



*Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017*



*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, 2017



Wasson Basin—East of Lake Elsinore

*Submitted by:
Jason Uhley
General Manager-Chief Engineer*

*Jeanine J. Rey
Finance Director*

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

Riverside County Flood Control and Water Conservation District
Comprehensive Annual Financial Report
Year Ended June 30, 2017

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INTRODUCTORY SECTION



Ortega Storm Drain (Before)



Ortega Storm Drain (After)

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- ◆ *Organizational Chart*



RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

October 25, 2017

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 component unit of the County of Riverside, California. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017.

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

The Pun Group, Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2017. 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 11th largest cumulative numeric increase in population in the country.¹ The District currently occupies 2,677 square miles and serves a population of approximately 1.98 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, 2016

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 2017 fiscal year budget on September 27, 2016. The annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared by fund and class or appropriation level (e.g., salaries and benefits, services and supplies) within each category present on the financial statements. The District may transfer resources between appropriation levels within the same fund at their discretion and with approval by the County of Riverside Executive Office. Increase of resources or establishment of a new appropriation level requires approval by the Board of Supervisors.

Local Economy

The District oversees the western portion of the Riverside County which includes twenty-two cities and unincorporated county communities west of the San Jacinto and Santa Rosa Mountains. Riverside County is California's fourth largest populated county according to the State Department of Finance. It represents 6.0% of California's total population.² Riverside County is part of a larger area known as Southern California's Inland Empire, comprised of Riverside and San Bernardino counties. It is approximately 60 miles from north to south and some 50 miles wide. Major industries located within the Riverside County include government, retail trade, educational and health services, leisure and hospitality, and construction.

From June 2016 to June 2017, approximately 22,700 (1.2%) residents found jobs either locally or in Southern California's coastal counties. The June 2017 unemployment rate of 5.5% was down slightly from the 6.3% reported in June 2016. The number of unemployed fell by -14,200 (-11.4%) largely because an extra 8,500 people were looking for employment.³ The 2017 gain has been led by construction (18,100), logistics (11,617), eating & drinking (3,800) and health care (3,700). Local governments grew by 500 positions as a result of improved budget positions.⁴ This reflects a constant upward trend in job growth for local government employment.

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 87.2%). This increase in construction and maintenance costs as a percentage of total expenses coincides with an increase of total expenses (a ten-year increase of 22.5%). Maintenance costs for the current fiscal year ended have decreased by 3% 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, 2016 and 2017. Sacramento, CA, May 2017

³ Source: State of California, Employment Development Department, Labor Force Data – June 2016 and June 2017.

⁴ Source: Inland Empire Quarterly Economic Report, July 2017

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 increased, both in amount and as a percentage of total revenues (reflecting a ten-year increase of 6.7%).

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

During the fiscal year ended June 30, 2017, the District issued notices of completion for three projects totaling over \$37.9 million dollars in construction costs. At the close of the fiscal year, the District had five construction contracts in progress totaling an additional \$23 million dollars. The majority of these projects are estimated for completion by the end of calendar year 2017.

The following District-administered flood control project contracts were completed during, or were under construction during the fiscal year 2016-2017:

Facilities	Status	Construction Cost
Romoland MDP Line A, Stages 4,5 & 6, Homeland MDP Line 1, Briggs Basin, Romoland MDP Lines A-2 and A-3	Notice of Completion August 23, 2016	\$ 26,777,777
Hemet MDP Line C, Stage 4	Notice of Completion August 23, 2016	\$ 4,838,414
Santa Ana Canyon – Below Prado – Inland Empire Brine Line Protection Project	Notice of Completion October 4, 2016	\$ 6,307,935
Homeland MDP Line 1, Stage 1	In Progress	\$ 14,344,444
University Wash Channel, Stage 3	In Progress	\$ 3,044,500
Banning MDP Line D-2, Stages 1 and 2, Lateral D-2A, Stage 1	In Progress	\$ 3,133,777
Monroe MDP – Monroe Channel, Stage 4	In Progress	\$ 2,489,067

Especially notable among the fiscal year 2016-2017 projects is the three-mile Romoland Line A Channel and the Briggs Road Basin construction contract. This \$27 million dollar contract is the largest single contract the District has ever issued.

Romoland Line A's follow-on stage, the \$14.3 million Homeland Line 1 and Juniper Flats Basin contract, completed most of the area's major infrastructure. The County of Riverside is working to achieve "smart growth". Namely, ensuring that infrastructure is constructed concurrently with the new development rather than retrofitted afterward. Therefore, new development will design the smaller drainage infrastructure necessary for each site plan.

University Wash Channel, a \$3 million dollar project, will provide flood hazard mitigation to the commercial and industrial businesses directly south of the I-91 and I-215 junction within the city of Riverside. The project extends the existing University Wash channel upstream of Spruce Street to the intersection of Massachusetts Avenue and Durahart Street.

The Banning MDP Line D-2 and Lateral D-2A project is constructing over one mile of underground storm drain that will help collect the runoff from the local streets and reduce flooding at the intersection of Ramsey and Hargrave Streets. The system collects water west of the intersection of Hargrave Street and Indian School Land and conveys it in an underground storm drain southerly along Hargrave Street collecting more surface runoff until it drains into the existing Ramsey Street storm drain.

The Monroe Channel project is a \$2.4 million dollar cooperative project with the City of Riverside to replace a City maintained existing open channel with a District maintained underground reinforced concrete box. The District designed the project to reduce flood risk along Monroe Street between California Avenue and Magnolia Avenue, and to accommodate future City enhancements, which will convert a portion of the channel alignment to a functional recreational paseo.

Additionally, the District continued to collaborate with the Cities of Norco, Moreno Valley, San Jacinto, and Riverside to deliver priority infrastructure. Utilizing District funding, provided through Board-approved cooperative agreements, these Cities are managing design and construction of significant flood control projects.

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, 2016. This was the twenty-sixth consecutive year that the District published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



JASON UHLEY
General Manager-Chief Engineer

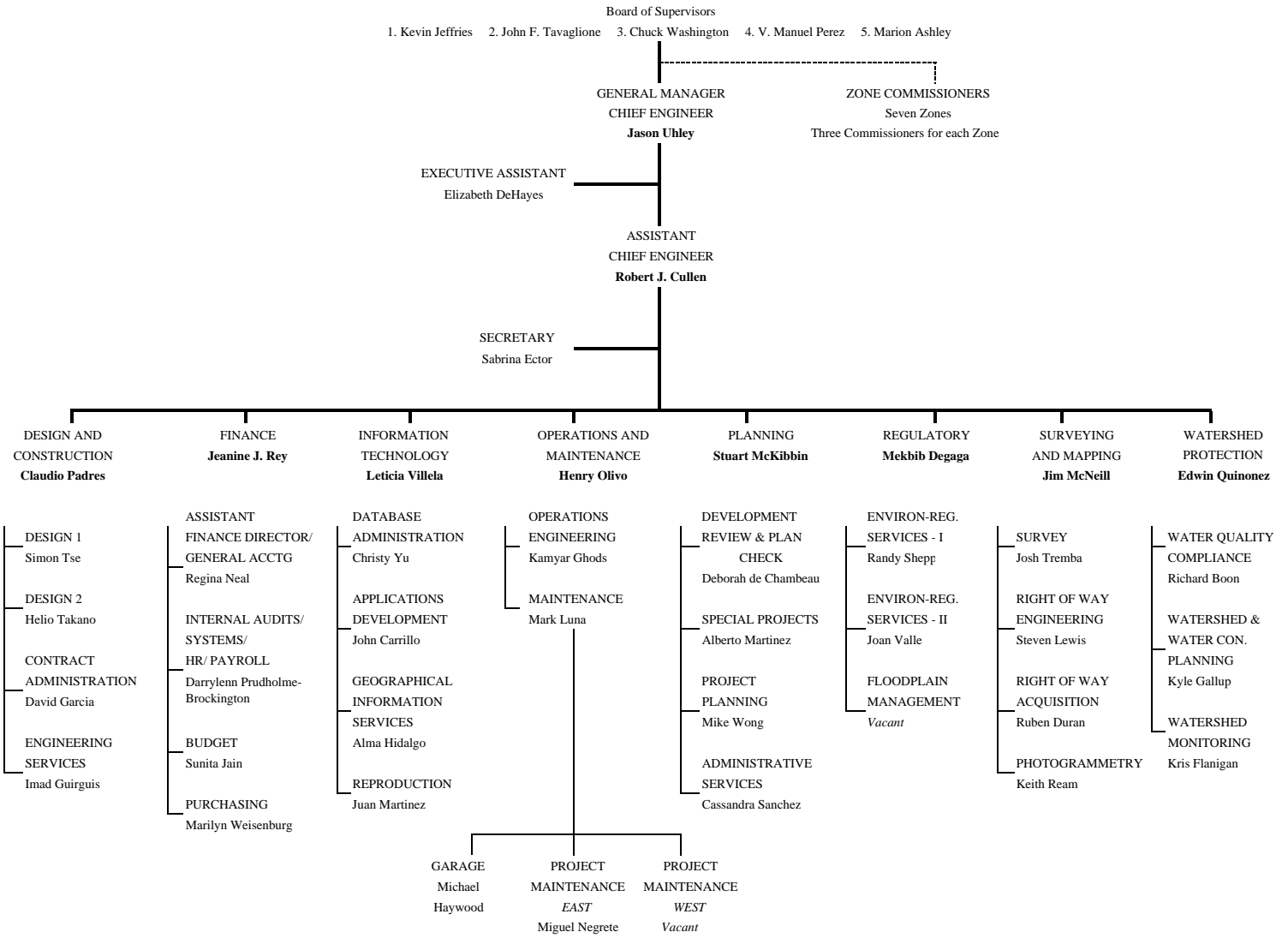


JEANINE J. REY
Finance Director

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

TITLE	NAME
Board of Supervisors	Kevin Jeffries, 1 st District
Board of Supervisors	John F. Tavaglione, 2 nd District
Board of Supervisors	Chuck Washington, Vice Chairman, 3 rd District
Board of Supervisors	V. Manuel Perez, 4 th District
Board of Supervisors	Marion Ashley, Chairman, 5 th District
General Manager-Chief Engineer	Jason Uhley
Assistant Chief Engineer	Robert J. Cullen
Chief of Design & Construction	Claudio Padres
Chief of Operations & Maintenance	Henry Olivo
Chief of Planning	Stuart McKibbin
Chief of Regulatory	Mekbib Degaga
Chief of Surveying & Mapping	Jim McNeill
Chief of Watershed Protection	Edwin Quinonez
Finance Director	Jeanine J. Rey
Information Technology Officer	Leticia G. Villela

RIVERSIDE COUNTY FLOOD CONTROL & WATER CONSERVATION DISTRICT





Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION



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

Hemet Channel



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Riverside County Flood Control and Water Conservation District (the "District") as of and for the year ended June 30, 2017, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, 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.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period – Retirement Program, the Schedule of Plan Contributions – Retirement Program, the Schedules of Funding Progress – Other Post Employment Benefits – OPEB, and the Budgetary Comparison Schedules for each major fund on pages 5 through 15 and 57 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

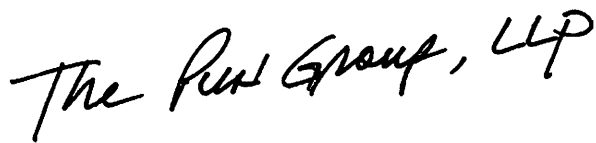
The Combining and Individual Nonmajor Fund Financial Statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Santa Ana, California
October 25, 2017

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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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report. All monetary amounts, unless otherwise indicated, are expressed in the nearest dollar.

Financial Highlights

- ◆ The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,146,663,348 (*net position*).
- ◆ The District's total net position increased by \$29,163,286. Approximately 29 percent of this increase is attributable to the addition of donated capital assets, i.e., infrastructure and land, net of investment related expenses.
- ◆ The (\$35,022,532) deficit reported in unrestricted net position is the result of the District's unfunded pension liability.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$225,413,246, an increase of \$19,072,265 in comparison with the prior year. Approximately 1% of this amount (\$1,672,814) is *available for spending* at the District's discretion (*unassigned fund balance*).
- ◆ At the end of the fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$2,923,551, or 43 percent of total general fund expenditures.

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 position 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 16-18 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 13 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. The capital project fund and the debt service fund, nonmajor funds, are presented as *Other Governmental Funds* 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 governmental fund financial statements can be found on pages 19-25 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 proprietary fund financial statements can be found on pages 27-29 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 fiduciary fund financial statement can be found on page 30 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 31-56 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's schedule of changes in the net pension liability during the

measurement period reported, schedule of plan contributions, progress in funding its obligation to provide other post-employment benefits to its employees. Required supplementary information can be found on pages 57-72 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 73-90 of this report.

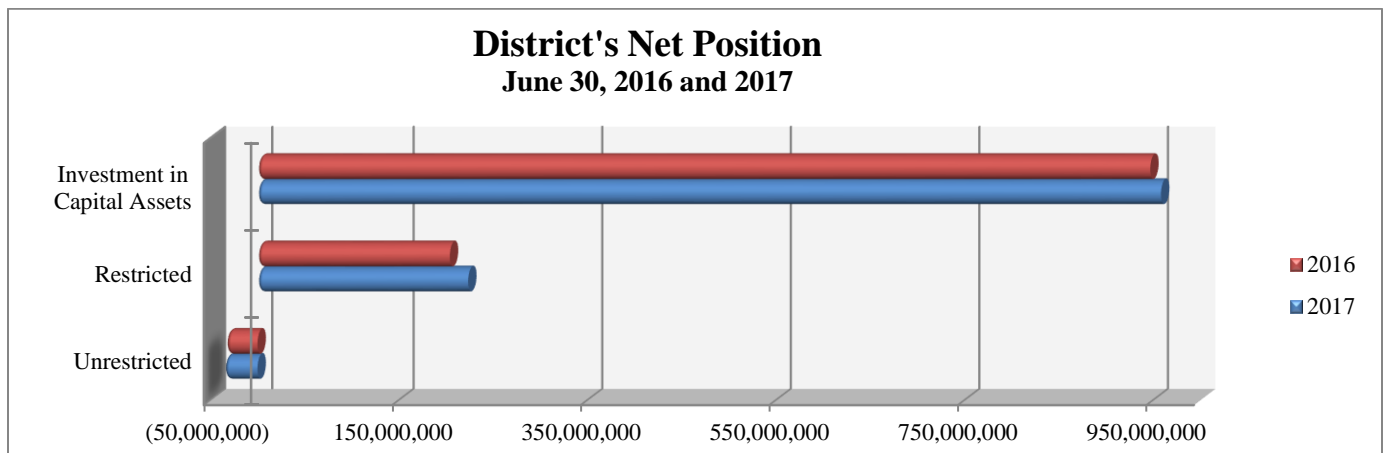
Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,146,663,348 at the close of the most recent fiscal year.

By far the largest portion of the District’s net position (84 percent) reflects its net investment in capital assets (e.g., land and easements, buildings and improvements, infrastructure, and equipment), less any related outstanding debt that was used to acquire those assets. 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. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	District’s Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 241,681,359	\$ 227,714,177	\$ 5,465,178	\$ 5,592,303	\$ 247,146,537	\$ 233,306,480
Capital Assets, Net	978,941,321	969,703,330	1,203	2,062	978,945,524	969,705,392
Total Assets	1,220,622,680	1,197,417,507	5,466,381	5,594,365	1,226,089,061	1,203,011,872
Deferred Outflows of Resources - Pensions	16,762,958	9,343,131	564,671	317,186	17,327,629	9,660,317
Long-term Liabilities Outstanding	78,006,800	68,151,306	1,898,960	1,496,539	79,905,760	69,647,845
Other Liabilities	7,916,099	13,983,503	3,557,513	3,405,317	11,473,612	17,388,820
Total Liabilities	85,922,899	82,134,809	5,456,473	4,901,856	91,379,372	87,036,665
Deferred Inflows of Resources - Pensions	5,195,194	7,867,517	178,776	267,945	5,373,970	8,135,462
Net Position:						
Investment in Capital Assets	958,272,693	946,872,380	1,203	2,062	958,273,896	946,874,442
Restricted	223,393,548	203,985,529	-	-	223,411,984	203,985,529
Unrestricted	(35,417,132)	(34,099,597)	394,600	739,688	(35,022,532)	(33,359,909)
Total Net Position	\$1,146,267,545	\$1,116,758,312	\$ 395,803	\$ 741,750	\$1,146,663,348	\$1,117,500,062

An additional portion of the District’s net position (19 percent) represents resources that are subject to external restrictions on how they may be used. As noted earlier, the deficit balance of (\$35,022,532) reported in unrestricted net position (-3 percent) is primarily the result of the District’s unfunded pension liability.



The District's overall net position increased \$29,163,286 from the prior fiscal year. The District experienced a net increase primarily due to increased investments in capital assets.

Governmental activities. During the current fiscal year, net position for the Governmental activities increased the District's net position by \$29,509,233 from the prior fiscal year, thereby accounting for 101 percent of the total increase in net position for the District. Key elements of the increase are as follows:

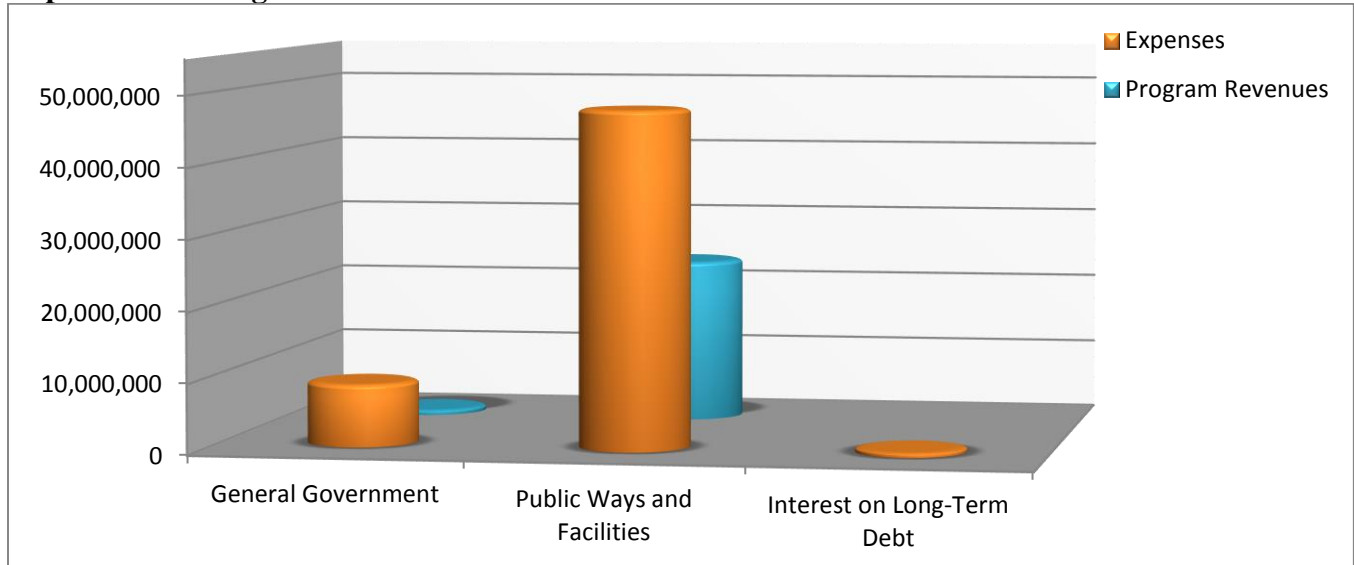
	District's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 12,756,332	\$ 4,890,830	\$ 1,833,241	\$ 1,944,557	\$ 14,589,573	\$ 6,835,387
Capital Grants and Contributions	11,527,462	4,523,592	-	-	11,527,462	4,523,592
General Revenues:						
Property Taxes	53,020,304	49,853,930	-	-	53,050,304	49,853,930
Redevelopment Pass-thru	9,525,828	9,513,935	-	-	9,525,828	9,513,935
Unrestricted Interest and Investment Earnings (Loss)	805,351	1,351,517	46,098	51,112	851,449	1,402,629
Gain on Sale of Capital Assets	83,706	140,453	-	-	83,706	140,453
Total Revenues	87,718,983	70,274,257	1,879,339	1,995,669	89,598,322	72,269,926
Expenses:						
General Government	8,994,421	4,872,596	-	-	8,994,421	4,872,596
Public Ways and Facilities	48,541,357	50,921,477	-	-	48,541,357	50,921,477
Interest on Long-Term Debt	673,972	739,327	-	-	673,972	739,327
Subdivision Operations	-	-	1,913,763	1,843,734	1,913,763	1,843,734
Photogrammetry Operations	-	-	194,301	163,737	194,301	163,737
Encroachment Permits	-	-	117,222	170,820	117,222	170,820
Total Expenses	58,209,750	56,533,400	2,225,286	2,178,291	59,723,536	58,711,691
Increase (Decrease) in Net Position						
before Transfers	29,509,233	13,740,857	(345,947)	(182,622)	29,163,286	13,558,235
Transfers	-	21,296	-	(21,296)	-	-
Increase (Decrease) in Net Position	29,509,233	13,762,153	(345,947)	(203,918)	29,163,286	13,558,235
Net Position - Beginning	1,116,758,312	1,102,996,159	741,750	945,668	1,117,500,062	1,103,941,827
Net Position - Ending	\$1,146,267,545	\$1,116,758,312	\$ 395,803	\$ 741,750	\$1,147,663,348	\$1,117,500,062

- 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 25 percent due to an increase of donated capital assets of 514 percent. This increase is due to an increase of previously donated capital assets being placed in service during the current fiscal year. Ongoing revenues continued to exceed expenses by \$17,981,771 (2% as a percentage of net position).

