



*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014*



*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, 2014



Submitted by:

Warren D. Williams

General Manager-Chief Engineer

Jeanine J. Rey

Finance Director

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

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INTRODUCTORY SECTION



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- ◆ *GFOA Certificate of Achievement for Excellence in Financial Reporting for 2013*
- ◆ *List of Elected and Appointed Officials*
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RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

November 19, 2014

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, 2014.

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

Teaman, Ramirez & Smith, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The District, formed in 1945 by an Act of the State Legislature, is located in the southern part of the state within the County of Riverside, which boasts the ninth largest numeric increase in population in the country.¹ The District currently occupies 2,677 square miles and serves a population of approximately 1.99 million. The District is divided into seven geographic zones and is empowered to levy property or special assessment tax on both real and personal property located within the boundaries of each zone. Taxes collected within each zone must be spent for flood control projects within, or proportionally beneficial to, that zone.

The County of Riverside, Board of Supervisors, ex officio, has been the District's governing body since 1945. Policy making and legislative authority are vested in the Board, consisting of five members elected on a non-partisan basis. Board members serve staggered four-year terms with member seats opening for election on an alternating basis. The Board of Supervisors appoints the District's General Manager-Chief Engineer, who in turn appoints the heads of the various divisions within the District.

¹ Source: U.S. Census Bureau, Estimates of the Components of Resident Population Change: April 1, 2010 to July 1, 2013

Additionally, the Board of Supervisors appoints three Zone Commissioners to each zone. The Zone Commissioners act as an advisory body to the Board of Supervisors by prioritizing the need for new flood control facilities within a zone based on requests from citizens, cities and other agencies within the zone boundaries, and making budget recommendations for new or pending projects in the upcoming fiscal year.

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

The Board of Supervisors is required to adopt by resolution a final budget for the County of Riverside, including all districts, agencies and authorities governed by the Board of Supervisors, no later than October 2nd of each year pursuant to Sections 29080 through 29092 of the Government Code. The Board of Supervisors adopted the District's 2014 fiscal year budget on September 10, 2013. The annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared by fund and class or appropriation level (e.g., salaries and benefits, services and supplies) within each category present on the financial statements. The District may transfer resources between appropriation levels within the same fund at their discretion and with approval by the County of Riverside Executive Office. Increase of resources or establishment of a new appropriation level requires approval by the Board of Supervisors.

Local Economy

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

From June 2013 to June 2014, the Inland Empire added 34,300 jobs or 2.8%. This was the strongest growth since January and February. For the first six months of 2014, the average gain was 33,583 jobs, led by eating & drinking and logistics. The June 2014 unemployment rate of 8.4% was down from 10.6% in June 2013. The number of unemployed fell by -41,900 (-21.6%) with 14,000 fewer people trying to find work while 27,900 residents found jobs.³

Over the past ten years, the District's expenses related to the construction and maintenance of flood control facilities have not only increased in amount, but have also increased as a percentage of total expenses (a ten-year increase of 56% and a ten-year increase of 24%, respectively). This increase in construction and maintenance costs as a percentage of total expenses would typically coincide with an increase of total expenses; however, total expenses were unusually high in 2005 due to the construction of County Line Channel. As a result, there was virtually no change over this 10 year period (0.1%). Maintenance costs for the current fiscal year ended have decreased by 7.5% from the prior year.

² Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percentage Change – January 1, 2012 and 2014. Sacramento, CA, May 2014

³ Source: Inland Empire Quarterly Economic Report, July 2014

With the fluctuation of the economy, the District continues to follow a moderate construction schedule. The District's practice has been to accumulate monies for large projects, while maintaining a prudent reserve for operations and maintenance.

During this same ten-year period, charges for services decreased significantly, both in amount and as a percentage of total revenues (currently 1.7%, reflecting a ten-year decrease of -22.3%). The overall decrease is largely attributable to unusually high contributions from other agencies received in 2005 for a joint construction project (\$8,758). The District received contributions from San Bernardino County, the City of Ontario, and the Santa Ana Watershed Project Authority to offset total costs for the construction of the aforementioned County Line Channel.

Long-term Financial Planning

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

Relevant Financial Policies

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

Major Initiatives

The District is especially pleased to be well on the way to completing the Eagle Canyon Dam and Debris Basin project. Prior to construction of the dam, desert thunderstorms over the Eagle Canyon foothills produced flash floods that sent water, sediment and debris down the canyon and into the streets of Cathedral City and Palm Springs. Originally conceived in the early 1980's, but delayed by budget constraints then environmental remediation issues, the dam was essentially functional by June 2014. Work on the emergency spillway, rock cladding, ramps and fences will continue into 2015. The Dam's outlet facility, Palm Springs Line 43, will carry the reduced outflows to the District's north Cathedral Canyon Channel and will be constructed in 2015.

Further, the following District-administered flood control project contracts were completed during, or were under construction at the end of fiscal year 2013/2014:

Facilities	Construction Cost
Norco MDP Lateral N-1D and Norco-Spirit Knoll Court	\$ 825,000
Sunnymead MDP Line P-6, Stage 2	\$ 249,000
Arroyo Del Torro Channel, Stage 1	\$ 5.1 Million
San Jacinto MDP Line C, Stage 2, Lines C-4, C-5 & B	\$ 7 Million
Romoland MDP Line A, Stage 3	\$ 5.6 Million
Northo Norco Channel, Stage 10	\$ 1.2 Million



RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-third consecutive year that the District published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration divisions. We wish to express our appreciation to all members of the District who assisted and contributed to the preparation of this report. A special thanks to Darrylenn Prudholme-Brockington, Supervising Accountant, Kathryn Gairson, Accountant I, and Mireya Castro, Secretary I, for their efforts in the preparation of this report. Credit must also be given to the Board of Supervisors, for their unfailing support in maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Warren D. Williams".

WARREN D. WILLIAMS
General Manager-Chief Engineer

A handwritten signature in blue ink that reads "Jeanine J. Rey".

JEANINE J. REY
Finance Director

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

TITLE	NAME
Board of Supervisors	Kevin Jeffries, 1 st District
Board of Supervisors	John F. Tavaglione, 2 nd District
Board of Supervisors	Jeff Stone, 3 rd District
Board of Supervisors	John J. Benoit, 4 th District
Board of Supervisors	Marion Ashley, District Chair, 5 th District
General Manager-Chief Engineer	Warren D. Williams
Assistant Chief Engineer	Stephen C. Thomas
Chief of Design & Construction	Robert J. 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

Board of Supervisors

1. Kevin Jeffries 2. John Tavaglione 3. Jeff Stone 4. John J. Benoit 5. Marion Ashley

GENERAL MANAGER
CHIEF ENGINEER
Warren D. "Dusty" Williams

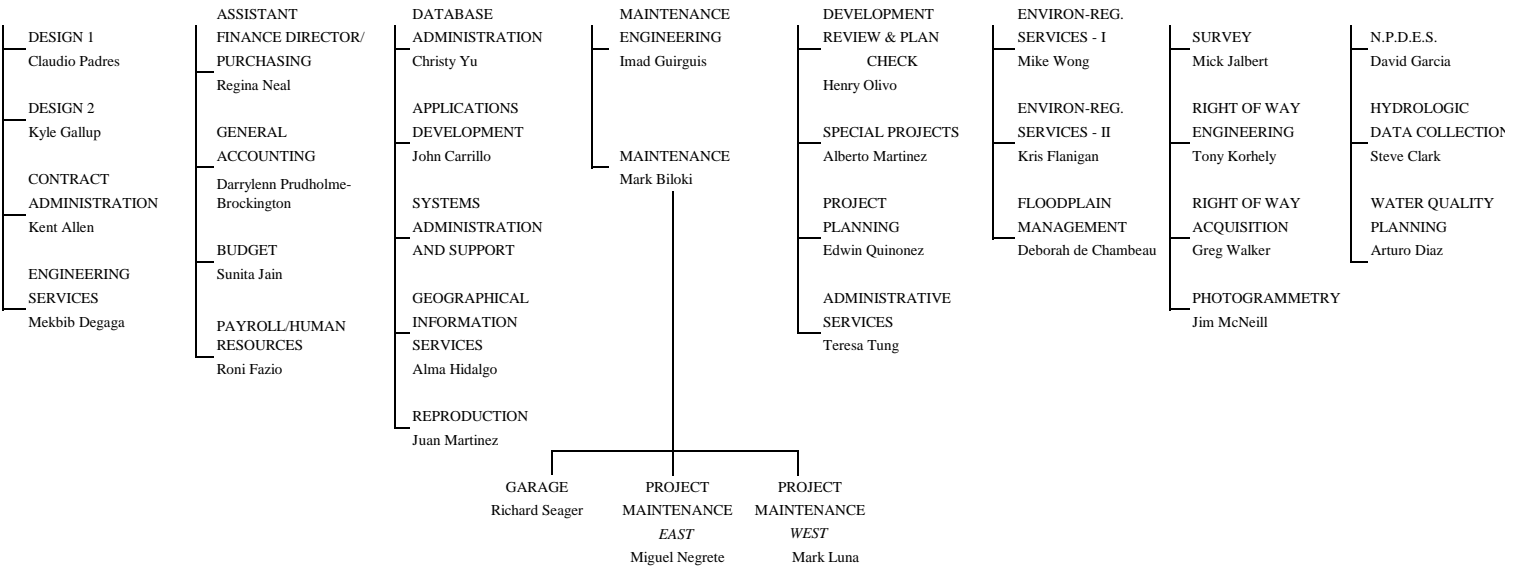
ZONE COMMISSIONERS
Seven Zones
Three Commissioners for each Zone

EXECUTIVE ASSISTANT
Becky Patterson

ASSISTANT
CHIEF ENGINEER
Steve Thomas

SECRETARY
Elizabeth DeHayes

DESIGN AND CONSTRUCTION Bob Cullen	FINANCE Jeanine J. Rey	INFORMATION TECHNOLOGY Letty Villela	OPERATIONS AND MAINTENANCE Zully Smith	PLANNING Mark Wills	REGULATORY Stuart McKibbin	SURVEYING AND MAPPING Bill Hofferber	WATERSHED PROTECTION Jason Uhley
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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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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

Report on Financial Statements

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-14 and 55-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Riverside, California
November 19, 2014

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, 2014. 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 - v 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 \$1,117,005 (*net position*). Of this amount, \$10,574 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- ◆ The District's total net position increased by \$23,882. Approximately 55 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 \$258,627, an increase of \$3,550 in comparison with the prior year. Approximately 1% of this amount (\$2,357) is *available for spending* at the District's discretion (*unassigned fund balance*).
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund was \$2,357, or 53 percent of total general fund expenditures.
- ◆ The District did not issue any new 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 position* presents information on all of the District's assets, liabilities and deferred inflows/outflows, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 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 presented as a major fund in the basic governmental fund financial statements.

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

The basic governmental fund financial statements can be found on pages 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 30-54 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 and other post-employment benefits to its employees. Required supplementary information can be found on pages 55-69 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 70-82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$1,117,005 at the close of the most recent fiscal year.

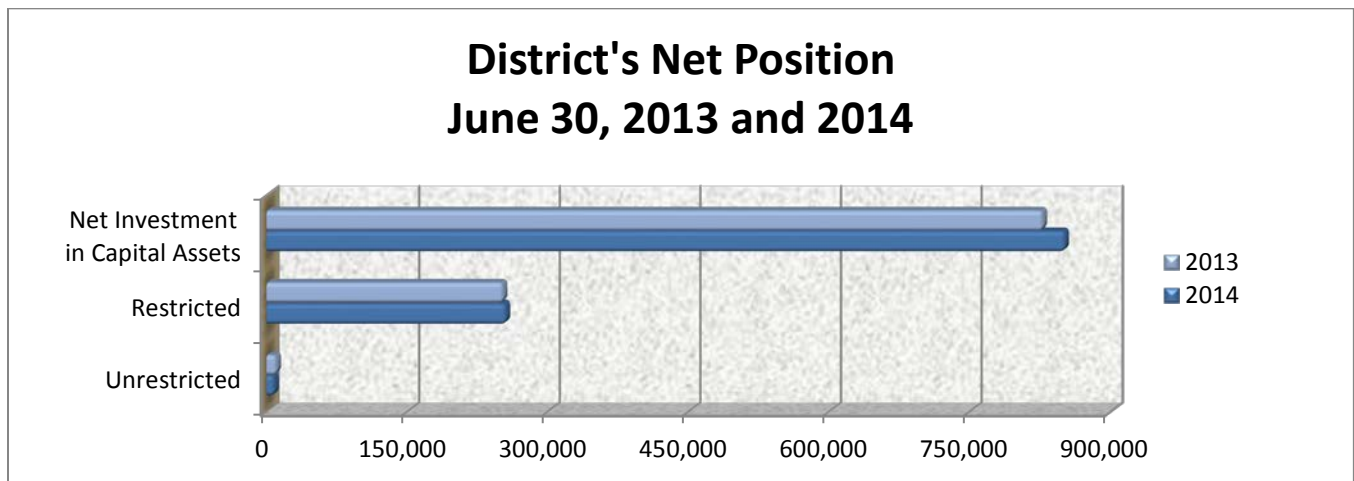
By far the largest portion of the District’s net position (76 percent) reflects its investment in capital assets (e.g., land and easements, buildings and improvements, infrastructure, and equipment). The District uses these capital assets to provide services to prevent and to protect citizens from flooding within the District’s zone boundaries; consequently, these assets are *not* available for future spending.

