



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

**Riverside, California**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**Fiscal Year Ending  
June 30, 2006**



Palm Canyon Basin and Golf Course

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

(A Component Unit of the County of Riverside)

**Riverside, California**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For Fiscal Year  
July 1, 2005 - June 30, 2006

Submitted By:

**Warren D. Williams**  
General Manager – Chief Engineer

**Ivan M. Chand**  
Finance Director

**Riverside County Flood Control and Water Conservation District**  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2006

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**Riverside County Flood Control and Water Conservation District**  
**Comprehensive Annual Financial Report**  
Year Ended June 30, 2006

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## RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

November 30, 2006

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Riverside County Flood Control and Water Conservation District (the District) is a blended component unit of the County of Riverside, California (the County). This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

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

Teaman, Ramirez & Smith, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2006. The independent auditor's report is located at the front of the financial section of this report.

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

### ***Profile of the Government***

The District, formed in 1945 by an Act of the State Legislature, is located in the southern part of the state within the County of Riverside, which is considered to be the fastest growing county in California and the third fastest growing county in the United States. The District currently occupies 2,100 square miles and serves a population of approximately 2 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 (the Board), ex officio, has been the District's governing body since 1945. Policy making and legislative authority are vested in the Board consisting of five members elected on a non-partisan basis. Board members serve staggered four-year terms with member seats being open for election on an alternating basis. The Board appoints the District's General Manager-Chief Engineer, who in turn appoints the heads of the various divisions within the District. Additionally, the Board appoints three Zone Commissioners to each zone. The Zone Commissioners act as an advisory body to the Board by prioritizing the need for new flood control facilities within a zone based on requests from citizens, cities and other agencies within the zone boundaries and making budget recommendations for new or pending projects in the upcoming fiscal year.

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

The Board is required to adopt by resolution a final budget for the County, including all districts, agencies and authorities governed by the Board, by no later than October 2 of each year pursuant to Sections 29080 through 29092 of the Government Code. The Board adopted the District's 2006 fiscal year budget on June 28, 2005. The annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared by fund and appropriation class (e.g. salaries and benefits, services and supplies). The District may transfer resources between appropriation classes within the same fund at their discretion and with approval by the County of Riverside, Executive Office. Increase of resources or establishment of a new appropriation class requires approval by the Board.

### ***Local Economy***

The District oversees the western portion of the County which includes fourteen cities and unincorporated county communities west of the San Jacinto and Santa Rosa Mountains. Major industries located within the District's boundaries or in close proximity include government, retail trade, general manufacturing of medical devices, recreational vehicles and musical instruments, educational and health services, leisure and hospitality, and construction. Since 1990 the County has experienced high levels of growth in transportation, warehousing, utilities and wholesale trade. According to the Southern California Association of Governments (SCAG), much of the region's future air cargo is expected to be funneled through the County.

The County is part of a larger area known as Southern California's Inland Empire. It is a 28,000 square mile region comprised of San Bernardino County, Riverside County, and the eastern tip of Los Angeles County. Since 1990, a large number of companies have located or expanded in the Inland Empire due to its reasonable land costs, availability of land, skilled workforce and relatively low housing costs. The Inland Empire also enables businesses to benefit from access to the large regional market, increased warehousing, distribution, and transportation activities.<sup>1</sup>

Because of its location in a region with a varied economic base, unemployment is relatively stable. During the past five years, the County's labor force has increased by more than 19 percent. The unemployment rate declined to 5.1 percent in 2005, after a high of 6.4 percent in 2002.<sup>2</sup> Unemployment is expected either to remain stable or decrease still further in the near term for two reasons. First, over the past half decade, Riverside County has captured a relatively large portion of employment compared to surrounding counties. The County's share of regional employment is expected to increase from 7 percent in 2000 to 11 percent by the year 2030.<sup>3</sup> Over the projected period, the numbers of construction, retail and service sector jobs are expected to increase in the County. The service sectors' percentage of total employment is projected to rise from 33 percent in 2000 to 39 percent by 2030. There will be 280,000 new service sector jobs added to the workforce, which is an increase of 163 percent. This roughly corresponds with the average total population growth projections for the western region of the County, increasing by more than 101 percent from approximately 1.20 million in 2000 to more than 2.42 million in 2030.<sup>4</sup> Second, the County is strategically well positioned to attract new employment opportunities since it has a significantly lower cost of living when compared with coastal counties and land is still relatively inexpensive.

As a result of this growth, approximately 400,000 new homes will be constructed over the next 25 years and 470,000 jobs are forecasted to support this growth. Accommodating this level of growth means the western region of the County will undergo significant social, demographic, economic and environmental changes in the future.

During the past ten years, the District's expenses related to the construction and maintenance of flood control facilities have not only increased in amount, but have increased and decreased as a percentage of total expenses (a ten-year increase of 10 percent and a ten-year decrease of 17 percent respectively). The reason for this relative decline in maintenance cost as a percentage of total expenses is due to the relationship of fairly level maintenance staffing costs to the increasing number of facilities being added to the District's maintenance inventory and increasing or decreasing construction costs over a ten-year period. Maintenance costs for the current fiscal year ended have increased by 14% when compared to the prior year.

During this same ten-year period, charges for services, while continuing to vary in amount, have actually decreased as a percentage of total revenue (a ten-year decrease of 14 percent). The reason for this relative decline is the relative increase in expenses related to development and construction that are not supported by contributions from other entities; thus as taxes have increased to support these services, so has the proportion of total revenue generated by taxes.

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<sup>1</sup> Source: *Western Riverside Council of Governments (WRCOG), 2006*

<sup>2</sup> Source: *State of California, Employment Development Department (EDD), 2005*

<sup>3</sup> Source: *SCAG, 2004 Regional Transportation Plan/Growth Vision: Socio-Economic Forecast Report*

<sup>4</sup> Source: *U.S. Census Bureau California Department of Finance and SCAG*



### ***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.

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

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

### ***Major Initiatives***

The District is in the process of completing a garage expansion for its Maintenance operations. The project is expected to be complete in the 2007 fiscal year and adds two additional work bays to facilitate the maintenance and repair of the District's fleet.

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

<u>Facilities</u>	<u>Projected Construction Cost</u>
Corona Drains Line 46, Stage 1	\$4.1 million
San Jacinto MDP Line E, Stage 2	\$3.3 million
Southwest Riverside MDP Line C, Stage 5	\$1.7 million
Perris Valley Lateral B, Stage 2	\$3.3 million
Gavilan Hills - Smith Road Channel	\$4.4 million

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the fourteenth consecutive year that the District published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.


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

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

Respectfully submitted,



Warren D. Williams  
General Manager-Chief Engineer



Ivan M. Chand  
Finance Director

**Riverside County Flood Control and Water Conservation Project  
List of Principal Officials**

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



# RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Board of Supervisors  
 1. Bob Buster 2. John Tavaglione 3. Jeff Stone 4. Roy Wilson 5. Marion Ashley

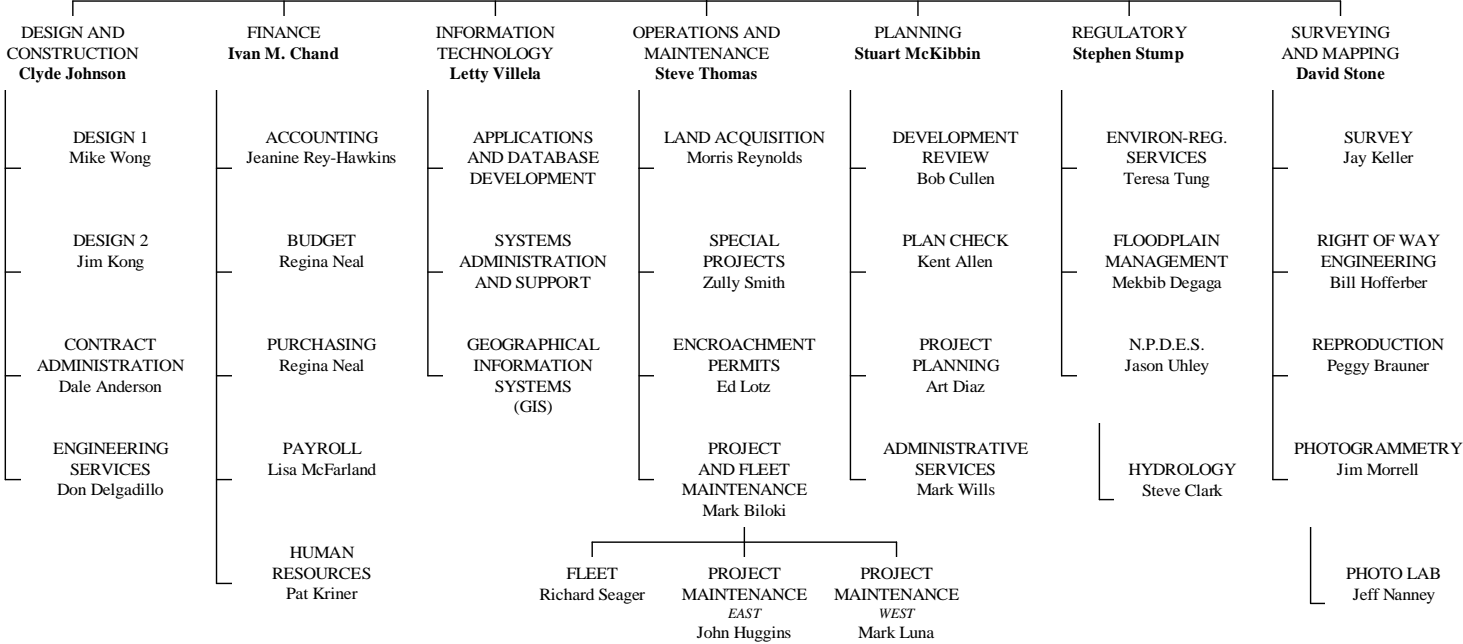
GENERAL MANAGER  
 CHIEF ENGINEER  
**Warren D. "Dusty" Williams**

ZONE COMMISSIONERS  
 Seven Zones  
 Three Commissioners for each Zone

EXECUTIVE ASSISTANT  
 Shelagh Boggio

ASSISTANT  
 CHIEF ENGINEER  
**Michael D. Rawson**

SECRETARY  
 Becky Patterson



# 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, 2005

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



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

## 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, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$742,660 (*net assets*). Of this amount, \$10,742 (*unrestricted net assets*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$65,147. Approximately one half of this increase is attributable to the addition of donated capital assets, infrastructure and land.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$138,131, an increase of \$14,070 in comparison with the prior year. Approximately 98 percent of this total amount, \$135,338, is *available for spending* at the District's discretion (*unreserved, undesignated fund balance*).
- At the end of the fiscal year, unreserved, undesignated fund balance for the general fund was \$1,714, or 19 percent of total general fund expenditures.
- The District's total debt decreased by \$325 (100 percent) during the current fiscal year. The key factor in this decrease was from scheduled principal retirements of negotiable promissory notes.

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 11 - 13 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 thirteen 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 ten special revenue funds, which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 14 - 21 of this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 22 - 24 of this report.

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

The basic fiduciary fund financial statement can be found on page 25 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 26 - 43 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 44 - 58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 59 -78 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$742,660 at the close of the most recent fiscal year.