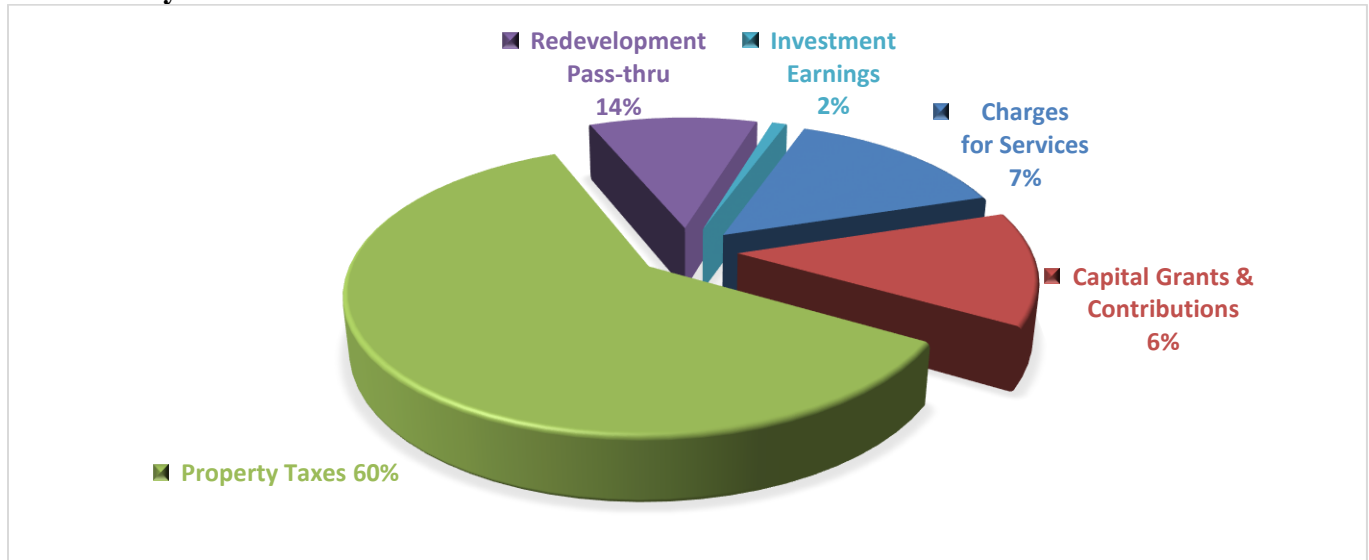
For the most part, increases and decreases in expenses paralleled inflation and growth in the demand for services. Noteworthy exceptions include the following:

- An increase in Capital Grants and Contributions revenue of \$7,003,870 (155 percent) associated with donated capital assets (infrastructure and land in various zones) being placed in service.
- An increase in Charges for Services revenue of \$7,865,502 (161 percent) largely associated with an increase in intergovernmental revenue recognized during the current fiscal year.

Expenses and Program Revenues - Governmental Activities



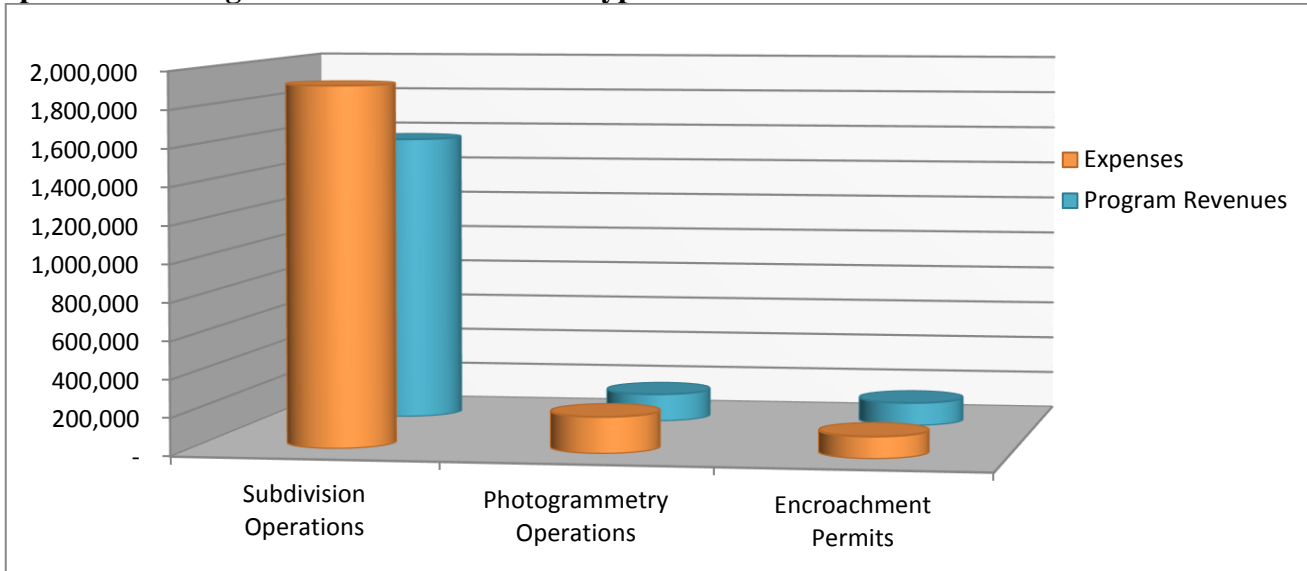
Revenues by Source - Governmental Activities



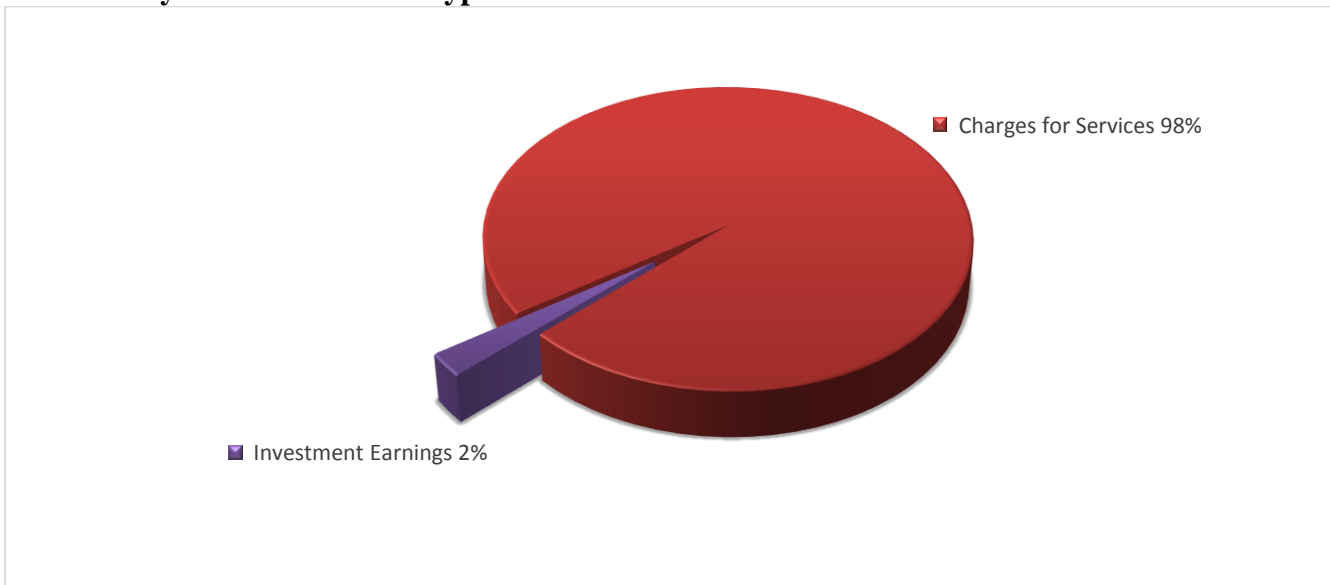
Business-type activities. Business-type activities decreased the District's net position by \$345,947. Key elements of the decrease are as follows.

- ◆ Overall charges for services for business-type activities decreased by 6 percent while expenses increased by 2 percent from the previous fiscal year. Historically, increases and decreases in charges for services and expenses are development related and will vary based on development activity within the County of Riverside. Development activity within the Subdivision operations has increased by 4 percent over the past year due to fluctuation in the economy. Normal operating expenses closely paralleled inflation and the overall increase in the demand for services for this fiscal year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$225,413,246 an increase of \$19,072,265 in comparison with the prior year. The majority of this total amount (\$222,422,095) 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* (\$1,672,814) reflects

surplus resources in the District's general fund that are available for spending at the District's discretion. The remainder of fund balance is *assigned fund balance* (\$1,250,737) and reflects resources that the District intends to use to fund accrued compensated absence liabilities as required and *nonspendable fund balance* (\$67,600) for imprest cash and prepaid items.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,672,814, while total fund balance reached \$2,924,151. 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 25 percent of total general fund expenditures, while total fund balance represents 43 percent of that same amount.

During the current fiscal year, the fund balance in the District's general fund decreased by \$409,419. The decrease in fund balance is a result of increased expenditures. General government expenditures increased by \$1,824,818 largely due to increases in salaries and benefits related to cost of living increases, pay increases, and the payment of pension related liabilities.

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 \$211,768,813 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$19,053,613. Key factors in the aggregate net increase are as follows:

- ◆ *Zone 1* reported a fund balance of \$27,380,893 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$2,235,770. Property tax and redevelopment revenues account for approximately 94 percent of total revenues in this fund and can fluctuate from year to year based on 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 15 percent (\$406,263). Overall revenues increased (\$800,552) as a result of increases in property tax revenue (\$423,962), redevelopment revenue (\$438,742) and area drainage fees (\$302,809). These increases offset decreases in intergovernmental revenue (\$200,500), charges for services (\$69,495), investment earnings (\$40,208), and use of assets from the lease of land (\$54,758). Additionally, expenditures increased (\$1,084,853) due largely in part to decreases in construction activity during the current fiscal year.

- ◆ *Zone 2* reported a fund balance of \$77,881,515 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$7,677,794. 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 673 percent (\$6,684,040). Overall revenues increased (\$45,204) as a result of increases in property tax revenue (\$795,559) and area drainage fees (\$72,928). These increases offset decreases in redevelopment revenue (\$696,812), intergovernmental revenue (\$766), charges for services (\$6,381), and investment earnings (\$119,323). Additionally, expenditures decreased (\$6,814,946) as a result of decreased construction activity during the current fiscal year.

- ◆ *Zone 3* reported a fund balance of \$11,463,366 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$720,620. 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 8 percent (\$51,517). Overall revenues increased (\$138,422) as a result of increases in property tax revenue (\$92,197), redevelopment revenue (\$64,838), and charges for services revenue (\$1,914). These increases offset decreases in intergovernmental

revenue (\$260) and investment earnings (\$20,267). Additionally, expenditures increased (\$53,419) due largely in part to the increased professional service fees to support operations during the fiscal year.

- ◆ *Zone 4* reported a fund balance of \$44,633,138 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$3,802,248. 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 positive change in fund balance reflects an increase of approximately 110 percent (\$40,395,145). Overall revenues increased (\$9,787,015) as a result of increases in property tax revenue (\$989,859), redevelopment revenue (\$112,838), special assessments (\$459), intergovernmental revenue (\$8,127,020), and area drainage fees (\$816,166). These increases offset decreases in charges for services (\$47,450) and investment earnings (\$211,877). Additionally, expenditures decreased (\$32,637,522) due largely in part to decreased construction activity during the fiscal year.

- ◆ *Zone 5* reported a fund balance of \$14,835,125 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$1,583,338. Property tax and redevelopment revenues account for approximately 98 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects a decrease of approximately 25 percent (\$541,137). Overall revenues increased (\$154,395) as a result of increases in property tax revenue (\$205,059), redevelopment revenue (\$50,627), and intergovernmental revenue (\$195). These increases offset decreases in charges for services (\$73,114), investment earnings (\$21,922), and use of assets from the lease of property (\$6,450). Additionally, expenditures increased (\$655,305) due primarily to increased construction costs related to the Banning MDP construction project.

- ◆ *Zone 6* reported a fund balance of \$14,555,511 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$2,370,491. Property tax and redevelopment revenues account for approximately 98 percent of total revenues in this fund and can fluctuate from year to year based on property values and foreclosures within the zone boundary as well as economic activity within the County of Riverside. Fluctuation in property tax revenues can positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 150 percent (\$7,091,217). Overall revenues increased (\$18,539) due primarily to increases in property tax revenue (\$254,495), redevelopment revenue (\$101,127), and intergovernmental revenue (\$56). These increases offset decrease in charges for services (\$263,286), investment earnings (\$28,957), and use of assets from the lease of property (\$44,896). Additionally, expenditures decreased (\$7,118,869) due largely in part to the decreased construction activity during the current fiscal year.

- ◆ *Zone 7* reported a fund balance of \$21,019,265 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$663,352. Property tax and redevelopment revenues account for approximately 94 percent of total revenues in this fund and can fluctuate from year to year based on 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 197 percent (\$1,343,866). Overall revenues decreased (\$4,120) as a result of decreases in redevelopment revenue (\$63,917), charges for services revenue (\$62,500), area drainage fees (\$125,619), and investment earnings (\$50,805). These decreases were offset by increases in property tax revenue (\$298,603) and intergovernmental revenue (\$118). Additionally, expenditures decreased (\$1,440,541) due largely in part to decreased construction activity during the fiscal year.

The NPDES funds had an aggregate fund balance of \$10,701,846 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year was \$427,997. Key factors in the net increase are as follows:

- ◆ *NPDES Whitewater* reported a fund balance of \$1,850,319 at the end of the current fiscal year. The net decrease in fund balance during the current fiscal year was \$33,582. Special assessment revenues account for approximately 98 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 110 percent (\$365,397). Overall revenues decreased (\$300,397) due primarily to decreases in special assessments revenue (\$1,772), contributions from other agencies (\$296,112), and investment earnings (\$2,513). Additionally, expenditures increased (\$62,190), due largely in part to an increase in salaries (a 43 percent increase from the prior fiscal year) to meet reporting requirements for federally mandated regulatory compliance programs.

- ◆ *NPDES Santa Ana* reported a fund balance of \$6,817,111 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$281,977. Special assessment revenues account for approximately 99 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 63 percent (\$484,835). Overall revenues decreased (\$521,452) as a result of decreases in special assessments (\$8,054), contributions from other agencies (\$500,000), and investment earnings (\$13,398). Additionally, expenditures decreased (\$34,623) due largely in part to decreases in operational marketing expenses for the storm water/clean water educational programs (205 percent decrease).

- ◆ *NPDES Santa Margarita* reported a fund balance of \$2,034,416 at the end of the current fiscal year. The net increase in fund balance during the current fiscal year was \$179,602. Special assessment revenues account for approximately 27 percent of total revenues in this fund and can fluctuate from year to year based on economic activity in the County of Riverside and property foreclosures within the watershed boundary. Fluctuation in special assessment revenues could positively or negatively impact growth in fund balance.

In comparison to the prior year, the positive change in fund balance reflects an increase of approximately 824 percent (\$204,395). Overall revenues increased (\$202,522) as a result of increases in special assessments (\$2,585) and contributions from other agencies (\$205,797). Additionally, expenditures increased (\$2,263) due largely in part to an increase in salaries (a 5 percent increase from the prior the prior fiscal year) to meet reporting requirements for federally mandated regulatory compliance programs.

The nonmajor funds, Flood Control Capital Project Fund and Zone 4 Debt Service Fund, reported an aggregate total fund balance of \$18,436 at the end of the current fiscal year. The aggregate net increase in fund balance during the current year in was \$74. Transfers in are used to offset budgeted capital outlay and debt service 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 Subdivision Operations amounted to a deficit of (\$962,662) while Photogrammetry Operations amounted to \$830,610, and Encroachment Permit Operations amounted to \$381,050. The total decrease in net position for Subdivision operations was \$328,509. The total decrease in net position for Photogrammetry operations was \$43,769 while the total increase in net position for Encroachment permit operations was \$9,240. 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 \$71,370. The \$71,370 variance was due primarily to costs budgeted for capital outlay expenditures that were not purchased during the fiscal year. Budgeted expenditures increased by 29 percent from the prior year. There was a 37 percent increase in actual expenditures from the prior year.
- ◆ Total estimated revenues, including transfers in, exceeded actual revenues by \$155,498. The \$155,498 variance was due in large part to less than anticipated revenues recognized for the reimbursement of services provided by the General Fund. Budgeted charges for services revenues increased by 32 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, 2017, amounts to \$978,942,524 (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 1 percent (a 1 percent increase for governmental activities and a 42 percent decrease for business-type activities).

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

- ◆ Capital assets (infrastructure and land) were donated to the District as a result of prior year development within the County; donated infrastructure and land at the end of the current fiscal year was \$8,366,855.
- ◆ 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 \$54,301,812.

