,341,171	5,163,074
2007-08	144,017,064	43,619,731	49,753,730	5,589,865
2008-09	120,318,983	46,176,540	45,510,406	5,433,642
2009-10	116,703,601	45,282,612	41,029,947	5,189,101
2010-11	116,682,034	44,399,930	39,131,300	4,974,428
2011-12	118,450,628	41,196,648	40,365,897	4,875,338

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

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

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

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

¹ Includes tax exempt property

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

Page 2

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage Actual Value ¹
\$ 4,657,680.12	\$ 135,490,661.88	\$ 1.00000	\$ 140,148,342	100%
5,109,755	200,245,348	1.00000	205,355,103	100%
5,529,547	233,978,653	1.00000	239,508,200	100%
6,109,816	236,870,574	1.00000	242,980,390	100%
6,154,324	211,285,247	1.00000	217,439,571	100%
6,591,002	201,614,259	1.00000	208,205,261	100%
6,800,011	198,387,681	1.00000	205,187,692	100%
7,098,792	197,789,719	1.00000	204,888,511	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				
2001-02	0.00000	-	1.00000	0.00000	0.00000	0.00770	4.00000
2002-03	0.00000	-	1.00000	0.05000	0.00000	0.00670	1.05670
2003-04	0.00000	-	1.00000	0.04993	0.00000	0.00610	1.05603
2004-05	0.00000	-	1.00000	0.05848	0.01092	0.00580	1.07520
2005-06	0.00000	-	1.00000	0.05854	0.00861	0.00520	1.07235
2006-07	0.00000	-	1.00000	0.05315	0.00821	0.00470	1.06606
2007-08	0.00000	-	1.00000	0.04775	0.00627	0.00450	1.05852
2008-09	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2009-10	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2010-11	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2011-12	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, 2012

(Amounts Expressed in Thousands)

Taxpayer	2012			2005		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Southern CA Edison	\$ 23,447	1	0.83%	\$ 7,276	2	0.42%
Verizon California Inc	10,214	2	0.36%	7,461	1	0.43%
Inland Empire Energy Ctr LLC	8,422	3	0.30%			
Federal Natl Mortgage Assn	6,612	4	0.23%			
Southern CA Gas Company	6,554	5	0.23%	3,621	5	0.00%
Wells Fargo Bank	3,105	6	0.11%			
Abbott Vascular Inc	3,096	7	0.11%			
Walgreen Co	3,015	8	0.11%			
Tyler Mall LTD Partnership	2,881	9	0.10%	2,221	12	0.13%
Standard Pacific Corp	2,873	10	0.10%			
Lowes HIW Inc	2,616	11	0.09%			
Ashby USA	2,490	12	0.09%			
Blythe Energy LLC	2,463	13	0.09%	3,099	7	0%
Chelsea GCA Realty Partnership	2,454	14	0.09%			
Federal Home Loan Mortgage Corp	2,425	15	0.09%			
Centex Homes				5,252	3	0.30%
KB Home Coastal Inc.				3,924	4	0.22%
Pulte Home Corp.				3,221	6	0.18%
Pardee Grossman Cottonwood Canyon				2,907	8	0.17%
KSL Desert Resorts Inc.				2,449	9	0.14%
Murdy S.P.				2,339	10	0.13%
DS Hotel				2,303	11	0.13%
Western Pacific Housing				2,174	13	0.12%
Costco Wholesale Corporation				1,634	14	0.09%
Starwood Mission Hills CMBS I				1,621	15	0.09%
	<u>\$ 82,667</u>		<u>2.93%</u>	<u>\$ 1,621</u>		<u>2.64%</u>

Source: County Treasurer-Tax Collector

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

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount²	Percent of Levy
2001-02	21,108	20,494	97.1%	-	20,494	97.1%
2002-03	23,611	22,380	94.8%	-	22,380	94.8%
2003-04	27,437	23,168	84.4%	-	23,168	84.4%
2004-05	33,125	26,882	81.2%	-	26,882	81.2%
2005-06	41,048	31,566	76.9%	-	31,566	76.9%
2006-07	47,333	41,672	88.0%	-	41,672	88.0%
2007-08	46,491	48,072	103.4%	-	48,072	103.4%
2008-09	39,817	49,638	124.7%	-	49,638	124.7%
2009-10	38,469	40,690	105.8%	-	40,690	105.8%
2010-11	38,469	38,417	99.9%	-	38,417	99.9%
2011-12	38,352	37,387	97.5%	-	37,387	97.5%