By far the largest portion of the District’s net assets (81 percent) reflects its investment in capital assets (e.g. land and easements, buildings and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. 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 its capital assets is reported net of related debt, it should be noted that the resources needed 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 Assets

	Governmental Activities			Business-type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Current and Other Assets	\$151,903	\$136,438	\$136,443	\$ 4,947	\$ 3,170	\$ 2,150	\$156,850	\$139,608	\$138,593
Capital Assets, Net	598,366	547,914	496,205	71	92	126	598,437	548,006	496,331
<b>Total Assets</b>	<b>750,269</b>	<b>684,352</b>	<b>632,648</b>	<b>5,018</b>	<b>3,262</b>	<b>2,276</b>	<b>755,287</b>	<b>687,614</b>	<b>634,924</b>
Long-term Liabilities Outstanding	2,121	2,337	2,458	285	242	158	2,406	2,579	2,616
Other Liabilities	7,059	5,608	6,255	3,162	1,914	1,192	10,221	7,522	7,447
<b>Total Liabilities</b>	<b>9,180</b>	<b>7,945</b>	<b>8,713</b>	<b>3,447</b>	<b>2,156</b>	<b>1,350</b>	<b>12,627</b>	<b>10,101</b>	<b>10,063</b>
<b>Net Assets:</b>									
Invested in Capital Assets, Net of Related Debt	598,366	547,589	495,570	71	92	126	598,437	547,681	495,696
Restricted	133,481	118,694	-	-	-	-	133,481	118,694	-
Unrestricted	9,242	10,124	128,365	1,500	1,014	800	10,742	11,138	129,165
<b>Total Net Assets</b>	<b>\$741,089</b>	<b>\$676,407</b>	<b>\$623,935</b>	<b>\$ 1,571</b>	<b>\$ 1,106</b>	<b>\$ 926</b>	<b>\$742,660</b>	<b>\$677,513</b>	<b>\$624,861</b>

An additional portion of the District’s net assets (18 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$10,742) may be used to meet the government’s ongoing obligations to citizens and creditors.

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

There was an increase of \$14,787 in restricted net assets reported in connection with the District’s governmental activities. The majority of this increase (\$10,395) resulted from increased property tax revenues due to increased property values within the District’s zone boundaries.

The District’s net assets increased by \$65,147 during the current fiscal year. Over one half of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. The remainder of this growth is attributable to the growth in net assets invested in capital assets, specifically, donations of capital assets (infrastructure and land) and the gain on the sale of capital assets (land and equipment).

**Governmental activities.** Governmental activities increased the District’s net assets by \$64,682, thereby accounting for 99 percent of the total growth in net assets of the District. Key elements of this increase are as follows:

**District’s Changes in Net Assets**

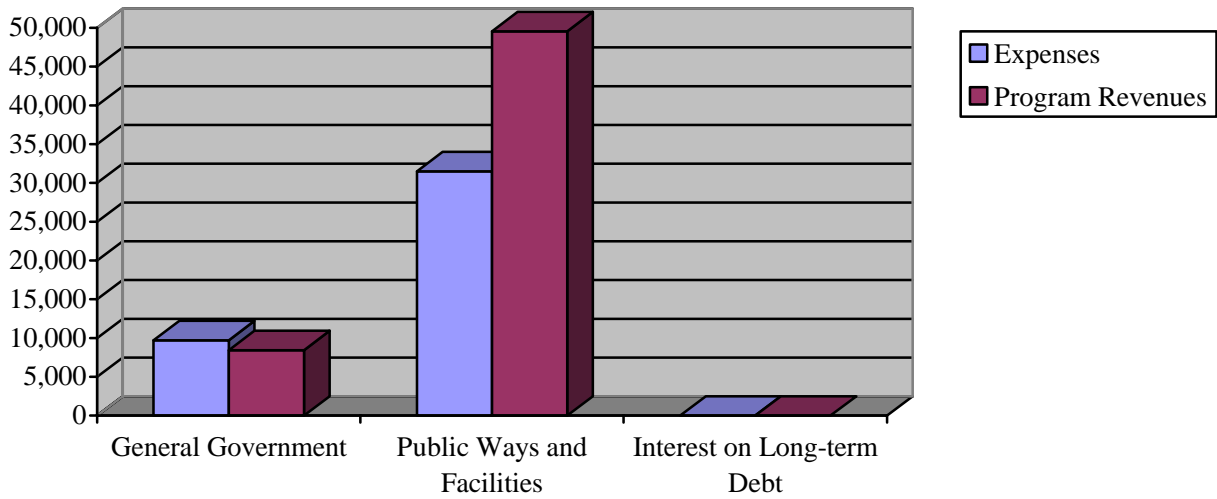
	Governmental Activities			Business-type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Revenues:									
Program Revenues:									
Charges for Services	\$ 19,869	\$ 23,519	\$ 15,187	\$ 5,561	\$ 4,624	\$ 2,656	\$ 25,430	\$ 28,143	\$ 17,843
Capital Grants and Contributions	38,156	31,756	7,037	-	-	-	38,156	31,756	7,037
General revenues:									
Property Taxes	42,701	32,306	28,620	-	-	-	42,701	32,306	28,620
Unrestricted Interest and Investment Earnings	4,583	2,771	941	211	91	34	4,794	2,862	975
Gain on Sale of Capital Assets	618	61	15	-	-	-	618	61	15
Other	-	43	7	-	-	-	-	43	7
<b>Total Revenues</b>	<b>105,927</b>	<b>90,456</b>	<b>51,807</b>	<b>5,772</b>	<b>4,715</b>	<b>2,690</b>	<b>111,699</b>	<b>95,171</b>	<b>54,497</b>
Expenses:									
General Government	9,725	8,002	6,670	-	-	-	9,725	8,002	6,670
Public Ways and Facilities	31,517	29,964	34,225	-	-	-	31,517	29,964	34,225
Interest on Long-term Debt	3	18	28	-	-	-	3	18	28
Subdivision Operations	-	-	-	4,719	4,136	2,914	4,719	4,136	2,914
Photogrammetry Operations	-	-	-	338	183	196	338	183	196
Encroachment Permits	-	-	-	250	216	122	250	216	122
<b>Total Expenses</b>	<b>41,245</b>	<b>37,984</b>	<b>40,923</b>	<b>5,307</b>	<b>4,535</b>	<b>3,232</b>	<b>46,552</b>	<b>42,519</b>	<b>44,155</b>
Increase (Decrease) in Net Assets before Transfers	64,682	52,472	10,884	465	180	(542)	65,147	52,652	10,342
Transfers	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	64,682	52,472	10,884	465	180	(542)	65,147	52,652	10,342
Net Assets – 7/1/05	676,407	623,935	613,051	1,106	926	1,468	677,513	624,861	614,519
Net Assets – 6/30/06	\$741,089	\$676,407	\$623,935	\$ 1,571	\$ 1,106	\$ 926	\$742,660	\$677,513	\$624,861

- Property taxes increased by \$10,395 (32 percent) during the year. Most of this increase is the product of increased property valuations within the County of Riverside and the District’s zone boundaries.

- Capital grants and contributions for governmental activities increased by \$6,400, mostly as a result of capital assets (land and infrastructure) donated to the District by a private or public party for construction and/or maintenance purposes.
- Gain on sale of capital assets for governmental activities increase by \$557 as a result of the sale of land within the District's zone boundaries.

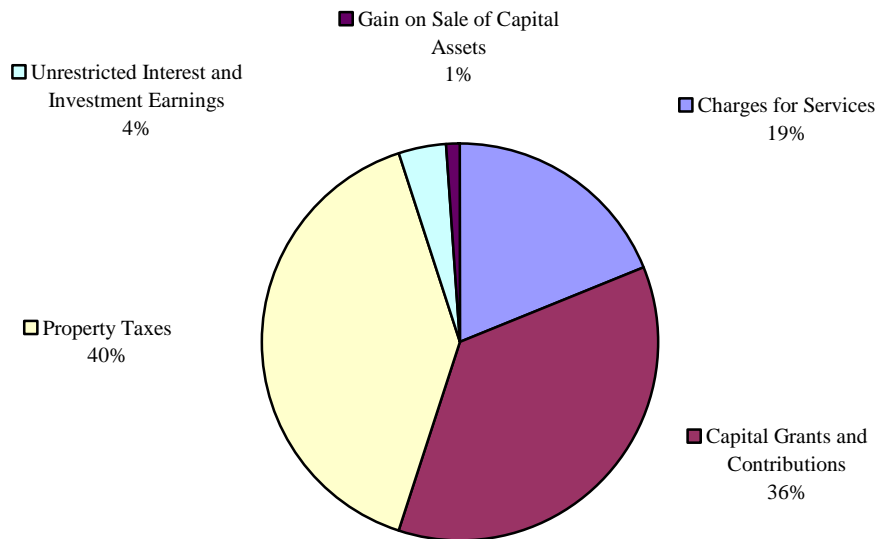
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### Expenses and Program Revenues – Governmental Activities




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### Revenues by Source – Governmental Activities





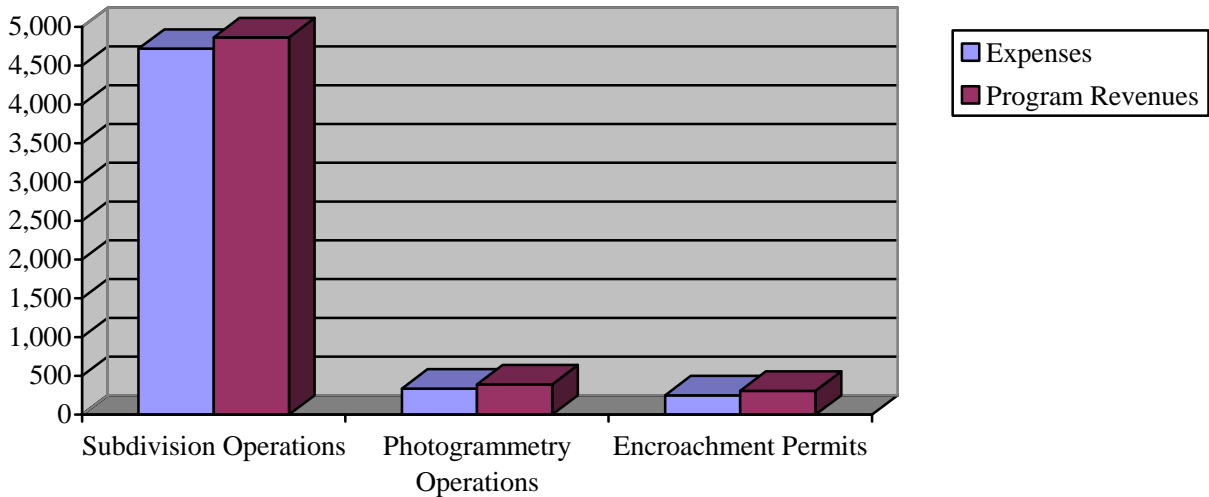
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**Business-type activities.** Business-type activities increased the District’s net assets by \$465, accounting for less than 1.0 percent of the total growth in the government’s net assets. Key elements of the increase are as follows.

- Charges for services for business-type activities increased by 20 percent. The subdivision operation accounts for a significant portion of this increase which resulted from increased land development activity within the County of Riverside as well as increased productive hourly rates. The increase is development related and is cyclical based on development activity.