District's Capital Assets

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Infrastructure	\$ 652,165,739	\$ 616,660,635	\$ -	\$ -	\$ 652,165,739	\$ 616,660,635
Land and easements	260,211,025	258,947,023	-	-	260,211,025	258,947,023
Buildings and improvements	9,299,660	9,581,722	-	-	9,299,660	9,581,722
Improvements other than buildings	82,487	83,603	-	-	82,487	83,603
Equipment	2,880,598	3,394,190	1,203	\$2,062	2,881,801	3,396,252
Construction in progress	54,301,812	81,036,157	-	-	54,301,812	81,036,157
Total	\$978,941,321	\$969,703,330	\$1,203	\$2,062	\$978,942,524	\$969,705,392

Additional information on the District's capital assets can be found in Note 5 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 \$20,668,628 in negotiable promissory notes outstanding at the end of the current fiscal year to finance the construction certain flood control facilities located in Zone 4 of the District, including but not limited to the construction of the Romoland MDP Line A, Stage 4 project. The principal of, premium, and interest on the Notes are payable from the revenues and taxes of Zone 4.

Economic Factors and Next Year's Budgets and Rates

The District's principal source of general-purpose revenue is ad valorem property taxes. The Riverside County Assessor is projecting an approximate 5.0 percent increase in tax revenue on the County assessment roll for the 2017-2018 fiscal year. The District is taking a more conservative approach and estimating an increase of 4.0 percent in tax revenues for the 2017-2018 fiscal year based on the Riverside County Assessor projections and on actual tax revenue received over the last three years.

The District estimates total revenue of \$91.4 million for fiscal year 2017-2018, a decrease of \$8.7 million from fiscal year 2016-2017. The District's appropriation budget for all funds totals \$155.8 million for fiscal year 2017-2018, a decrease of \$24.7 million from the District's fiscal year 2016-2017 adopted budget.

Total estimated revenue for the seven zones is \$64.5 million for the 2017-2018 fiscal year, a decrease of \$8.9 million, or 12 percent, from the 2016-2017 fiscal year. The revenue decrease for fiscal year 2017-2018 is due primarily to the decrease in external project contributions towards design and constructions projects.

The zone budgets for fiscal year 2017-2018 propose appropriations totaling \$123.7 million, a decrease of \$25.2 million, or 16.9 percent, from the prior year budget. This represents 79.4 percent of the District's total appropriations of \$155.8 million. The \$123.7 million in zone appropriations will provide for all District activities in the zones and includes funds for fifty-five (55) capital infrastructure projects, seven (7) water conservation projects and ten (10) uncategorized/ other contributions projects.

Non-zone fund revenues are estimated to be \$26.8 million for fiscal year 2017-2018, an increase of \$0.1 million, or .005 percent from fiscal year 2016-2017. Non-zone fund appropriations are proposed to be \$32 million for fiscal year 2017-2018. This represents an increase of \$0.5 million, or 1.6 percent, from the prior fiscal year's budget.

Appropriations are projected to decrease by \$0.4 million in the General Fund. The Capital Project Fund appropriation is proposed to increase by \$300,000 due to increased Building Upgrade plans. The newly established Debt Service Fund requires \$2.8 million in payments for the Zone 4 promissory notes. Enterprise fund appropriations are expected to increase by \$341,000 based on increased service requests in the Photogrammetry fund and plan check services in the Subdivision Operations fund. Appropriations for the Internal Service funds are proposed to increase by \$304,000 due to increased costs in Riverside County Information Technology departmental services provided to the District.

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 237,240,967	\$ 1,852,238	\$ 239,093,205
Restricted Cash	1,659,911	3,188,905	4,848,816
Cash with Fiscal Agent	6	-	6
Receivables (net of allowance for uncollectibles)	1,911,271	284,563	2,195,834
Inventories	276,401	-	276,401
Net OPEB Asset	665,275	-	665,275
Prepaid Items	67,000	-	67,000
Internal Balances	(139,472)	139,472	-
Capital Assets:			
Nondepreciable	314,512,837	-	314,512,837
Depreciable, Net	664,428,484	1,203	664,429,687
Total Assets	<u>1,220,622,680</u>	<u>5,466,381</u>	<u>1,226,089,061</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	<u>16,762,958</u>	<u>564,671</u>	<u>17,327,629</u>
Total Deferred Outflows of Resources	<u>16,762,958</u>	<u>564,671</u>	<u>17,327,629</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	2,410,851	109,018	2,519,869
Salaries and Benefits Payable	1,562,282	73,195	1,635,477
Developer and Other Agency Deposits	1,734,350	3,375,223	5,109,573
Due to Other Governments	1,406,383	77	1,406,460
Accrued interest payable	302,233	-	302,233
Unearned Revenue	500,000	-	500,000
Long-term Liabilities:			
Portion Due Within One Year:			
Compensated Absences	610,704	13,997	624,701
Promissory Notes	1,980,000	-	1,980,000
Portion Due in More Than One Year:			
Compensated Absences	3,431,361	79,309	3,510,670
Promissory Notes	18,688,628	-	18,688,628
Net Pension Liability	<u>53,296,107</u>	<u>1,805,654</u>	<u>55,101,761</u>
Total Liabilities	<u>85,922,899</u>	<u>5,456,473</u>	<u>91,379,372</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	<u>5,195,194</u>	<u>178,776</u>	<u>5,373,970</u>
Total Deferred Inflows of Resources	<u>5,195,194</u>	<u>178,776</u>	<u>5,373,970</u>
NET POSITION			
Net Investment in Capital Assets	958,272,693	1,203	958,273,896
Restricted by Enabling Legislation for:			
Capital Projects	18,348	-	18,348
Debt Service	88	-	88
Public Ways and Facilities	223,393,548	-	223,393,548
Unrestricted (Deficit)	<u>(35,417,132)</u>	<u>394,600</u>	<u>(35,022,532)</u>
Total Net Position	<u>\$ 1,146,267,545</u>	<u>\$ 395,803</u>	<u>\$ 1,146,663,348</u>

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Activities

For the Year Ended June 30, 2017

	Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions
FUNCTIONS/PROGRAMS:			
Governmental Activities			
General Government	\$ 8,994,421	\$ 757,764	\$ -
Public Ways and Facilities	48,541,357	11,998,568	11,527,462
Interest on Lon-Term Debt	673,972	-	-
Total Governmental Activities	<u>58,209,750</u>	<u>12,756,332</u>	<u>11,527,462</u>
Business-type Activities			
Subdivision Operations	1,913,763	1,557,065	-
Photogrammetry Operations	194,301	150,117	-
Encroachment Permits	117,222	126,059	-
Total Business-type Activities	<u>2,225,286</u>	<u>1,833,241</u>	<u>-</u>
Total	<u>\$ 60,435,036</u>	<u>\$ 14,589,573</u>	<u>\$ 11,527,462</u>

General Revenues and Transfers:

Property Taxes
Redevelopment Pass-thru
Unrestricted Interest and Investment Earnings
Gain - Sale of Capital Assets

Total General Revenues and Transfers

Change in Net Position

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
(8,236,657)	\$ -	\$ (8,236,657)
(25,015,327)	-	(25,015,327)
<u>(673,972)</u>	<u>-</u>	<u>(673,972)</u>
<u>(33,925,956)</u>	<u>-</u>	<u>(33,925,956)</u>
-	(356,698)	(356,698)
-	(44,184)	(44,184)
<u>-</u>	<u>8,837</u>	<u>8,837</u>
<u>-</u>	<u>(392,045)</u>	<u>(392,045)</u>
<u>(33,925,956)</u>	<u>(392,045)</u>	<u>(34,318,001)</u>
53,020,304	-	53,020,304
9,525,828	-	9,525,828
805,351	46,098	851,449
<u>83,706</u>	<u>-</u>	<u>83,706</u>
<u>63,435,189</u>	<u>46,098</u>	<u>63,481,287</u>
29,509,233	(345,947)	29,163,286
<u>1,116,758,312</u>	<u>741,750</u>	<u>1,117,500,062</u>
<u>\$ 1,146,267,545</u>	<u>\$ 395,803</u>	<u>\$ 1,146,663,348</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, 2017

	General Fund	Zone 1	Zone 2	Zone 3
ASSETS				
Cash and Investments	\$ 3,478,388	\$ 27,787,433	\$ 79,345,934	\$ 11,564,318
Restricted Cash	1,530,556	44,387	15,511	6,070
Cash with Fiscal Agent	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Taxes Receivable	64,784	137,030	244,984	32,213
Accounts Receivable	97,402	151,546	7,604	5,209
Interest Receivable	5,792	36,095	99,852	14,696
Due From Other Funds	14,073	-	-	36
Due From Other Governments	-	73,362	55,475	11,095
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 5,190,995</u>	<u>\$ 28,229,853</u>	<u>\$ 79,769,360</u>	<u>\$ 11,633,637</u>
LIABILITIES				
Accounts Payable	\$ 71,351	\$ 514,061	\$ 134,082	\$ 27,724
Salaries and Benefits Payable	498,815	121,613	165,149	85,140
Due to Other Funds	19,215	16,646	15,533	18,163
Developer and Other Agency Deposits	1,589,996	59,387	15,511	6,070
Due to Other Governments	22,683	223	1,312,586	961
Unearned Revenue	-	-	-	-
Total Liabilities	<u>2,202,060</u>	<u>711,930</u>	<u>1,642,861</u>	<u>138,058</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	64,784	137,030	244,984	32,213
Unavailable Revenue - Special Assessments	-	-	-	-
Total Deferred Inflows of Resources	<u>64,784</u>	<u>137,030</u>	<u>244,984</u>	<u>32,213</u>
FUND BALANCES				
Nonspendable:				
Imprest Cash	600	-	-	-
Prepaid Items	-	-	-	-
Restricted for:				
Capital Projects	-	-	-	-
Public Ways and Facilities	-	27,380,893	77,881,515	11,463,366
Debt Service	-	-	-	-
Assigned to:				
Compensated Absences	1,250,737	-	-	-
Unassigned	<u>1,672,814</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,924,151</u>	<u>27,380,893</u>	<u>77,881,515</u>	<u>11,463,366</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,190,995</u>	<u>\$ 28,229,853</u>	<u>\$ 79,769,360</u>	<u>\$ 11,633,637</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 45,492,596	\$ 15,361,097	\$ 14,647,020	\$ 21,584,795	\$ 1,792,894	\$ 6,952,183
9,768	5,570	29,468	18,581	-	-
6	-	-	-	-	-
250,162	53,804	71,311	82,557	8,787	35,257
1,020	-	-	-	-	2,608
50,182	19,162	18,037	27,137	2,300	8,681
14	29	14	58	-	-
67,437	11,095	22,190	33,285	81,960	-
52,260	670	-	14,070	-	-
<u>\$ 45,923,445</u>	<u>\$ 15,451,427</u>	<u>\$ 14,788,040</u>	<u>\$ 21,760,483</u>	<u>\$ 1,885,941</u>	<u>\$ 6,998,729</u>
\$ 685,537	\$ 501,054	\$ 57,530	\$ 8,060	\$ 11,227	\$ 94,566
263,431	51,417	70,396	106,265	14,560	47,729
51,670	4,334	3,814	21,469	1,048	4,066
9,768	5,569	29,468	18,581	-	-
29,739	124	10	4,286	-	-
-	-	-	500,000	-	-
1,040,145	562,498	161,218	658,661	26,835	146,361
250,162	53,804	71,311	82,557	-	-
-	-	-	-	8,787	35,257
<u>250,162</u>	<u>53,804</u>	<u>71,311</u>	<u>82,557</u>	<u>8,787</u>	<u>35,257</u>
-	-	-	-	-	-
52,260	670	-	14,070	-	-
-	-	-	-	-	-
44,580,878	14,834,455	14,555,511	21,005,195	1,850,319	6,817,111
-	-	-	-	-	-
-	-	-	-	-	-
<u>44,633,138</u>	<u>14,835,125</u>	<u>14,555,511</u>	<u>21,019,265</u>	<u>1,850,319</u>	<u>6,817,111</u>
<u>\$ 45,923,445</u>	<u>\$ 15,451,427</u>	<u>\$ 14,788,040</u>	<u>\$ 21,760,483</u>	<u>\$ 1,885,941</u>	<u>\$ 6,998,729</u>

Continued

Riverside County Flood Control and Water Conservation District
Balance Sheet
Governmental Funds - Continued
June 30, 2017

	NPDES Santa Margarita	Other Governmental Funds	Total
ASSETS			
Cash and Investments	\$ 2,253,521	\$ 18,412	\$ 230,278,591
Restricted Cash	-	-	1,659,911
Cash with Fiscal Agent	-	-	6
Receivables (net of allowance for uncollectibles)			
Taxes Receivable	6,784	-	987,673
Accounts Receivable	14	-	265,403
Interest Receivable	2,701	24	284,659
Due From Other Funds	-	-	14,224
Due From Other Governments	-	-	355,899
Prepaid Items	-	-	67,000
Total Assets	<u>\$ 2,263,020</u>	<u>\$ 18,436</u>	<u>\$ 233,913,366</u>
LIABILITIES			
Accounts Payable	\$ 176,754	\$ -	\$ 2,281,946
Salaries and Benefits Payable	43,270	-	1,467,785
Due to Other Funds	1,796	-	157,754
Developer and Other Agency Deposits	-	-	1,734,350
Due to Other Governments	-	-	1,370,612
Unearned Revenue	-	-	500,000
Total Liabilities	<u>221,820</u>	<u>-</u>	<u>7,512,447</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	-	-	936,845
Unavailable Revenue - Special Assessments	6,784	-	50,828
Total Deferred Inflows of Resources	<u>6,784</u>	<u>-</u>	<u>987,673</u>
FUND BALANCES			
 Nonspendable for:			
Imprest Cash	-	-	600
Prepaid Items	-	-	67,000
 Restricted for:			
Capital Projects	-	18,348	18,348
Public Ways and Facilities	2,034,416	-	222,403,659
Debt Service	-	88	88
 Assigned to:			
Compensated Absences	-	-	1,250,737
 Unassigned	<u>-</u>	<u>-</u>	<u>1,672,814</u>
Total Fund Balances	<u>2,034,416</u>	<u>18,436</u>	<u>225,413,246</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,263,020</u>	<u>\$ 18,436</u>	<u>\$ 233,913,366</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, 2017

Fund Balances - Total Governmental Funds (Page 21) \$ 225,413,246

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds, net of \$2,753,498 reported in Internal Service Funds. 976,187,823

Internal service funds are used by management to charge the costs of hydrology services, garage, project maintenance, mapping services, data processing, and photography to individual funds. The assets and liabilities of these funds are included in governmental activities in the statement of Net Position, net of \$145,602 allocated to business-type activities. 9,607,551

The net OPEB asset (NOA) should be adjusted for any difference between contributions made and the annual required contributions (ARC). A positive year-end balance in the NOA should be recognized as the year-end asset in relation to the ARC in governmental activities in the statement of net position. 665,275

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds balance sheet and should be recognized in the government-wide statement of activities as revenue thereby increasing unrestricted net position in the government-wide statement of Net Position. 987,673

Deferred inflows and outflows of resources related to pension activity are not reported in the governmental funds but are included in the statement of Net Position.

Deferred outflows of resources	\$ 16,762,958	
Deferred inflows of resources	<u>(5,195,194)</u>	11,567,764

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

Net pension liability	(53,296,107)	
Promissory notes, including unamortized premiums	(20,668,628)	
Compensated absences, net of \$147,246 reported in internal service funds	(3,894,819)	
Accrued interest payable	<u>(302,233)</u>	<u>(78,161,787)</u>

Net Position of Governmental Activities (Page 16) \$ 1,146,267,545

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, 2017

	General Fund	Zone 1	Zone 2	Zone 3
REVENUES				
Property Taxes	\$ 3,667,191	\$ 7,792,792	\$ 13,787,125	\$ 1,828,664
Redevelopment Pass-thru	612,804	2,192,191	1,915,620	757,244
Special Assessments	14	-	-	-
Intergovernmental	41,616	88,056	157,407	20,704
Charges for Services	658,918	2,577	1,217	2,109
Area Drainage Fees	-	305,878	92,857	-
Investment Earnings	15,690	105,072	282,967	43,660
Use of Assets	1,020	164,954	100	-
Total Revenues	<u>4,997,253</u>	<u>10,651,520</u>	<u>16,237,293</u>	<u>2,652,381</u>
EXPENDITURES				
Current:				
General Government	6,715,062	-	-	-
Public Ways and Facilities	-	5,454,361	8,244,637	1,863,590
Capital Outlay	54,870	2,733,252	30,000	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>6,769,932</u>	<u>8,187,613</u>	<u>8,274,637</u>	<u>1,863,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,772,679)</u>	<u>2,463,907</u>	<u>7,962,656</u>	<u>788,791</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,363,260	-	-	-
Transfers Out	-	(228,137)	(284,862)	(68,171)
Total Other Financing Sources (Uses)	<u>1,363,260</u>	<u>(228,137)</u>	<u>(284,862)</u>	<u>(68,171)</u>
Net Change in Fund Balances	(409,419)	2,235,770	7,677,794	720,620
Fund Balances, Beginning of Year	<u>3,333,570</u>	<u>25,145,123</u>	<u>70,203,721</u>	<u>10,742,746</u>
Fund Balances, End of Year	<u>\$ 2,924,151</u>	<u>\$ 27,380,893</u>	<u>\$ 77,881,515</u>	<u>\$ 11,463,366</u>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 14,211,595	\$ 3,053,934	\$ 4,099,621	\$ 4,637,585	\$ -	\$ -
2,085,028	504,351	1,078,217	380,373	-	-
459	-	-	-	301,139	2,345,660
8,318,332	34,554	45,806	53,027	-	-
6,893	455	20,749	25,200	-	-
1,097,197	-	-	157,758	-	-
119,525	54,172	49,597	77,268	6,786	24,969
7,800	-	3,600	-	-	-
<u>25,846,829</u>	<u>3,647,466</u>	<u>5,297,590</u>	<u>5,331,211</u>	<u>307,925</u>	<u>2,370,629</u>
-	-	-	-	-	-
11,278,529	1,499,399	2,809,475	2,897,617	335,268	2,058,829
7,509,295	498,426	-	1,634,444	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,787,824</u>	<u>1,997,825</u>	<u>2,809,475</u>	<u>4,532,061</u>	<u>335,268</u>	<u>2,058,829</u>
<u>7,059,005</u>	<u>1,649,641</u>	<u>2,488,115</u>	<u>799,150</u>	<u>(27,343)</u>	<u>311,800</u>
-	-	-	-	-	-
(3,256,757)	(66,303)	(117,624)	(135,798)	(6,239)	(29,823)
<u>(3,256,757)</u>	<u>(66,303)</u>	<u>(117,624)</u>	<u>(135,798)</u>	<u>(6,239)</u>	<u>(29,823)</u>
3,802,248	1,583,338	2,370,491	663,352	(33,582)	281,977
<u>40,830,890</u>	<u>13,251,787</u>	<u>12,185,020</u>	<u>20,355,913</u>	<u>1,883,901</u>	<u>6,535,134</u>
<u>\$ 44,633,138</u>	<u>\$ 14,835,125</u>	<u>\$ 14,555,511</u>	<u>\$ 21,019,265</u>	<u>\$ 1,850,319</u>	<u>\$ 6,817,111</u>

Continued

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, 2017

	NPDES Santa Margarita	Other Governmental Funds	Total
REVENUES			
Property Taxes	\$ -	\$ -	\$ 53,078,507
Redevelopment Pass-thru	-	-	9,525,828
Special Assessments	514,401	-	3,161,673
Intergovernmental	1,391,338	-	10,150,840
Charges for Services	-	-	718,118
Area Drainage Fees	-	-	1,653,690
Investment Earnings	4,916	74	784,696
Use of Assets	-	-	177,474
Total Revenues	<u>1,910,655</u>	<u>74</u>	<u>79,250,826</u>
EXPENDITURES			
Current:			
General Government	-	-	6,715,062
Public Ways and Facilities	1,706,007	-	38,147,712
Capital Outlay	-	-	12,460,287
Debt service:			
Principal	-	1,920,000	1,920,000
Interest	-	935,500	935,500
Total Expenditures	<u>1,706,007</u>	<u>2,855,500</u>	<u>60,178,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>204,648</u>	<u>(2,855,426)</u>	<u>19,072,265</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	2,855,500	4,218,760
Transfers Out	(25,046)	-	(4,218,760)
Total Other Financing Sources (Uses)	<u>(25,046)</u>	<u>2,855,500</u>	<u>-</u>
Net Change in Fund Balances	179,602	74	19,072,265
Fund Balances, Beginning of Year	<u>1,854,814</u>	<u>18,362</u>	<u>206,340,981</u>
Fund Balances, End of Year	<u>\$ 2,034,416</u>	<u>\$ 18,436</u>	<u>\$ 225,413,246</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, 2017

Net Change in Fund Balances - Total Governmental Funds (Page 25) \$ 19,072,265

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

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

Expenditures for capital assets, net of \$426,798 reported in Internal Service Fund	\$ 12,460,288	
Donation of Capital Assets	8,366,855	
Less current year depreciation, net of \$928,769 reported in Internal Service Fund	<u>(11,087,181)</u>	9,739,962

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. (59,269)

Change in unavailable revenue	<u>(59,269)</u>	
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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.