District’s Net Position

	Governmental Activities			Business-type Activities			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Current and Other Assets	\$ 276,362	\$ 273,911	\$ 277,032	\$ 5,824	\$ 5,709	\$ 5,742	\$ 282,186	\$ 279,620	\$ 282,774
Capital Assets, Net	851,201	827,905	804,107	8	7	16	851,209	827,912	804,123
Total Assets	1,127,563	1,101,816	1,081,139	5,832	5,716	5,758	1,133,395	1,107,532	1,086,897
Long-term Liabilities Outstanding	4,080	3,842	3,856	80	84	92	4,160	3,926	3,948
Other Liabilities	9,123	7,315	9,086	3,107	3,024	3,037	12,230	10,339	12,123
Total Liabilities	13,203	11,157	12,942	3,187	3,108	3,129	16,390	14,265	16,071
Net Position:									
Net Investment in Capital Assets	851,201	827,905	804,107	8	7	16	851,209	827,912	804,123
Restricted	255,222	252,220	256,317	-	-	-	255,222	252,220	256,317
Unrestricted	7,937	10,534	7,773	2,637	2,601	2,613	10,574	13,135	10,386
Total Net Position	\$1,114,360	\$1,090,659	\$1,068,197	2,645	\$2,608	\$2,629	\$1,117,005	\$1,093,267	\$1,070,826

An additional portion of the District’s net position (23 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$10,574) 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 position, 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.



The District's overall net position increased \$23,882 during the current fiscal year. Approximately 79 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 investment in capital assets, specifically, donations of capital assets (infrastructure and land).

Governmental activities. Governmental activities increased the District's net position by \$23,845, thereby accounting for 100 percent of the total growth in net position of the District. Key elements of the increase are as follows:

District's Changes in Net Position

	Governmental Activities			Business-type Activities			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Revenues:									
Program Revenues:									
Charges for Services	\$ 5,005	\$ 8,728	\$ 5,017	\$1,741	\$1,736	\$1,905	\$ 6,746	\$ 10,464	\$ 6,922
Capital Grants and Contributions	15,770	13,057	44,895	-	-	-	15,770	13,057	44,895
General Revenues:									
Property Taxes	42,593	40,042	39,258	-	-	-	42,593	40,042	39,258
Redevelopment Pass-thru	7,733	9,811	6,040	-	-	-	7,733	9,811	6,040
Unrestricted Interest and Investment Earnings (Loss)	1,444	(224)	1,173	40	5	33	1,484	(219)	1,206
Gain on Sale of Capital Assets	74	111	22	-	-	-	74	111	22
Total Revenues	72,619	71,525	96,405	1,781	1,741	1,938	74,400	73,266	98,343
Expenses:									
General Government	5,222	4,017	4,244	-	-	-	5,222	4,017	4,244
Public Ways and Facilities	43,526	45,046	42,219	-	-	-	43,526	45,046	42,219
Subdivision Operations	-	-	-	1,453	1,428	1,329	1,453	1,428	1,329
Photogrammetry Operations	-	-	-	171	234	112	171	234	112
Encroachment Permits	-	-	-	146	100	154	146	100	154
Total Expenses	48,748	49,063	46,463	1,770	1,762	1,595	50,518	50,825	48,058
Increase (Decrease) in Net Position before Transfers	23,871	22,462	49,942	11	(21)	343	23,882	22,441	50,285
Transfers	(26)	-	-	26	-	-	-	-	-
Increase (Decrease) in Net Position	23,845	22,462	49,942	37	(21)	343	23,882	22,441	50,285
Net Position - Beginning Prior Period	1,090,659	1,068,197	1,018,255	2,608	2,629	2,286	1,093,267	1,070,826	1,020,541
Adjustment Restated Net Position - Beginning	(144)	-	-	-	-	-	(144)	-	-
Net Position - Ending	1,090,515	1,068,197	1,018,255	2,608	2,629	2,286	1,093,123	1,070,826	1,020,541
Total	\$1,114,360	\$1,090,659	\$1,068,197	\$2,645	\$2,608	\$2,629	\$1,117,005	\$1,093,267	\$1,070,826

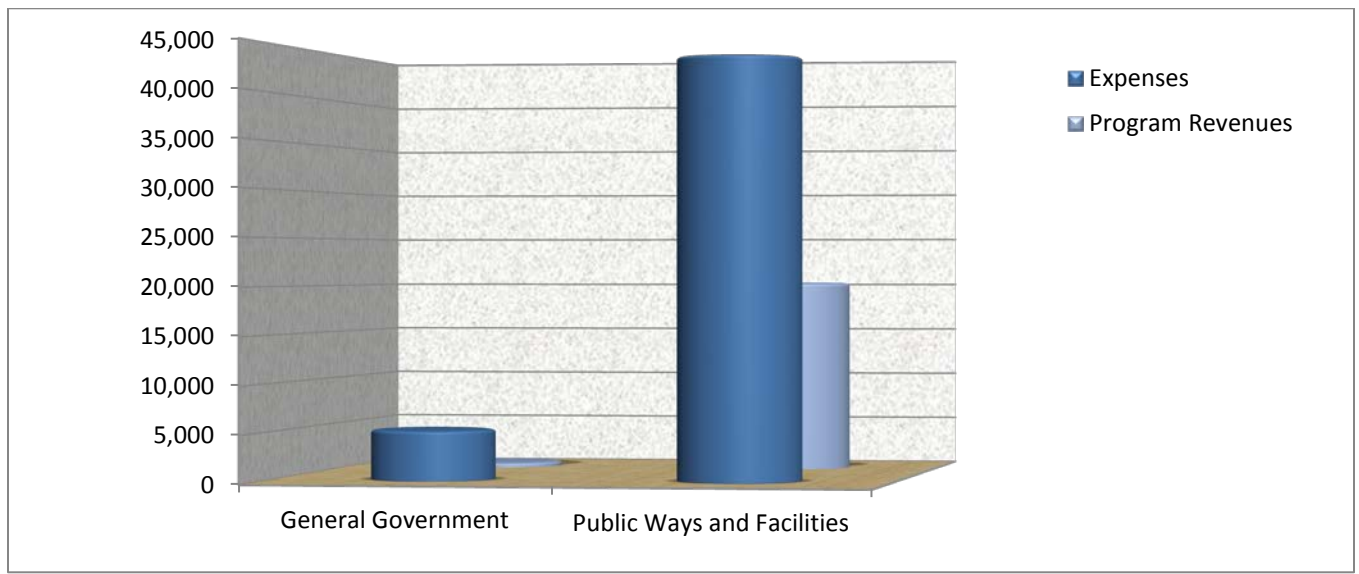
- ◆ In the prior year there was an estimate made for taxes receivable. In the current year it was determined that taxes receivable for the prior year should have been reduced by \$144. As a result, a prior period adjustment was made to decrease the governmental activities net position and governmental fund balance by \$144.

- Historically, ongoing revenues have exceeded expenses as a percentage of net position by approximately less than 1.0 to 4.0 percent in a given fiscal year. During the year, overall revenues increased by \$1,134 (2 percent) due to an increase of donated capital assets while ongoing revenues decreased by \$1,579 (3 percent) due to a slowly recovering economy. Ongoing revenues continued to exceed expenses by \$8,101 (less than 1 percent).

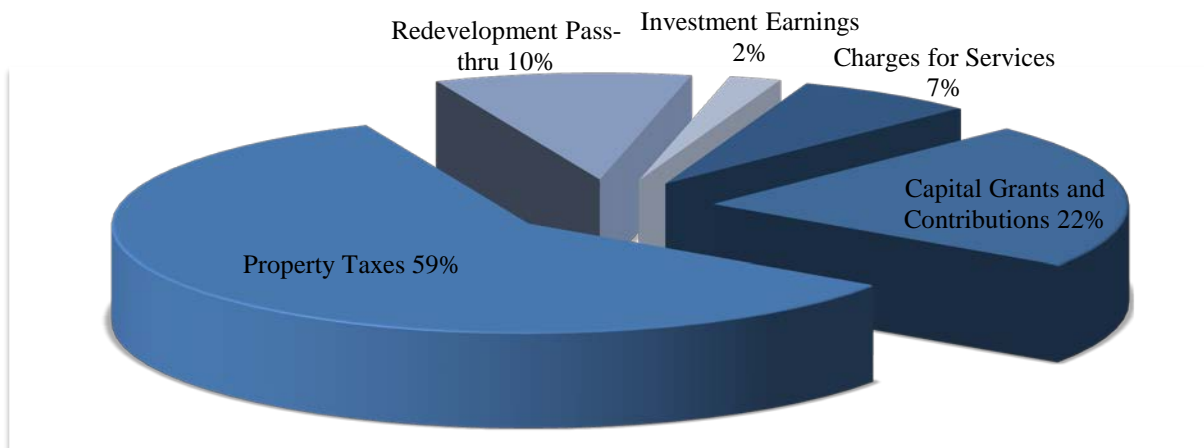
For the most part, increases and decreases in expenses paralleled inflation and growth in the demand for services. Noteworthy exceptions include the following:

- An increase Capital Grants and Contributions revenue of \$2,713 (20.8 percent) associated with the donation of capital assets - infrastructure and land in various zones.
- A decrease in Charges for Services revenue of \$3,723 (42.7 percent) largely associated with the completion of a development project within the Homeland/Romoland Area Drainage Plan.