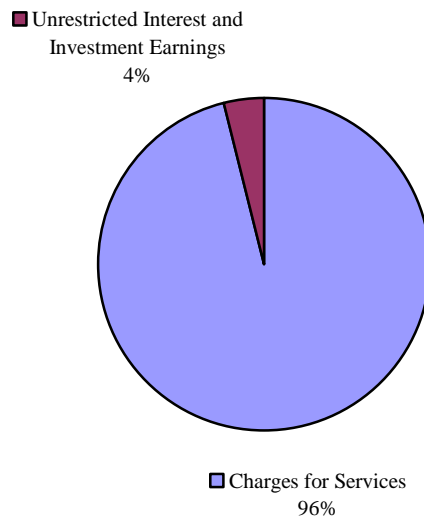
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### Expenses and Program Revenues – Business-type Activities



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### Revenues by Source – Business-type Activities



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### Financial Analysis of the District’s Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$138,131, an increase of \$14,070 in comparison with the prior year. The majority of this total amount (\$135,338) constitutes *unreserved, undesignated fund balances*, which are available for spending at the District's discretion. The remainder of fund balance is *reserved* or *unreserved, designated* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,037), 2) to pay off accrued compensated absence liabilities as required (\$1,755), or 3) for other restricted purposes (\$1).

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$1,714, while total fund balance reached \$3,490. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 19 percent of total general fund expenditures, while total fund balance represents 38 percent of that same amount.

The fund balance of the District's general fund increased by \$2,129 during the current fiscal year. Key factors in this reduction are as follows:

- An increase in property tax valuations in the County of Riverside increased tax revenues in the general fund by \$720.
- Charges for services revenues of the general fund increased significantly as well, by \$699, as a result of increased development within the County of Riverside creating a higher demand for inspection services.
- The general fund received increased charges for administrative services revenues of \$860 to offset increasing inflationary costs, staffing levels, personnel costs and benefit liabilities.

The special revenue funds had a total fund balance of \$133,481 at the end of the current fiscal year. The total net increase in fund balance during the current year in the special revenue funds was \$11,788. Property tax revenue increased by \$9,675 (82 percent) as a result of increased property tax valuations in the County of Riverside and the District's zone boundaries.

The capital project fund had a total fund balance of \$241 at the end of the current fiscal year. The net increase in fund balance during the current year in the capital project fund was \$153. Transfers in increased by \$1,582 to offset costs incurred as a result of construction to complete an addition to the District's garage facilities.

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

Unrestricted net assets at the end of the year for 1) subdivision operations amounted to \$960, 2) photogrammetry operations amounted to \$202, and 3) encroachment permit operations amounted to \$134. The total growth in net assets for subdivision operations was \$325. The total growth for photogrammetry operations and encroachment permit operations was \$52 and \$62, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the District's business-type activities.

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

### **General Fund Budgetary Highlights**

During the year there was a \$925 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$925 supplemental appropriation to process engineering services contract payments. These services were required to meet increased demand for construction inspection due to increased development in the County of Riverside.

The increase was possible because of additional anticipated revenues in charges for services of \$925.

## 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, 2006, amounts to \$598,437 (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 9 percent (a 9 percent increase for governmental activities and a 23 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 increased development within the County; donated infrastructure and land at the end of the current fiscal year was \$24,624 and \$11,096, respectively.
- A variety of flood control construction projects which began in the prior fiscal year were completed and new construction began; construction in progress at the end of the current fiscal year was \$22,214.

### District's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Infrastructure	\$397,954	\$345,790	\$338,822	\$ -	\$ -	\$ -	\$397,954	\$345,790	\$338,822
Land and Easements	169,122	156,137	138,149	-	-	-	169,122	156,137	138,149
Buildings and Improvements	6,662	5,384	5,616	-	-	-	6,662	5,384	5,616
Improvements Other than Buildings	99	99	-	-	-	-	99	99	-
Equipment	2,315	2,325	2,548	71	92	126	2,386	2,417	2,674
Construction in Progress	22,214	38,179	11,070	-	-	-	22,214	38,179	11,070
<b>Total</b>	<b>\$598,366</b>	<b>\$547,914</b>	<b>\$496,205</b>	<b>\$ 71</b>	<b>\$ 92</b>	<b>\$ 126</b>	<b>\$598,437</b>	<b>\$548,006</b>	<b>\$496,331</b>

Additional information on the District's capital assets can be found in note 7 on pages 38 - 39 of this report.

**Long-term debt.** At the end of the current fiscal year, the District had total bonded debt outstanding of \$0.

### District's Outstanding Debt General Obligation Bonds

	Governmental Activities			Business-type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
General Obligation Bonds	\$ -	\$ 325	\$ 635	\$ -	\$ -	\$ -	\$ -	\$ 325	\$ 635
<b>Total</b>	<b>\$ -</b>	<b>\$ 325</b>	<b>\$ 635</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 325</b>	<b>\$ 635</b>

The District maintains an “A” rating from Standard & Poor’s and from Moody’s Investor Service for general obligation debt.

The District Act limits the amount of general obligation debt the District may issue to the lesser of 2.0 percent of assessed valuation or \$21 million. The current debt limitation for the District is significantly in excess of the District’s outstanding general obligation debt.

Additional information on the District’s long-term debt can be found in note 8 on page 39 of this report.

### **Economic Factors and Next Year’s Budgets and Rates**

- In response to prior fiscal woes, the state imposed a two-year property tax shift on local government, taking a portion of local property tax revenue for its own purposes. The tax shift cost the District a total reduction in tax revenue of approximately, \$4,414, with half taken in the 2005 fiscal year and the remainder taken in the 2006 fiscal year. In return for the two-year property tax shift, the state promised not to impose future tax shifts on local government tax revenue. Since California’s economy has improved along with the national economy, the District should realize its full share of property tax revenue in the coming fiscal year.
- The economy of the Inland Empire region has remained relatively strong over the past year, with good job growth leading the entire state, and growth in housing prices continuing. However, home sales are down by 12.5 percent from last year and while the economic future seems bright for the region in the long term, rising interest rates and increasing energy costs are a concern.
- The population of the Inland Empire continues to grow in double digits. By 2020, the population is expected to double the current size of 2 million. As houses are bought and sold, this is expected to increase the property valuations and assessments.
- Last year, the County of Riverside changed the methodology of allocating supplemental taxes. As a result, the District received a greater portion of supplemental taxes than in prior years. This should level out in the upcoming years

All of these factors were considered in preparing the District’s budget for the 2007 fiscal year.

General fund revenues and appropriations for fiscal year 2007 are estimated to increase by 11 percent and 8 percent respectively. This is due primarily to increases in the cost of supplies and services required to operate and maintain the District’s headquarters complex and increases in the cost of staff salaries and benefits.

Revenue and appropriation estimates are often times difficult to make for the enterprise funds because they are directly related to the level of private development activity occurring in the County of Riverside during any given period. All three enterprise funds are expected to have average revenue and appropriation increases of approximately 30 percent and 26 percent respectively. The revenue increases are due to increases in the rates charged for services to ensure appropriate cost recovery.

### **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.

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

**Statement of Net Assets**

June 30, 2006

*(Amounts Expressed in Thousands)*

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	\$ 141,528	\$ 818	\$ 142,346
Restricted Cash	1,939	2,217	4,156
Receivables	5,768	1,708	7,476
Pension Asset	2,640	-	2,640
Inventories	232	-	232
Internal Balances	(204)	204	-
Capital Assets:			
Nondepreciable	191,336	-	191,336
Depreciable, Net	407,030	71	407,101
	<u>750,269</u>	<u>5,018</u>	<u>755,287</u>
Total Assets			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	1,679	315	1,994
Salaries and Benefits Payable	1,120	102	1,222
Developer and Other Agency Deposits	1,944	2,742	4,686
Due to Other Governments	2,316	3	2,319
Long-term Liabilities:			
Due Within One Year	466	63	529
Due in More Than One Year	1,655	222	1,877
	<u>9,180</u>	<u>3,447</u>	<u>12,627</u>
Total Liabilities			
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	598,366	71	598,437
Restricted by Enabling Legislation for:			
Public Ways and Facilities	133,481	-	133,481
Unrestricted	9,242	1,500	10,742
	<u>741,089</u>	<u>1,571</u>	<u>742,660</u>
Total Net Assets			

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, 2006

*(Amounts Expressed in Thousands)*

	Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions
<b>FUNCTION/PROGRAM ACTIVITIES:</b>			
Governmental Activities:			
General Government	\$ 9,725	\$ 8,470	\$ -
Public Ways and Facilities	31,517	11,399	38,156
Interest on Long-term Debt	3	-	-
<b>Total Governmental Activities</b>	<b>41,245</b>	<b>19,869</b>	<b>38,156</b>
Business-type Activities:			
Subdivision Operations	4,719	4,865	-
Photogrammetry Operations	338	389	-
Encroachment Permits	250	307	-
<b>Total Business-type Activities</b>	<b>5,307</b>	<b>5,561</b>	<b>-</b>
<b>Total</b>	<b>46,552</b>	<b>25,430</b>	<b>38,156</b>

General Revenues:

Property Taxes

Unrestricted Interest and Investment Earnings

Gain - Sale of Capital Assets

Total General Revenues

Change in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenues and  
Changes in Net Assets

Governmental Activities	Business- type Activities	Total
\$ (1,255)	\$ -	\$ (1,255)
18,038	-	18,038
(3)	-	(3)
16,780	-	16,780
-	146	146
-	51	51
-	57	57
-	254	254
16,780	254	17,034
42,701	-	42,701
4,583	211	4,794
618	-	618
47,902	211	48,113
64,682	465	65,147
676,407	1,106	677,513
\$ 741,089	\$ 1,571	\$ 742,660

The accompanying notes are an integral part of this statement.



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

**Balance Sheet**

**Governmental Funds**

June 30, 2006

*(Amounts Expressed in Thousands)*

	<u>General Fund</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
<b>ASSETS</b>				
Cash and Investments	\$ 3,951	\$ 18,249	\$ 19,171	\$ 8,071
Restricted Cash	1,768	159	-	5
Receivables:				
Taxes Receivable	189	454	655	99
Accounts Receivable	289	-	243	25
Interest Receivable	31	142	139	65
Due from Other Governments	12	-	868	203
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 6,240	\$ 19,004	\$ 21,076	\$ 8,468
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 286	\$ 22	\$ 160	\$ 356
Salaries and Benefits Payable	644	77	61	22
Developer and Other Agency Deposits	1,772	160	-	5
Due to Other Governments	48	2,250	3	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	2,750	2,509	224	384
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	20	7	868	1
Imprest Cash	1	-	-	-
Unreserved, Designated for Compensated Absences	1,755	-	-	-
Unreserved, Undesignated, Reported in:				
General Fund	1,714	-	-	-
Special Revenue Funds	-	16,488	19,984	8,083
Capital Project Fund	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	3,490	16,495	20,852	8,084
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities and Fund Balances	\$ 6,240	\$ 19,004	\$ 21,076	\$ 8,468
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 32,400	\$ 6,463	\$ 20,483	\$ 23,409	\$ 212	\$ 3,884
-	1	6	-	-	-
732	129	216	241	10	69
76	-	106	-	-	29
234	49	161	183	2	32
19	-	-	-	-	-
<u>\$ 33,461</u>	<u>\$ 6,642</u>	<u>\$ 20,972</u>	<u>\$ 23,833</u>	<u>\$ 224</u>	<u>\$ 4,014</u>
\$ 55	\$ 1	\$ 26	\$ 35	\$ 21	\$ 71
125	20	36	34	4	27
-	1	6	-	-	-
4	-	2	1	-	1
<u>184</u>	<u>22</u>	<u>70</u>	<u>70</u>	<u>25</u>	<u>99</u>
29	2	3	3	6	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,248	6,618	20,899	23,760	193	3,915
-	-	-	-	-	-
<u>33,277</u>	<u>6,620</u>	<u>20,902</u>	<u>23,763</u>	<u>199</u>	<u>3,915</u>
<u>\$ 33,461</u>	<u>\$ 6,642</u>	<u>\$ 20,972</u>	<u>\$ 23,833</u>	<u>\$ 224</u>	<u>\$ 4,014</u>