Pension expense	(2,326,859)	
Change in accrued other postemployment benefits (OPEB) asset	(18,109)	
Change in compensated absences, net of \$17,062 reported in Internal Service Fund	384,125	
Amortization of bond premium	242,328	
Interest Expense	<u>19,200</u>	(1,699,315)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in Net Position of certain internal service funds is reported with governmental activities, net of \$17,091 allocated to business-type activities 535,590

The repayment of principal reduces long-term liabilities in the governmental activities statement of net position. 1,920,000

Change in Net Position of Governmental Activities (Page 18) \$ 29,509,233

Riverside County Flood Control and Water Conservation District
Statement of Net Position
Proprietary Funds
June 30, 2017

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Subdivision Operations</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 619,765	\$ 1,232,473	\$ 1,852,238	\$ 6,962,376
Receivables:				
Accounts Receivable (net of allowance for uncollectibles)	264,135	2,787	266,922	9,699
Interest Receivable	8,395	1,869	10,264	7,933
Due From Other Funds	559	7	566	158,624
Due From Other Governments	5,006	2,371	7,377	5
Inventories	-	-	-	276,401
Total Current Assets	<u>897,860</u>	<u>1,239,507</u>	<u>2,137,367</u>	<u>7,415,038</u>
Noncurrent Assets:				
Restricted Cash	3,024,792	164,113	3,188,905	-
Capital Assets:				
Depreciable, Net	-	1,203	1,203	2,753,498
Total Noncurrent Assets	<u>3,024,792</u>	<u>165,316</u>	<u>3,190,108</u>	<u>2,753,498</u>
Total Assets	<u>3,922,652</u>	<u>1,404,823</u>	<u>5,327,475</u>	<u>10,168,536</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pensions	564,671	-	564,671	-
Total Deferred Outflows of Resources	<u>564,671</u>	<u>-</u>	<u>564,671</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	109,018	-	109,018	128,905
Salaries and Benefits Payable	64,952	8,243	73,195	94,497
Due to Other Funds	5,466	1,230	6,696	8,964
Due to Other Governments	-	77	77	35,771
Compensated Absences - Current Portion	10,031	3,966	13,997	22,247
Developer and Other Agency Deposits	3,212,366	162,857	3,375,223	-
Total Current Liabilities	<u>3,401,833</u>	<u>176,373</u>	<u>3,578,206</u>	<u>290,384</u>
Noncurrent Liabilities:				
Compensated Absences	63,722	15,587	79,309	124,999
Net Pension Liability	1,805,654	-	1,805,654	-
Total Noncurrent Liabilities	<u>1,869,376</u>	<u>15,587</u>	<u>1,884,963</u>	<u>124,999</u>
Total Liabilities	<u>5,271,209</u>	<u>191,960</u>	<u>5,463,169</u>	<u>415,383</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources Related to Pensions	178,776	-	178,776	-
Total Deferred Inflows of Resources	<u>178,776</u>	<u>-</u>	<u>178,776</u>	<u>-</u>
Net Position:				
Investment in Capital Assets	-	1,203	1,203	2,753,498
Unrestricted (Deficit)	(962,662)	1,211,660	248,998	6,999,655
Total Net Position	<u>\$ (962,662)</u>	<u>\$ 1,212,863</u>	<u>\$ 250,201</u>	<u>\$ 9,753,153</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>145,602</u>	
Net Position of Business-type Activities			<u>\$ 395,803</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, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
OPERATING REVENUES				
Charges for Services	\$ 1,557,065	\$ 276,176	\$ 1,833,241	\$ 7,250,248
OPERATING EXPENSES				
Personnel Services	877,750	206,780	1,084,530	1,525,085
Administrative Services	192,264	23,428	215,692	469,839
Services and Supplies	855,746	85,550	941,296	3,878,235
Depreciation	-	859	859	928,769
Total Operating Expenses	1,925,760	316,617	2,242,377	6,801,928
Operating Income (Loss)	(368,695)	(40,441)	(409,136)	448,320
NONOPERATING REVENUES				
Investment Earnings (Loss)	40,186	5,912	46,098	20,655
Gain on Sale of Capital Assets	-	-	-	83,706
Total Nonoperating Revenues	40,186	5,912	46,098	104,361
Income (Loss)	(328,509)	(34,529)	(363,038)	552,681
Change in Net Position	(328,509)	(34,529)	(363,038)	552,681
Net Position, Beginning of Year	(634,153)	1,247,392	613,239	9,200,472
Net Position, End of Year	\$ (962,662)	\$ 1,212,863		\$ 9,753,153
Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			17,091	
Change in Net Position of Business-type Activities			\$ (345,947)	

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, 2017

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers/Other Funds	\$ 1,700,344	\$ 256,727	\$ 1,957,071	\$ 7,222,382
Cash Paid to Suppliers for Goods and Services	(1,064,090)	(112,329)	(1,176,419)	(4,858,091)
Cash Paid to Employees for Services	(796,694)	(201,934)	(998,628)	(1,516,461)
Net Cash Provided by (Used In) Operating Activities	<u>(160,440)</u>	<u>(57,536)</u>	<u>(217,976)</u>	<u>847,830</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	-	-	-	83,706
Acquisition and Construction of Capital Assets	-	-	-	(426,798)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(343,092)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	41,245	5,806	47,051	19,798
Net Cash Provided by Investing Activities	<u>41,245</u>	<u>5,806</u>	<u>47,051</u>	<u>19,798</u>
Net Change in Cash and Cash Equivalents	(119,195)	(51,730)	(170,925)	524,536
Cash and Cash Equivalents, Beginning of Year	3,763,752	1,448,316	5,212,068	6,437,840
Cash and Cash Equivalents, End of Year	<u>\$ 3,644,557</u>	<u>\$ 1,396,586</u>	<u>\$ 5,041,143</u>	<u>\$ 6,962,376</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (368,695)	\$ (40,441)	\$ (409,136)	\$ 448,320
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	-	859	859	928,769
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable	(34,250)	(741)	(34,991)	(1,620)
Due from Other Funds	(559)	1,705	1,146	(26,246)
Due from Other Governments	-	2,412	2,412	-
Inventories	-	-	-	(36,790)
Deferred Outflows of Resources Related to Pensions	(247,485)	-	(247,485)	-
Increase (Decrease) in:				
Accounts Payable	(16,950)	(4,345)	(21,295)	(405,490)
Salaries and Benefits Payable	14,994	5,141	20,135	25,686
Due to Other Funds	2,854	917	3,771	(54,295)
Compensated Absences	(11,677)	(295)	(11,972)	(17,062)
Net Pension Liability	414,393	-	414,393	-
Due to Other Governments	(1,984)	77	(1,907)	(13,442)
Deferred Inflows of Resources Related to Pensions	(89,169)	-	(89,169)	-
Developer and Other Agency Deposits	178,088	(22,825)	155,263	-
Net Cash Provided by (Used In) Operating Activities	<u>\$ (160,440)</u>	<u>\$ (57,536)</u>	<u>\$ (217,976)</u>	<u>\$ 847,830</u>

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

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

	Agency Funds
ASSETS	
Cash and Investments	\$ 2,823,536
Cash and Investments with Fiscal Agents	579,213
Total Assets	\$ 3,402,749
LIABILITIES	
Accounts Payable	\$ 2,823,532
Due to Bondholders	579,217
Total Liabilities	\$ 3,402,749

The accompanying notes are an integral part of this statement.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

Riverside County Infrastructure Financing Authority (IFA). The Board is the governing body of the IFA and the County is responsible for all its financial debt. The IFA is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated September 15, 2015 by and between the County of Riverside and the District. The IFA is authorized and empowered to issue bonds for the purpose of financing and refinancing public capital improvements of the County.

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 position are available, management has discretion as to which resources apply. It is the District's policy to use restricted resources before unrestricted resources.

C) Fund Financial Statements

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

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Fund Financial Statements - Continued

The District reports the following as major governmental funds:

- ◆ The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund includes such activities as general government and capital outlay.
- ◆ *Zones 1 through 7* are special revenue funds established to account for revenues and expenditures related to providing flood control in each geographical zone. These funds are financed primarily by ad valorem property taxes, developer fees, local cooperative agreements, federal monies, and monies from other local governments.
- ◆ *NPDES Whitewater* is a special revenue fund used to account for revenues and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Whitewater assessment area. Primarily the benefit assessment area finances this fund.
- ◆ *NPDES Santa Ana* is a special revenue fund used to account for revenues and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Santa Ana assessment area. Primarily the benefit assessment area finances this fund.
- ◆ *NPDES Santa Margarita* is a special revenue fund used to account for revenues and expenditures related to the National Pollutant Discharge Elimination System (NPDES) in the Santa Margarita assessment area. Primarily the benefit assessment area finances this fund.
- ◆ Data from the District's remaining two governmental funds are combined into a single aggregated presentation as *Other Governmental Funds*. Individual fund data for both of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section.

The District reports the following major enterprise funds:

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

The District reports the following additional fund types:

- ◆ *Internal Service Funds* account for the District's Hydrology Services, Garage, Project Maintenance, Mapping Services, Data Processing and Photography, on a cost-reimbursement basis.
- ◆ The *Agency Funds* account for assets held by the District as an agent for individuals, private organizations, boards, commissions and other governmental entities or funds not part of the District's reporting entity, but for which the District acts in a fiduciary capacity. The District reports on 3 different agency funds.

D) Basis of Accounting and Measurement Focus

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Basis of Accounting - Continued

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

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

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

The District's cash from operations is deposited in the County Treasury. The County pools its funds with other government agencies in the County and invests them as prescribed by the California Government Code and the County of Riverside's Investment Policy. The District's deposits in the County pool may be accessed at any time. The District is allocated interest income on monies deposited with the County based on its proportional share of the pooled investments. All pooled investments and investments with fiscal agent are carried at fair value. The fair value of participants' positions in the pool is not the same as the value of the pooled shares. Restricted cash of \$1,659,911 and \$3,188,905, for governmental and business-type activities 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) Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 - Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 - Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3- Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G) Deferred Outflows/Inflows of Resources

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

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

H) 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

I) 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.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J) 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. If received in a service concession arrangement, the assets are recorded at the estimated acquisition 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: \$5,000 for equipment, \$1 dollar for buildings (structures), land and land improvements, and \$150,000 for infrastructure.

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

Infrastructure:	Flood Channels and Levees	99 years
	Dams/Basins	99 years
	Storm Drains	65 years
Structure and	Buildings	50 years
Improvements:	Building improvements	50 years
Equipment:	Autos, personal computers and equipment valued at less than \$25,000	3 years
	Computer items, small trucks and equipment valued between \$25,000 and \$75,000	5 years
	Large trucks and equipment valued at greater than \$75,000	7 years

K) 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.

L) Long-term Debt

The District reports long-term debt of governmental funds at face value in the government-wide statement of net position. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide statement of net position. Long-term debt and other obligations financed by the proprietary fund types are reported as liabilities in the appropriate proprietary fund types and in the government-wide statement of net position. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. The premiums, discounts, and deferred gains and losses are reported in the government-wide statement of net position and are amortized over the life of the debt.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M) 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.

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) 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.

P) 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 reports all capital assets, including infrastructure, into one component of net position. Accumulated depreciation reduces the balance in this category. The amount is further reduced by the associated debts, net of unspent debt proceeds.
- ◆ Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ◆ Unrestricted Net Position - This category represents the net position of the District, not restricted for any project or other purpose.

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P) Net Position/Fund Balances - Continued

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
Notes to the Financial Statements
For the Year Ended June 30, 2017

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P) Net Position/Fund Balances - 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.

Q) 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.

R) Pensions

The pension expense is for the measurement period of 2015-16 and the net pension liability is measured as of June 30, 2016. Liabilities are based on the results of the actuarial calculations performed as of June 30, 2015 and were rolled forward to June 30, 2016.

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

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

Other gains and losses related to changes in total pension liability and fiduciary net position are recognized as pension expenses over time. They are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits as of the beginning of the measurement period.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental Accounting Standards Board Statement No. 77

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement improves financial reporting by helping users better understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact those abatements have on a government's financial position and economic condition. Statement No. 77 is effective for periods beginning after December 15, 2015.

Governmental Accounting Standards Board Statement No. 78

In December of 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement establishes requirements for the recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for multiple-employer defined benefit pension plans. Statement No. 78 is effective for periods beginning after December 15, 2015.

Governmental Accounting Standards Board Statement No. 80

In January of 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. Statement No. 80 is effective for periods beginning after June 15, 2016.

Governmental Accounting Standards Board Statement No. 82

In March of 2016, GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Statement No. 81 is effective for periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

2) CASH AND INVESTMENTS

Cash and investments totaled \$243,942,027 as of June 30, 2017. 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 with Fiscal Agent."

All District cash and investments are on deposit with the County Treasurer with the exception of imprest cash on hand, proceeds from debt issuances, and a portion of cash collected from special assessments. Proceeds from debt issuances are reported in the governmental funds and is on account with a third party. 100 percent of cash collected from special assessments is held by the District for others in trust and is on account with a third party. All cash held by a third party is classified as "Cash and Investments with Fiscal Agents" in the District’s financial statements and amounted to \$3,402,749 at June 30, 2017.

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

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

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

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

Cash and Investments:	
Cash With and Pooled by the County Treasury	\$ 246,764,957
Imprest Cash Held at the District	600
Investments Held by Fiscal Agents	579,219
Total Cash and Investments	\$ 247,344,776

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

Cash and Investments Summary:	
Total Governmental Activities	\$ 238,900,884
Total Business-type Activities	5,041,143
Total Fiduciary Funds	3,402,749
Total Cash and Investments	\$ 247,344,776

A) Investments

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2017, the major classes of the District's investments consisted of the following:

	Fair Value	Weighted Average Maturity (Years)
With Trustee (Fiscal Agent):		
Govt Obligation Fund	\$ 6	7.20
US Treasury Bond	494,435	Less than 1 year
US Bank Money Market	84,778	Less than 1 year
Total with Trustee (Fiscal Agent)	\$ 579,219	

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, 2017, the WAM for the Pooled Investment fund portfolio was 1.10 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 2017, the Pooled Investment fund was rated: Aaa-bf by Moody's Investor Service and AAA/V1 by Fitch Ratings.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2017, the credit rating of the District's investments pursuant to the District's Investment Policy Statement was AA- 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, 2017, there were no investments that constitute a concentration of credit risk.

F) Fair Value Measurements

The District has the following recurring fair value measurements as of June 30, 2017:

Investments by Fair Value Level	2017	Fair Value Measurements Using			N/A
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities					
Govt Obligation Fund	\$ 6	\$ -	\$ 6	\$ -	\$ -
US Treasury Bond	494,435	494,435	-	-	-
US Bank Money Market	84,778	-	-	-	84,778
Total Debt Securities	<u>\$ 579,219</u>	<u>\$ 494,435</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 84,778</u>

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

3) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The amounts due to/from other funds as of June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Zone 1	\$ 1,657
	Zone 2	2,410
	Zone 3	1,340
	Zone 4	4,105
	Zone 5	832
	Zone 6	665
	Zone 7	1,662
	NPDES Whitewater	231
	NPDES Santa Ana	719
	NPDES Santa Margarita	423
	Internal Service Funds	29
		\$ 14,073
	Zone 3	Internal Service Funds
		\$ 36
Zone 4	Internal Service Funds	\$ 14
		\$ 14
Zone 5	Internal Service Funds	\$ 29
		\$ 29
Zone 6	Internal Service Funds	\$ 14
		\$ 14
Zone 7	Internal Service Funds	\$ 58
		\$ 58
Subdivision Operations	Nonmajor Enterprise Funds	\$ 559
		\$ 559
Nonmajor Enterprise Funds	Internal Service Funds	\$ 7
		\$ 7
Internal Service Funds	General Fund	\$ 19,215
	Zone 1	14,989
	Zone 2	13,123
	Zone 3	16,823
	Zone 4	47,565
	Zone 5	3,502
	Zone 6	3,149
	Zone 7	19,807
	NPDES Whitewater	817
	NPDES Santa Ana	3,347
	NPDES Santa Margarita	1,373
	Subdivision Operations	5,466
	Nonmajor Enterprise Funds	671
	Internal Service Funds	8,777
		\$ 158,624
Total Due To/From Other Funds		\$ 173,414

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

4) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

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.