Expenses and Program Revenues - Governmental Activities



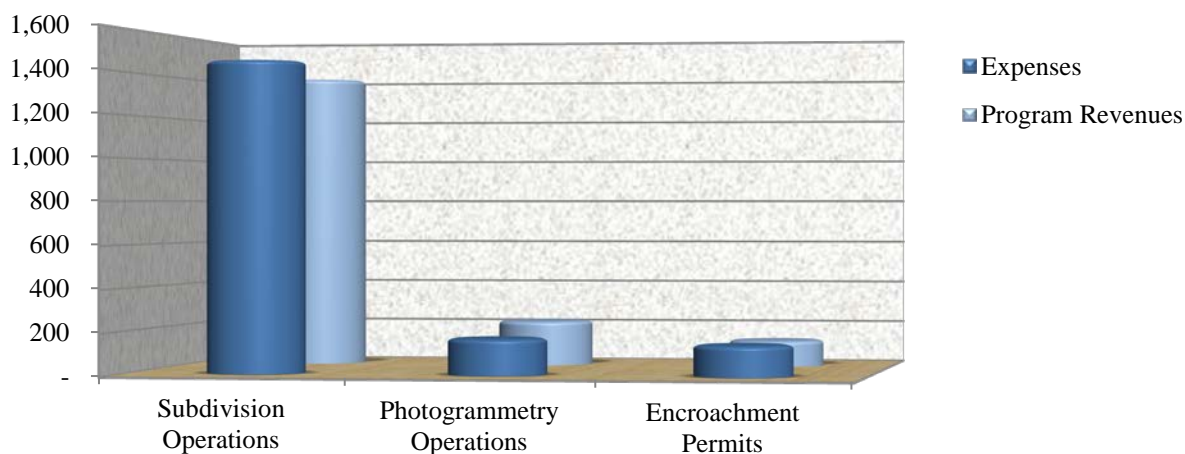
Revenues by Source - Governmental Activities



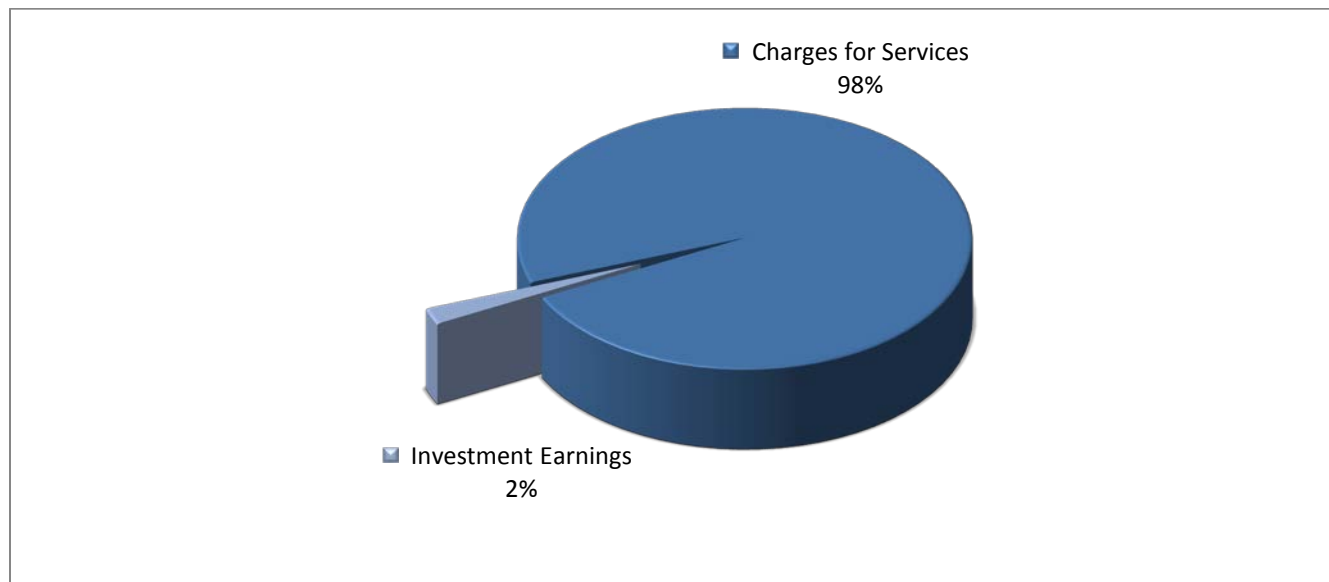
Business-type activities. Business-type activities increased the District’s net position by \$37, accounting for less than a 1.0 percent increase in the total government’s net position. Key elements of the increase are as follows.

Overall charges for services and expenses for business-type activities each increased by less than 1.0 percent. 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 reflected an increase in land development activity, which resulted in program revenues exceeding program expenses by \$37. Normal operating expenses closely paralleled inflation and the overall increase in the demand for services for this fiscal year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$258,627 an increase of \$3,550 in comparison with the prior year. The majority of this total amount (\$253,150) 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* (\$2,357) reflects surplus resources in the District's general fund that are available for spending at the District's discretion. The remainder of fund balance is *assigned fund balance* (\$2,024) and reflects resources that the District intends to use to fund accrued compensated absence liabilities as required and *nonspendable fund balance* (\$1,096) for imprest cash and prepaids.

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 \$2,357, while total fund balance reached \$4,382. 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 53 percent of total general fund expenditures, while total fund balance represents 98 percent of that same amount.

During the current fiscal year, the fund balance in the District's general fund decreased by \$134. The decrease in fund balance is due to the execution of a contract to replace the HVAC system, boiler units and emergency management system (EMS) at District headquarters. As a result, expenditures increased by \$890 (25 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 \$246,405 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$4,045. Key factors in the aggregate net increase are as follows:

- ◆ *Zone 1* reported a fund balance of \$23,101 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$3,486. Property tax and redevelopment revenues account for approximately 97 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 188 percent (\$7,470). Overall revenues increased (\$494) due primarily to increases in property tax revenue (\$310), charges for services revenue (\$433) and investment earnings (\$126). These increases offset the decreases in redevelopment revenue (\$334), intergovernmental revenue (\$3) and use of assets from the sale or lease of land (\$38). Additionally, expenditures decreased (\$6,581) due largely in part to decreases in construction costs by \$5,815. This decrease in construction costs is attributable to the completion of several projects in the prior fiscal year.

- ◆ *Zone 2* reported a fund balance of \$68,228 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$1,957. 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 property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 28 percent (770). Overall revenues decreased (\$371) due primarily to redevelopment revenue (\$1,060) and charges for services (\$1,028). These decreases offset the increases in property tax revenue (\$658), intergovernmental revenue (\$208), area drainage fees (\$427), investment earnings (\$423) and use of assets from the sale or lease of property (\$1). Additionally, expenditures increased (\$552) due to the purchase of land and real property in the Temescal Valley Area for the Temescal Creek Floodplain project.

- ◆ *Zone 3* reported a fund balance of \$10,826 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$3,582. Property tax and redevelopment revenues account for approximately 63 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 410 percent (\$4,736). Overall revenues decreased (\$929) due primarily to decreases in redevelopment revenue (\$136) and charges for services revenue (\$1,218) primarily as a result of decreases in contributions from other agencies. These decreases offset the increases in property tax revenue (\$85), investment earnings (\$90) and intergovernmental revenue (\$250). Additionally, expenditures increased (\$3,896) due largely in part to increases in construction costs of the flood control facility, Arroyo Del Toro Channel, Stage 1 (\$3,169).

- ◆ *Zone 4* reported a fund balance of \$73,296 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$2,369. Property tax and redevelopment revenues account for approximately 90 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 454 percent (\$3,085). Overall revenues increased (\$180) due primarily to increases in property tax revenue (\$790), intergovernmental revenue (\$2), area drainage fees (\$609), investment earnings (\$441) and use of assets from the sale or lease of property (\$1). These increases were offset by decreases redevelopment revenue (\$506) and charges for services (\$1,157) primarily as a result of the completion of the Homeland/ Romoland development project in the prior fiscal year. Additionally, expenditures decreased (\$2,299) due largely in part to decreases in contributions to other governmental agencies.

- ◆ *Zone 5* reported a fund balance of \$13,834 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$1,694. Property tax and redevelopment revenues account for approximately 99 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 175 percent (\$3,963). Overall revenues increased (\$122) due primarily to increases in property tax revenue (\$103) and investment earnings (\$76). These increases were offset by decreases in redevelopment revenue (\$54), intergovernmental revenue (\$1) and charges for services (\$2). Additionally, expenditures decreased (\$3,806) due largely in part to the completion of the Calimesa Avenue L Storm Drain in the prior fiscal year (\$3,502).

- ◆ *Zone 6* reported a fund balance of \$19,435 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$3,547. Property tax and redevelopment revenues account for approximately 81 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 4,893 percent (\$3,621). Overall revenues increased (\$3) due primarily to increases in property tax and redevelopment revenue (\$421) and investment earnings (\$136). These increases offset the decreases in intergovernmental revenue (\$2) and charges for services (\$552). Additionally, expenditures increased (\$3,835) due largely in part to the increases in construction costs of the flood control facility, Eagle Canyon Dam and Debris Basin (\$4,796).

- ◆ *Zone 7* reported a fund balance of \$37,685 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$1,768. Property tax and redevelopment revenues account for approximately 93 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 622 percent (\$2,107). Overall revenues increased (\$194) due primarily to increases in property tax revenue (\$234), charges for services revenue (\$20), investment earnings (\$230) and use of assets from the sale or lease of property (\$8). These increases were offset by decreases in redevelopment revenue (\$119), intergovernmental revenue (\$1) and area drainage fees (\$178). Additionally, expenditures decreased (\$1,715) due largely in part to decreases in contract costs related to the construction of flood control facilities.

The NPDES funds had an aggregate fund balance of \$7,795 at the end of the current fiscal year. The aggregate net decrease in fund balance during the current year was \$255. Key factors in the net decrease are as follows:

- ◆ *NPDES Whitewater* reported a fund balance of \$1,293 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$192. Special assessment revenues account for approximately 38 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 38 percent (\$109). Overall revenues decreased (\$68) due primarily to a decrease in charges for services revenue received from cost sharing permittees classified as intergovernmental revenue in this fiscal year (\$580). These decreases were offset by increases in special assessments (\$5), intergovernmental revenue received from cost sharing permittees previously classified as charges for services (\$499) and investment earnings (\$8). Additionally, expenditures increased (\$42) due largely in part to increases in NPDES contributions to other conservation organizations for storm water/clean water educational programs of \$70.

- ◆ *NPDES Santa Ana* reported a fund balance of \$5,133 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$128. Special assessment revenues account for approximately 92 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 126 percent (\$625). Overall revenues decreased (\$227) due primarily to a decrease in charges for services revenue received from cost sharing permittees classified as intergovernmental revenue in this fiscal year (\$437). This decrease was offset by increases in special assessments (\$15), intergovernmental revenue received from cost sharing permittees previously classified as charges for services (\$160) and investment earnings (\$35). Additionally, expenditures decreased (\$624) due largely in part to increases in professional services costs to meet reporting requirements for federally mandated regulatory compliance programs (\$161), and in NPDES contributions to other conservation organizations for storm water/clean water educational programs (\$150).

- ◆ *NPDES Santa Margarita* reported a fund balance of \$1,369 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$319. Special assessment revenues account for approximately 45 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the negative change in fund balance reflects a decrease of approximately 140 percent (\$1,120). Overall revenues decreased (\$1,131) due primarily to decreases in charges for services revenue received from cost sharing permittees classified as intergovernmental revenue in this fiscal year (\$1,749). This decrease was offset by increases in special assessments (\$5), intergovernmental revenue received from cost sharing permittees previously classified as charges for services (\$600) and investment earnings (\$13). Additionally, expenditures decreased (\$2) due largely in part to decreased professional services costs incurred for services related to new federally mandated compliance programs.

The capital project fund had a total fund balance of \$45 at the end of the current fiscal year. The net decrease in fund balance during the current year in the capital project fund was \$106. Capital outlay increased by \$914 due to the execution of a contract to replace the HVAC system, boiler units and emergency management system (EMS) at District headquarters (\$915). Transfers in are used to offset budgeted capital outlay costs incurred in any given fiscal year.

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

Unrestricted net position at the end of the year for 1) Subdivision operations amounted to \$1,438, 2) Photogrammetry operations amounted to \$752, and 3) Encroachment permit operations amounted to \$335. The total increase in net position for 1) Subdivision operations was \$10 and 2) Photogrammetry operations was \$52. The total decrease in net position for the Encroachment permit operations was \$14. Other factors concerning the finances of these three funds have already been addressed in the discussion of the District's business-type activities.

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

General Fund Budgetary Highlights

During the year there were no adjustments made between the original and final amended budget increasing general fund appropriations.

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

- ◆ Total actual expenditures were less than budgetary estimates by \$508. The \$508 variance was due primarily to budgeted projects that were not started during the fiscal year such as the conversion to solar power, the soil lab refurbish, and the building roof resurface at the District's headquarters. Budgeted expenditures decreased by 1 percent from the prior year. There was a 25 percent increase in actual expenditures from the prior year due to the execution of a contract to replace the HVAC system, boiler units and emergency management system (EMS) at District headquarters.
- ◆ Total actual revenues exceeded budgetary estimates by \$162. The \$162 variance was due in large part to contributions and transfers to the general fund from other funds as a result of an internal service fund rate decrease. Budgeted charges for services revenues decreased by less than 1 percent from the prior year.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$851,209 (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 3 percent (a 3 percent increase for governmental activities and a 14 percent increase 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 \$13,228.
- ◆ 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 \$30,202.