Notes:

¹ Source: Auditor-Controller - County of Riverside, Auditor-Controller's Office

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

Fiscal Year	Government Activities		Total Primary Government	Percentage of Personal Income	Per Capita¹
	General Obligation Bonds	Special Assessment Bonds			
2005	\$ 325	\$ 6,635	\$ 6,960	0.02%	\$ 4
2006	-	5,775	5,775	0.01%	3
2007	-	4,695	4,695	0.01%	2
2008	-	4,180	4,180	0.01%	2
2009	-	3,720	3,720	0.01%	2
2010	-	2,965	2,965	0.00%	1
2011	-	2,685	2,685	0.00%	1
2012	-	2,380	2,380	0.00%	1

Sources: CAFR - Long-term Debt Schedule

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

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

¹ Amounts expressed in thousands, except Per Capita amount.

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property¹	Per Capita²
2001-02	1,805	239	1,566	0.00%	0.95
2002-03	930	242	688	0.00%	0.40
2003-04	635	242	393	0.00%	0.22
2004-05	325	242	83	0.00%	0.04
2005-06	-	-	-	-	-
2006-07	-	-	-	-	-
2007-08	-	-	-	-	-
2008-09	-	-	-	-	-
2009-10	-	-	-	-	-
2010-11	-	-	-	-	-
2011-12	-	-	-	-	-

Sources: State of California, Department of Finance

Notes:

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

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

² Amounts expressed in thousands, except Per Capita amount.

Riverside County Flood Control and Water Conservation District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012
(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 7 Long-term Obligations

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

	<u>Fiscal Year</u> <u>2005</u>	<u>Fiscal Year</u> <u>2006</u>	<u>Fiscal Year</u> <u>2007</u>	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Fiscal Year</u> <u>2012</u>
Debt Limit	\$ 4,620,140	\$ 5,715,651	\$ 6,711,008	\$ 6,711,008	\$ 5,877,766	\$ 5,877,766	\$ 5,651,236	\$ 5,615,081
Total net debt applicable to limit	325	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 4,619,815</u>	<u>\$ 5,715,651</u>	<u>\$ 6,711,008</u>	<u>\$ 6,711,008</u>	<u>\$ 5,877,766</u>	<u>\$ 5,877,766</u>	<u>\$ 5,651,236</u>	<u>\$ 5,615,081</u>
Total net debt applicable to the limit as a percentage of debt limit	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value	\$ 149,735,493
Add back: exempt real property	<u>\$ -</u>
Total assessed value	<u>\$ 149,735,493</u>
Debt limit (lesser of 3.75% of assessed valuation or \$21,000)	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 3.75% of assessed valuation or \$21,000).

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

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

Special Assessment Bonds					
Fiscal Year	Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest		
2005	\$ 1,192	\$ 605	\$ 302	1.31	
2006	1,046	663	479	0.92	
2007	892	840	453	0.69	
2008	744	435	345	0.95	
2009	906	460	330	1.15	
2010	353	260	244	0.70	
2011	323	280	222	0.64	
2012	330	305	106	0.80	

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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Fiscal Year	Population¹	Personal Income²	Per Capita Personal Income¹	Median Age¹	Education Level in Years of Formal Schooling¹
2001-02	1,644,341	\$ -	\$ 25,099		
2002-03	1,705,500	-	25,691		
2003-04	1,776,700	-	24,814		
2004-05	1,871,950	44,627,329	25,032	32	16.6
2005-06	1,911,281	49,443,185	23,478	32	16.6
2006-07	2,031,625	52,850,398	22,737	32	16.6
2007-08	2,073,571	57,666,983	24,885	31	20.1
2008-09	2,100,516	61,023,518	24,301	32	20.1
2009-10	2,125,440	64,503,728	22,657	33	19.7
2010-11	2,203,332	63,228,086	22,373	34	20.3
2011-12	2,239,620	64,376,498	22,359	34	20.4

Sources:

¹ U.S. Census Bureau

² U.S. Department of Commerce - Bureau of Economic Analysis

³ State of California, Labor Market Information

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

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

Page 2

School Enrollment¹	Unemployment Rate Percent³
333,330	5.8%
349,607	6.2%
364,857	5.8%
380,964	5.4%
395,183	4.9%
413,059	5.1%
596,645	9.5%
593,029	14.0%
622,914	15.3%
660,725	15.0%
651,554	13.0%

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

Employer	2012			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
County of Riverside	17,702	1	2.15%	15,740	1	1.95%
March Air Reserve Base	9,000	2	1.09%	6,800	2	0.84%
Stater Bros Markets	6,900	4	0.84%			
University of California, Riverside	5,790	3	0.70%	5,336	3	0.66%
Wal-Mart	5,360	5	0.65%			
Corona-Norco Unified School District	4,686	6	0.57%			
Kaiser Permanente Riverside Medical Center	4,000	7	0.49%			
Pechanga Resort & Casino	4,000	8	0.49%	3,553	4	0.44%
Riverside Unified School District	3,796	9	0.46%			
Moreno Valley Unified School District	3,500	10	0.43%			
Hemet Unified School District	3,238	11	0.39%			
Abbot Vascular	2,938	12	0.36%	2,642	7	0.33%
Temecula Valley Unified School District	2,730	13	0.33%			
Eisenhower Medical Center	2,517	14	0.31%			
City of Riverside	2,500	15	0.30%	1,053	15	0.13%
Countywide Ralphs Grocery Company				2,720	5	0.34%
Agua Caliente Band of Cahuilla Indians				2,650	6	0.33%
Riverside County Regional Medical Center				2,400	8	0.30%
SBC/ Pacific Bell				1,800	9	0.22%
Riverside County Office of Education				1,700	10	0.21%
Riverside Community College				1,521	11	0.19%
The Press Enterprise Co.				1,477	12	0.18%
Alvord Unified School District				1,300	13	0.16%
Alvord Unified School District				1,200	14	0.15%
Total	<u>78,657</u>		<u>9.56%</u>	<u>51,892</u>		<u>6.43%</u>

Source: Riverside County Economic Development Agency

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

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

	Full-time Equivalent Employees as of June 30							
	2005	2006	2007	2008	2009	2010	2011	2012
Function								
General government								
Inspection	8	9	9	11	9	16	12	10
Administration	44	34	35	43	41	49	54	61
Public ways & facilities								
Engineering	65	70	68	70	73	111	112	113
Maintenance	50	56	55	58	59	74	68	69
NPDES	11	12	11	9	11	16	17	20
Photogrammetry operations	1	2	1	1	1	-	2	1
Subdivision operations	21	23	23	18	10	8	10	10
Encroachment permits	3	2	2	2	2	1	2	2
Hydrology services	3	4	4	4	3	5	4	5
Garage-Fleet operations	5	6	8	8	7	10	9	10
Mapping services	2	2	2	2	3	5	2	2
Data processing	10	10	9	9	11	16	15	14
Photography	1	1	1	1	-	-	-	-
Total	224	231	228	236	230	311	307	317

Source: The District

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

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Function								
General government								
Inspection services	200	256	249	218	135	105	89	150
Public ways and facilities								
Maintenance projects	1,032	969	1,081	1,095	1,121	1,172	1,169	1,198
Construction projects	293	152	244	235	230	272	322	371
NPDES - Santa Ana								
Public Education Outreach events	30	34	39	45	75	72	66	27
NPDES - Santa Margarita								
Public Education Outreach events	6	4	4	8	28	5	2	2
NPDES - Whitewater								
Public Education Outreach events	4	8	11	15	15	18	6	5
Photogrammetry operations	16	36	18	14	18	7	7	7
Subdivision operations								
Plan check cases processed	549	590	628	787	429	271	312	518
Flood plain cases processed	562	470	212	105	85	73	7	115
Enroachment permits								
Permits - Issuance and Inspection	49	161	154	146	214	93	441	142

Source: The District

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

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

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Function								
General Government								
Buildings and improvements	1	2	-	-	-	-	-	-
Equipment	39	28	10	12	30	10	16	24
Public ways and facilities								
Infrastructure								
Basins	6	-	-	-	1	2	-	-
Channels	14	15	5	3	1	9	6	6
Levees	2	1	1	-	-	-	-	-
Storm Drains	34	87	52	28	58	21	43	35

Source: The District

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

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