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):

Transfer From	Transfer To	Amount	Purpose
Operating or Debt Subsidy:			
Zone 1	General Fund	\$ 228,137	Funded Leave Balance
Zone 2	General Fund	284,862	Funded Leave Balance
Zone 3	General Fund	68,171	Funded Leave Balance
Zone 4	General Fund	401,257	Funded Leave Balance
Zone 5	General Fund	66,303	Funded Leave Balance
Zone 6	General Fund	117,624	Funded Leave Balance
Zone 7	General Fund	135,798	Funded Leave Balance
NPDES Whitewater	General Fund	6,239	Funded Leave Balance
NPDES Santa Ana	General Fund	29,823	Funded Leave Balance
NPDES Santa Margarita	General Fund	25,046	Funded Leave Balance
Zone 4	Other Governmental Funds	2,855,500	Transfer of Cash to Process Debt Service Payment
Total Transfers		<u>\$ 4,218,760</u>	

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

5) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Retirements	Transfers and Adjustments	Ending Balance
<u>Governmental Activities:</u>					
<i>Capital Assets, Nondepreciable:</i>					
Land and Easements	\$258,947,023	\$ 1,264,002	\$ -	\$ -	\$260,211,025
Construction in Progress	81,036,157	12,178,380	-	(38,912,725)	54,301,812
Total Capital Assets, Nondepreciable	<u>339,983,180</u>	<u>13,442,382</u>	<u>-</u>	<u>(38,912,725)</u>	<u>314,512,837</u>
<i>Capital Assets, Depreciable</i>					
Infrastructure	764,922,282	7,329,891	-	38,912,725	811,164,898
Land Improvements	110,479	-	-	-	110,479
Buildings and Improvements	14,361,609	-	-	-	14,361,609
Equipment	16,805,919	490,211	(635,079)	-	16,661,051
Total Capital Assets, Depreciable	<u>796,200,289</u>	<u>7,820,102</u>	<u>(635,079)</u>	<u>38,912,725</u>	<u>842,298,037</u>
Less Accumulated Depreciation for:					
Infrastructure	(148,261,647)	(10,737,512)	-	-	(158,999,159)
Land Improvements	(26,876)	(1,116)	-	-	(27,992)
Buildings and Improvements	(4,779,887)	(282,062)	-	-	(5,061,949)
Equipment	(13,411,729)	(995,260)	626,536	-	(13,780,453)
Total Accumulated Depreciation	<u>(166,480,139)</u>	<u>(12,015,950)</u>	<u>626,536</u>	<u>-</u>	<u>(177,869,553)</u>
Total Capital Assets, Depreciable, Net	<u>629,720,150</u>	<u>(4,195,848)</u>	<u>(8,543)</u>	<u>39,278,822</u>	<u>664,428,484</u>
Governmental Activities Capital Assets, Net	<u>\$969,703,330</u>	<u>\$ 9,246,534</u>	<u>\$ (8,543)</u>	<u>\$ -</u>	<u>\$978,941,321</u>
<u>Business-type Activities:</u>					
<i>Capital Assets, Depreciable</i>					
Equipment	\$ 603,085	\$ -	\$ -	\$ -	\$ 603,085
Total Capital Assets, Depreciable	<u>603,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,085</u>
Less Accumulated Depreciation for:					
Equipment	(601,023)	(859)	-	-	(601,882)
Total Accumulated Depreciation	<u>(601,023)</u>	<u>(859)</u>	<u>-</u>	<u>-</u>	<u>(601,882)</u>
Total Capital Assets, Depreciable, Net	<u>2,062</u>	<u>(859)</u>	<u>-</u>	<u>-</u>	<u>1,203</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,062</u>	<u>\$ (859)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,203</u>

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

5) CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 348,553
Public Ways and Facilities	10,738,628
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.	928,769
Total Depreciation Expense - Governmental Functions	\$ 12,015,950

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

Other Enterprise Funds	\$ 859
Total Depreciation Expense - Business-type Functions	\$ 859

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, 2017, the balance of resources amounted to \$2,000 and is reflected in Unrestricted Net Position.

6) LONG-TERM OBLIGATIONS

The following is a summary of long-term liability transactions for the year ended June 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Compensated Absences	\$ 4,443,252	\$ 389,675	\$ (790,862)	\$ 4,042,065	\$ 610,704
Promissory Note	20,650,000	-	(1,920,000)	18,730,000	1,980,000
Promissory Note Premium	2,180,956	-	(242,328)	1,938,628	-
Net Pension Liabilities	40,877,098	17,708,916	(5,289,907)	53,296,107	-
Total Governmental Activities - Long-term Liabilities	\$68,151,306	\$18,098,591	\$(8,243,097)	\$78,006,800	\$ 2,590,704
<u>Business-type activities:</u>					
Compensated Absences	\$ 105,278	\$ 4,026	\$ (15,998)	\$ 93,306	\$ 13,997
Net Pension Liabilities	1,391,261	590,904	(176,511)	1,805,654	-
Total Business-type Activities - Long-term Liabilities	\$ 1,496,539	\$ 594,930	\$ (192,509)	\$ 1,898,960	\$ 13,997

For the governmental activities, compensated absences and net pension liabilities are generally liquidated by the general fund.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

6) LONG-TERM OBLIGATIONS - Continued

Promissory Note

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

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

The Promissory Notes were issued in aggregate principal amount of \$21,000,000 plus an original issue premium \$2,423,284. The Notes are to be repaid at an interest rate between 2.0% and 5.0%. As of June 30, 2017, the outstanding notes payable totaled \$18,730,000 and the unamortized premium amounted to \$1,938,628.

The annual debt service repayment schedule for the Zone 4 2015 Negotiable Promissory Notes as of June 30, 2017 is as follows:

Fiscal Year (June 30)	Principal	Interest	Total
2018	\$ 1,980,000	867,100	\$ 2,847,100
2019	2,060,000	776,000	2,836,000
2020	2,160,000	670,500	2,830,500
2021	2,270,000	559,750	2,829,750
2022	2,380,000	443,500	2,823,500
2023-2025	7,880,000	578,750	8,458,750
Total	<u>\$ 18,730,000</u>	<u>\$ 3,895,600</u>	<u>\$ 22,625,600</u>

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

7) SPECIAL ASSESSMENT BONDS

Debt without Government Obligation

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

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

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

At June 30, 2017, 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 \$579,213. 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 \$105,000 to \$475,000 plus interest, through September 1, 2017.	<u>\$ 475,000</u>
Total special assessment bonds without governmental obligation:	<u>\$ 475,000</u>

8) SELF-INSURANCE PROGRAM

The District participates in the County's self-insurance program. The County is self-insured for public liability, property damage, long-term and short-term disability, medical malpractice, unemployment and workers' compensation. 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 \$500,000 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 2017 was \$506,703.

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

9) RETIREMENT PLAN

A) Plan Description

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

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

B) Benefits Provided

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

C) Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2017 the average active employee contribution rate is 8 percent of annual covered salary and the District's contribution rate is 22.241 percent of annual payroll. The District's contributions to CalPERS of \$3,895,353 for the fiscal year ended June 30, 2017 were equal to the District's required contributions.

D) Net Pension Liability

The District's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 with a roll-forward adjustment to June 30, 2016.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

9) RETIREMENT PLAN - Continued

E) Actuarial Assumptions

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Payroll Growth	3.00%
Mortality Rates	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

F) Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

9) RETIREMENT PLAN - Continued

F) Discount Rate - Continued

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(0.55)	(1.05)

G) Net Pension Liability

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<u>Balance at Valuation Date of 7/1/2015:</u>	\$ 160,644,035	\$ 118,375,676	\$ 42,268,359
<i>Changes During the Measurement Period:</i>			
Service Cost	2,736,183	-	2,736,183
Interest on the Total Pension Liability	12,355,012	-	12,355,012
Differences between Expected and Actual Experience	3,136,481	-	3,136,481
Contributions from the Employer	-	3,444,770	(3,444,770)
Contributions from the Employee	-	1,355,866	(1,355,866)
Net Investment Income	-	665,782	(665,782)
Benefit Payments, including Refunds of Employee Contributions	(7,290,390)	(7,290,390)	-
Administrative Expense	-	(72,144)	72,144
Net Changes	<u>\$ 10,937,286</u>	<u>\$ (1,896,116)</u>	<u>\$ 12,833,402</u>
<u>Balance at Measurement Date of 6/30/2016:</u>	<u>\$ 171,581,321</u>	<u>\$ 116,479,560</u>	<u>\$ 55,101,761</u>

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percent-point higher (8.65 percent) than the current rate:

	Discount Rate – 1% (6.65 %)	Discount Rate (7.65 %)	Discount Rate + 1% (8.65 %)
Plan's Net Pension Liability/ (Asset)	\$ 77,849,479	\$ 55,101,761	\$ 36,263,805

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

9) RETIREMENT PLAN - Continued

H) Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2017, the District recognized pension expense of \$6,302,870. At June 30, 2017, the District reported deferred inflows of resources of related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 3,895,353	\$ -
Changes of Assumptions	-	(1,341,148)
Differences between Expected and Actual Experience	3,066,279	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	10,365,997	(4,032,822)
Total	\$ 17,327,629	\$ (\$5,373,970)

\$3,895,353 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ 1,422,711
2018	1,485,337
2019	3,497,950
2020	1,652,308
2021	-
Thereafter	-
	\$ 8,058,306

J) Recognition of Gains and Losses

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

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

9) RETIREMENT PLAN - Continued

J) Recognition of Gains and Losses - Continued

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

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

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

The EARSL for the Plan for the June 30, 2016 measurement period is 3.7 years, which was obtained by dividing the total service years of 2,131 (the sum of remaining service lifetimes of the active employees) by 577 (the total number of participant: active, inactive, and retired).

10) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District participates in the County's program that provides retiree medical benefits for eligible retirees enrolled in County-sponsored and administered retiree medical plans. Benefit provisions are established and amended through negotiations between the County and the respective unions. All employees who retire from active employment after age 50 with 5 years of District service (and are immediately eligible for CalPERS pension benefits) are eligible to participate. Former employees eligible for CalPERS pension benefits but who are not eligible for retirement at termination of employment are not eligible for retiree health benefits. As of June 30, 2017, 85 District employees meet the age eligibility requirements, 77 of which will be covered upon retirement while the remaining 8 will qualify upon reaching 5 years of service. Another 82 employees have sufficient time in service to qualify for these benefits upon retirement after age 50.

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

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

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

10) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funding Policy

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

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

In June 2004, the Government Accounting Standards Board (GASB) issued GASB Statement 45 (GASB 45). GASB 45 addresses accounting and financial reporting for post-employment benefits other than pensions, referred to as OPEB, and requires the District to report OPEB costs on an actuarial basis to account for the future costs of promised benefits. The District’s annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB 45. GASB requires the ARC to be developed each year based on the plan’s assets and liabilities. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Although GASB does not actually require prefunding, the portion of the ARC that is not funded each year would accumulate as a liability on the District’s financial statements. Therefore, the District has contributed amounts in excess of the ARC resulting in a net OPEB asset for 2016-17.

The District’s annual OPEB cost, net OPEB obligation (asset) and the related information for fiscal year ending 2017 were as follows:

Annual Required Contribution	\$	2,000
Interest on Net Pension Obligation (Asset)		(40,436)
Adjustments to Annual Required Contribution		56,545
Annual OPEB Cost		18,109
Contributions Made		-
Increase (Decrease) in Net Pension Obligation (Asset)		18,109
Net OPEB Obligation (Asset) Beginning of Year		(683,384)
Net OPEB Obligation (Asset) End of Year		\$ (665,275)

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

Three-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Asset (NOA)
June 30, 2015	\$ (5,681)	783%	\$ (655,104)
June 30, 2016	(6,280)	698%	(683,384)
June 30, 2017	(18,109)	0%	(665,275)

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

10) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - Continued

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016 was as follows:

	7/1/2016
Actuarial Accrued Liability (a)	\$ 498,000
Actuarial Value on Plan Assets (b)	555,000
Unfunded Actuarial Accrued Liability (Funding Excess) (a) - (b)	(57,000)
Funded Ratio (b) / (a)	111.4%
Covered Payroll (c)	\$ 17,706,000
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll [(a) - (b)] / (c)	(0.32)%

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

Actuarial Methods and Assumptions

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

Actuarial Valuation Date	07/01/2016
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	6.12%
Projected Salary Increases	3.00%
Healthcare Inflation Rate (Initial)	10.00%
Healthcare Inflation Rate (Ultimate)	5.00%
Inflation Rate	2.75%

11) CONTINGENCIES AND COMMITMENTS

Lawsuits and Other Claims

The District is named in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the District's financial position, results or operations. The estimated amount of remaining construction contract obligations at year-end is \$2,635,351.

Riverside County Flood Control and Water Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2017

12) UNRESTRICTED NET POSITION DEFICIT

GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, requires the reporting of the District’s unfunded pension liability resulting in the government-wide financial statements reporting a deficit unrestricted net position of \$35,022,532 for the year ended June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION



Eastvale Storm Event

CONTENTS

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

Riverside County Flood Control and Water Conservation District
Schedule of Required Supplementary Information
For the Year Ended June 30, 2017

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

Measurement Period ¹	2016	2015	2014
TOTAL PENSION LIABILITY			
Service Cost	\$ 2,736,183	\$ 2,605,929	\$ 2,658,904
Interest on Total Pension Liability	12,355,012	11,562,462	10,888,518
Changes of Assumptions ²	-	1,641,380	-
Difference Between Expected and Actual Experience	3,136,481	(2,831,312)	-
Benefit Payments, Including Refunds of Employee Contributions	(7,290,390)	(6,729,370)	(6,006,531)
Net Change in Total Pension Liability	\$ 10,937,286	\$ 6,249,089	\$ 7,540,891
Total Pension Liability – Beginning	160,644,035	154,394,946	146,854,055
Total Pension Liability – Ending (a)	\$ 171,581,321	\$ 160,644,035	\$ 154,394,946
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	\$ 3,444,770	\$ 2,917,761	\$ 2,792,524
Contributions – Employee	1,355,866	1,276,885	1,393,782
Net Investment Income ³	665,782	2,659,895	17,670,115
Benefit Payments, Including Refunds of Employee Contributions	(7,290,390)	(6,729,370)	(6,006,531)
Administrative Expense	(72,144)	(133,244)	-
Net Change in Fiduciary Net Position	\$ (1,896,116)	\$ (8,073)	\$ 15,849,890
Plan Fiduciary Net Position – Beginning	\$ 118,375,676	\$ 118,383,749	\$ 102,533,859
Plan Fiduciary Net Position – Ending (b)	116,479,560	118,375,676	118,383,749
Plan Net Pension Liability/(Asset) – Ending (a) - (b)	\$ 55,101,761	\$ 42,268,359	\$ 36,011,197
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.89%	73.69%	76.68%
Covered Payroll	\$ 16,643,449	\$ 15,837,660	\$ 15,385,395
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	331.07%	266.89%	234.06%

Schedule of Plan Contributions – Retirement Program

Fiscal Year End ¹	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 3,895,353	\$ 3,444,770	\$ 2,917,761	\$ 2,792,524
Contributions in Relation to the Actuarially Determined Contribution	(3,895,353)	(3,444,770)	(2,917,761)	(2,792,524)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ⁴	\$ 17,142,753	\$ 16,643,449	\$ 15,837,660	\$ 15,385,395
Contributions as a Percentage of Covered Payroll	22.72%	20.70%	18.42%	18.15%

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

² In 2015, the amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent. In 2014, amounts reported were based on the 7.5 percent discount rate.

³ Net of administrative expenses in 2014.

⁴ Includes one year's payroll growth using 3.00 percent payroll assumption.

Riverside County Flood Control and Water Conservation District
Schedule of Required Supplementary Information
For the Year Ended June 30, 2017

A summary of principal assumptions and method used to determine the Fiscal Year 2016 -17 actuarially determined contribution is shown below.

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Discount Rate	7.50%
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation Rate	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

Schedule of Funding Progress
Other Postemployment Benefits – OPEB

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
July 1, 2014	\$532,000	\$479,000	\$(53,000)	111.10%	\$16,297,000	(0.30%)
July 1, 2015	\$556,000	\$395,000	\$(161,000)	140.80%	\$17,194,000	(0.94%)
July 1, 2016	\$555,000	\$498,000	\$(57,000)	111.40%	\$17,706,000	(0.32%)

Riverside County Flood Control and Water Conservation District Notes to Required Supplemental Information

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 3,589,029	\$ 3,589,029	\$ 3,667,191	\$ 78,162
Redevelopment Pass-thru	554,192	554,192	612,804	58,612
Special Assessments	-	-	14	14
Intergovernmental	49,830	49,830	41,616	(8,214)
Charges for Services	899,200	899,200	658,918	(240,282)
Charges for Administrative Services	8,000	8,000	-	(8,000)
Investment Earnings	20,000	20,000	15,690	(4,310)
Use of Assets	-	-	1,020	1,020
Total Revenues	5,120,251	5,120,251	4,997,253	(122,998)
EXPENDITURES				
General Government	6,742,902	6,742,902	6,715,062	27,840
Capital Outlay	98,400	98,400	54,870	43,530
Total Expenditures	6,841,302	6,841,302	6,769,932	71,370
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,721,051)	(1,721,051)	(1,772,679)	(51,628)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,395,760	1,395,760	1,363,260	(32,500)
Transfers Out	(400,000)	(400,000)	-	400,000
Total Other Financing Sources (Uses)	995,760	995,760	1,363,260	367,500
Net Change in Fund Balance	(725,291)	(725,291)	(409,419)	315,872
Fund Balance, Beginning of Year	3,808,341	3,808,341	3,333,570	(474,771)
Fund Balance, End of Year	<u>\$ 3,083,050</u>	<u>\$ 3,083,050</u>	<u>\$ 2,924,151</u>	<u>\$ (158,899)</u>

Riverside County Flood Control and Water Conservation District Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 1
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 7,670,622	\$ 7,670,622	\$ 7,792,792	\$ 122,170
Redevelopment Pass-thru	1,656,247	1,656,247	2,192,191	535,944
Intergovernmental	84,890	84,890	88,056	3,166
Charges for Services	12,750	12,750	2,577	(10,173)
Area Drainage Fees	5,000	5,000	305,878	300,878
Investment Earnings	77,776	77,776	105,072	27,296
Use of Assets	83,939	83,939	164,954	81,015
Total Revenues	9,591,224	9,591,224	10,651,520	1,060,296
EXPENDITURES				
Public Ways and Facilities	16,073,351	15,873,351	5,454,361	10,418,990
Capital Outlay	25,000	225,000	2,733,252	(2,508,252)
Total Expenditures	16,098,351	16,098,351	8,187,613	7,910,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,507,127)	(6,507,127)	2,463,907	8,971,034
OTHER FINANCING SOURCES (USES)				
Transfers In	19,443	19,443	-	(19,443)
Transfers Out	(343,171)	(343,171)	(228,137)	115,034
Total Other Financing Sources (Uses)	(323,728)	(323,728)	(228,137)	95,591
Net Change in Fund Balance	(6,830,855)	(6,830,855)	2,235,770	9,066,625
Fund Balance, Beginning of Year	24,973,808	24,973,808	25,145,123	171,315
Fund Balance, End of Year	\$ 18,142,953	\$ 18,142,953	\$ 27,380,893	\$ 9,237,940

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 2
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 13,412,628	\$ 13,412,628	\$ 13,787,125	\$ 374,497
Redevelopment Pass-thru	1,269,857	1,269,857	1,915,620	645,763
Intergovernmental	159,532	159,532	157,407	(2,125)
Charges for Services	1,500	1,500	1,217	(283)
Area Drainage Fees	1,000	1,000	92,857	91,857
Investment Earnings	192,098	192,098	282,967	90,869
Use of Assets	100	100	100	-
Total Revenues	15,036,715	15,036,715	16,237,293	1,200,578
EXPENDITURES				
Public Ways and Facilities	33,965,093	33,965,093	8,244,637	25,720,456
Capital Outlay	12,200,000	12,200,000	30,000	12,170,000
Total Expenditures	46,165,093	46,165,093	8,274,637	37,890,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,128,378)	(31,128,378)	7,962,656	39,091,034
OTHER FINANCING SOURCES (USES)				
Transfers In	850,000	850,000	-	(850,000)
Transfers Out	(469,128)	(469,128)	(284,862)	184,266
Total Other Financing Sources (Uses)	380,872	380,872	(284,862)	(665,734)
Net Change in Fund Balance	(30,747,506)	(30,747,506)	7,677,794	38,425,300
Fund Balance, Beginning of Year	68,805,734	68,805,734	70,203,721	1,397,987
Fund Balance, End of Year	\$ 38,058,228	\$ 38,058,228	\$ 77,881,515	\$ 39,823,287