District's Capital Assets
(net of depreciation)

	Governmental activities			Business-type activities			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Infrastructure	\$562,727	\$559,672	\$549,172	\$ -	\$ -	\$ -	\$562,727	\$559,672	\$549,172
Land and easements	245,953	235,518	231,116	-	-	-	245,953	235,518	231,116
Buildings and improvements	10,122	9,388	9,561	-	-	-	10,122	9,388	9,561
Improvements other than buildings	86	87	88	-	-	-	86	87	88
Equipment	2,111	2,603	2,520	8	7	16	2,119	2,610	2,536
Construction in progress	30,202	20,637	11,650	-	-	-	30,202	20,637	11,650
Total	\$851,201	\$827,905	\$804,107	\$ 8	\$ 7	\$ 16	\$851,209	\$827,912	\$804,123

Additional information on the District's capital assets can be found in note 6 on pages 45-46 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

- ◆ Since the end of the recession, the economy is slowly moving towards a path of normalization. The number of private-sector jobs has risen above its pre-recession peak. Employment gains bounced back up to average nearly a quarter million jobs per month from February through April. Over the past year, the U.S. economy has added nearly 2.4 million jobs and total nonfarm payroll increased by 248,000 in September. The unemployment rate fell to 5.9 percent in September 2014 from 6.2 percent in June 2014. As labor conditions and the economic outlook continue to improve, the Federal Reserve has decided to take the first steps toward ending the process of monetary accommodation by reducing the pace of purchasing long-term Treasury and mortgage-backed securities while continuing to keep the fed funds rate low. Despite all the good news, housing is an area of concern. Last year's increase in mortgage interest rates have caused housing-market activity to slow down. However, by the end of 2014, the pace of both new and existing home sales is expected to accelerate.
- ◆ California's economy is forecast to grow faster than the national economy in 2014 and 2015. The forecast of state tax revenue collections has increased since last year giving rise to a promising budget situation with projected reserves of \$5.6 billion at the end of fiscal year 2014-15. Despite the projected surplus, California continues to deal with the issue of unfunded pension liabilities which contributes to half of the state's outstanding debt. If additional payments are made to repay the unfunded liabilities, the operating surpluses would fall significantly below projections. Housing markets in California are normalizing and giving rise to new construction. The median sales price of existing single family homes reached over \$480,000 in August 2014, the highest price observed since 2007 and an 8.9 percent increase from the prior year. California added 44,200 nonfarm jobs in August 2014. On a year-over-year basis, California has added 313,000 net new jobs, which represents a gain of 2.1 percent. California's unemployment rate remains unchanged at 7.4 percent. The state has made significant progress in repairing the damage done by the Great Recession.
- ◆ The Inland Empire is projected to be one of the fastest-growing large metropolitan are economies in the country over the next six years. The economic growth in the Riverside/San Bernardino/Ontario economy will be the highest in California, for an average of 4.2% through 2020. The unemployment rate dropped to 8.7 percent in August 2014, a 20 percent increase from August 2013. The Inland Empire added 34,400 jobs from June 2013 to June 2014, an increase of 2.8 percent. Logistics and health care are expected to have the most economic growth. The region's health care industry is poised to grow due to the increased demand for services with more people insured as a result of the Affordable Care Act. The population of the Inland area is continuing to expand with Cities in Riverside County showing some of the largest population growth in the state in the last few years.

All of these factors were considered in preparing the District's budget for the 2015 fiscal year.

Special Revenue fund revenues for fiscal year 2015 are estimated to increase by \$28.9 million due to the anticipated sale of a promissory note in Zone 4 and increases in ADP fee contributions and property tax revenue.

The District's Zone funds as a group have appropriations of \$155.0 million for fiscal year 2015, a decrease of \$11.5 million from the prior year. The decrease is primarily the result of anticipated payments to the Army Corps of Engineers for the Murrieta Creek Channel Phase II construction project in Zone 7 and the anticipated completion of the Palm Springs Master Drainage Plane construction project in Zone 6. Appropriations are projected to increase in the general funds as a result of an increase in inspection costs for developer constructed infrastructure projects in the Special Accounting fund and negotiated salary increases for personnel in the Administration fund. The Capital Project fund appropriation is proposed to decrease the District completes various projects at the District's headquarters: a building roof resurface, installation of storage buildings, fire sprinkler upgrade and solar conversion. Enterprise funds are expected to decrease as a result of decreasing service requests in the Encroachment Permit and Photogrammetry funds. Appropriations for the Internal Service funds are proposed to increase due to anticipated increase in fixed asset equipment purchases for the Garage/Fleet Operations fund.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CONTENTS

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

Riverside County Flood Control and Water Conservation District

Statement of Net Position

June 30, 2014

(Amounts Expressed in Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 269,034	\$ 2,558	\$ 271,592
Restricted Cash	1,916	2,880	4,796
Receivables (net of allowance for uncollectibles)	2,095	268	2,363
Net Pension Asset	1,528	-	1,528
OPEB Asset	577	-	577
Inventories	235	-	235
Prepays	1,095	-	1,095
Internal Balances	(118)	118	-
Capital Assets:			
Nondepreciable	276,155	-	276,155
Depreciable, Net	575,046	8	575,054
Total Assets	1,127,563	5,832	1,133,395
LIABILITIES			
Accounts Payable and Accrued Liabilities	5,522	48	5,570
Salaries and Benefits Payable	1,098	32	1,130
Developer and Other Agency Deposits	1,924	3,027	4,951
Due to Other Governments	34	-	34
Unearned Revenue	545	-	545
Long-term Liabilities:			
Due Within One Year	476	9	485
Due in More Than One Year	3,604	71	3,675
Total Liabilities	13,203	3,187	16,390
NET POSITION			
Net Investment in Capital Assets	851,201	8	851,209
Restricted by Enabling Legislation for:			
Capital Projects	45	-	45
Public Ways and Facilities	255,177	-	255,177
Unrestricted	7,937	2,637	10,574
Total Net Position	\$ 1,114,360	\$ 2,645	\$ 1,117,005

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, 2014

(Amounts Expressed in Thousands)

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Governmental Activities			
General Government	\$ 5,222	\$ 517	\$ -
Public Ways and Facilities	43,526	4,488	15,770
Total Governmental Activities	<u>48,748</u>	<u>5,005</u>	<u>15,770</u>
Business-type Activities			
Subdivision Operations	1,453	1,399	-
Photogrammetry Operations	171	216	-
Encroachment Permits	146	126	-
Total Business-type Activities	<u>1,770</u>	<u>1,741</u>	<u>-</u>
Total	<u>\$ 50,518</u>	<u>\$ 6,746</u>	<u>\$ 15,770</u>

General Revenues:

Property Taxes

Redevelopment Pass-thru

Unrestricted Interest and Investment Earnings (Loss)

Gain - Sale of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Prior Period Adjustment

Restated Net Position, Beginning of Year

Net Position, End of Year

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business- type Activities	Total
\$ (4,705)	\$ -	\$ (4,705)
<u>(23,268)</u>	<u>-</u>	<u>(23,268)</u>
<u>(27,973)</u>	<u>-</u>	<u>(27,973)</u>
-	(54)	(54)
-	45	45
<u>-</u>	<u>(20)</u>	<u>(20)</u>
<u>-</u>	<u>(29)</u>	<u>(29)</u>
<u>(27,973)</u>	<u>(29)</u>	<u>(28,002)</u>
42,593	-	42,593
7,733	-	7,733
1,444	40	1,484
74	-	74
<u>(26)</u>	<u>26</u>	<u>-</u>
<u>51,818</u>	<u>66</u>	<u>51,884</u>
23,845	37	23,882
1,090,659	2,608	1,093,267
<u>(144)</u>	<u>-</u>	<u>(144)</u>
<u>1,090,515</u>	<u>2,608</u>	<u>1,093,123</u>
<u>\$ 1,114,360</u>	<u>\$ 2,645</u>	<u>\$ 1,117,005</u>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Balance Sheet
Governmental Funds
June 30, 2014
(Amounts Expressed in Thousands)

	<u>General Fund</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
ASSETS				
Cash and Investments	\$ 4,687	\$ 23,059	\$ 68,831	\$ 11,597
Restricted Cash	1,847	9	15	-
Receivables (net of allowance for uncollectibles)				
Taxes Receivable	68	152	259	34
Accounts Receivable	11	153	3	5
Interest Receivable	3	10	30	6
Due From Other Funds	102	-	-	-
Due From Other Governments	5	66	52	6
Prepays	-	256	255	55
Total Assets	<u>\$ 6,723</u>	<u>\$ 23,705</u>	<u>\$ 69,445</u>	<u>\$ 11,703</u>
LIABILITIES				
Accounts Payable	\$ 140	\$ 338	\$ 760	\$ 809
Salaries and Benefits Payable	273	82	152	29
Matured Bonds Payable	-	-	-	-
Due to Other Funds	7	23	30	5
Developer and Other Agency Deposits	1,852	9	16	-
Due to Other Governments	1	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	<u>2,273</u>	<u>452</u>	<u>958</u>	<u>843</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	68	152	259	34
Unavailable Revenue - Special Assessments	-	-	-	-
Total Deferred Inflows of Resources	<u>68</u>	<u>152</u>	<u>259</u>	<u>34</u>
FUND BALANCES				
Nonspendable:				
Imprest Cash	1	-	-	-
Prepays	-	256	255	55
Restricted for:				
Capital Projects	-	-	-	-
Public Ways and Facilities	-	22,845	67,973	10,771
Assigned to:				
Compensated Absences	2,024	-	-	-
Unassigned	<u>2,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,382</u>	<u>23,101</u>	<u>68,228</u>	<u>10,826</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,723</u>	<u>\$ 23,705</u>	<u>\$ 69,445</u>	<u>\$ 11,703</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 74,792	\$ 13,846	\$ 20,074	\$ 38,141	\$ 1,272	\$ 5,558
10	6	20	9	-	-
255	53	76	85	9	39
1	-	346	-	-	3
33	6	9	17	1	2
-	-	-	-	-	-
140	8	24	20	73	5
255	55	110	109	-	-
<u>\$ 75,486</u>	<u>\$ 13,974</u>	<u>\$ 20,659</u>	<u>\$ 38,381</u>	<u>\$ 1,355</u>	<u>\$ 5,607</u>
\$ 1,652	\$ 38	\$ 987	\$ 56	\$ 42	\$ 358
222	36	85	36	10	45
-	-	-	-	-	-
47	7	11	9	1	5
11	6	20	10	-	-
4	-	-	-	-	27
-	-	45	500	-	-
<u>1,936</u>	<u>87</u>	<u>1,148</u>	<u>611</u>	<u>53</u>	<u>435</u>
254	53	76	85	-	-
-	-	-	-	9	39
<u>254</u>	<u>53</u>	<u>76</u>	<u>85</u>	<u>9</u>	<u>39</u>
-	-	-	-	-	-
255	55	110	109	-	-
-	-	-	-	-	-
73,041	13,779	19,325	37,576	1,293	5,133
-	-	-	-	-	-
-	-	-	-	-	-
<u>73,296</u>	<u>13,834</u>	<u>19,435</u>	<u>37,685</u>	<u>1,293</u>	<u>5,133</u>
<u>\$ 75,486</u>	<u>\$ 13,974</u>	<u>\$ 20,659</u>	<u>\$ 38,381</u>	<u>\$ 1,355</u>	<u>\$ 5,607</u>

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, 2014

(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
ASSETS			
Cash and Investments	\$ 1,600	\$ 45	\$ 263,502
Restricted Cash	-	-	1,916
Receivables (net of allowance for uncollectibles)			
Taxes Receivable	15	-	1,045
Accounts Receivable	-	-	522
Interest Receivable	1	-	118
Due From Other Funds	-	-	102
Due From Other Governments	-	-	399
Prepays	-	-	1,095
Total Assets	<u>\$ 1,616</u>	<u>\$ 45</u>	<u>\$ 268,699</u>
LIABILITIES			
Accounts Payable	\$ 209	\$ -	\$ 5,389
Salaries and Benefits Payable	20	-	990
Matured Bonds Payable	-	-	-
Due to Other Funds	3	-	148
Developer and Other Agency Deposits	-	-	1,924
Due to Other Governments	-	-	32
Unearned Revenue	-	-	545
Total Liabilities	<u>232</u>	<u>-</u>	<u>9,028</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	-	981
Unavailable Revenue - Special Assessments	15	-	63
Total Deferred Inflows of Resources	<u>15</u>	<u>-</u>	<u>1,044</u>
FUND BALANCES			
 Nonspendable for:			
Imprest Cash	-	-	1
Prepays	-	-	1,095
 Restricted for:			
Capital Projects	-	45	45
Public Ways and Facilities	1,369	-	253,105
 Assigned to:			
Compensated Absences	-	-	2,024
 Unassigned	<u>-</u>	<u>-</u>	<u>2,357</u>
Total Fund Balances	<u>1,369</u>	<u>45</u>	<u>258,627</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,616</u>	<u>\$ 45</u>	<u>\$ 268,699</u>

The accompanying notes are an integral part of this statement.