Continued

**Riverside County Flood Control and Water Conservation District**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

	NPDES Santa Margarita	Other Government Funds	Total
<b>ASSETS</b>			
Cash and Investments	\$ 303	\$ 470	\$ 137,066
Restricted Cash	-	-	1,939
Receivables:			
Taxes Receivable	12	-	2,806
Accounts Receivable	-	-	768
Interest Receivable	2	5	1,045
Due from Other Governments	-	-	1,102
	<u>317</u>	<u>475</u>	<u>144,726</u>
Total Assets	<u>\$ 317</u>	<u>\$ 475</u>	<u>\$ 144,726</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 12	\$ 234	\$ 1,279
Salaries and Benefits Payable	7	-	1,057
Developer and Other Agency Deposits	-	-	1,944
Due to Other Governments	5	-	2,315
	<u>24</u>	<u>234</u>	<u>6,595</u>
Total Liabilities	<u>24</u>	<u>234</u>	<u>6,595</u>
<b>Fund balances:</b>			
Reserved for:			
Encumbrances	-	98	1,037
Imprest Cash	-	-	1
Unreserved, Designated for Compensated Absences	-	-	1,755
Unreserved, Undesignated, Reported in:			
General Fund	-	-	1,714
Special Revenue Funds	293	-	133,481
Capital Project Fund	-	143	143
	<u>293</u>	<u>241</u>	<u>138,131</u>
Total Fund Balances	<u>293</u>	<u>241</u>	<u>138,131</u>
Total Liabilities and Fund Balances	<u>\$ 317</u>	<u>\$ 475</u>	<u>\$ 144,726</u>

The accompanying notes are an integral part of this statement.

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

June 30, 2006

*(Amounts Expressed in Thousands)*

Fund balances - Total Governmental Funds (Page 16)	\$ 138,131
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	596,095
Internal service funds are used by management to charge the costs of hydrology services, garage, project maintenance, mapping services, data processing, and photography to individual funds. The assets and liabilities of these funds are included in governmental activities in the statement of net assets.	6,106
The net pension asset (NPA) should be adjusted for any difference between contributions made and the annual required contributions (ARC). A positive year-end balance in the NPA should be recognized as the year-end asset in relation to the ARC in governmental activities in the statement of net assets.	2,640
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated Absences	<u>(1,883)</u>
Net Assets of Governmental Activities (Page 11)	<u>\$ 741,089</u>

The accompanying notes are an integral part of this statement.

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

For the Year Ended June 30, 2006

*(Amounts Expressed in Thousands)*

	General Fund	Zone 1	Zone 2	Zone 3
<b>REVENUES</b>				
Property Taxes	\$ 2,900	\$ 7,461	\$ 10,509	\$ 1,454
Special Assessments	-	-	-	-
Intergovernmental	1	258	45	154
Charges for Services	1,846	214	596	38
Charges for Administrative Services	6,423	-	-	-
Area Drainage Fees	-	973	2,086	-
Investment Income	101	599	706	277
Use of Assets	7	42	6	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	11,278	9,547	13,948	1,923
<b>EXPENDITURES</b>				
General Government	9,139	-	-	-
Public Ways and Facilities	-	8,941	12,080	1,693
Capital Outlay	40	26	1,329	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	9,179	8,967	13,409	1,693
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	2,099	580	539	230
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	30	-	-	-
Transfers Out	-	(391)	(446)	(70)
Sale of Capital Assets	-	434	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	30	43	(446)	(70)
Net Change in Fund Balances	<hr/>	<hr/>	<hr/>	<hr/>
	2,129	623	93	160
Fund Balances, Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
	1,361	15,872	20,759	7,924
Fund Balances, End of Year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 3,490	\$ 16,495	\$ 20,852	\$ 8,084

The accompanying notes are an integral part of this statement.

Zone 4	Zone 5	Zone 6	Zone 7	NPDES Whitewater	NPDES Santa Ana
\$ 11,045	\$ 2,017	\$ 3,614	\$ 3,701	\$ -	\$ -
-	-	-	-	250	1,822
287	14	2	126	-	-
125	104	10	1,109	182	180
-	-	-	-	-	-
2,913	-	-	1,569	-	-
944	195	722	753	10	143
15	-	3	-	-	-
<u>15,329</u>	<u>2,330</u>	<u>4,351</u>	<u>7,258</u>	<u>442</u>	<u>2,145</u>
-	-	-	-	-	-
8,716	801	4,721	2,449	460	2,281
109	-	25	562	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,825</u>	<u>801</u>	<u>4,746</u>	<u>3,011</u>	<u>460</u>	<u>2,281</u>
<u>6,504</u>	<u>1,529</u>	<u>(395)</u>	<u>4,247</u>	<u>(18)</u>	<u>(136)</u>
-	-	-	-	-	-
(482)	(92)	(512)	(158)	-	-
95	-	170	-	-	-
<u>(387)</u>	<u>(92)</u>	<u>(342)</u>	<u>(158)</u>	<u>-</u>	<u>-</u>
6,117	1,437	(737)	4,089	(18)	(136)
<u>27,160</u>	<u>5,183</u>	<u>21,639</u>	<u>19,674</u>	<u>217</u>	<u>4,051</u>
<u>\$ 33,277</u>	<u>\$ 6,620</u>	<u>\$ 20,902</u>	<u>\$ 23,763</u>	<u>\$ 199</u>	<u>\$ 3,915</u>

Continued

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	NPDES Santa Margarita	Other Governmental Funds	Total
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ 42,701
Special Assessments	364	-	2,436
Intergovernmental	-	-	887
Charges for Services	348	-	4,752
Charges for Administrative Services	-	-	6,423
Area Drainage Fees	-	-	7,541
Investment Income	5	8	4,463
Use of Assets	-	-	73
	<hr/>	<hr/>	<hr/>
Total Revenues	717	8	69,276
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
General Government	-	-	9,139
Public Ways and Facilities	557	-	42,699
Capital Outlay	-	1,437	3,528
Debt Service:			
Principal	-	325	325
Interest	-	8	8
	<hr/>	<hr/>	<hr/>
Total Expenditures	557	1,770	55,699
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	160	(1,762)	13,577
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	1,915	1,945
Transfers Out	-	-	(2,151)
Sale of Capital Assets	-	-	699
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	1,915	493
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	160	153	14,070
Fund Balances, Beginning of Year	133	88	124,061
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 293	\$ 241	\$ 138,131
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.



**Riverside County Flood Control and Water Conservation District  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-wide Statement of Activities - Governmental Activities**

For the Year Ended June 30, 2006

*(Amounts Expressed in Thousands)*

Net Change in Fund Balances - Total Governmental Funds (Page 20) \$ 14,070

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

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

Expenditures for Capital Assets			
Land	1,998		
Sale of Land	(109)		
Infrastructure - Construction in Progress	17,099		
Buildings and Improvements	1,437		
Equipment	40	<u>20,465</u>	
Donation of Capital Assets			
Land	11,096		
Infrastructure	24,624	<u>35,720</u>	
Less Current Year Depreciation			
Infrastructure	(5,524)		
Buildings and Improvements	(159)		
Equipment	(37)	<u>(5,720)</u>	50,465

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

(139)

Repayments of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal Payments:			
Notes Payable			325

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 funds.

Change in Accrued Interest		5	
Change in Long-term Compensated Absences		<u>(95)</u>	(90)

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

51

Change in Net Assets of Governmental Activities (Page 13) \$ 64,682

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

June 30, 2006

(Amounts Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 535	\$ 283	\$ 818	\$ 4,462
Restricted Cash	2,074	143	2,217	-
Receivables:				
Accounts Receivable	1,533	81	1,614	19
Interest Receivable	49	2	51	28
Due from Other Governments	3	40	43	-
Inventories	-	-	-	232
	<u>4,194</u>	<u>549</u>	<u>4,743</u>	<u>4,741</u>
Total Current Assets				
<b>Noncurrent Assets:</b>				
Capital Assets:				
Depreciable, Net	-	71	71	2,271
	<u>\$ 4,194</u>	<u>\$ 620</u>	<u>\$ 4,814</u>	<u>\$ 7,012</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 314	\$ 1	\$ 315	\$ 400
Salaries and Benefits Payable	97	5	102	63
Compensated Absences - Current Portion	53	10	63	52
Developer and Other Agency Deposits	2,580	162	2,742	-
Due to Other Governments	3	-	3	1
	<u>3,047</u>	<u>178</u>	<u>3,225</u>	<u>516</u>
Total Current Liabilities				
<b>Noncurrent Portion of Long-Term Liabilities:</b>				
Compensated Absences	187	35	222	186
	<u>187</u>	<u>35</u>	<u>222</u>	<u>186</u>
Total Noncurrent Liabilities				
Total Liabilities	<u>3,234</u>	<u>213</u>	<u>3,447</u>	<u>702</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	-	71	71	2,271
Unrestricted	960	336	1,296	4,039
	<u>960</u>	<u>407</u>	<u>1,367</u>	<u>6,310</u>
Total Net Assets				
Total Liabilities and Net Assets	<u>\$ 4,194</u>	<u>\$ 620</u>		<u>\$ 7,012</u>
<b>Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>			<u>204</u>	
<b>Net Assets of Business-type Activities</b>			<u>\$ 1,571</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 Net Assets**  
**Proprietary Funds**

For the Year Ended June 30, 2006

*(Amounts Expressed in Thousands)*

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 4,865	\$ 696	\$ 5,561	\$ 5,768
<b>OPERATING EXPENSES</b>				
Personnel Services	1,843	349	2,192	1,783
Administrative Services	1,826	88	1,914	643
Services and Supplies	1,074	132	1,206	2,799
Depreciation	-	21	21	820
Total Operating Expenses	4,743	590	5,333	6,045
Operating Income (Loss)	122	106	228	(277)
<b>NONOPERATING REVENUES</b>				
Investment Income	203	8	211	120
Gain on Sale of Capital Assets	-	-	-	28
Total Nonoperating Revenues	203	8	211	148
Income (Loss) Before Transfers	325	114	439	(129)
Transfers In	-	-	-	206
Change in Net Assets	325	114	439	77
Net Assets, Beginning of Year	635	293		6,233
Net Assets, End of Year	\$ 960	\$ 407		\$ 6,310
<b>Adjustments to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds</b>			26	
<b>Change in Net Assets of Business-type Activities</b>			\$ 465	