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 3
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,794,594	\$ 1,794,594	\$ 1,828,664	\$ 34,070
Redevelopment Pass-thru	596,135	596,135	757,244	161,109
Intergovernmental	121,200	121,200	20,704	(100,496)
Charges for Services	-	-	2,109	2,109
Investment Earnings	43,281	43,281	43,660	379
Total Revenues	<u>2,555,210</u>	<u>2,555,210</u>	<u>2,652,381</u>	<u>97,171</u>
EXPENDITURES				
Public Ways and Facilities	4,670,464	4,670,464	1,863,590	2,806,874
Capital Outlay	200,000	200,000	-	200,000
Total Expenditures	<u>4,870,464</u>	<u>4,870,464</u>	<u>1,863,590</u>	<u>3,006,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,315,254)</u>	<u>(2,315,254)</u>	<u>788,791</u>	<u>3,104,045</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	22,545	22,545	-	(22,545)
Transfers Out	(113,883)	(113,883)	(68,171)	45,712
Total Other Financing Sources (Uses)	<u>(91,338)</u>	<u>(91,338)</u>	<u>(68,171)</u>	<u>23,167</u>
Net Change in Fund Balance	(2,406,592)	(2,406,592)	720,620	3,127,212
Fund Balance, Beginning of Year	<u>10,563,683</u>	<u>10,563,683</u>	<u>10,742,746</u>	<u>179,063</u>
Fund Balance, End of Year	<u>\$ 8,157,091</u>	<u>\$ 8,157,091</u>	<u>\$ 11,463,366</u>	<u>\$ 3,306,275</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 4
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 14,837,847	\$ 14,837,847	\$ 14,211,595	\$ (626,252)
Redevelopment Pass-thru	1,621,602	1,621,602	2,085,028	463,426
Special Assessments	-	-	459	459
Intergovernmental	11,855,203	11,855,203	8,318,332	(3,536,871)
Charges for Services	1,500	1,500	6,893	5,393
Area Drainage Fees	100,000	100,000	1,097,197	997,197
Investment Earnings	224,375	224,375	119,525	(104,850)
Use of Assets	7,800	7,800	7,800	-
Total Revenues	28,648,327	28,648,327	25,846,829	(2,801,498)
EXPENDITURES				
Public Ways and Facilities	44,796,860	44,796,860	11,278,529	33,518,331
Capital Outlay	200,000	200,000	7,509,295	(7,309,295)
Total Expenditures	44,996,860	44,996,860	18,787,824	26,209,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,348,533)	(16,348,533)	7,059,005	23,407,538
OTHER FINANCING SOURCES (USES)				
Transfers In	852,855	852,855	-	(852,855)
Transfers Out	(4,766,795)	(4,766,795)	(3,256,757)	1,510,038
Total Other Financing Sources (Uses)	(3,913,940)	(3,913,940)	(3,256,757)	657,183
Net Change in Fund Balance	(20,262,473)	(20,262,473)	3,802,248	24,064,721
Fund Balance, Beginning of Year	33,772,593	33,772,593	40,830,890	7,058,297
Fund Balance, End of Year	\$ 13,510,120	\$ 13,510,120	\$ 44,633,138	\$ 31,123,018

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 5
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,932,401	\$ 2,932,401	\$ 3,053,934	\$ 121,533
Redevelopment Pass-thru	450,000	450,000	504,351	54,351
Intergovernmental	2,034,424	2,034,424	34,554	(1,999,870)
Charges for Services	-	-	455	455
Investment Earnings	39,677	39,677	54,172	14,495
	<u>5,456,502</u>	<u>5,456,502</u>	<u>3,647,466</u>	<u>(1,809,036)</u>
EXPENDITURES				
Public Ways and Facilities	12,337,819	12,337,819	1,499,399	10,838,420
Capital Outlay	125,000	125,000	498,426	(373,426)
	<u>12,462,819</u>	<u>12,462,819</u>	<u>1,997,825</u>	<u>10,464,994</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,006,317)</u>	<u>(7,006,317)</u>	<u>1,649,641</u>	<u>8,655,958</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	5,863	5,863	-	(5,863)
Transfers Out	(129,072)	(129,072)	(66,303)	62,769
	<u>(123,209)</u>	<u>(123,209)</u>	<u>(66,303)</u>	<u>56,906</u>
Net Change in Fund Balance	(7,129,526)	(7,129,526)	1,583,338	8,712,864
Fund Balance, Beginning of Year	<u>12,791,037</u>	<u>12,791,037</u>	<u>13,251,787</u>	<u>460,750</u>
Fund Balance, End of Year	<u>\$ 5,661,511</u>	<u>\$ 5,661,511</u>	<u>\$ 14,835,125</u>	<u>\$ 9,173,614</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 6
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,198,519	\$ 4,198,519	\$ 4,099,621	\$ (98,898)
Redevelopment Pass-thru	827,674	827,674	1,078,217	250,543
Intergovernmental	42,943	42,943	45,806	2,863
Charges for Services	300	300	20,749	20,449
Investment Earnings	62,460	62,460	49,597	(12,863)
Use of Assets	3,600	3,600	3,600	-
Total Revenues	5,135,496	5,135,496	5,297,590	162,094
EXPENDITURES				
Public Ways and Facilities	9,975,805	9,975,805	2,809,475	7,166,330
Capital Outlay	132,000	132,000	-	132,000
Total Expenditures	10,107,805	10,107,805	2,809,475	7,298,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,972,309)	(4,972,309)	2,488,115	7,460,424
OTHER FINANCING SOURCES (USES)				
Transfers In	17,063	17,063	-	(17,063)
Transfers Out	(180,418)	(180,418)	(117,624)	62,794
Total Other Financing Sources (Uses)	(163,355)	(163,355)	(117,624)	45,731
Net Change in Fund Balance	(5,135,664)	(5,135,664)	2,370,491	7,506,155
Fund Balance, Beginning of Year	11,559,120	11,559,120	12,185,020	625,900
Fund Balance, End of Year	<u>\$ 6,423,456</u>	<u>\$ 6,423,456</u>	<u>\$ 14,555,511</u>	<u>\$ 8,132,055</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - Zone 7
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 4,573,678	\$ 4,573,678	\$ 4,637,585	\$ 63,907
Redevelopment Pass-thru	364,215	364,215	380,373	16,158
Intergovernmental	54,916	54,916	53,027	(1,889)
Charges for Services	-	-	25,200	25,200
Area Drainage Fees	100,000	100,000	157,758	57,758
Investment Earnings	85,331	85,331	77,268	(8,063)
Total Revenues	5,178,140	5,178,140	5,331,211	153,071
EXPENDITURES				
Public Ways and Facilities	7,921,956	7,921,956	2,897,617	5,024,339
Capital Outlay	83,000	83,000	1,634,444	(1,551,444)
Total Expenditures	8,004,956	8,004,956	4,532,061	3,472,895
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,826,816)	(2,826,816)	799,150	3,625,966
OTHER FINANCING SOURCES (USES)				
Transfers In	10,710	10,710	-	(10,710)
Transfers Out	(212,873)	(212,873)	(135,798)	77,075
Total Other Financing Sources (Uses)	(202,163)	(202,163)	(135,798)	66,365
Net Change in Fund Balance	(3,028,979)	(3,028,979)	663,352	3,692,331
Fund Balance, Beginning of Year	20,399,862	20,399,862	20,355,913	(43,949)
Fund Balance, End of Year	\$ 17,370,883	\$ 17,370,883	\$ 21,019,265	\$ 3,648,382

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Whitewater
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 299,000	\$ 299,000	\$ 301,139	\$ 2,139
Intergovernmental	400,000	400,000	-	(400,000)
Investment Earnings	4,208	4,208	6,786	2,578
Total Revenues	<u>703,208</u>	<u>703,208</u>	<u>307,925</u>	<u>(395,283)</u>
EXPENDITURES				
Public Ways and Facilities	<u>531,853</u>	<u>531,853</u>	<u>335,268</u>	<u>196,585</u>
Total Expenditures	<u>531,853</u>	<u>531,853</u>	<u>335,268</u>	<u>196,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>171,355</u>	<u>171,355</u>	<u>(27,343)</u>	<u>(198,698)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(6,239)</u>	<u>(6,239)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,239)</u>	<u>(6,239)</u>
Net Change in Fund Balance	171,355	171,355	(33,582)	(204,937)
Fund Balance, Beginning of Year	<u>1,839,765</u>	<u>1,839,765</u>	<u>1,883,901</u>	<u>44,136</u>
Fund Balance, End of Year	<u><u>\$ 2,011,120</u></u>	<u><u>\$ 2,011,120</u></u>	<u><u>\$ 1,850,319</u></u>	<u><u>\$ (160,801)</u></u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Ana
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 2,000,000	\$ 2,000,000	\$ 2,345,660	\$ 345,660
Intergovernmental	1,000,000	1,000,000	-	(1,000,000)
Investment Earnings	18,144	18,144	24,969	6,825
Total Revenues	3,018,144	3,018,144	2,370,629	(647,515)
EXPENDITURES				
Public Ways and Facilities	3,241,773	3,241,773	2,058,829	1,182,944
Total Expenditures	3,241,773	3,241,773	2,058,829	1,182,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	(223,629)	(223,629)	311,800	535,429
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(29,823)	(29,823)
Total Other Financing Sources (Uses)	-	-	(29,823)	(29,823)
Net Change in Fund Balance	(223,629)	(223,629)	281,977	505,606
Fund Balance, Beginning of Year	5,268,647	5,268,647	6,535,134	1,266,487
Fund Balance, End of Year	<u>\$ 5,045,018</u>	<u>\$ 5,045,018</u>	<u>\$ 6,817,111</u>	<u>\$ 1,772,093</u>

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Special Revenue Fund - NPDES - Santa Margarita
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 490,000	\$ 490,000	\$ 514,401	\$ 24,401
Intergovernmental	1,806,545	1,806,545	1,391,338	(415,207)
Investment Earnings	5,144	5,144	4,916	(228)
Total Revenues	<u>2,301,689</u>	<u>2,301,689</u>	<u>1,910,655</u>	<u>(391,034)</u>
EXPENDITURES				
Public Ways and Facilities	<u>2,208,287</u>	<u>2,208,287</u>	<u>1,706,007</u>	<u>502,280</u>
Total Expenditures	<u>2,208,287</u>	<u>2,208,287</u>	<u>1,706,007</u>	<u>502,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>93,402</u>	<u>93,402</u>	<u>204,648</u>	<u>111,246</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(26,000)</u>	<u>(26,000)</u>	<u>(25,046)</u>	<u>954</u>
Total Other Financing Sources (Uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(25,046)</u>	<u>954</u>
Net Change in Fund Balance	67,402	67,402	179,602	112,200
Fund Balance, Beginning of Year	<u>1,286,279</u>	<u>1,286,279</u>	<u>1,854,814</u>	<u>568,535</u>
Fund Balance, End of Year	<u><u>\$ 1,353,681</u></u>	<u><u>\$ 1,353,681</u></u>	<u><u>\$ 2,034,416</u></u>	<u><u>\$ 680,735</u></u>



Murrieta Creek

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 - ⇒ *Non-Major Enterprise Funds*
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Riverside County Flood Control and Water Conservation District Other Governmental Funds

Other Governmental Funds reported in the Fund Financial Statements is made up of the Flood Control Capital Project Fund and the Zone 4 Debt Service 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.

The *Zone 4 Debt Service fund* was established to service the debt incurred by Zone 4 for the construction of Zone 4 flood control facilities. The fund receives transfers from Zone 4 revenues to pay principal and interest on promissory notes.

Riverside County Flood Control and Water Conservation District
Combining Balance Sheet
Other Governmental Funds
June 30, 2017

	Flood Control Capital Project Fund	Zone 4 Debt Service Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 18,324	\$ 88	\$ 18,412
Receivables:			
Interest Receivable	24	-	24
Total Assets	<u>\$ 18,348</u>	<u>\$ 88</u>	<u>\$ 18,436</u>
FUND BALANCES			
Restricted for:			
Capital Projects	\$ 18,348	\$ -	\$ 18,348
Debt Service	-	88	88
Total Fund Balances	<u>18,348</u>	<u>88</u>	<u>18,436</u>
Total Liabilities and Fund Balances	<u>\$ 18,348</u>	<u>\$ 88</u>	<u>\$ 18,436</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2017

	Flood Control Capital Projects Fund	Zone 4 Debt Service Fund	Total
REVENUES			
Investment Earnings (Loss)	74	-	74
Total Revenues	74	-	74
EXPENDITURES			
Debt Service:			
Principal	-	1,920,000	1,920,000
Interest	-	935,500	935,500
Total Expenditures	-	2,855,500	2,855,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	74	(2,855,500)	(2,855,426)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	2,855,500	2,855,500
Total Transfers In (Out)	-	2,855,500	2,855,500
Net Change in Fund Balances	74	-	74
Fund Balances, Beginning of Year	18,274	88	18,362
Fund Balances, End of Year	\$ 18,348	\$ 88	\$ 18,436

Riverside County Flood Control and Water Conservation District
Budgetary Comparison Schedule
Other Governmental Funds
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 200	\$ 200	\$ -	\$ (200)
Investment Earnings (Loss)	300	300	74	(226)
Total Revenues	<u>500</u>	<u>500</u>	<u>74</u>	<u>(426)</u>
EXPENDITURES				
Capital Outlay	950,000	950,000	-	950,000
Debt Service Principal	1,920,000	1,920,000	1,920,000	-
Debt Service Interest	935,500	935,500	935,500	-
Total Expenditures	<u>3,805,500</u>	<u>3,805,500</u>	<u>2,855,500</u>	<u>950,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,805,000)</u>	<u>(3,805,000)</u>	<u>(2,855,426)</u>	<u>949,574</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>3,806,000</u>	<u>3,806,000</u>	<u>2,855,500</u>	<u>(950,500)</u>
Total Other Financing Sources (Uses)	<u>3,806,000</u>	<u>3,806,000</u>	<u>2,855,500</u>	<u>(950,500)</u>
Net Change in Fund Balance	1,000	1,000	74	(926)
Fund Balance, Beginning of Year	<u>19,360</u>	<u>19,360</u>	<u>18,362</u>	<u>(998)</u>
Fund Balance, End of Year	<u>\$ 20,360</u>	<u>\$ 20,360</u>	<u>\$ 18,436</u>	<u>\$ (1,924)</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, 2017

	Photogrammetry Operations	Encroachment Permits	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 839,030	\$ 393,443	\$ 1,232,473
Receivables:			
Accounts Receivable	103	2,684	2,787
Interest Receivable	1,155	714	1,869
Due from Other Funds	-	7	7
Due from Other Governments	-	2,371	2,371
Total Current Assets	840,288	399,219	1,239,507
Noncurrent Assets:			
Restricted Cash	5,256	158,857	164,113
Capital Assets:			
Depreciable, Net	1,203	-	1,203
Total Noncurrent Assets	6,459	158,857	165,316
Total Assets	846,747	558,076	1,404,823
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Salaries and Benefits Payable	2,407	5,836	8,243
Due to Other Funds	144	1,086	1,230
Due to Other Governments	77	-	77
Compensated Absences - Current Portion	2,192	1,774	3,966
Developer and Other Agency Deposits	-	162,857	162,857
Total Current Liabilities	4,820	171,553	176,373
Noncurrent Liabilities:			
Compensated Absences	10,114	5,473	15,587
Total Noncurrent Liabilities	10,114	5,473	15,587
Total Liabilities	14,934	177,026	191,960
Net Position:			
Investment in Capital Assets	1,203	-	1,203
Unrestricted	830,610	381,050	1,211,660
Total Net Position	\$ 831,813	\$ 381,050	\$ 1,212,863

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, 2017

	Photogrammetry Operations	Encroachment Permits	Total
OPERATING REVENUES			
Charges for Services	\$ 150,117	\$ 126,059	\$ 276,176
OPERATING EXPENSES			
Personnel Services	133,224	73,556	206,780
Administrative Services	5,080	18,348	23,428
Services and Supplies	58,346	27,204	85,550
Depreciation	859	-	859
Total Operating Expenses	197,509	119,108	316,617
Operating Income (Loss)	(47,392)	6,951	(40,441)
NONOPERATING REVENUES			
Investment Earnings	3,623	2,289	5,912
Income (Loss)	(43,769)	9,240	(34,529)
Change in Net Position	(43,769)	9,240	(34,529)
Net Position, Beginning of Year	875,582	371,810	1,247,392
Net Position, End of Year	\$ 831,813	\$ 381,050	\$ 1,212,863

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Photogrammetry Operations	Encroachment Permits	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers/Other Funds	\$ 151,814	\$ 104,913	\$ 256,727
Cash Paid to Suppliers for Goods and Services	(63,208)	(49,121)	(112,329)
Cash Paid to Employees for Services	(126,806)	(75,128)	(201,934)
Net Cash Used In Operating Activities	(38,200)	(19,336)	(57,536)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	3,535	2,271	5,806
Net Cash Provided by Investing Activities	3,535	2,271	5,806
Net Change in Cash and Cash Equivalents	(34,665)	(17,065)	(51,730)
Cash and Cash Equivalents, Beginning of Year	878,951	569,365	1,448,316
Cash and Cash Equivalents, End of Year	\$ 844,286	\$ 552,300	\$ 1,396,586
Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities			
Operating Income (Loss)	\$ (47,392)	\$ 6,951	\$ (40,441)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:			
Depreciation	859	-	859
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	(15)	(726)	(741)
Due from Other Funds	1,712	(7)	1,705
Due from Other Governments	-	2,412	2,412
Increase (Decrease) in:			
Accounts Payable	-	(4,345)	(4,345)
Salaries and Benefits Payable	2,392	2,749	5,141
Due to Other Funds	141	776	917
Compensated Absences	4,026	(4,321)	(295)
Due to Other Governments	77	-	77
Developer and Other Agency Deposits	-	(22,825)	(22,825)
Net Cash Used In Operating Activities	\$ (38,200)	\$ (19,336)	\$ (57,536)

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

Riverside County Flood Control and Water Conservation District Internal Service Funds

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

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

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

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

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

Riverside County Flood Control and Water Conservation District
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Hydrology Services	Garage	Project Maintenance
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 54,299	\$ 4,402,323	\$ 106,683
Receivables:			
Accounts Receivable	-	-	-
Interest Receivable	38	5,115	102
Due from Other Funds	-	87,262	-
Due from Other Governments	-	-	-
Inventories	-	69,023	207,378
Total Current Assets	54,337	4,563,723	314,163
Noncurrent Assets:			
Capital Assets:			
Depreciable, Net	-	2,685,118	-
Total Noncurrent Assets	-	2,685,118	-
Total Assets	54,337	7,248,841	314,163
LIABILITIES AND NET POSITION			
Liabilities:			
Current Liabilities:			
Accounts Payable	6,339	65,711	7,220
Salaries and Benefits Payable	14,671	43,165	689
Due to Other Funds	3,697	3,809	4
Due to Other Governments	34,032	122	45
Compensated Absences - Current Portion	2,898	10,357	783
Total Current Liabilities	61,637	123,164	8,741
Noncurrent Liabilities:			
Compensated Absences	16,285	58,190	4,398
Total Noncurrent Liabilities	16,285	58,190	4,398
Total Liabilities	77,922	181,354	13,139
Net Position:			
Investment in Capital Assets	-	2,685,118	-
Unrestricted (Deficit)	(23,585)	4,382,369	301,024
Total Net Position	\$ (23,585)	\$ 7,067,487	\$ 301,024