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

June 30, 2014

(Amounts Expressed in Thousands)

Fund Balances - Total Governmental Funds (Page 20) \$ 258,627

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 849,168

Internal service funds are used by management to charge the costs of hydrology services, garage, project maintenance, mapping services, data processing, and photography to individual funds. The assets and liabilities of these funds are included in governmental activities in the statement of Net Position. 7,267

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	1,528	
OPEB Asset	<u>577</u>	2,105

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 Position.

Earned but unavailable revenues 1,044

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

Compensated Absences (3,851)

Net Position of Governmental Activities (Page 15) \$ 1,114,360

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, 2014
(Amounts Expressed in Thousands)

	<u>General Fund</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
REVENUES				
Property Taxes	\$ 2,952	\$ 6,620	\$ 11,154	\$ 1,483
Redevelopment Pass-thru	510	1,804	1,264	587
Special Assessments	-	-	-	-
Intergovernmental	42	94	371	271
Charges for Services	430	465	32	1
Area Drainage Fees	-	-	435	-
Investment Earnings (Loss)	34	109	365	78
Use of Assets	-	86	7	-
Total Revenues	<u>3,968</u>	<u>9,178</u>	<u>13,628</u>	<u>2,420</u>
EXPENDITURES				
General Government	4,450	-	-	-
Public Ways and Facilities	-	6,035	8,881	5,634
Capital Outlay	29	17	2,888	448
Total Expenditures	<u>4,479</u>	<u>6,052</u>	<u>11,769</u>	<u>6,082</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(511)</u>	<u>3,126</u>	<u>1,859</u>	<u>(3,662)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	385	589	416	148
Transfers Out	-	(229)	(318)	(68)
Total Other Financing Sources (Uses)	<u>385</u>	<u>360</u>	<u>98</u>	<u>80</u>
Net Change in Fund Balances	(126)	3,486	1,957	(3,582)
Fund Balances, Beginning of Year	4,516	19,615	66,271	14,408
Prior Period Adjustment	(8)	-	-	-
Restated Fund Balances, Beginning of Year	<u>4,508</u>	<u>19,615</u>	<u>66,271</u>	<u>14,408</u>
Fund Balances, End of Year	<u>\$ 4,382</u>	<u>\$ 23,101</u>	<u>\$ 68,228</u>	<u>\$ 10,826</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 11,194	\$ 2,318	\$ 3,355	\$ 3,653	\$ -	\$ -
1,685	425	1,079	379	-	-
1	-	-	-	304	2,274
161	33	47	52	499	160
11	1	324	39	-	-
758	-	-	73	-	-
387	67	120	199	6	29
9	-	4	8	-	-
<u>14,206</u>	<u>2,844</u>	<u>4,929</u>	<u>4,403</u>	<u>809</u>	<u>2,463</u>
-	-	-	-	-	-
10,276	1,167	8,669	2,815	618	2,591
2,078	6	-	-	-	-
<u>12,354</u>	<u>1,173</u>	<u>8,669</u>	<u>2,815</u>	<u>618</u>	<u>2,591</u>
<u>1,852</u>	<u>1,671</u>	<u>(3,740)</u>	<u>1,588</u>	<u>191</u>	<u>(128)</u>
892	92	305	287	4	12
(339)	(69)	(112)	(107)	(3)	(12)
<u>553</u>	<u>23</u>	<u>193</u>	<u>180</u>	<u>1</u>	<u>-</u>
2,405	1,694	(3,547)	1,768	192	(128)
71,027	12,140	22,982	35,917	1,101	5,261
(136)	-	-	-	-	-
<u>70,891</u>	<u>12,140</u>	<u>22,982</u>	<u>35,917</u>	<u>1,101</u>	<u>5,261</u>
<u>\$ 73,296</u>	<u>\$ 13,834</u>	<u>\$ 19,435</u>	<u>\$ 37,685</u>	<u>\$ 1,293</u>	<u>\$ 5,133</u>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Continued
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	NPDES Santa Margarita	Flood Control Capital Project Fund	Total
REVENUES			
Property Taxes	\$ -	\$ -	\$ 42,729
Redevelopment Pass-thru	-	-	7,733
Special Assessments	494	-	3,073
Intergovernmental	600	-	2,330
Charges for Services	-	-	1,303
Area Drainage Fees	-	-	1,266
Investment Earnings (Loss)	10	1	1,405
Use of Assets	-	-	114
	<u>1,104</u>	<u>1</u>	<u>59,953</u>
EXPENDITURES			
General Government	-	-	4,450
Public Ways and Facilities	1,436	-	48,122
Capital Outlay	-	1,007	6,473
	<u>1,436</u>	<u>1,007</u>	<u>59,045</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(332)</u>	<u>(1,006)</u>	<u>908</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	18	900	4,048
Transfers Out	(5)	-	(1,262)
	<u>13</u>	<u>900</u>	<u>2,786</u>
Net Change in Fund Balances	(319)	(106)	3,694
Fund Balances, Beginning of Year	1,688	151	255,077
Prior Period Adjustment	-	-	(144)
Restated Fund Balances, Beginning of Year	<u>1,688</u>	<u>151</u>	<u>254,933</u>
Fund Balances, End of Year	<u>\$ 1,369</u>	<u>\$ 45</u>	<u>\$ 258,627</u>

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, 2014

(Amounts Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds (Page 24) \$ 3,694

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	19,862	
Donation of capital assets	13,228	
Less current year depreciation	<u>(9,323)</u>	23,767

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>38</u>	(101)

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

Earned but unavailable revenues		(712)
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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		(217)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in Net Position of certain internal service funds is reported with governmental activities.

		<u>(2,586)</u>
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Change in Net Position of Governmental Activities (Page 17)		<u><u>\$ 23,845</u></u>
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The accompanying notes are an integral part of this statement.

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

June 30, 2014

(Amount Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,456	\$ 1,102	\$ 2,558	\$ 5,532
Restricted Cash	2,756	124	2,880	-
Receivables:				
Accounts Receivable (net of allowance for uncollectibles)	245	6	251	9
Interest Receivable	4	1	5	2
Due From Other Funds	-	1	1	62
Due From Other Governments	11	1	12	-
Inventories	-	-	-	235
Total Current Assets	<u>4,472</u>	<u>1,235</u>	<u>5,707</u>	<u>5,840</u>
Noncurrent Assets:				
Capital Assets:				
Depreciable, Net	-	8	8	2,033
Total Assets	<u>\$ 4,472</u>	<u>\$ 1,243</u>	<u>\$ 5,715</u>	<u>\$ 7,873</u>
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts Payable	\$ 37	\$ 11	\$ 48	\$ 133
Salaries and Benefits Payable	27	5	32	108
Due to Other Funds	2	1	3	14
Compensated Absences - Current Portion	7	2	9	27
Due to Other Governments	-	-	-	2
Developer and Other Agency Deposits	2,906	121	3,027	-
Total Current Liabilities	<u>2,979</u>	<u>140</u>	<u>3,119</u>	<u>284</u>
Noncurrent Portion of Long-term Liabilities:				
Compensated Absences	55	16	71	202
Total Noncurrent Liabilities	<u>55</u>	<u>16</u>	<u>71</u>	<u>202</u>
Total Liabilities	<u>3,034</u>	<u>156</u>	<u>3,190</u>	<u>486</u>
Net Position:				
Net Investment in Capital Assets	-	8	8	2,033
Unrestricted	1,438	1,079	2,517	5,354
Total Net Position	<u>1,438</u>	<u>1,087</u>	<u>2,525</u>	<u>7,387</u>
Total Liabilities and Net Position	<u>\$ 4,472</u>	<u>\$ 1,243</u>		<u>\$ 7,873</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>120</u>	
Net Position of Business-type Activities			<u>\$ 2,645</u>	

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30, 2014
(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	\$ 1,399	\$ 342	\$ 1,741	\$ 6,768
OPERATING EXPENSES				
Personnel Services	615	171	786	2,275
Administrative Services	176	39	215	523
Services and Supplies	653	98	751	2,962
Depreciation	-	7	7	906
Total Operating Expenses	1,444	315	1,759	6,666
Operating Income (Loss)	(45)	27	(18)	102
NONOPERATING REVENUES				
Investment Earnings (Loss)	34	6	40	39
Gain on Sale of Capital Assets	-	-	-	74
Total Nonoperating Revenues	34	6	40	113
Income (Loss) Before Transfers	(11)	33	22	215
Transfers In	21	5	26	203
Transfers Out	-	-	-	(3,015)
Total Transfers In (Out)	21	5	26	(2,812)
Change in Net Position	10	38	48	(2,597)
Net Position, Beginning of Year	1,428	1,049		9,984
Net Position, End of Year	\$ 1,438	\$ 1,087		\$ 7,387
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			(11)	
Change in Net Position of Business-type Activities			\$ 37	

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, 2014

(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	\$ 1,535	\$ 387	\$ 1,922	\$ 6,743
Cash Paid to Suppliers for Goods and Services	(893)	(133)	(1,026)	(3,537)
Cash Paid to Employees for Services	(617)	(167)	(784)	(2,162)
Net Cash Provided by (Used for) Operating Activities	25	87	112	1,044
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers From (To) Other Funds	21	5	26	(2,812)
Net Cash Provided by (Used for) Noncapital Financing Activities	21	5	26	(2,812)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	-	-	-	74
Acquisition and Construction of Capital Assets	-	(8)	(8)	(435)
Net Cash Used in Capital and Related Financing Activities	-	(8)	(8)	(361)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	34	6	40	41
Net Cash Provided by Investing Activities	34	6	40	41
Net Change in Cash and Cash Equivalents	80	90	170	(2,088)
Cash and Cash Equivalents, Beginning of Year	4,132	1,136	5,268	7,620
Cash and Cash Equivalents, End of Year	\$ 4,212	\$ 1,226	\$ 5,438	\$ 5,532
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ (45)	\$ 27	\$ (18)	\$ 102
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	-	7	7	906
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable	32	20	52	(2)
Due from Other Funds	-	(1)	(1)	(23)
Due from Other Governments	(1)	3	2	-
Inventories	-	-	-	1
Increase (Decrease) in:				
Accounts Payable	(59)	8	(51)	(26)
Salaries and Benefits Payable	2	4	6	92
Due to Other Funds	(5)	(4)	(9)	(28)
Compensated Absences	(4)	-	(4)	21
Due to Other Governments	-	-	-	1
Developer and Other Agency Deposits	105	23	128	-
Net Cash Provided by (Used for) Operating Activities	\$ 25	\$ 87	\$ 112	\$ 1,044

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, 2014
(Amounts Expressed in Thousands)

	Agency Funds
ASSETS	
Cash and Investments	\$ 5,288
Cash and Investments with Fiscal Agents	1,645
Receivables:	
Total Assets	\$ 6,933
LIABILITIES	
Accounts Payable	\$ 5,288
Due to Bondholders	1,645
Total Liabilities	\$ 6,933

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2014
(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 position and statement of activities display information about the District's activities. These statements include the financial activities of the District, except for fiduciary activities. It is the District's policy to make eliminations to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees charged to external parties.

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

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

C) Fund Financial Statements

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

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2014
(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, 2014
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Basis of Accounting - Continued

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

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

E) Cash and Investments and Cash and Investments with Fiscal Agents

The District's cash from operations is deposited in the County Treasury. The County pools its funds with other government agencies in the County and invests them as prescribed by the California Government Code and the County of Riverside's Investment Policy. The District's deposits in the County pool may be accessed at any time. The District is allocated investment earnings on monies deposited with the County based on its proportional share of the pooled investments. All pooled investments and investments with fiscal agent are carried at fair value. The fair value of participants' positions in the pool is not the same as the value of the pooled shares. Restricted cash of \$1,916 and \$2,880, for governmental and proprietary funds respectively, consists mostly of developer and other agency deposits for specific purposes.

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

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

F) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District did not have any qualifying items to report in this category for the fiscal year ending June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments expected to fund the current year but received in a future period.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G) Property Taxes

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

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

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

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

H) Inventories and Prepaid Items

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

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

I) Capital Assets

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

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I) Capital Assets - Continued

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

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

J) Compensated Absences

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

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

K) Long-term Debt

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

L) Operating/Nonoperating Revenues and Expenses

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

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M) 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.