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, 2006

*(Amounts Expressed in Thousands)*

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Subdivision Operations	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers/Other Funds	\$ 5,554	\$ 768	\$ 6,322	\$ 5,888
Cash Paid to Suppliers for Goods and Services	(2,786)	(220)	(3,006)	(3,225)
Cash Paid to Employees for Services	(1,797)	(340)	(2,137)	(1,770)
Net Cash Provided by (Used In) Operating Activities	<u>971</u>	<u>208</u>	<u>1,179</u>	<u>893</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers Received	-	-	-	206
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>206</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Capital Assets	-	-	-	28
Acquisition and Construction of Capital Assets	-	-	-	(807)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(779)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	170	7	177	106
Net Cash Provided by Investing Activities	<u>170</u>	<u>7</u>	<u>177</u>	<u>106</u>
Net Change in Cash and Cash Equivalents	1,141	215	1,356	426
Cash and Cash Equivalents, Beginning of Year	<u>1,468</u>	<u>211</u>	<u>1,679</u>	<u>4,036</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,609</u>	<u>\$ 426</u>	<u>\$ 3,035</u>	<u>\$ 4,462</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating Income (Loss)	\$ 122	\$ 106	\$ 228	\$ (277)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	-	21	21	820
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable	(322)	4	(318)	120
Due from Other Governments	(3)	(40)	(43)	
Inventories	-	-	-	(27)
Increase (Decrease) in:				
Developer and Other Agency Deposits	1,014	108	1,122	-
Accounts Payable	111	1	112	243
Compensated Absences	25	18	43	14
Salaries and Benefits Payable	21	(10)	11	(1)
Due to Other Governments	3		3	1
Net Cash Provided by (Used In) Operating Activities	<u>\$ 971</u>	<u>\$ 208</u>	<u>\$ 1,179</u>	<u>\$ 893</u>

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, 2006  
*(Amounts Expressed in Thousands)*

	Agency Funds
<b>ASSETS</b>	
Cash and Investments	\$ 3,745
Cash and Investments with Fiscal Agents	3,577
Receivables:	
Taxes Receivable	11
Interest Receivable	2
 Total Assets	 \$ 7,335
 <b>LIABILITIES</b>	
Accounts Payable	\$ 3,491
Matured Bonds Payable	60
Due to Bondholders	3,762
Due to Other Governments	22
 Total Liabilities	 \$ 7,335

The accompanying notes are an integral part of this statement.

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

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

**B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

**Governmental Accounting Standards Board Statement No. 47:** In June of 2005, GASB issued Statement No. 47, Accounting for Termination Benefits. This statement is effective for periods beginning after June 15, 2005. In financial statements on the accrual basis of accounting employers should recognize a liability and expense for voluntary termination benefits (for example, early-retirement incentives) when the offer is accepted and the amount can be estimated. A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources. There was no impact on the financial statements as a result of implementing this standard.

**C) Basis of Presentation**

*Government-wide Financial Statements*

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

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

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
(Amounts Expressed in Thousands)

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

**D) 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 fund financial statement is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

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

The District reports the following as a major governmental fund:

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

The District reports the following major enterprise fund:

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

The District reports the following additional fund types:

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

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

**E) Basis of Accounting**

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

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

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

**F) Cash and Investments and Cash and Investments with Fiscal Agents**

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

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



**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
 June 30, 2006  
*(Amounts Expressed in Thousands)*

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

**F) Cash and Investments and Cash and Investments with Fiscal Agents - Continued**

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.

**G) Property Taxes**

Under California law, property taxes are assessed and collected by counties for up to 1 percent of assessed value, plus other increases as approved by affected voters. Property tax revenues are pooled and then allocated based on assessed valuation. Property taxes on the secured rolls are payable in two installments, November 1 and February 1. Property tax payments become delinquent after December 10 and April 10, respectively. Remittance of property taxes to the District is accounted for within each appropriate fund. Under the Teeter Plan, the District receives its current-year tax from the County without regard for the delinquency factors.

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

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

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

**H) Inventories**

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

**I) Capital Assets**

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

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

**I) Capital Assets - Continued**

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

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

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

**J) Compensated Absences**

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

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

**K) Long-term Debt**

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

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

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

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

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

**M) Interfund Transactions**

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

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

**N) Reservations/Designations**

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

**O) Encumbrances**

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

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

**P) Estimates**

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

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

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

	Total Governmental Funds	Long-term Assets and Liabilities	Internal Service Funds	Eliminations	Statement of Net Assets Totals
<b>Assets:</b>					
Cash and Investments	\$ 137,066	\$ -	\$ 4,462	\$ -	\$ 141,528
Restricted cash	1,939	-	-	-	1,939
<b>Receivables:</b>					
Taxes	2,806	-	-	-	2,806
Accounts	768	-	19	-	787
Interest	1,045	-	28	-	1,073
Due from other governments	1,102	-	-	-	1,102
Pension asset	-	2,640	-	-	2,640
Inventories	-	-	232	-	232
Internal balances	-	-	-	(204)	(204)
<b>Capital assets:</b>					
Nondepreciable	-	191,336	-	-	191,336
Depreciable, net	-	404,759	2,271	-	407,030
<b>Total Assets</b>	<b>\$ 144,726</b>	<b>\$ 598,735</b>	<b>\$ 7,012</b>	<b>\$ (204)</b>	<b>\$ 750,269</b>
<b>Liabilities:</b>					
Accounts payable	1,279	-	400	-	1,679
Salaries and benefits payable	1,057	-	63	-	1,120
Developer and other agency deposits	1,944	-	-	-	1,944
Due to other governments	2,315	-	1	-	2,316
<b>Due within one year:</b>					
Compensated absences - current portion	-	414	52	-	466
<b>Due in more than one year:</b>					
Compensated absences - long-term portion	-	1,469	186	-	1,655
<b>Total Liabilities</b>	<b>6,595</b>	<b>1,883</b>	<b>702</b>	<b>-</b>	<b>9,180</b>
<b>Fund balances/net assets:</b>					
Total fund balances/net assets	138,131	596,852	6,310	(204)	741,089
<b>Total Liabilities and Fund Balances/ Net Assets</b>	<b>\$ 144,726</b>	<b>\$ 598,735</b>	<b>\$ 7,012</b>	<b>\$ (204)</b>	<b>\$ 750,269</b>

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
 June 30, 2006  
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**3) CASH AND INVESTMENTS**

Cash and investments totaled \$153,824 as of June 30, 2006. Each fund's portion of this total is reflected in the financial statement accounts entitled "Cash and investments", "Restricted cash", and "Cash and investments with fiscal agents."

All District cash and investments are on deposit with the County Treasurer with the exception of a portion of cash collected from special assessments. 93.9 percent of cash collected from special assessments is held by the District for others in trust and is on account with a third party. The cash is classified as "Cash and investments with fiscal agents" in the District's financial statements and amounted to \$3,577 at June 30, 2006.

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 fair value of the County's Pooled Investment Funds was \$4,084,159 at June 30, 2006.

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 cashflow 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	\$ 150,247
Investments Held by Fiscal Agents	<u>3,577</u>
Total Cash and Investments	<u>\$ 153,824</u>

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

Cash and Investments Summary:	
Total Governmental Activities	\$ 143,467
Total Business-type Activities	3,035
Total Fiduciary Funds	<u>7,322</u>
Total Cash and Investments	<u>\$ 153,824</u>

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**3) CASH AND INVESTMENTS - Continued**

**A) Investments**

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

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

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

*Investments Authorized by Debt Agreements.* Investment 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, 2006, the major classes of the District’s investments consisted of the following:

	Fair Value	Weighted Average Maturity (Years)
With Trustee (Fiscal Agent):		
Collateralized Money Market Fund	\$ 3,577	On demand
Total with Trustee (Fiscal Agent)	\$ 3,577	On demand

**B) Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates 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, 2006, the WAM for the Pooled Investment fund portfolio was 0.79 year. Additionally, the County Treasurer maintains at least 40 percent of the portfolio’s total

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**3) CASH AND INVESTMENTS - Continued**

**B) Interest Rate Risk - Continued**

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 2006, the Pooled Investment fund was rated: Aaa/MR1 by Moody's Investor Service and AAA/V1+ by Fitch Ratings.

**C) Custodial Credit Risk**

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

**D) Credit Risk**

The District's Investment Policy Statement sets forth the minimum acceptable credit ratings for investments from the following nationally recognized statistical rating organizations. For an issuer of short-term debt, the rating must be no less than A-1 (Standard & Poor's) and P-1 (Moody's). For an issuer of long-term debt, the rating must be no less than an "A". At June 30, 2006, the credit ratings of the District's investments pursuant to the District's Investment Policy Statement were AAA for Standard & Poor's, Moody's and Fitch.

**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, 2006, there were no investments that constitute a concentration of credit risk.

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**4) RECEIVABLES**

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

Governmental activities:

	Taxes	Accounts	Interest	Due from Other Governments	Total Receivables
General Fund	\$ 189	\$ 289	\$ 31	\$ 12	\$ 521
Zone 1	454	-	142	-	596
Zone 2	655	243	139	868	1,905
Zone 3	99	25	65	203	392
Zone 4	732	76	234	19	1,061
Zone 5	129	-	49	-	178
Zone 6	216	106	161	-	483
Zone 7	241	-	183	-	424
NPDES Whitewater	10	-	2	-	12
NPDES Santa Ana	69	29	32	-	130
NPDES Margarita	12	-	2	-	14
Other Governmental Funds	-	-	5	-	5
Internal Service Funds	-	19	28	-	47
<b>Total Governmental Activities</b>	<b>\$ 2,806</b>	<b>\$ 787</b>	<b>\$ 1,073</b>	<b>\$ 1,102</b>	<b>\$ 5,768</b>

Business-type activities:

	Accounts	Interest	Due From Other Governments	Total Receivables
Subdivision Operations	\$ 1,533	\$ 49	\$ 3	\$ 1,585
Other Enterprise Funds	81	2	40	123
<b>Total Business-type Activities</b>	<b>\$ 1,614</b>	<b>\$ 51</b>	<b>\$ 43</b>	<b>\$ 1,708</b>

**5) DEVELOPER AND OTHER AGENCY DEPOSITS**

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



**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**6) INTERFUND TRANSACTIONS**

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:

(a) Between governmental activities:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Operating or Debt Subsidy:			
Zone 6	Nonmajor Governmental Funds	\$ 333	Debt Service Payments
Zone 1	General Fund	6	Capital Project Payments
	Nonmajor Governmental Funds	340	Capital Project Payments
Zone 2	General Fund	7	Capital Project Payments
	Nonmajor Governmental Funds	389	Capital Project Payments
Zone 3	General Fund	1	Capital Project Payments
	Nonmajor Governmental Funds	61	Capital Project Payments
Zone 4	General Fund	8	Capital Project Payments
	Nonmajor Governmental Funds	419	Capital Project Payments
Zone 5	General Fund	2	Capital Project Payments
	Nonmajor Governmental Funds	80	Capital Project Payments
Zone 6	General Fund	3	Capital Project Payments
	Nonmajor Governmental Funds	156	Capital Project Payments
Zone 7	General Fund	3	Capital Project Payments
	Nonmajor Governmental Funds	137	Capital Project Payments
Zone 1	Internal Service Fund	45	
Zone 2	Internal Service Fund	50	
Zone 3	Internal Service Fund	8	
Zone 4	Internal Service Fund	55	
Zone 5	Internal Service Fund	10	
Zone 6	Internal Service Fund	20	
Zone 7	Internal Service Fund	18	
		<u>18</u>	
Total		<u>\$ 2,151</u>	