Mapping Services	Data Processing	Total
\$ 113,699	\$ 2,285,372	\$ 6,962,376
9,699	-	9,699
191	2,487	7,933
38	71,324	158,624
5	-	5
-	-	276,401
<u>123,632</u>	<u>2,359,183</u>	<u>7,415,038</u>
<u>35,822</u>	<u>32,558</u>	<u>2,753,498</u>
<u>35,822</u>	<u>32,558</u>	<u>2,753,498</u>
<u>159,454</u>	<u>2,391,741</u>	<u>10,168,536</u>
1,059	48,576	128,905
10,975	24,997	94,497
1,247	207	8,964
42	1,530	35,771
2,810	5,399	22,247
<u>16,133</u>	<u>80,709</u>	<u>290,384</u>
<u>15,789</u>	<u>30,337</u>	<u>124,999</u>
<u>15,789</u>	<u>30,337</u>	<u>124,999</u>
<u>31,922</u>	<u>111,046</u>	<u>415,383</u>
35,822	32,558	2,753,498
91,710	2,248,137	6,999,655
<u>\$ 127,532</u>	<u>\$ 2,280,695</u>	<u>\$ 9,753,153</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Hydrology Services	Garage	Project Maintenance
OPERATING REVENUES			
Charges for Services	\$ 517,806	\$ 3,220,380	\$ 287,751
OPERATING EXPENSES			
Personnel Services	206,143	732,008	7,091
Administrative Services	82,840	201,080	480
Services and Supplies	352,290	1,182,337	267,893
Depreciation	-	891,343	-
Total Operating Expenses	641,273	3,006,768	275,464
Operating Income (Loss)	(123,467)	213,612	12,287
NONOPERATING REVENUES			
Investment Earnings (Loss)	35	13,507	244
Gain (Loss) on Sale of Capital Assets	-	82,456	-
Total Nonoperating Revenues	35	95,963	244
Changes in Net Position	(123,432)	309,575	12,531
Net Position, Beginning of Year	99,847	6,757,912	288,493
Net Position, End of Year	\$ (23,585)	\$ 7,067,487	\$ 301,024

<u>Mapping Services</u>	<u>Data Processing</u>	<u>Total</u>
<u>\$ 175,503</u>	<u>\$ 3,048,808</u>	<u>\$ 7,250,248</u>
197,038	382,805	1,525,085
45,560	139,879	469,839
80,977	1,994,738	3,878,235
21,411	16,015	928,769
<u>344,986</u>	<u>2,533,437</u>	<u>6,801,928</u>
<u>(169,483)</u>	<u>515,371</u>	<u>448,320</u>
676	6,193	20,655
1,250	-	83,706
<u>1,926</u>	<u>6,193</u>	<u>104,361</u>
<u>(167,557)</u>	<u>521,564</u>	<u>552,681</u>
<u>295,089</u>	<u>1,759,131</u>	<u>9,200,472</u>
<u>\$ 127,532</u>	<u>\$ 2,280,695</u>	<u>\$ 9,753,153</u>

Riverside County Flood Control and Water Conservation District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Hydrology Services	Garage	Project Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Interfund Services Provided	\$ 517,806	\$ 3,204,170	\$ 287,751
Cash Paid to Suppliers for Goods and Services	(450,819)	(1,780,440)	(336,924)
Cash Paid to Employees for Services	(202,891)	(732,071)	(9,217)
Net Cash Provided by (Used In) Operating Activities	<u>(135,904)</u>	<u>691,659</u>	<u>(58,390)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Capital Assets	-	82,456	-
Acquisition and Construction of Capital Assets	-	(382,910)	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(300,454)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	70	13,279	286
Net Cash Provided by Investing Activities	<u>70</u>	<u>13,279</u>	<u>286</u>
Net Change in Cash and Cash Equivalents	(135,834)	404,484	(58,104)
Cash and Cash Equivalents, Beginning of Year	190,133	3,997,839	164,787
Cash and Cash Equivalents, End of Year	<u>\$ 54,299</u>	<u>\$ 4,402,323</u>	<u>\$ 106,683</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ (123,467)	\$ 213,612	\$ 12,287
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	-	891,343	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	-	-	-
Due from Other Funds	-	(16,210)	-
Inventories	-	2,567	(39,357)
Increase (Decrease) in:			
Accounts Payable	(2,087)	(400,189)	(29,160)
Salaries and Benefits Payable	5,546	12,911	(2,006)
Due to Other Funds	1,385	594	(49)
Compensated Absences	(2,294)	(12,974)	(120)
Due to Other Governments	(14,987)	5	15
Net Cash Provided by (Used In) Operating Activities	<u>\$ (135,904)</u>	<u>\$ 691,659</u>	<u>\$ (58,390)</u>

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

Mapping Services	Data Processing	Total
\$ 173,845	\$ 3,038,810	\$ 7,222,382
(128,040)	(2,161,868)	(4,858,091)
(196,951)	(375,331)	(1,516,461)
(151,146)	501,611	847,830
1,250	-	83,706
(25,598)	(18,290)	(426,798)
(24,348)	(18,290)	(343,092)
502	5,661	19,798
502	5,661	19,798
(174,992)	488,982	524,536
288,691	1,796,390	6,437,840
\$ 113,699	\$ 2,285,372	\$ 6,962,376
\$ (169,483)	\$ 515,371	\$ 448,320
21,411	16,015	928,769
(1,620)	-	(1,620)
(38)	(9,998)	(26,246)
-	-	(36,790)
(1,673)	27,619	(405,490)
1,543	7,692	25,686
128	(56,353)	(54,295)
(1,456)	(218)	(17,062)
42	1,483	(13,442)
\$ (151,146)	\$ 501,611	\$ 847,830

Riverside County Flood Control and Water Conservation District Agency Funds

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

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

Special assessment/improvement districts with debt without government obligation:

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

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

For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Flood Stop Notices</u>				
ASSETS				
Cash and Investments	\$ 76,204	\$ 56,638	\$ 125,959	\$ 6,883
Total Assets	<u>\$ 76,204</u>	<u>\$ 56,638</u>	<u>\$ 125,959</u>	<u>\$ 6,883</u>
LIABILITIES				
Accounts Payable	\$ 63,633	\$ 12,571	\$ 69,321	\$ 6,883
Due to Other Governments	12,571		12,571	-
Total Liabilities	<u>\$ 76,204</u>	<u>\$ 12,571</u>	<u>\$ 81,892</u>	<u>\$ 6,883</u>
<u>Special Subdivision</u>				
ASSETS				
Cash and Investments	\$ 3,887,877	\$ 1,086,715	\$ 2,157,943	\$ 2,816,649
Total Assets	<u>\$ 3,887,877</u>	<u>\$ 1,086,715</u>	<u>\$ 2,157,943</u>	<u>\$ 2,816,649</u>
LIABILITIES				
Accounts Payable	\$ 3,887,877	\$ -	\$ 1,071,228	\$ 2,816,649
Total Liabilities	<u>\$ 3,887,877</u>	<u>\$ -</u>	<u>\$ 1,071,228</u>	<u>\$ 2,816,649</u>

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

For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
<hr/>				
Elsinore Valley Benefit District - Zone 3				
ASSETS				
Cash and Investments	\$ 4	\$ -	\$ -	\$ 4
Cash and Investments with Fiscal Agents	1,062,643	-	483,430	579,213
Total Assets	<u>\$ 1,062,647</u>	<u>\$ -</u>	<u>\$ 483,430</u>	<u>\$ 579,217</u>
LIABILITIES:				
Due to Bondholders	\$ 1,062,647	\$ -	\$ 483,430	\$ 579,217
Total Liabilities	<u>\$ 1,062,647</u>	<u>\$ -</u>	<u>\$ 483,430</u>	<u>\$ 579,217</u>
<hr/>				
Total Agency Funds				
ASSETS				
Cash and Investments	\$ 3,964,085	\$ 1,143,353	\$ 2,283,902	\$ 2,823,536
Cash and Investments with Fiscal Agents	1,062,643	-	483,430	579,213
Total Assets	<u>\$ 5,026,728</u>	<u>\$ 1,143,353</u>	<u>\$ 2,767,332</u>	<u>\$ 3,402,749</u>
LIABILITIES				
Accounts Payable	\$ 3,951,510	\$ 12,571	\$ 1,140,549	\$ 2,823,532
Due to Bondholders	1,062,647	-	483,430	579,217
Due to Other Governments	12,571	-	12,571	-
Total Liabilities	<u>\$ 5,026,728</u>	<u>\$ 12,571</u>	<u>\$ 1,636,550</u>	<u>\$ 3,402,749</u>

STATISTICAL SECTION

CONTENTS

- Financial Trends* 91
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- Revenue Capacity* 101
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.
- Debt Capacity* 106
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- Demographic and Economic Information* 111
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- Operating Information* 113
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.



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

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 1

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental Activities					
Net Investment in Capital Assets	\$ 658,848	\$ 704,139	\$ 723,372	\$ 756,970	\$ 804,107
Restricted	195,493	223,886	237,211	251,826	256,317
Unrestricted	10,124	10,610	15,014	9,459	7,773
Total Governmental Activities Net Position	<u>\$ 864,465</u>	<u>\$ 938,635</u>	<u>\$ 975,597</u>	<u>\$ 1,018,255</u>	<u>\$ 1,068,197</u>
Business-type Activities					
Net Investment in Capital Assets	\$ 39	\$ 36	\$ 13	\$ 23	\$ 16
Unrestricted	3,286	3,691	3,452	2,263	2,613
Total Business-type Activities Net Position	<u>\$ 3,325</u>	<u>\$ 3,727</u>	<u>\$ 3,465</u>	<u>\$ 2,286</u>	<u>\$ 2,629</u>
Primary Government					
Net Investment in Capital Assets	\$ 658,887	\$ 704,175	\$ 723,385	\$ 756,993	\$ 804,123
Restricted	195,493	223,886	237,211	251,826	256,317
Unrestricted	13,410	14,301	18,466	11,722	10,386
Total Primary Government Net Position	<u>\$ 867,790</u>	<u>\$ 942,362</u>	<u>\$ 979,062</u>	<u>\$ 1,020,541</u>	<u>\$ 1,070,826</u>

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

¹ Unrestricted net positions for fiscal year 2014 were restated to reflect the implementation of GASB Statement No. 68 and 71

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

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 2

Fiscal Year					
2013	2014¹	2015	2016	2017	
					Governmental Activities
\$ 827,905	\$ 851,201	\$ 923,240	\$ 946,551	\$ 958,273	Net Investment in Capital Assets
252,220	255,222	215,008	203,985	223,412	Restricted
10,534	(33,751)	(35,251)	(33,778)	(35,417)	Unrestricted
<u>\$1,090,659</u>	<u>\$1,072,672</u>	<u>\$1,102,997</u>	<u>\$ 1,116,758</u>	<u>\$ 1,146,268</u>	Total Governmental Activities Net Position
					Business-type Activities
\$ 7	\$ 8	\$ 5	\$ 2	\$ 1	Net Investment in Capital Assets
2,601	1,269	942	740	395	Unrestricted
<u>\$ 2,608</u>	<u>\$ 1,277</u>	<u>\$ 947</u>	<u>\$ 742</u>	<u>\$ 396</u>	Total Business-type Activities Net Position
					Primary Government
\$ 827,912	\$ 851,209	\$ 923,245	\$ 946,553	\$ 958,274	Net Investment in Capital Assets
252,220	255,222	215,008	203,985	223,412	Restricted
13,135	(32,482)	(34,309)	(33,038)	(35,022)	Unrestricted
<u>\$1,093,267</u>	<u>\$1,073,949</u>	<u>\$1,103,944</u>	<u>\$ 1,117,500</u>	<u>\$ 1,146,664</u>	Total Primary Government Net Position

Riverside County Flood Control and Water Conservation District

Changes in Net Position

Last Ten Fiscal Years

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 1

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental Activities:					
General government	\$ 9,195	\$ 9,660	\$ 5,928	\$ 5,572	\$ 4,244
Public ways and facilities	35,384	39,712	41,769	39,192	42,219
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>44,579</u>	<u>49,372</u>	<u>47,697</u>	<u>44,764</u>	<u>46,463</u>
Business-type Activities:					
Subdivision operations	3,833	2,340	1,520	2,298	1,329
Photogrammetry operations	202	246	93	285	112
Enroachment permits	135	237	167	157	154
Total business-type activities expenses	<u>4,170</u>	<u>2,823</u>	<u>1,780</u>	<u>2,740</u>	<u>1,595</u>
Total primary government expenses	<u>\$ 48,749</u>	<u>\$ 52,195</u>	<u>\$ 49,477</u>	<u>\$ 47,504</u>	<u>\$ 48,058</u>
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 4,248	\$ 5,742	\$ 1,149	\$ 915	\$ 1,179
Public ways and facilities	4,770	9,087	5,215	4,508	3,838
Capital grants and contributions	23,565	45,798	21,538	35,479	44,895
Total governmental activities program revenues	<u>32,583</u>	<u>60,627</u>	<u>27,902</u>	<u>40,902</u>	<u>49,912</u>
Business-type Activities					
Charges for services:					
Subdivision operations	4,204	2,490	1,082	992	1,506
Photogrammetry operations	282	288	171	342	228
Enroachment permits	175	248	183	181	171
Total business-type activities program revenues	<u>4,661</u>	<u>3,026</u>	<u>1,436</u>	<u>1,515</u>	<u>1,905</u>
Total primary government program revenues	<u>\$ 37,244</u>	<u>\$ 63,653</u>	<u>\$ 29,338</u>	<u>\$ 42,417</u>	<u>\$ 51,817</u>
Net (expense)/revenue					
Governmental Activities	\$ (11,996)	\$ 11,255	\$ (19,795)	\$ (3,862)	\$ 3,449
Business-type Activities	491	203	(344)	(1,225)	310
Total primary government net (expense)/revenue	<u>\$ (11,505)</u>	<u>\$ 11,458</u>	<u>\$ (20,139)</u>	<u>\$ (5,087)</u>	<u>\$ 3,759</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	\$ 56,791	\$ 55,791	\$ 46,280	\$ 39,836	\$ 39,258
Redevelopment pass-thru	-	-	8,111	5,136	6,040
Unrestricted interest and investment earnings	8,349	5,835	2,324	1,425	1,173
Gain on sale of capital assets	(161)	1,289	42	123	22
Transfers	-	-	-	-	-
Total Governmental Activities	<u>64,979</u>	<u>62,915</u>	<u>56,757</u>	<u>46,520</u>	<u>46,493</u>
Business-type Activities:					
Unrestricted interest and investment earnings	332	199	82	46	33
Transfers	-	-	-	-	-
Total business-type activities	<u>332</u>	<u>199</u>	<u>82</u>	<u>46</u>	<u>33</u>
Total primary government	<u>\$ 65,311</u>	<u>\$ 63,114</u>	<u>\$ 56,839</u>	<u>\$ 46,566</u>	<u>\$ 46,526</u>
Change in Net Position					
Governmental Activities	\$ 52,983	\$ 74,170	\$ 36,962	\$ 42,658	\$ 49,942
Business-type Activities	823	402	(262)	(1,179)	343
Total primary government	<u>\$ 53,806</u>	<u>\$ 74,572</u>	<u>\$ 36,700</u>	<u>\$ 41,479</u>	<u>\$ 50,285</u>

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

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

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Page 2

		Fiscal Year				
2013	2014	2015	2016	2017		
\$ 4,017	\$ 5,222	\$ 6,001	\$ 4,873	\$ 8,994		
45,046	43,526	48,921	50,921	48,541		
-	-	-	739	674		
<u>49,063</u>	<u>48,748</u>	<u>54,922</u>	<u>56,533</u>	<u>58,209</u>		
1,428	1,453	1,547	1,844	1,914		
234	171	91	163	194		
100	146	178	171	117		
<u>1,762</u>	<u>1,770</u>	<u>1,816</u>	<u>2,178</u>	<u>2,225</u>		
<u>\$ 50,825</u>	<u>\$ 50,518</u>	<u>\$ 56,738</u>	<u>\$ 58,711</u>	<u>\$ 60,434</u>		
\$ 600	\$ 517	\$ 835	\$ 681	\$ 758		
8,128	4,488	6,610	4,209	11,999		
13,057	15,770	21,991	4,524	11,527		
<u>21,785</u>	<u>20,775</u>	<u>29,436</u>	<u>9,414</u>	<u>24,284</u>		
1,375	1,399	1,131	1,502	1,557		
247	216	124	251	150		
114	126	192	192	126		
<u>1,736</u>	<u>1,741</u>	<u>1,447</u>	<u>1,945</u>	<u>1,833</u>		
<u>\$ 23,521</u>	<u>\$ 22,516</u>	<u>\$ 30,883</u>	<u>\$ 11,359</u>	<u>\$ 26,117</u>		
\$ (27,278)	\$ (27,973)	\$ (25,486)	\$ (47,119)	\$ (33,925)		
(26)	(29)	(369)	(234)	(392)		
<u>\$ (27,304)</u>	<u>\$ (28,002)</u>	<u>\$ (25,855)</u>	<u>\$ (47,352)</u>	<u>\$ (34,317)</u>		
\$ 40,042	\$ 42,593	\$ 47,047	\$ 49,854	\$ 53,020		
9,811	7,733	7,698	9,514	9,526		
(224)	1,444	1,022	1,352	805		
111	74	45	140	84		
-	(26)	(1)	21	-		
<u>49,740</u>	<u>51,818</u>	<u>55,811</u>	<u>60,881</u>	<u>63,435</u>		
5	40	38	51	46		
	26	1	(21)	-		
<u>5</u>	<u>66</u>	<u>39</u>	<u>30</u>	<u>46</u>		
<u>\$ 49,745</u>	<u>\$ 51,884</u>	<u>\$ 55,850</u>	<u>\$ 60,911</u>	<u>\$ 63,481</u>		
\$ 22,462	\$ 23,845	\$ 30,325	\$ 13,762	\$ 29,510		
(21)	37	(330)	(204)	(346)		
<u>\$ 22,441</u>	<u>\$ 23,882</u>	<u>\$ 29,995</u>	<u>\$ 13,558</u>	<u>\$ 29,164</u>		

Expenses

Governmental Activities:

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

Total governmental activities expenses

Business-type Activities:

- Subdivision operations
- Photogrammetry operations
- Enroachment permits

Total business-type activities expenses

Total primary government expenses

Program Revenues

Governmental Activities

Charges for services:

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

Total governmental activities program revenues

Business-type Activities

Charges for services:

- Subdivision operations
- Photogrammetry operations
- Enroachment permits

Total business-type activities program revenues

Total primary government program revenues

Net (expense)/revenue

Governmental Activities

Business-type Activities

Total primary government net (expense)/revenue

General Revenues and Other Changes in Net Position

Governmental Activities:

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

Total Governmental Activities

Business-type Activities:

- Unrestricted interest and investment earnings
- Transfers

Total business-type activities

Total primary government

Change in Net Position

Governmental Activities

Business-type Activities

Total primary government

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

(Amounts Expressed in Thousands - Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Total
2007-08	\$ 56,791	\$ 56,791
2008-09	55,791	55,791
2009-10	46,280	46,280
2010-11	39,836	39,836
2011-12	39,258	39,258
2012-13	40,042	40,042
2013-14	42,593	42,593
2014-15	47,047	47,047
2015-16	49,854	49,854
2016-17	53,020	53,020

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

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

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

Page 1

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Nonspendable for:					
Imprest Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned to:					
Compensated absences	1,755	1,755	1,195	1,402	1,600
Restricted for:					
Unassigned	2,178	3,275	3,518	2,290	2,530
Total general fund	<u>\$ 3,933</u>	<u>\$ 5,030</u>	<u>\$ 4,713</u>	<u>\$ 3,692</u>	<u>\$ 4,130</u>
All other governmental funds					
Nonspendable for:					
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Capital project fund	23	167	356	421	44
Public ways and facilities	195,493	223,886	237,211	251,826	252,128
Total all other governmental funds	<u>\$ 195,516</u>	<u>\$ 224,053</u>	<u>\$ 237,567</u>	<u>\$ 252,247</u>	<u>\$ 252,172</u>