N) 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.

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

Governmental Accounting Standards Board Statement No. 65

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statements. Statement No. 65 is effective for periods beginning after December 15, 2012. The District has implemented GASB No. 65 which is reflected on the District's financial statements and beginning net position.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standards Board Statement No. 66

In March of 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*. Statement No. 66 was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal fund type. This statement also amends Statement No. 62, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. Statement No. 66 is effective for periods beginning after December 15, 2012. Currently, this statement has no effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 67

In June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. This statement was issued to improve the financial reporting by state and local governmental pension plans. The statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trust or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trust covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. Statement No. 67 is effective for periods beginning after June 15, 2013. Currently, this statement has no effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 68

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

Governmental Accounting Standards Board Statement No. 69

In January of 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement was issued to improve the financial reporting by state and local governments for government combinations and disposals of government operations. The term *government combinations* is used in this Statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfer of operations may be present in shared service arrangements, reorganizations, redistricting, annexations and arrangements in which an operation is transferred to a new government created to provide those services. In addition to providing guidance for reporting such activity, this Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. Statement No. 69 is effective for periods beginning after December 15, 2013. The District has elected not to early implement GASB No. 69 and has not determined its effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 70

In April of 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement was issued to improve the recognition, measurement and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. As used in this Statement, a nonexchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. Statement No. 70 is effective for periods beginning after June 15, 2013. Currently, this statement has no effect on the District's financial statements.

Governmental Accounting Standards Board Statement No. 71

In November of 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This statement was issued to eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement amends paragraph 137 of Statement 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions for Statement No. 71 are required to be applied simultaneously with the provisions of Statement 68, which is effective for periods beginning after June 15, 2014. The District has elected not to early implement GASB No. 71 and has not determined its effect on the District's financial statements.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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2) CASH AND INVESTMENTS

Cash and investments totaled \$283,321 as of June 30, 2014. Each fund's portion of this total is reflected in the financial statement accounts entitled "Cash and Investments", "Cash and Cash Equivalents", "Restricted Cash", and "Cash and Investments with Fiscal Agents."

All District cash and investments are on deposit with the County Treasurer with the exception of imprest cash on hand and 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 \$1,645 at June 30, 2014.

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	\$281,675
Imprest Cash Held at the District	1
Investments Held by Fiscal Agents	1,645
Total Cash and Investments	\$283,321

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

Cash and Investments Summary:	
Total Governmental Activities	\$270,950
Total Business-type Activities	5,438
Total Fiduciary Funds	6,933
Total Cash and Investments	\$283,321

A) Investments

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
June 30, 2014
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2) CASH AND INVESTMENTS - Continued

A) Investments - Continued

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

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

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

As of June 30, 2014, the major classes of the District's investments consisted of the following:

	Fair Value	Weighted Average Maturity (Years)
With Trustee (Fiscal Agent):		
US Treasury Bond	\$1,106	2.28
US Bank Term CD	209	0.20
US Bank Money Market	330	Less than 1 year
Total with Trustee (Fiscal Agent)	\$1,645	

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, 2014, the WAM for the Pooled Investment fund portfolio was 1.37 years. Additionally, the County Treasurer maintains at least 40 percent of the portfolio's total value in securities having maturities of 1 year or less to provide sufficient liquidity to meet daily expenditure requirements. Investments held by Fiscal Agents have a maturity of 1 year or less.

As noted in the County Treasurer's Investment Fund Monthly Report for June 2014, the Pooled Investment fund was rated: Aaa-bf by Moody's Investor Service and AAA/V1 by Fitch Ratings.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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2) CASH AND INVESTMENTS - Continued

C) Custodial Credit Risk

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

D) Credit Risk

The District's Investment Policy Statement sets forth the minimum acceptable credit ratings for investments from the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (Standard & Poor's) and P-1 (Moody's). For an issuer of long-term debt, the rating must be no less than an "A". At June 30, 2014, the credit rating of the District's investments pursuant to the District's Investment Policy Statement was A+ for Standard & Poor's and A2 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, 2014, there were no investments that constitute a concentration of credit risk.

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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3) RECEIVABLES

Receivables at year-end of the District's major funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts (\$872) are as follows:

Governmental activities:

	Taxes	Accounts	Interest	Due From Other Governments	Total Receivables
General Fund	\$ 68	\$ 11	\$ 3	\$ 5	\$ 87
Zone 1	152	153	10	66	381
Zone 2	259	3	30	52	344
Zone 3	34	5	6	6	51
Zone 4	255	1	33	140	429
Zone 5	53	-	6	8	67
Zone 6	76	346	9	24	455
Zone 7	85	-	17	20	122
NPDES Whitewater	9	-	1	73	83
NPDES Santa Ana	39	3	2	5	49
NPDES Santa Margarita	15	-	1	-	16
Internal Service Funds	-	9	2	-	11
Total Governmental Activities	<u>\$ 1,045</u>	<u>\$ 531</u>	<u>\$ 120</u>	<u>\$ 399</u>	<u>\$ 2,095</u>

Business-type activities:

	Accounts	Interest	Due From Other Governments	Total Receivables
Subdivision Operations	\$ 245	\$ 4	\$ 11	\$ 260
Other Enterprise Funds	6	1	1	8
Total Business-type Activities	<u>\$ 251</u>	<u>\$ 5</u>	<u>\$ 12</u>	<u>\$ 268</u>

4) DEVELOPER AND OTHER AGENCY DEPOSITS

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

Riverside County Flood Control and Water Conservation District
Notes to Financial Statements
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5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2014 is as follows:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Zone 1	\$ 12
	Zone 2	18
	Zone 3	3
	Zone 4	28
	Zone 5	4
	Zone 6	9
	Zone 7	7
	NPDES Whitewater	1
	NPDES Santa Ana	4
	NPDES Santa Margarita	3
	Nonmajor Enterprise Funds	1
	Subdivision Operations	1
	Internal Service Funds	11
	\$ 102	
Nonmajor Enterprise Funds	Zone 7	\$ 1
		\$ 1
Garage-Fleet Operations*	Zone 1	\$ 9
	Zone 2	10
	Zone 3	1
	Zone 4	15
	Zone 5	2
	Zone 6	1
	Internal Service Funds	1
	\$ 39	
Data Processing*	General Fund	\$ 7
	Zone 1	2
	Zone 2	2
	Zone 3	1
	Zone 4	4
	Zone 5	1
	Zone 6	1
	Zone 7	1
	NPDES Santa Ana	1
	Subdivision Operations	1
Internal Service Funds	2	
	\$ 23	
Total		\$ 165
*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
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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	\$ 168	Capital Project Payments
Zone 2	Capital Project Fund	243	Capital Project Payments
Zone 3	Capital Project Fund	42	Capital Project Payments
Zone 4	Capital Project Fund	242	Capital Project Payments
Zone 5	Capital Project Fund	52	Capital Project Payments
Zone 6	Capital Project Fund	75	Capital Project Payments
Zone 7	Capital Project Fund	78	Capital Project Payments
Zone 1	Internal Service Fund	27	Fixed Assets Reimbursement
Zone 2	Internal Service Fund	40	Fixed Assets Reimbursement
Zone 3	Internal Service Fund	7	Fixed Assets Reimbursement
Zone 4	Internal Service Fund	39	Fixed Assets Reimbursement
Zone 5	Internal Service Fund	8	Fixed Assets Reimbursement
Zone 6	Internal Service Fund	12	Fixed Assets Reimbursement
Zone 7	Internal Service Fund	13	Fixed Assets Reimbursement
Zone 1	General Fund	34	Funded Leave Balance
Zone 2	General Fund	35	Funded Leave Balance
Zone 3	General Fund	19	Funded Leave Balance
Zone 4	General Fund	58	Funded Leave Balance
Zone 5	General Fund	9	Funded Leave Balance
Zone 6	General Fund	25	Funded Leave Balance
Zone 7	General Fund	16	Funded Leave Balance
NPDES Whitewater	General Fund	3	Funded Leave Balance
NPDES Santa Ana	General Fund	12	Funded Leave Balance
NPDES Santa Margarita	General Fund	5	Funded Leave Balance
Internal Service Fund	General Fund	169	Rate Adjustment
Internal Service Fund	Zone 1	589	Rate Adjustment
Internal Service Fund	Zone 2	416	Rate Adjustment
Internal Service Fund	Zone 3	148	Rate Adjustment
Internal Service Fund	Zone 4	892	Rate Adjustment
Internal Service Fund	Zone 5	92	Rate Adjustment
Internal Service Fund	Zone 6	305	Rate Adjustment
Internal Service Fund	Zone 7	287	Rate Adjustment
Internal Service Fund	NPDES Whitewater	4	Rate Adjustment
Internal Service Fund	NPDES Santa Ana	12	Rate Adjustment
Internal Service Fund	NPDES Santa Margarita	18	Rate Adjustment
Internal Service Fund	Internal Service Fund	57	Rate Adjustment
Total		<u>\$ 4,251</u>	

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5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued

(b) From governmental activities to business-type activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Operating or Debt Subsidy:			
Internal Service Fund	Nonmajor Enterprise Funds	\$ 5	Rate Adjustment
Internal Service Fund	Subdivision Operations	21	Rate Adjustment
Total		<u>\$ 26</u>	

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

Riverside County Flood Control and Water Conservation District
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6) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers and Adjustments</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>					
<i>Capital Assets, Nondepreciable:</i>					
Land and Easements	\$ 235,518	\$ 10,446	\$ (11)	\$ -	\$ 245,953
Construction in Progress	20,637	13,400	-	(3,835)	30,202
Total Capital Assets, Nondepreciable	<u>256,155</u>	<u>23,846</u>	<u>(11)</u>	<u>(3,835)</u>	<u>276,155</u>
<i>Capital Assets, Depreciable</i>					
Infrastructure	679,795	8,219	-	3,835	691,849
Land Improvements	110	-	-	-	110
Buildings and Improvements	13,328	1,007	-	-	14,335
Equipment	14,819	468	(541)	-	14,746
Total Capital Assets, Depreciable	<u>708,052</u>	<u>9,694</u>	<u>(541)</u>	<u>3,835</u>	<u>721,040</u>
Less Accumulated Depreciation for:					
Infrastructure	(120,123)	(8,999)	-	-	(129,122)
Land Improvements	(23)	(1)	-	-	(24)
Buildings and Improvements	(3,940)	(273)	-	-	(4,213)
Equipment	(12,216)	(956)	537	-	(12,635)
Total Accumulated Depreciation	<u>(136,302)</u>	<u>(10,229)</u>	<u>537</u>	<u>-</u>	<u>(145,994)</u>
Total Capital Assets, Depreciable, Net	<u>571,750</u>	<u>(535)</u>	<u>(4)</u>	<u>3,835</u>	<u>575,046</u>
Governmental Activities Capital Assets, Net	<u>\$ 827,905</u>	<u>\$ 23,311</u>	<u>\$ (15)</u>	<u>\$ -</u>	<u>\$ 851,201</u>
<u>Business-type Activities:</u>					
<i>Capital Assets, Depreciable</i>					
Equipment	\$ 596	\$ 8	\$ -	\$ -	\$ 604
Total Capital Assets, Depreciable	<u>596</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>604</u>
Less Accumulated Depreciation for:					
Equipment	(589)	(7)	-	-	(596)
Total Accumulated Depreciation	<u>(589)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>(596)</u>
Total Capital Assets, Depreciable, Net	<u>7</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>8</u>
Business-type Activities Capital Assets, Net	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>

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

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 324
Public Ways and Facilities	8,999
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.	906
Total Depreciation Expense - Governmental Functions	\$ 10,229

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

Other Enterprise Funds	\$ 7
Total Depreciation Expense - Business-type Functions	\$ 7

Replacement of Capital Assets

In accordance with District rate methodology, a balance of resources has been accumulated in the proprietary fund financial statements for the replacement of District capital assets. As of June 30, 2014, the balance of resources amounted to \$2,000 and is reflected in Unrestricted Net Position.