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**7) CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Retirements	Transfers and Adjustments	Ending Balance
<u>Governmental Activities:</u>					
<i>Capital Assets, Nondepreciable:</i>					
Land and Easements	\$ 156,137	\$ 13,094	\$ (109)	\$ -	\$ 169,122
Construction in Progress	38,179	17,099	-	(33,064)	22,214
Total Capital Assets, Nondepreciable	<u>194,316</u>	<u>30,193</u>	<u>(109)</u>	<u>(33,064)</u>	<u>191,336</u>
<i>Capital Assets, Depreciable</i>					
Infrastructure	407,331	24,624	-	33,064	465,019
Land Improvements	110	-	-	-	110
Buildings and Improvements	7,663	1,437	-	-	9,100
Equipment	10,528	847	(28)	-	11,347
Total Capital Assets, Depreciable	<u>425,632</u>	<u>26,908</u>	<u>(28)</u>	<u>33,064</u>	<u>485,576</u>
Less Accumulated Depreciation for:					
Infrastructure	(61,541)	(5,524)	-	-	(67,065)
Land Improvements	(11)	-	-	-	(11)
Buildings and Improvements	(2,279)	(159)	-	-	(2,438)
Equipment	(8,203)	(857)	28	-	(9,032)
Total Accumulated Depreciation	<u>(72,034)</u>	<u>(6,540)</u>	<u>28</u>	<u>-</u>	<u>(78,546)</u>
Total Capital Assets, Depreciable, Net	<u>353,598</u>	<u>20,368</u>	<u>-</u>	<u>33,064</u>	<u>407,030</u>
Governmental Activities Capital Assets, Net	<u>\$ 547,914</u>	<u>\$ 50,561</u>	<u>\$ (109)</u>	<u>\$ -</u>	<u>\$ 598,366</u>
<u>Business-type Activities:</u>					
<i>Capital Assets, Depreciable</i>					
Equipment	\$ 551	\$ -	\$ -	\$ -	\$ 551
Total Capital Assets, Depreciable	<u>551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551</u>
Less Accumulated Depreciation for:					
Equipment	(459)	(21)	-	-	(480)
Total Accumulated Depreciation	<u>(459)</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>(480)</u>
Total Capital Assets, Depreciable, Net	<u>92</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>71</u>
Business-type Activities Capital Assets, Net	<u>\$ 92</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71</u>

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**7) CAPITAL ASSETS - Continued**

Depreciation expense was charged to governmental functions as follows:

General Government	\$	196
Public Ways and Facilities		5,524
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.		
		820
Total Depreciation Expense – Governmental Functions	\$	6,540

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

Subdivision Operations	\$	-
Other Enterprise Funds		21
Total Depreciation Expense – Business-type Functions	\$	21

**8) LONG-TERM OBLIGATIONS**

Notes Payable

A summary of long-term debt obligations follows:

*Governmental Activities*

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<i>Notes Payable:</i>					
<u>Flood Control</u> Promissory Notes	09/01/05	0%	\$0	\$ 2,675	\$ -
Total Notes Payable				\$ 2,675	\$ -

The following is a summary of long-term liability transactions for the year ended June 30, 2006:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Notes Payable	\$ 325	\$ -	\$ (325)	\$ -	\$ -
Compensated Absences	2,012	227	(118)	2,121	466
Total governmental Activities – Long-term Liabilities	\$ 2,337	\$ 227	\$ (443)	\$ 2,121	\$ 466
<u>Business-type Activities:</u>					
Compensated Absences	\$ 242	\$ 43	\$ -	\$ 285	\$ 63
Total Business-type Activities – Long-term Liabilities	\$ 242	\$ 43	\$ -	\$ 285	\$ 63

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**9) SPECIAL ASSESSMENT BONDS**

Debt without Government Obligation

The District issued special assessment bonds 4-2, 4-3, 4-5 and the Elsinore Valley Benefit District (Zone 3) for the construction of flood control facilities in Zones 3 and 4 of the Special Revenue Funds. The bonds are to be repaid through special assessment revenues and are not considered obligations of the District, as the District's duties are limited to acting as an agent for the assessed property owners and the bondholders. Accordingly, these bonds are not reflected in the accompanying financial statements.

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, 2006, the reserve balances for bonds in District 4-2, 4-3, 4-5 and the Zone 3 Elsinore Valley Benefit District were included in the agency fund cash and investments or cash with fiscal agent balances, and amounted to \$248, \$98, \$273 and \$457, respectively. The District's liability to advance funds for bond redemption in the event of delinquent assessment installments is limited to the reserves established.

Special assessment debt without District obligation consists of the following:

1998 Improvement District 4-2 Serial Bonds, bearing interest of 8.5 percent, due in semi-annual installments of \$130 to \$210, including interest, through September 2, 2008.	\$	525
1998 Improvement District 4-3 Bonds, bearing interest of 8.5 percent, due in semi-annual installments of \$75 to \$85, including interest, through September 2, 2008.		240
1990 Improvement District 4-5 Bonds, bearing interest from 7.6 percent to 7.7 percent, due in semi-annual installments of \$190 to \$305, including interest, through September 2, 2010.		1,115
1993 Zone 3 - Limited Obligation Improvement Bonds, bearing interest of 7.9 percent, due in annual installments of \$205 to \$475 including interest, through September 1, 2017.		3,895
Total Special Assessment Bonds without Governmental Obligation:	\$	<u>5,775</u>

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**10) NET ASSETS/FUND BALANCES**

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

- ◆ Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- ◆ Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ◆ Unrestricted Net Assets - This category represents net assets of the District, not restricted for any project or other purpose.

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

**11) SELF-INSURANCE PROGRAM**

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

The maximum coverage under the workers' compensation policy is \$500 per claim, and there is no deductible. The County allocates an annual premium to the District based on current payroll costs and an experience modification. The annual premium to the District in fiscal year 2006 was approximately \$335.

**12) RETIREMENT PLAN**

Plan Description

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

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
 June 30, 2006  
*(Amounts Expressed in Thousands)*

**12) RETIREMENT PLAN - Continued**

Plan Description - Continued

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

Funding Policy

Active plan members in the CalPERS hired after January 9, 1992 (SEIU bargaining unit) and September 3, 1992 (LIUNA bargaining unit) are required to contribute 7 or 8 percent of their annual covered salary, depending on their hire date, for the first five (5) years of continuous service. Commencing the sixth (6<sup>th</sup>) year of continuous service, the District pays the plan member's share of the contribution. The District makes the contribution required of District employees hired prior to the aforementioned dates, respectively, on their behalf and for their account. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For fiscal year 2005-06, the contribution rate was 14.3 percent.

Annual Pension Cost

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
June 30, 2004	\$ -	100%	\$ -
June 30, 2005	\$ 1,192	333%	\$ 2,779
June 30, 2006	\$ 1,577	100%	\$ 2,640

Actuarial Assumptions

For 2006, the District's annual pension cost of \$1,577 was equal to the District's required contributions. The District's actual contributions were \$1,577, which reflects the required contribution. The annual required contribution was determined as part of the June 30, 2003 actuarial valuation of the plan using the Entry Age Actuarial Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year represents the normal cost.

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

Asset Valuation Method	3-Year Smoothed Market: This method uses techniques that smooth the effects of short-term volatility in the market value of investments.
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

**Riverside County Flood Control and Water Conservation District**  
**Notes to Financial Statements**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

**12) RETIREMENT PLAN - Continued**

Actuarial Assumptions - Continued

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10.0 percent of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

**13) POSTEMPLOYMENT BENEFITS**

In addition to providing retirement benefits, the District participates in the County's program that provides certain post-employment benefits for retired employees. The District provides medical insurance premium costs to qualifying employees. Employees with a minimum of five years of service and who are at least 50 years of age qualify to receive the post-employment benefits upon retirement. Currently, 27 District employees of retirement age meet those eligibility requirements and will be covered upon retirement.

Another 117 employees have sufficient time in service to qualify for these benefits upon retirement. The total obligation to contribute is 100 percent funded by the District. The District is on a pay-as-you-go basis funds contributions. Post-employment benefit expenditures were approximately \$118 for the year ended June 30, 2006.

**14) CONTINGENCIES**

Lawsuits and Other Claims

The District is named in various legal actions; most notably, Riverside County Flood Control and Water Conservation District v. Dyt. In this action, the District seeks to acquire by condemnation portions of agricultural land owned by the defendant. The District's exposure will likely not exceed the defendant's claim of total compensation in the amount of \$2,050. Management believes that the ultimate resolution of this action or any other action will not have a significant effect on the District's financial position or results of operations.

**Riverside County Flood Control and Water Conservation District**  
**Schedule of Funding Progress for PERS**  
For The Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

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 payroll as of June 30:

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets In Excess of) AAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2003	\$ 59,259	\$ 65,332	\$ 6,073	90.7%	\$ 10,019	60.6%
June 30, 2004	\$ 62,180	\$ 71,615	\$ 9,435	86.8%	\$ 11,324	83.3%
June 30, 2005	\$ 69,637	\$ 77,958	\$ 8,321	89.3%	\$ 12,072	68.9%



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

**BUDGETARY COMPARISON SCHEDULES**

In accordance with the provisions of Section 29000-29143 of the Government Code of the State of California (the Government Code, commonly known as the County Budget Act), the District prepares and adopts a budget on or before August 30 for each fiscal year. Budgets are adopted for the General Fund and Special Revenue Funds and are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles.

As adopted by the Board, the District controls expenditures at the major appropriation level within each organization for the following classes:

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

Encumbrances are commitments related to executory contracts for goods or services. Encumbrances are recorded for budgetary control and accountability purposes in the General and Special Revenue Funds. Any outstanding encumbrances at year-end represent the estimated amount of expenditures that may result if the contracts in progress at year-end are completed. If the District has recorded these outstanding contracts in the next fiscal year's budget then encumbrances are not recorded. The unencumbered balances (appropriations less expenditures and encumbrances) lapse at year-end. Outstanding encumbrances as of June 30, 2006 were \$1,037.