Source: CAFR - Balance Sheet for the Governmental Funds

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

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

Fiscal Year					
2013	2014	2015	2016	2017	
					General Fund
					Nonspendable for:
\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	Imprest Cash
					Assigned to:
1,807	2,024	2,255	1,365	1,251	Compensated absences
					Restricted for:
2,708	2,357	919	1,968	1,672	Unassigned
<u>\$ 4,516</u>	<u>\$ 4,382</u>	<u>\$ 3,175</u>	<u>\$ 3,334</u>	<u>\$ 2,924</u>	Total general fund
					All other governmental funds
					Nonspendable for:
\$ 1,460	\$ 1,095	\$ 730	\$ 365	\$ 67	Prepaid Items
					Restricted for:
151	45	18	18	18	Capital project fund
248,950	253,105	236,749	202,624	222,404	Public ways and facilities
<u>\$ 250,561</u>	<u>\$ 254,245</u>	<u>\$ 237,497</u>	<u>\$ 203,007</u>	<u>\$ 222,489</u>	Total all other governmental funds

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

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

Page 1

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

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

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

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

Page 2

		Fiscal Year					
2013	2014	2015	2016	2017			
Revenues							
\$ 40,225	\$ 42,729	\$ 47,095	\$ 49,792	\$ 53,078		Property taxes	
9,811	7,733	7,698	9,514	9,526		Redevelopment pass-thru	
3,048	3,073	3,117	3,168	3,162		Special assessments	
619	2,330	3,412	2,815	10,151		Intergovernmental	
7,586	1,303	923	1,169	718		Charges for services	
408	1,266	2,965	587	1,654		Area drainage fees	
(216)	1,405	1,004	1,317	785		Investment Earnings (Loss)	
-	-	-	-	-		Contributions	
211	114	102	283	177		Use of assets	
<u>61,692</u>	<u>59,953</u>	<u>66,316</u>	<u>68,645</u>	<u>79,251</u>		Total revenues	
Expenditures							
Current:							
3,527	4,450	5,873	4,890	6,715		General government	
56,415	48,122	97,120	91,280	38,148		Public ways and facilities	
2,975	6,473	4,971	5,509	12,460		Capital outlay	
-	-	-	-	-			
-	-	-	350	1,920		Debt service: Principal	
-	-	-	660	936		Interest	
<u>62,917</u>	<u>59,045</u>	<u>107,964</u>	<u>102,689</u>	<u>60,179</u>		Total expenditures	
<u>(1,225)</u>	<u>908</u>	<u>(41,648)</u>	<u>(34,044)</u>	<u>19,072</u>		Excess of revenues over (under) expenditures	
Other financing sources (uses)							
-	-	21,000	-	-		Issuance of debt	
-	-	2,423	-	-		Original issue premium	
7,262	4,048	661	1,538	4,219		Transfers in	
<u>(7,262)</u>	<u>(1,262)</u>	<u>(391)</u>	<u>(1,826)</u>	<u>(4,219)</u>		Transfers out	
<u>-</u>	<u>2,786</u>	<u>23,693</u>	<u>(288)</u>	<u>-</u>		Total other financing sources (uses)	
<u>\$ (1,225)</u>	<u>\$ 3,694</u>	<u>\$ (17,955)</u>	<u>\$ (34,332)</u>	<u>\$ 19,072</u>		Net change in fund balances	
0.00%	0.00%	0.00%	1.05%	6.37%		Debt service as a percentage of noncapital expenditures	

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

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

Fiscal Year	Property Taxes	Total
2007-08	\$ 56,791	\$ 56,791
2008-09	55,791	55,791
2009-10	43,534	43,534
2010-11	40,814	40,814
2011-12	39,726	39,726
2012-13	40,225	40,225
2013-14	42,729	42,729
2014-15	47,095	47,095
2015-16	49,792	49,792
2016-17	53,078	53,078

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

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

(Amounts Expressed in Thousands)

Page 1

Fiscal Year Ended June 30	Real Property			Personal Property
	Residential Property	Commercial Property	Other	Other
2007-08	\$ 144,017,064	\$ 43,619,731	\$ 49,753,730	\$ 5,589,865
2008-09	120,318,983	46,176,540	45,510,406	5,433,642
2009-10	116,703,601	45,282,612	41,029,947	5,189,101
2010-11	116,682,034	44,399,930	39,131,300	4,974,428
2011-12	118,450,628	41,196,648	40,365,897	4,875,338
2012-13	125,539,662	41,735,886	40,917,312	4,782,681
2013-14	138,386,778	43,110,284	43,075,267	4,888,497
2014-15	147,264,519	45,223,550	45,338,854	4,889,808
2015-16	155,090,500	47,339,392	47,457,075	5,166,191
2016-17	163,900,000	50,213,646	49,790,363	5,243,330

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

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

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

¹ Includes tax exempt property

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

(Amounts Expressed in Thousands)

Page 2

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage Actual Value ¹
\$ 6,109,816	\$ 236,870,574	1.00000	\$ 242,980,390	97%
6,154,324	211,285,247	1.00000	217,439,571	97%
6,591,002	201,614,259	1.00000	208,205,261	97%
6,800,011	198,387,681	1.00000	205,187,692	97%
7,098,792	197,789,720	1.00000	204,888,511	97%
7,285,965	205,689,576	1.00000	212,975,541	97%
7,473,953	221,986,873	1.00000	229,460,826	97%
7,743,168	234,973,563	1.00000	242,716,731	97%
8,006,110	247,047,048	1.00000	255,053,158	97%
8,526,218	260,621,121	1.00000	269,147,339	97%

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

Fiscal Year	Overlapping Rates						Total Direct & Overlapping Rates
	Flood Control Zone 1	County		School District	City of Riverside	Metro Water West	
		Riverside County General	County Wide				
2007-08	0.00000	-	1.00000	0.04775	0.00627	0.00450	1.05852
2008-09	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2009-10	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2010-11	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2011-12	0.00000	-	1.00000	0.43068	0.14552	0.00000	1.57620
2012-13	0.00000	-	1.00000	0.04273	0.01331	0.00000	1.05604
2013-14	0.00000	-	1.00000	0.04226	0.01313	0.00000	1.05539
2014-15	0.00000	-	1.00000	0.04153	0.01279	0.00000	1.05432
2015-16	0.00422	-	1.00000	0.04113	0.01257	0.00000	1.05370
2016-17	0.00422	-	1.00000	0.04113	0.01242	0.00000	1.05355

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

Notes:

- (1) The tax rate for Tax Rate Area 009-000, which applies to most property within the City of Riverside, is used to illustrate the breakdown of the tax rate within the County.
- (2) Flood Control would receive approximately 3.016% of the county-wide rate in Tax Rate Area 009-000.

Riverside County Flood Control and Water Conservation District
Principal Property Taxpayers
June 30, 2017 and June 30, 2008
(Amounts Expressed in Thousands)

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Southern California Edison Company	\$ 51,918	1	1.46%	\$ 12,524	2	0.42%
Southern California Gas Company	11,008	2	0.31%	8,944	3	0.30%
Verizon California, Inc.	9,158	3	0.26%	4,446	8	0.15%
CPV Sentinel, LLC	7,966	4	0.22%			
Lennar Homes Of Calif Inc	3,731	5	0.10%	6,106	5	0.20%
Costco Wholesale Corp	3,366	6	0.09%			
Blythe Energy, LLC	3,268	7	0.09%			
Ross Dress For Less Inc	3,231	8	0.09%			
Chelsea GCA Realty Partnership	3,222	9	0.09%			
Time Warner Cable Pacific West LLC	3,153	10	0.09%			
Walgreen Co	3,149	11	0.09%			
Tyler Mall LTD Partnership	3,035	12	0.09%			
KB Home Coastal Inc	2,942	13	0.08%	7,972	4	0.27%
Castle & Cooke Corona Crossings	2,745	14	0.08%			
Inland Empire Energy Center, LLC	2,735	15	0.08%			
Centex Homes				13,896	1	0.46%
Pulte Home Corp.				4,705	6	0.16%
Standard Pacific Corp.				4,683	7	0.16%
KSL Desert Resorts Inc.				4,442	9	0.15%
Western Pacific Housing Inc.				3,605	10	0.12%
Pardee Homes				3,271	11	0.11%
Ryland Homes Holdings Corp.				3,101	12	0.10%
Ashby USA				3,020	13	0.10%
DS Hotel				2,932	14	0.10%
Beazer Homes Holdings Corp.				2,631	15	0.09%
	<u>\$ 114,627</u>		<u>3.22%</u>	<u>\$ 86,278</u>		<u>2.89%</u>

Source: County Treasurer-Tax Collector

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy²		Amount	Percent of Levy
2007-08	\$ 46,491	\$ 48,072	100.0%	\$ 1,320	\$ 49,392	100.0%
2008-09	39,817	49,638	100.0%	623	50,261	100.0%
2009-10	38,469	40,690	100.0%	299	40,989	100.0%
2010-11	38,469	38,417	99.9%	280	38,697	100.0%
2011-12	38,352	37,387	97.5%	254	37,641	98.1%
2012-13	38,336	37,878	98.8%	231	38,109	99.4%
2013-14	39,993	39,759	99.4%	-	39,759	99.4%
2014-15	43,862	44,015	100.0%	-	44,015	100.0%
2015-16	46,562	46,694	100.0%	-	46,694	100.0%
2016-17	49,009	49,563	100.0%	-	49,563	100.0%

Notes: Delinquent taxes reported by year of collection; data by levy year unavailable.
¹ Source: Auditor-Controller - County of Riverside, Auditor-Controller's Office
² Adjusted to exclude Prior Year collections in excess of 100%

Riverside County Flood Control and Water Conservation District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(Amounts Expressed in Thousands)

Fiscal Year	Government Activities		Total Primary Government	Percentage of Personal Income ³	Debt Per Capita ⁴
	General Obligation Bonds ¹	Special Assessment Bonds ²			
2008	\$ -	\$ 4,180	\$ 4,180	7.25%	\$ 167
2009	-	3,720	3,720	6.10%	155
2010	-	2,965	2,965	4.60%	129
2011	-	2,685	2,685	4.25%	122
2012	-	2,380	2,380	3.70%	108
2013	-	2,055	2,055	3.07%	69
2014	-	1,705	1,705	2.54%	53
2015	23,423	1,325	24,748	32.44%	750
2016	22,831	915	23,746	30.35%	950
2017	20,669	475	21,144	25.16%	881

Sources: CAFR - Long-term Debt Schedule

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

Notes: Special Assessment Data is reflected in the Agency Fund Financial Statements.

¹ Zone 4 Promissory Notes, net of original issuance premium

² Zone 3 Elsinore Valley Benefit Assessment

³ Personal income is disclosed in the Schedule of Demographic and Economic Statistics.

⁴ Population data can be found in the Schedule of Demographic and Economic Statistics.

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

Fiscal Year	General Obligation Bonds¹	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property²	Per Capita³
2007-08	-	-	-	0.00%	-
2008-09	-	-	-	0.00%	-
2009-10	-	-	-	0.00%	-
2010-11	-	-	-	0.00%	-
2011-12	-	-	-	0.00%	-
2012-13	-	-	-	0.00%	-
2013-14	-	-	-	0.00%	-
2014-15	23,423	-	23,423	0.01%	10
2015-16	22,831	-	22,831	0.01%	10
2016-17	20,669	-	20,669	0.01%	9

Sources: State of California, Department of Finance

Notes:

¹ Zone 4 Promissory Notes, net of original issuance premium

² Calculation based on assessed valuations reported for the District only.

³ Population data can be found in the Schedule of Demographic and Economic Statistics.

Riverside County Flood Control and Water Conservation District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017
(Amounts Expressed in Thousands)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt	\$ -	0.00%	<u>\$ -</u>
Flood Control direct debt			<u>20,669</u>
Total direct and overlapping debt			<u><u>\$ 20,669</u></u>

Source: CAFR - Notes to Basic Financial Statements, Note 6 Long-term Obligations

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

	<u>Fiscal Year</u> <u>2008</u>	<u>Fiscal Year</u> <u>2009</u>	<u>Fiscal Year</u> <u>2010</u>	<u>Fiscal Year</u> <u>2011</u>	<u>Fiscal Year</u> <u>2012</u>	<u>Fiscal Year</u> <u>2013</u>	<u>Fiscal Year</u> <u>2014</u>	<u>Fiscal Year</u> <u>2015</u>	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2017</u>
Debt Limit	\$ 6,711,008	\$ 5,877,766	\$ 5,877,766	\$ 5,651,236	\$ 5,615,081	\$ 5,600,219	\$ 5,824,400	\$ 1,088,169	\$ 1,573,071	\$ 1,675,282
Total net debt applicable to limit	-	-	-	-	-	-	-	(23,423)	(22,831)	(20,669)
Legal debt margin	<u>\$ 6,711,008</u>	<u>\$ 5,877,766</u>	<u>\$ 5,877,766</u>	<u>\$ 5,651,236</u>	<u>\$ 5,615,081</u>	<u>\$ 5,600,219</u>	<u>\$ 5,824,400</u>	<u>\$ 1,064,746</u>	<u>\$ 1,550,240</u>	<u>\$ 1,654,613</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.15%	1.45%	1.23%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Value	\$ 44,674,185
Less: Homeowners exemptions	-
Total assessed value	<u>\$ 44,674,185</u>
Debt limit (lesser of 3.75% of assessed valuation or \$21,000)	\$ 21,000
Debt applicable to limit:	
General obligation debt	20,669
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>20,669</u>
Legal debt margin	<u>\$ 331</u>

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

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

Debt limit is the maximum amount of outstanding gross or net debt legally permitted (lesser of 3.75% of assessed valuation or \$21,000).

Legal debt margin is the excess of the amount of debt legally authorized over the amount of debt outstanding.

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

Special Assessment Bonds					
Fiscal Year	Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest		
2008	\$ 744	\$ 435	\$ 345	0.95	
2009	906	460	330	1.15	
2010	353	260	244	0.70	
2011	323	280	222	0.64	
2012	330	305	106	0.80	
2013	166	325	175	0.33	
2014	435	350	148	0.87	
2015	259	380	119	0.52	
2016	151	410	88	0.30	
2017	28	440	55	0.06	

Source: U.S. Bank Statements & Debt Service Schedule for Zone 3 Elsinore Valley Benefit Assessment.

**Riverside County Flood Control and Water Conservation District
Demographic and Economics Statistics
Last Ten Fiscal Years**

Fiscal Year	Population¹	Median Age¹	School Enrollment¹	Personal Income²	Per Capita Personal Income¹	Unemployment Rate Percent³
2007-08	2,073,571	31	596,645	\$ 57,666,983	\$ 24,885	9.5%
2008-09	2,100,516	32	593,029	61,023,518	24,301	14.0%
2009-10	2,125,440	33	622,914	64,503,728	22,657	15.3%
2010-11	2,203,332	34	660,725	63,228,086	22,373	15.0%
2011-12	2,239,620	34	651,554	64,376,498	22,359	13.0%
2012-13	2,268,783	34	664,724	67,024,780	29,927	11.1%
2013-14	2,292,507	34	658,651	72,015,057	31,742	9.5%
2014-15	2,329,271	35	666,715	76,289,477	33,278	6.6%
2015-16	2,361,026	35	660,914	78,239,388	24,739	6.7%
2016-17	2,387,741	35	660,858	84,025,987	23,783	5.7%

Sources:

¹ U.S. Census Bureau

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

³ State of California, Labor Market Information

Riverside County Flood Control and Water Conservation District
Principal Employers
June 30, 2017 and June 30, 2008

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
County of Riverside	22,538	1	2.27%	19,595	1	2.34%
University of California, Riverside	8,686	2	0.87%	6,657	3	0.79%
March Air Reserve Base	8,500	3	0.86%	8,400	2	1.00%
Amazon	7,500	4	0.75%			
Kaiser Permanente Riverside Medical Center	5,739	5	0.58%	3,200	9	0.38%
Corona-Norco Unified School District	5,399	6	0.54%			
Riverside Unified School District	4,236	7	0.43%	4,041	7	0.48%
Pechanga Resort & Casino	4,000	8	0.40%	4,800	5	0.57%
Riverside University Health System - Medical Center	3,876	9	0.39%			
Eisenhower Medical Center	3,665	10	0.37%	2,218	15	0.26%
Hemet Unified School District	3,665	11	0.37%	2,270	14	0.27%
Moreno Valley Unified School District	3,468	12	0.35%			
Morongo Casino, Resort & Spa	3,000	13	0.30%	2,360	13	0.28%
Palm Springs Unified School District	2,948	14	0.30%	2,500	12	0.30%
Temecula Valley Unified School District	2,905	15	0.29%	2,952	10	0.35%
Stater Bros Markets				6,425	4	0.77%
Abbott Vascular formerly Guidant Corp.				4,500	6	0.54%
Riverside Community College				3,753	8	0.45%
City of Riverside				2,600	11	0.31%
Total	90,125		9.06%	76,271		9.08%

Source: Riverside County Economic Development Agency

Note: Statistical table is a requirement of GASB 44, Economic Condition Reporting: The Statistical Section.

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

Function	Full-time Equivalent Employees as of June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Inspection	11	9	16	12	10	2	2	4	5	7
Administration	43	41	49	54	61	13	17	60	63	69
Public ways & facilities										
Engineering	70	73	111	112	113	158	140	119	99	96
Maintenance	58	59	74	68	69	90	83	69	82	81
NPDES	9	11	16	17	20	19	21	20	20	19
Photogrammetry operations	1	1	-	2	1	1	1	-	1	2
Subdivision operations	18	10	8	10	10	6	6	10	9	10
Encroachment permits	2	2	1	2	2	-	1	1	1	1
Hydrology services	4	3	5	4	5	4	4	4	2	2
Garage-Fleet operations	8	7	10	9	10	15	26	11	9	8
Mapping services	2	3	5	2	2	1	3	2	2	2
Data processing	9	11	16	15	14	9	10	8	4	4
Photography	1	-	-	-	-	-	-	-	-	-
Total	236	230	311	307	317	318	314	308	297	301

Source: The District

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General government										
Inspection services	218	135	105	89	150	49	75	38	52	173
Public ways and facilities										
Maintenance projects	1,095	1,121	1,172	1,169	1,198	1,141	1,151	1,142	1,162	1,310
Construction projects	235	230	272	322	371	373	343	304	323	296
NPDES - Santa Ana										
Public Education Outreach events	45	75	72	66	27	35	4	4	16	16
NPDES - Santa Margarita										
Public Education Outreach events	8	28	5	2	2	3	1	3	9	11
NPDES - Whitewater										
Public Education Outreach events	15	15	18	6	5	4	1	2	3	3
Photogrammetry operations	14	18	7	7	7	11	11	6	13	16
Subdivision operations										
Plan check cases processed	787	429	271	312	518	233	167	159	176	194
Flood plain cases processed	105	85	73	7	115	50	36	56	96	43
Enroachment permits										
Permits - Issuance and Inspection	146	214	93	441	142	165	230	103	262	143

Source: The District

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General Government										
Buildings and improvements	-	-	-	-	-	-	-	-		
Equipment	12	30	10	16	24	24	17	25	27	21
Public ways and facilities										
Infrastructure										
Basins	-	1	2	-	-	-	1	-	1	-
Channels	3	1	9	6	6	6	-	3	1	2
Levees	-	-	-	-	-	-	-	-	-	-
Storm Drains	28	58	21	43	35	35	16	17	9	11

Source: The District