7) LONG-TERM OBLIGATIONS

The following is a summary of long-term liability transactions for the year ended June 30, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Compensated Absences	\$ 3,842	\$ 504	\$ (266)	\$ 4,080	\$ 476
Total Governmental Activities - Long-term Liabilities	\$ 3,842	\$ 504	\$ (266)	\$ 4,080	\$ 476
<u>Business-type Activities:</u>					
Compensated Absences	\$ 84	\$ 1	\$ (5)	\$ 80	\$ 9
Total Business-type Activities - Long-term Liabilities	\$ 84	\$ 1	\$ (5)	\$ 80	\$ 9

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

Riverside County Flood Control and Water Conservation District
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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.

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, 2014, 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 \$569. The District's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

Special assessment debt without District obligation consists of the following:

1993 Zone 3 - Limited Obligation Improvement Bonds, bearing interest of 7.9 percent, due in annual installments of \$325 to \$475 plus interest, through September 1, 2017.	<u>\$ 1,705</u>
Total special assessment bonds without governmental obligation:	<u><u>\$ 1,705</u></u>

9) NET POSITION/FUND BALANCES

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

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

Riverside County Flood Control and Water Conservation District
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9) NET POSITION/FUND BALANCES - Continued

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.

10) FUND BALANCE DISCLOSURE

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

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

Fund Balance Spending Order

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

Riverside County Flood Control and Water Conservation District
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10) FUND BALANCE DISCLOSURE - Continued

Minimum Fund Balance Policy for Governmental Funds

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

◆ Unrestricted Fund Balance - General Fund

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

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

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 2014 was approximately \$181.

12) RETIREMENT PLAN

Plan Description

The District contributes to the California Public Employees Retirement System (PERS), a single-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.

Riverside County Flood Control and Water Conservation District
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12) RETIREMENT PLAN - Continued

Funding Policy

Active plan members in the CalPERS SEIU bargaining unit are required to contribute 8 percent of their covered annual salary. Active plan members in the LIUNA bargaining unit hired on or after July 1, 2012, or members that have not completed 5 years of continuous service as of July 1, 2012, are required to contribute 8 percent of their annual covered salary. Members in the LIUNA bargaining unit that have completed 5 years of continuous service prior to July 1, 2012 are required to pay 6 percent of their annual covered salary. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2013-14, the employer contribution rate was 16.9 percent.

Funded Status and Funding Progress

As of the most recent valuation date, the plan was 83.3% funded. The actuarial accrued liability for benefits was \$125.5 million, and the actuarial value of assets was \$104.5 million, resulting in an unfunded actuarial liability (UAAL) of \$20.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.6 million, and the ratio of the UAAL to the covered payroll was 134.3%.

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, 2012	\$ 2,710	100%	\$ (1,806)
June 30, 2013	\$ 2,852	100%	\$ (1,667)
June 30, 2014	\$ 2,876	100%	\$ (1,528)

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 Position 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	\$ 2,803
Interest on Net Pension Obligation (Asset)	129
Adjustments to Annual Required Contribution	(56)
Annual Pension Cost	2,876
Contributions Made	(2,876)
Pension Asset Amortization	139
Increase (Decrease) in Net Pension Obligation (Asset)	139
Net Pension Obligation (Asset) Beginning of Year	(1,667)
Net Pension Obligation (Asset) End of Year	\$ (1,528)

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

Actuarial Assumptions

For 2014, the District’s annual pension cost of \$2,876, including interest and adjustments, was equal to the District’s required contributions. The District’s actual contributions were \$2,876, which reflects the required contribution. The annual required contribution was determined as part of the June 30, 2011 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.

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
Actuarial Assumptions	
Investment Rate of Return	7.30% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

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.

Riverside County Flood Control and Water Conservation District
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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, 96 District employees meet the age eligibility requirements, 88 of which will be covered upon retirement while the remaining 8 will qualify upon reaching 5 years of service. Another 88 employees have sufficient time in service to qualify for these benefits upon retirement after age 50.

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

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

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 2013-14.

Riverside County Flood Control and Water Conservation District
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June 30, 2014
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13) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

The District's annual OPEB cost, net OPEB obligation (asset) and the related information for fiscal year ending 2014 were as follows:

Annual Required Contribution	\$ 18
Interest on Net OPEB Obligation (Asset)	(41)
Adjustments to Annual Required Contribution	35
Annual OPEB Cost	12
Contributions Made	(50)
OPEB Asset Amortization	-
Increase (Decrease) in Net OPEB Obligation (Asset)	(38)
Net OPEB Obligation (Asset) Beginning of Year	(539)
Net OPEB Obligation (Asset) End of Year	\$ (577)

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

Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset (NOA)
June 30, 2012	\$ 15	467%	\$ (484)
June 30, 2013	\$ 14	493%	\$ (539)
June 30, 2014	\$ 12	500%	\$ (577)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 was as follows:

	2013
Actuarial Accrued Liability (a)	\$ 546
Actuarial Value on Plan Assets (b)	407
Unfunded Actuarial Accrued Liability (Funding Excess) (a) - (b)	\$ 139
Funded Ratio (b) / (a)	74.5%
Covered Payroll (c)	\$ 15,688
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll [(a) - (b)] / (c)	0.89%

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.

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

Actuarial Methods and Assumptions

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

Actuarial Valuation Date	07/01/2013
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	7.36%
Projected Salary Increases	3.00%
Healthcare Inflation Rate - Initial	10.00%
Healthcare Inflation Rate - Ultimate	5.00%
Inflation Rate	2.75%

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 \$17,388.

15) PRIOR PERIOD ADJUSTMENT

In the prior year there was an estimate made for taxes receivable. In the current year it was determined that taxes receivable for the prior year should have been reduced by \$144. As a result, a prior period adjustment was made to decrease the governmental activities net position and governmental fund balance by \$144.

REQUIRED SUPPLEMENTARY INFORMATION



CONTENTS

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



Riverside County Flood Control and Water Conservation District
Schedule of Funding Progress
For the Year Ended June 30, 2014
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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	\$ 112,269	\$ 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	\$ 20,930	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, 2011	\$ 269	\$ 482	\$ 213	55.8%	\$ 15,600	1.4%
June 30, 2012	\$ 321	\$ 494	\$ 173	65.0%	\$ 15,339	1.1%
June 30, 2013	\$ 407	\$ 546	\$ 139	74.5%	\$ 15,688	0.9%

Riverside County Flood Control and Water Conservation District
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(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, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 3,032	\$ 3,032	\$ 2,952	\$ (80)
Redevelopment Pass-thru	350	350	510	160
Intergovernmental	46	46	42	(4)
Charges for Services	655	655	430	(225)
Charges for Administrative Services	5	5	-	(5)
Investment Earnings (Loss)	20	20	34	14
Use of Assets	68	68	-	(68)
	4,176	4,176	3,968	(208)
EXPENDITURES				
General Government	4,972	4,964	4,450	514
Capital Outlay	15	23	29	(6)
	4,987	4,987	4,479	508
Excess (Deficiency) of Revenues Over (Under) Expenditures	(811)	(811)	(511)	300
OTHER FINANCING SOURCES (USES)				
Transfers In	15	15	385	370
Transfers Out	-	-	-	-
	15	15	385	370
Net Change in Fund Balance	(796)	(796)	(126)	670
Fund Balance, Beginning of Year	4,502	4,502	4,516	14
Prior Period Adjustment	-	-	(8)	(8)
Fund Balance, Beginning of Year Restated	4,502	4,502	4,508	6
Fund Balance, End of Year	\$ 3,706	\$ 3,706	\$ 4,382	\$ 676