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

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

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

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule - General Fund**

For The Year Ended June 30, 2006

*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 2,007	\$ 2,508	\$ 2,900	\$ 392
Intergovernmental	-	-	1	1
Charges for Services	1,813	2,238	1,846	(392)
Charges for Administrative Services	6,616	6,617	6,423	(194)
Investment Income	23	23	101	78
Use of Assets	-	-	7	7
<b>Total Revenues</b>	<b>10,459</b>	<b>11,386</b>	<b>11,278</b>	<b>(108)</b>
<b>EXPENDITURES</b>				
General Government:				
Salaries and Benefits	4,470	4,970	3,802	1,168
Services and Supplies	5,994	6,419	5,337	1,082
Capital Outlay	124	124	40	84
<b>Total Expenditures</b>	<b>10,588</b>	<b>11,513</b>	<b>9,179</b>	<b>2,334</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129)	(127)	2,099	2,226
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	139	139	30	(109)
Transfers Out	(4)	(4)	-	4
<b>Total Other Financing Sources (Uses)</b>	<b>135</b>	<b>135</b>	<b>30</b>	<b>(105)</b>
Net Change in Fund Balance	6	8	2,129	2,121
Fund Balance, Beginning of Year	1,361	1,361	1,361	-
Fund Balance, End of Year	<u>\$ 1,367</u>	<u>\$ 1,369</u>	<u>\$ 3,490</u>	<u>\$ 2,121</u>

## **Riverside County Flood Control and Water Conservation District Special Revenue Funds**

*Zone 1:* This special revenue funds 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 t his 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 fund was established to account for revenues 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 revenues 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 revenues 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, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 5,359	\$ 5,359	\$ 7,461	\$ 2,102
Intergovernmental	-	-	258	258
Charges for Services	277	277	214	(63)
Area Drainage Fees	30	30	973	943
Investment Income	230	230	599	369
Use of Assets	-	-	42	42
Total Revenues	5,896	5,896	9,547	3,651
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	2,341	2,341	2,136	205
Services and Supplies	15,949	15,949	6,805	9,144
Capital Outlay	295	295	26	269
Total Expenditures	18,585	18,585	8,967	9,618
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(12,689)	(12,689)	580	13,269
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(636)	(649)	(391)	258
Sale of Capital Assets	-	-	434	434
Total Other Financing Sources (Uses)	(636)	(649)	43	692
Net Change in Fund Balance	(13,325)	(13,338)	623	13,961
Fund Balance, Beginning of Year	15,872	15,872	15,872	-
Fund Balance, End of Year	\$ 2,547	\$ 2,534	\$ 16,495	\$ 13,961

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 2**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 7,390	\$ 7,390	\$ 10,509	\$ 3,119
Intergovernmental	-	-	45	45
Charges for Services	990	990	596	(394)
Area Drainage Fees	400	400	2,086	1,686
Investment Income	265	265	706	441
Use of Assets	-	-	6	6
Total Revenues	9,045	9,045	13,948	4,903
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	2,738	2,738	1,741	997
Services and Supplies	14,613	14,613	10,339	4,274
Capital Outlay	1,689	1,689	1,329	360
Total Expenditures	19,040	19,040	13,409	5,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,995)	(9,995)	539	10,534
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,877	1,877	-	(1,877)
Transfers Out	(725)	(739)	(446)	293
Total Other Financing Sources (Uses)	1,152	1,138	(446)	(1,584)
Net Change in Fund Balance	(8,843)	(8,857)	93	8,950
Fund Balance, Beginning of Year	20,759	20,759	20,759	-
Fund Balance, End of Year	\$ 11,916	\$ 11,902	\$ 20,852	\$ 8,950

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 3**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,019	\$ 1,019	\$ 1,454	\$ 435
Intergovernmental	-	-	154	154
Charges for Services	95	95	38	(57)
Investment Income	95	95	277	182
Total Revenue	<u>1,209</u>	<u>1,209</u>	<u>1,923</u>	<u>714</u>
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	931	931	721	210
Service and Supplies	1,738	1,738	972	766
Capital Outlay	-	175	-	175
Total Expenditures	<u>2,669</u>	<u>2,844</u>	<u>1,693</u>	<u>1,151</u>
Excess (Deficiency) of Revenues:				
Over (Under) Expenditures	<u>(1,460)</u>	<u>(1,635)</u>	<u>230</u>	<u>1,865</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(115)</u>	<u>(118)</u>	<u>(70)</u>	<u>48</u>
Total Other Financing Sources (Uses)	<u>(115)</u>	<u>(118)</u>	<u>(70)</u>	<u>48</u>
Net Change in Fund Balance	(1,575)	(1,753)	160	1,913
Fund Balance, Beginning of Year	<u>7,924</u>	<u>7,924</u>	<u>7,924</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,349</u>	<u>\$ 6,171</u>	<u>\$ 8,084</u>	<u>\$ 1,913</u>

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 4**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 7,431	\$ 7,431	\$ 11,045	\$ 3,614
Intergovernmental	-	-	287	287
Charges for Services	23	23	125	102
Area Drainage Fees	300	300	2,913	2,613
Investment Income	390	390	944	554
Use of Assets	-	-	15	15
<b>Total Revenues</b>	<b>8,144</b>	<b>8,144</b>	<b>15,329</b>	<b>7,185</b>
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	3,037	3,037	2,733	304
Service and Supplies	12,870	12,870	5,983	6,887
Capital Outlay	565	565	109	456
<b>Total Expenditures</b>	<b>16,472</b>	<b>16,472</b>	<b>8,825</b>	<b>7,647</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,328)	(8,328)	6,504	14,832
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(787)	(802)	(482)	320
Sale of Capital Assets	-	-	95	95
<b>Total Other Financing Sources (Uses)</b>	<b>(787)</b>	<b>(802)</b>	<b>(387)</b>	<b>415</b>
Net Change in Fund Balance	(9,115)	(9,130)	6,117	15,247
Fund Balance, Beginning of Year	27,160	27,160	27,160	-
Fund Balance, End of Year	<u>\$ 18,045</u>	<u>\$ 18,030</u>	<u>\$ 33,277</u>	<u>\$ 15,247</u>



**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 5**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,376	\$ 1,376	\$ 2,017	\$ 641
Intergovernmental	-	-	14	14
Charges for Services	401	401	104	(297)
Investment Income	50	50	195	145
Total Revenues	<u>1,827</u>	<u>1,827</u>	<u>2,330</u>	<u>503</u>
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	1,010	1,010	454	556
Service and Supplies	3,946	3,946	347	3,599
Capital Outlay	315	315	-	315
Total Expenditures	<u>5,271</u>	<u>5,271</u>	<u>801</u>	<u>4,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,444)</u>	<u>(3,444)</u>	<u>1,529</u>	<u>4,973</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(148)</u>	<u>(151)</u>	<u>(92)</u>	<u>59</u>
Total Other Financing Sources (Uses)	<u>(148)</u>	<u>(151)</u>	<u>(92)</u>	<u>59</u>
Net Change in Fund Balance	(3,592)	(3,595)	1,437	5,032
Fund Balance, Beginning of Year	<u>5,183</u>	<u>5,183</u>	<u>5,183</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,591</u>	<u>\$ 1,588</u>	<u>\$ 6,620</u>	<u>\$ 5,032</u>

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 6**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 2,554	\$ 2,554	\$ 3,614	\$ 1,060
Intergovernmental	-	-	2	2
Charges for Services	-	-	10	10
Investment Income	260	260	722	462
Use of Assets	-	-	3	3
Total Revenues	2,814	2,814	4,351	1,537
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	1,725	1,725	1,277	448
Service and Supplies	7,198	7,198	3,444	3,754
Capital Outlay	1,500	1,500	25	1,475
Total Expenditures	10,423	10,423	4,746	5,677
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,609)	(7,609)	(395)	7,214
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(625)	(631)	(512)	119
Sale of Capital Assets	-	-	170	170
Total Other Financing Sources (Uses)	(625)	(631)	(342)	289
Net Change in Fund Balance	(8,234)	(8,240)	(737)	7,503
Fund Balance, Beginning of Year	21,639	21,639	21,639	-
Fund Balance, End of Year	\$ 13,405	\$ 13,399	\$ 20,902	\$ 7,503

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - Zone 7**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 2,477	\$ 2,477	\$ 3,701	\$ 1,224
Intergovernmental	-	-	126	126
Charges for Services	652	652	1,109	457
Area Drainage Fees	750	750	1,569	819
Investment Income	222	222	753	531
Use of Assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	4,101	4,101	7,258	3,157
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	1,341	1,341	882	459
Service and Supplies	3,966	3,961	1,567	2,394
Capital Outlay	2,000	2,000	562	1,438
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	7,307	7,302	3,011	4,291
Excess (Deficiency) of Revenues: Over (Under) Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(3,206)	(3,201)	4,247	7,448
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<hr/>	<hr/>	<hr/>	<hr/>
	(259)	(259)	(158)	101
Total Other Financing Sources (Uses)	<hr/>	<hr/>	<hr/>	<hr/>
	(259)	(259)	(158)	101
Net Change in Fund Balance	(3,465)	(3,460)	4,089	7,549
Fund Balance, Beginning of Year	<hr/>	<hr/>	<hr/>	<hr/>
	19,674	19,674	19,674	-
Fund Balance, End of Year	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 16,209	\$ 16,214	\$ 23,763	\$ 7,549

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - NPDES - Whitewater**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 240	\$ 240	\$ 250	\$ 10
Charges for Services	190	190	182	(8)
Investment Income	4	4	10	6
<b>Total Revenues</b>	<b>434</b>	<b>434</b>	<b>442</b>	<b>8</b>
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	219	219	174	45
Service and Supplies	436	436	286	150
<b>Total Expenditures</b>	<b>655</b>	<b>655</b>	<b>460</b>	<b>195</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221)	(221)	(18)	203
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1)	(1)	-	1
<b>Total Other Financing Sources (Uses)</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	<b>1</b>
Net Change in Fund Balance	(222)	(222)	(18)	204
Fund Balance, Beginning of Year	217	217	217	-
Fund Balance, End of Year	<u>\$ (5)</u>	<u>\$ (5)</u>	<u>\$ 199</u>	<u>\$ 204</u>

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - NPDES - Santa Ana**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 1,800	\$ 1,800	\$ 1,822	\$ 22
Charges for Services	197	197	180	(17)
Investment Income	55	55	143	88
Total Revenues	<u>2,052</u>	<u>2,052</u>	<u>2,145</u>	<u>93</u>
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and Benefits	597	597	544	53
Service and Supplies	2,502	2,502	1,737	765
Total Expenditures	<u>3,099</u>	<u>3,099</u>	<u>2,281</u>	<u>818</u>
Excess (Deficiency) of Revenue:				
Over (Under) Expenditures	<u>(1,047)</u>	<u>(1,047)</u>	<u>(136)</u>	<u>911</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(3)</u>	<u>(3)</u>	<u>-</u>	<u>3</u>
Total Other Financing Sources (Uses)	<u>(3)</u>	<u>(3)</u>	<u>-</u>	<u>3</u>
Net Change in Fund Balance	(1,050)	(1,050)	(136)	914
Fund Balance, Beginning of Year	<u>4,051</u>	<u>4,051</u>	<u>4,051</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,001</u></u>	<u><u>\$ 3,001</u></u>	<u><u>\$ 3,915</u></u>	<u><u>\$ 914</u></u>

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund - NPDES - Santa Margarita**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 345	\$ 345	\$ 364	\$ 19
Charges for Services	340	340	348	8
Investment Income	1	1	5	4
Total Revenues	<u>686</u>	<u>686</u>	<u>717</u>	<u>31</u>
<b>EXPENDITURES</b>				
Public Ways and Facilities:				
Salaries and benefits	238	238	225	13
Service and Supplies	442	442	332	110
Total Expenditures	<u>680</u>	<u>680</u>	<u>557</u>	<u>123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6</u>	<u>6</u>	<u>160</u>	<u>154</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balance	5	5	160	155
Fund Balance, Beginning of Year	<u>133</u>	<u>133</u>	<u>133</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 138</u></u>	<u><u>\$ 138</u></u>	<u><u>\$ 293</u></u>	<u><u>\$ 155</u></u>

**Riverside County Flood Control and Water Conservation District**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**

June 30, 2006

*(Amounts Expressed in Thousands)*

	Debt Service Fund	Flood Control Capital Project Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ 470	\$ 470
Receivables:			
Interest Receivable	-	5	5
Total Assets	\$ -	\$ 475	\$ 475
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ -	\$ 234	\$ 234
Total Liabilities	-	234	234
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	-	98	98
Unreserved, Undesignated, Reported in:			
Capital Project Fund	-	143	143
Total Fund Balances	-	241	241
Total Liabilities and Fund Balances	\$ -	\$ 475	\$ 475

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Debt Service Fund	Flood Control Capital Project Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Investment Income	\$ -	\$ 8	\$ 8
Total Revenues	<u>-</u>	<u>8</u>	<u>8</u>
<b>EXPENDITURES</b>			
Capital Outlay	-	1,437	1,437
Debt Service:			
Principal	325	-	325
Interest	8	-	8
Total Expenditures	<u>333</u>	<u>1,437</u>	<u>1,770</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(333)</u>	<u>(1,429)</u>	<u>(1,762)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>333</u>	<u>1,582</u>	<u>1,915</u>
Total Other Financing Sources (Uses)	<u>333</u>	<u>1,582</u>	<u>1,915</u>
Net Change in Fund Balances	-	153	153
Fund Balance, Beginning of Year	<u>-</u>	<u>88</u>	<u>88</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 241</u>	<u>\$ 241</u>



**Riverside County Flood Control and Water Conservation District  
Debt Service Fund**

*Zone 6 Debt Service:* This debt service fund was established to service the debt incurred by Zone 6 for construction of Zone 6 flood control facilities. The fund receives revenues from Zone 6 monies to pay principal and interest on promissory notes.