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, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 6,332	\$ 6,332	\$ 6,620	\$ 288
Redevelopment Pass-thru	1,236	1,236	1,804	568
Intergovernmental	398	398	94	(304)
Charges for Services	2	2	465	463
Area Drainage Fees	5	5	-	(5)
Investment Earnings (Loss)	80	80	109	29
Use of Assets	96	96	86	(10)
Total Revenues	<u>8,149</u>	<u>8,149</u>	<u>9,178</u>	<u>1,029</u>
EXPENDITURES				
Public Ways and Facilities	18,723	18,723	6,035	12,688
Capital Outlay	403	403	17	386
Total Expenditures	<u>19,126</u>	<u>19,126</u>	<u>6,052</u>	<u>13,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,977)</u>	<u>(10,977)</u>	<u>3,126</u>	<u>14,103</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	269	269	589	320
Transfers Out	(757)	(757)	(229)	528
Total Other Financing Sources (Uses)	<u>(488)</u>	<u>(488)</u>	<u>360</u>	<u>848</u>
Net Change in Fund Balance	(11,465)	(11,465)	3,486	14,951
Fund Balance, Beginning of Year	<u>23,618</u>	<u>23,618</u>	<u>19,615</u>	<u>(4,003)</u>
Fund Balance, End of Year	<u>\$ 12,153</u>	<u>\$ 12,153</u>	<u>\$ 23,101</u>	<u>\$ 10,948</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 2
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 10,363	\$ 10,363	\$ 11,154	\$ 791
Redevelopment Pass-thru	1,143	1,143	1,264	121
Intergovernmental	171	171	371	200
Charges for Services	1,600	1,600	32	(1,568)
Area Drainage Fees	5	5	435	430
Investment Earnings (Loss)	226	226	365	139
Use of Assets	7	7	7	-
Total Revenues	<u>13,515</u>	<u>13,515</u>	<u>13,628</u>	<u>113</u>
EXPENDITURES				
Public Ways and Facilities	33,908	33,908	8,881	25,027
Capital Outlay	<u>5,480</u>	<u>5,480</u>	<u>2,888</u>	<u>2,592</u>
Total Expenditures	<u>39,388</u>	<u>39,388</u>	<u>11,769</u>	<u>27,619</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,873)</u>	<u>(25,873)</u>	<u>1,859</u>	<u>27,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	416	416
Transfers Out	<u>(1,101)</u>	<u>(1,101)</u>	<u>(318)</u>	<u>783</u>
Total Other Financing Sources (Uses)	<u>(1,101)</u>	<u>(1,101)</u>	<u>98</u>	<u>1,199</u>
Net Change in Fund Balance	(26,974)	(26,974)	1,957	28,931
Fund Balance, Beginning of Year	<u>60,788</u>	<u>60,788</u>	<u>66,271</u>	<u>5,483</u>
Fund Balance, End of Year	<u>\$ 33,814</u>	<u>\$ 33,814</u>	<u>\$ 68,228</u>	<u>\$ 34,414</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 3
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,404	\$ 1,404	\$ 1,483	\$ 79
Redevelopment Pass-thru	585	585	587	2
Intergovernmental	23	23	271	248
Charges for Services	1,222	1,222	1	(1,221)
Investment Earnings (Loss)	48	48	78	30
Total Revenues	<u>3,282</u>	<u>3,282</u>	<u>2,420</u>	<u>(862)</u>
EXPENDITURES				
Public Ways and Facilities	8,998	8,700	5,634	3,066
Capital Outlay	150	448	448	-
Total Expenditures	<u>9,148</u>	<u>9,148</u>	<u>6,082</u>	<u>3,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,866)</u>	<u>(5,866)</u>	<u>(3,662)</u>	<u>2,204</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	148	148
Transfers Out	(193)	(193)	(68)	125
Total Other Financing Sources (Uses)	<u>(193)</u>	<u>(193)</u>	<u>80</u>	<u>273</u>
Net Change in Fund Balance	(6,059)	(6,059)	(3,582)	2,477
Fund Balance, Beginning of Year	<u>13,663</u>	<u>13,663</u>	<u>14,408</u>	<u>745</u>
Fund Balance, End of Year	<u><u>\$ 7,604</u></u>	<u><u>\$ 7,604</u></u>	<u><u>\$ 10,826</u></u>	<u><u>\$ 3,222</u></u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 4
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 10,327	\$ 10,327	\$ 11,194	\$ 867
Redevelopment Pass-thru	1,405	1,405	1,685	280
Special Assessments	-	-	1	1
Intergovernmental	157	157	161	4
Charges for Services	-	-	11	11
Area Drainage Fees	141	141	758	617
Investment Earnings (Loss)	258	258	387	129
Use of Assets	8	8	9	1
Total Revenues	<u>12,296</u>	<u>12,296</u>	<u>14,206</u>	<u>1,910</u>
EXPENDITURES				
Public Ways and Facilities	36,580	35,029	10,276	24,753
Capital Outlay	1,995	2,295	2,078	217
Total Expenditures	<u>38,575</u>	<u>37,324</u>	<u>12,354</u>	<u>24,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(26,279)</u>	<u>(25,028)</u>	<u>1,852</u>	<u>26,880</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	892	892
Transfers Out	(1,091)	(2,342)	(339)	2,003
Total Other Financing Sources (Uses)	<u>(1,091)</u>	<u>(2,342)</u>	<u>553</u>	<u>2,895</u>
Net Change in Fund Balance	(27,370)	(27,370)	2,405	29,775
Fund Balance, Beginning of Year	65,799	65,799	71,027	5,228
Prior Period Adjustment	-	-	(136)	(136)
Fund Balance, Beginning of Year Restated	<u>65,799</u>	<u>65,799</u>	<u>70,891</u>	<u>5,092</u>
Fund Balance, End of Year	<u>\$ 38,429</u>	<u>\$ 38,429</u>	<u>\$ 73,296</u>	<u>\$ 34,867</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 5
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,149	\$ 2,149	\$ 2,318	\$ 169
Redevelopment Pass-thru	356	356	425	69
Intergovernmental	34	34	33	(1)
Charges for Services	-	-	1	1
Investment Earnings (Loss)	50	50	67	17
	<u>2,589</u>	<u>2,589</u>	<u>2,844</u>	<u>255</u>
EXPENDITURES				
Public Ways and Facilities	7,577	7,577	1,167	6,410
Capital Outlay	75	75	6	69
	<u>7,652</u>	<u>7,652</u>	<u>1,173</u>	<u>6,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,063)</u>	<u>(5,063)</u>	<u>1,671</u>	<u>6,734</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	92	92
Transfers Out	(233)	(233)	(69)	164
	<u>(233)</u>	<u>(233)</u>	<u>23</u>	<u>256</u>
Net Change in Fund Balance	(5,296)	(5,296)	1,694	6,990
Fund Balance, Beginning of Year	<u>12,326</u>	<u>12,326</u>	<u>12,140</u>	<u>(186)</u>
Fund Balance, End of Year	<u>\$ 7,030</u>	<u>\$ 7,030</u>	<u>\$ 13,834</u>	<u>\$ 6,804</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 6
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 3,179	\$ 3,179	\$ 3,355	\$ 176
Redevelopment Pass-thru	550	550	1,079	529
Intergovernmental	49	49	47	(2)
Charges for Services	2,000	2,000	324	(1,676)
Investment Earnings (Loss)	82	82	120	38
Use of Assets	49	49	4	(45)
Total Revenues	<u>5,909</u>	<u>5,909</u>	<u>4,929</u>	<u>(980)</u>
EXPENDITURES				
Public Ways and Facilities	19,519	19,519	8,669	10,850
Capital Outlay	100	100	-	100
Total Expenditures	<u>19,619</u>	<u>19,619</u>	<u>8,669</u>	<u>10,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,710)</u>	<u>(13,710)</u>	<u>(3,740)</u>	<u>9,970</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	305	305
Transfers Out	(337)	(337)	(112)	225
Total Other Financing Sources (Uses)	<u>(337)</u>	<u>(337)</u>	<u>193</u>	<u>530</u>
Net Change in Fund Balance	(14,047)	(14,047)	(3,547)	10,500
Fund Balance, Beginning of Year	<u>20,739</u>	<u>20,739</u>	<u>22,982</u>	<u>2,243</u>
Fund Balance, End of Year	<u>\$ 6,692</u>	<u>\$ 6,692</u>	<u>\$ 19,435</u>	<u>\$ 12,743</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 7
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 3,396	\$ 3,396	\$ 3,653	\$ 257
Redevelopment Pass-thru	405	405	379	(26)
Intergovernmental	55	55	52	(3)
Charges for Services	-	-	39	39
Area Drainage Fees	257	257	73	(184)
Investment Earnings (Loss)	126	126	199	73
Use of Assets	-	-	8	8
	<u>4,239</u>	<u>4,239</u>	<u>4,403</u>	<u>164</u>
EXPENDITURES				
Public Ways and Facilities	25,972	24,815	2,815	22,000
Capital Outlay	3,000	3,000	-	3,000
	<u>28,972</u>	<u>27,815</u>	<u>2,815</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,733)</u>	<u>(23,576)</u>	<u>1,588</u>	<u>25,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	287	287
Transfers Out	(353)	(1,510)	(107)	1,403
	<u>(353)</u>	<u>(1,510)</u>	<u>180</u>	<u>1,690</u>
Net Change in Fund Balance	(25,086)	(25,086)	1,768	26,854
Fund Balance, Beginning of Year	<u>35,941</u>	<u>35,941</u>	<u>35,917</u>	<u>(24)</u>
Fund Balance, End of Year	<u>\$ 10,855</u>	<u>\$ 10,855</u>	<u>\$ 37,685</u>	<u>\$ 26,830</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Whitewater
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 291	\$ 291	\$ 304	\$ 13
Intergovernmental	580	580	499	(81)
Investment Earnings (Loss)	3	3	6	3
Total Revenues	<u>874</u>	<u>874</u>	<u>809</u>	<u>(65)</u>
EXPENDITURES				
Public Ways and Facilities	<u>1,111</u>	<u>1,106</u>	<u>618</u>	<u>488</u>
Total Expenditures	<u>1,111</u>	<u>1,106</u>	<u>618</u>	<u>488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(237)</u>	<u>(232)</u>	<u>191</u>	<u>423</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	4	4
Transfers Out	<u>-</u>	<u>(5)</u>	<u>(3)</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5)</u>	<u>1</u>	<u>6</u>
Net Change in Fund Balance	(237)	(237)	192	429
Fund Balance, Beginning of Year	<u>902</u>	<u>902</u>	<u>1,101</u>	<u>199</u>
Fund Balance, End of Year	<u>\$ 665</u>	<u>\$ 665</u>	<u>\$ 1,293</u>	<u>\$ 628</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Ana
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 2,265	\$ 2,265	\$ 2,274	\$ 9
Intergovernmental	500	500	160	(340)
Investment Earnings (Loss)	17	17	29	12
Total Revenues	<u>2,782</u>	<u>2,782</u>	<u>2,463</u>	<u>(319)</u>
EXPENDITURES				
Public Ways and Facilities	3,561	3,573	2,591	982
Total Expenditures	<u>3,561</u>	<u>3,573</u>	<u>2,591</u>	<u>982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(779)</u>	<u>(791)</u>	<u>(128)</u>	<u>663</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	12	12
Transfers Out	-	(13)	(12)	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>13</u>
Net Change in Fund Balance	(779)	(804)	(128)	676
Fund Balance, Beginning of Year	<u>4,405</u>	<u>4,405</u>	<u>5,261</u>	<u>856</u>
Fund Balance, End of Year	<u><u>\$ 3,626</u></u>	<u><u>\$ 3,601</u></u>	<u><u>\$ 5,133</u></u>	<u><u>\$ 1,532</u></u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Margarita
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 476	\$ 476	\$ 494	\$ 18
Intergovernmental	1,249	1,249	600	(649)
Investment Earnings (Loss)	4	4	10	6
Total Revenues	<u>1,729</u>	<u>1,729</u>	<u>1,104</u>	<u>(625)</u>
EXPENDITURES				
Public Ways and Facilities	<u>2,020</u>	<u>2,014</u>	<u>1,436</u>	<u>578</u>
Total Expenditures	<u>2,020</u>	<u>2,014</u>	<u>1,436</u>	<u>578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(291)</u>	<u>(285)</u>	<u>(332)</u>	<u>(47)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	18	18
Transfers Out	-	(6)	(5)	1
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6)</u>	<u>13</u>	<u>19</u>
Net Change in Fund Balance	(291)	(291)	(319)	(28)
Fund Balance, Beginning of Year	<u>989</u>	<u>989</u>	<u>1,688</u>	<u>699</u>
Fund Balance, End of Year	<u>\$ 698</u>	<u>\$ 698</u>	<u>\$ 1,369</u>	<u>\$ 671</u>

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 - ⇒ *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, 2014
(Amounts Expressed in Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 3,705	\$ 3,705	\$ -	\$ (3,705)
Investment Earnings (Loss)	1	1	1	-
Total Revenues	<u>3,706</u>	<u>3,706</u>	<u>1</u>	<u>(3,705)</u>
EXPENDITURES				
Capital Outlay	<u>3,705</u>	<u>3,705</u>	<u>1,007</u>	<u>2,698</u>
Total Expenditures	<u>3,705</u>	<u>3,705</u>	<u>1,007</u>	<u>2,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1</u>	<u>1</u>	<u>(1,006)</u>	<u>(1,007)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>-</u>	<u>-</u>	<u>900</u>	<u>900</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>900</u>	<u>900</u>
Net Change in Fund Balance	1	1	(106)	(107)
Fund Balance, Beginning of Year	<u>44</u>	<u>44</u>	<u>151</u>	<u>107</u>
Fund Balance, End of Year	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ -</u>

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

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

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

Riverside County Flood Control and Water Conservation District
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 752	\$ 350	\$ 1,102
Restricted Cash	4	120	124
Receivables:			
Accounts Receivable	-	6	6
Interest Receivable	1	-	1
Due from Other Funds	1	-	1
Due from Other Governments	-	1	1
	<u>758</u>	<u>477</u>	<u>1,235</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Depreciable, Net	8	-	8
	<u>8</u>	<u>-</u>	<u>8</u>
Total Assets	<u>\$ 766</u>	<u>\$ 477</u>	<u>\$ 1,243</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts Payable	\$ 2	\$ 9	\$ 11
Salaries and Benefits Payable	2	3	5
Due to Other Funds	-	1	1
Compensated Absences - Current Portion	1	1	2
Developer and Other Agency Deposits	-	121	121
	<u>5</u>	<u>135</u>	<u>140</u>
Total Current Liabilities			
Noncurrent Portion of Long-term Liabilities:			
Compensated Absences	9	7	16
	<u>9</u>	<u>7</u>	<u>16</u>
Total Noncurrent Liabilities			
Total Liabilities	<u>14</u>	<u>142</u>	<u>156</u>
Net Position:			
Net Investment in Capital Assets	8	-	8
Unrestricted	744	335	1,079
	<u>752</u>	<u>335</u>	<u>1,087</u>
Total Net Position			
Total Liabilities and Net Position	<u>\$ 766</u>	<u>\$ 477</u>	<u>\$ 1,243</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
OPERATING REVENUES			
Charges for Services	\$ 216	\$ 126	\$ 342
OPERATING EXPENSES			
Personnel Services	94	77	171
Administrative Services	13	26	39
Services and Supplies	56	42	98
Depreciation	7	-	7
Total Operating Expenses	170	145	315
Operating Income (Loss)	46	(19)	27
NONOPERATING REVENUES			
Investment Earnings	4	2	6
Income (Loss) Before Transfers	50	(17)	33
Transfers In	2	3	5
Change in Net Position	52	(14)	38
Net Position, Beginning of Year	700	349	1,049
Net Position, End of Year	\$ 752	\$ 335	\$ 1,087

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	Photogrammetry Operations	Encroachment Permits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers/Other Funds	\$ 215	\$ 172	\$ 387
Cash Paid to Suppliers for Goods and Services	(74)	(59)	(133)
Cash Paid to Employees for Services	(95)	(72)	(167)
Net Cash Provided by (Used for) Operating Activities	46	41	87
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers From Other Funds	2	3	5
Net Cash Provided by Noncapital Financing Activities	2	3	5
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(8)	-	(8)
Net Cash Used in Capital and Related Financing Activities	(8)	-	(8)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	4	2	6
Net Cash Provided by Investing Activities	4	2	6
Net Change in Cash and Cash Equivalents	44	43	90
Cash and Cash Equivalents, Beginning of Year	712	424	1,136
Cash and Cash Equivalents, End of Year	\$ 756	\$ 467	\$ 1,226
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 46	\$ (19)	\$ 27
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	7	-	7
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	20	20
Due from Other Funds	(1)	-	(1)
Due from Other Governments	-	3	3
Increase (Decrease) in:			
Accounts Payable	(1)	9	8
Salaries and Benefits Payable	1	3	4
Due to Other Funds	(4)	-	(4)
Compensated Absences	(2)	2	-
Developer and Other Agency Deposits	-	23	23
Net Cash Provided by (Used for) Operating Activities	\$ 46	\$ 41	\$ 87

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