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Zone 6 Debt Service Fund**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt Service:				
Principal	\$ 325	\$ 325	\$ 325	\$ -
Interest	8	8	8	-
Total Expenditures	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(333)</u>	<u>(333)</u>	<u>(333)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Total Other Financing Sources	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

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

**Riverside County Flood Control and Water Conservation District**  
**Budgetary Comparison Schedule**  
**Capital Project Fund**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 3	\$ 3	\$ -	\$ (3)
Investment Income	1	1	8	7
Total Revenues	<u>4</u>	<u>4</u>	<u>8</u>	<u>4</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>2,085</u>	<u>2,085</u>	<u>1,437</u>	<u>648</u>
Total Expenditures	<u>2,085</u>	<u>2,085</u>	<u>1,437</u>	<u>648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,081)</u>	<u>(2,081)</u>	<u>(1,429)</u>	<u>652</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>2,020</u>	<u>2,020</u>	<u>1,582</u>	<u>(438)</u>
Total Other Financing Sources (Uses)	<u>2,020</u>	<u>2,020</u>	<u>1,582</u>	<u>(438)</u>
Net Change in Fund Balance	(61)	(61)	153	214
Fund Balance, Beginning of Year	<u>88</u>	<u>88</u>	<u>88</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 27</u></u>	<u><u>\$ 27</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 214</u></u>

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

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

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

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Fund Net Assets**  
**Non-Major Enterprise Funds**  
June 30, 2006  
*(Amounts Expressed in Thousands)*

	Photogrammetry Operations	Encroachment Permits	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Investments	\$ 186	\$ 97	\$ 283
Restricted Cash	-	143	143
Receivables:			
Accounts Receivable	-	81	81
Interest Receivable	-	2	2
Due From Other Governments	37	3	40
	223	326	549
Total Current Assets			
<b>Noncurrent Assets:</b>			
Capital Assets:			
Depreciable, Net	71	-	71
	294	326	620
Total Assets			
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ -	\$ 1	\$ 1
Salaries and Benefits Payable	-	5	5
Compensated Absences - Current Portion	5	5	10
Developer and Other Agency Deposits	-	162	162
	5	173	178
Total Current Liabilities			
<b>Noncurrent Portion of Long-Term Liabilities:</b>			
Compensated Absences	16	19	35
	21	192	213
Total Liabilities			
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	71	-	71
Unrestricted	202	134	336
	273	134	407
Total Net Assets			
Total Liabilities and Net Assets	\$ 294	\$ 326	\$ 620

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**

For the Year Ended June 30, 2006

*(Amounts Expressed in Thousands)*

	Photogrammetry Operations	Encroachment Permits	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 389	\$ 307	\$ 696
<b>OPERATING EXPENSES</b>			
Personnel Services	166	183	349
Administrative Services	33	55	88
Services and Supplies	119	13	132
Depreciation	21	-	21
Total Operating Expenses	339	251	590
Operating Income (Loss)	50	56	106
<b>NONOPERATING REVENUES</b>			
Investment income	2	6	8
Change in Net Assets	52	62	114
Net Assets, Beginning of Year	221	72	293
Net Assets, End of Year	\$ 273	\$ 134	\$ 407

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Photogrammetry Operations	Encroachment Permits	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers/Other Funds	\$ 429	\$ 339	\$ 768
Cash Paid to Suppliers for Goods and Services	(152)	(68)	(220)
Cash Paid to Employees for Services	(160)	(180)	(340)
	117	91	208
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	2	5	7
	2	5	7
Net Increase (Decrease) in Cash and Cash Equivalents	119	96	215
Cash and Cash Equivalents, Beginning of Year	67	144	211
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 186</b>	<b>\$ 240</b>	<b>\$ 426</b>
<b>Reconciliation of Operating Loss to Net Cash Provided By (Used In) Operating Activities:</b>			
Operating Income (Loss)	\$ 50	\$ 56	\$ 106
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used In) Operating Activities:			
Depreciation	21	-	21
Changes in Operating Assets and Liabilities:			
Decrease (Increase) In:			
Accounts Receivable	77	(73)	4
Due from Other Governments	(37)	(3)	(40)
Increase (Decrease) In:			
Accounts Payable	-	1	1
Developer and Other Agency Deposits	-	108	108
Salaries and Benefits Payable	(5)	(5)	(10)
Compensated Absences	11	7	18
	117	91	208
Net Cash Provided by (Used in) Operating Activities	<b>\$ 117</b>	<b>\$ 91</b>	<b>\$ 208</b>



## **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 for revenues and expense 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 revenue and expenses related to the maintenance of the District's flood control facilities. Project maintenance services include weed abatement, repair and preventative maintenance of flood control facilities. These services are charged to the special revenue funds on a cost reimbursement basis.

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

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

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

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

June 30, 2006

*(Amounts Expressed in Thousands)*

	Hydrology Services	Garage	Project Maintenance
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Investments	\$ 157	\$ 445	\$ 205
Receivables:			
Accounts Receivable	-	-	-
Interest Receivable	-	-	-
Inventories	-	52	180
	157	497	385
<b>Noncurrent Assets:</b>			
Capital Assets:			
Depreciable, Net	-	2,079	-
	-	2,079	-
Total Noncurrent Assets	-	2,079	-
	-	2,079	-
Total Assets	\$ 157	\$ 2,576	\$ 385
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ -	\$ 331	\$ 7
Salaries and Benefits Payable	10	17	4
Compensated Absences - Current Portion	8	14	-
Due to Other Governments	-	-	1
	18	362	12
Total Current Liabilities	18	362	12
<b>Noncurrent Portion of Long-Term Liabilities:</b>			
Compensated Absences	30	49	1
	30	49	1
Total Liabilities	48	411	13
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	-	2,079	-
Unrestricted	109	86	372
	109	2,165	372
Total Net Assets	109	2,165	372
	109	2,165	372
Total Liabilities and Net Assets	\$ 157	\$ 2,576	\$ 385

<u>Mapping Services</u>	<u>Data Processing</u>	<u>Photography</u>	<u>Total</u>
\$ 449	\$ 2,680	\$ 526	\$ 4,462
4	-	15	19
4	20	4	28
-	-	-	232
<u>457</u>	<u>2,700</u>	<u>545</u>	<u>4,741</u>
<u>22</u>	<u>154</u>	<u>16</u>	<u>2,271</u>
<u>22</u>	<u>154</u>	<u>16</u>	<u>2,271</u>
<u>\$ 479</u>	<u>\$ 2,854</u>	<u>\$ 561</u>	<u>\$ 7,012</u>
\$ 2	\$ 60	\$ -	\$ 400
5	24	3	63
4	23	3	52
-	-	-	1
<u>11</u>	<u>107</u>	<u>6</u>	<u>516</u>
<u>16</u>	<u>80</u>	<u>10</u>	<u>186</u>
<u>27</u>	<u>187</u>	<u>16</u>	<u>702</u>
<u>22</u>	<u>154</u>	<u>16</u>	<u>2,271</u>
<u>430</u>	<u>2,513</u>	<u>529</u>	<u>4,039</u>
<u>452</u>	<u>2,667</u>	<u>545</u>	<u>6,310</u>
<u>\$ 479</u>	<u>\$ 2,854</u>	<u>\$ 561</u>	<u>\$ 7,012</u>

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**

For the Year Ended June 30, 2006

*(Amounts Expressed in Thousands)*

	Hydrology Services	Garage	Project Maintenance
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 526	\$ 1,938	\$ 543
<b>OPERATING EXPENSES</b>			
Personnel Services	293	471	10
Administrative Services	114	181	3
Services and Supplies	229	857	621
Depreciation	-	712	-
Total Operating Revenues	636	2,221	634
Operating Income (Loss)	(110)	(283)	(91)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	5	1	5
Gain on Sale of Capital Assets	-	28	-
Other	-	-	-
Total Nonoperating Revenues (Expenses)	5	29	5
Income (Loss) Before Transfers	(105)	(254)	(86)
Transfers In	-	179	-
Change in Net Assets	(105)	(75)	(86)
Net Assets, Beginning of Year	214	2,240	458
Net Assets, End of Year	\$ 109	\$ 2,165	\$ 372

<u>Mapping Services</u>	<u>Data Processing</u>	<u>Photography</u>	<u>Total</u>
\$ 310	\$ 2,199	\$ 252	\$ 5,768
150	767	92	1,783
56	261	28	643
104	885	103	2,799
35	56	17	820
345	1,969	240	6,045
(35)	230	12	(277)
14	79	16	120
-	-	-	28
-	-	-	-
14	79	16	148
(21)	309	28	(129)
-	-	27	206
(21)	309	55	77
473	2,358	490	6,233
<u>\$ 452</u>	<u>\$ 2,667</u>	<u>\$ 545</u>	<u>\$ 6,310</u>

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

	Hydrology Services	Garage	Project Maintenance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts from Interfund Services Provided	\$ 633	\$ 1,938	\$ 543
Cash Paid to Suppliers for Goods and Services	(348)	(749)	(657)
Cash Paid to Employees for Services	(286)	(466)	(6)
Net Cash Provided by (Used in) Operating Activities	(1)	723	(120)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers Received	-	179	-
Net Cash Provided by Noncapital Financing Activities	-	179	-
<b>CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES</b>			
Proceeds from Sale of Capital Assets	-	28	-
Capital Betterment Contributions	-	-	-
Acquisition and Construction of Capital Assets	-	(748)	-
Net Cash Used in Capital and Related Financing Activities	-	(720)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	5	1	6
Net Cash Provided by Investing Activities	5	1	6
Net Increase (Decrease) in Cash and Cash Equivalents	4	183	(114)
Cash and Cash Equivalents, Beginning of Year	153	262	319
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 157</b>	<b>\$ 445</b>	<b>\$ 205</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating Income (loss)	\$ (110)	\$ (283)	\$ (91)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	-	712	-
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in:			
Accounts Receivable	107	-	-
Inventories	-	(9)	(18)
Increase (Decrease) in:			
Accounts Payable	(5)	298	(16)
Salaries and Benefits Payable	2	-	4
Compensated Absences	5	5	-
Due to Other Governments	-	-	1
Net Cash Provided by (Used in) Operating Activities	\$ (1)	\$ 723	\$ (120)

Mapping Services	Data Processing	Photography	Total
\$ 315	\$ 2,199	\$ 260	\$ 5,888
(159)	(1,181)	(131)	(3,225)
<u>(152)</u>	<u>(769)</u>	<u>(91)</u>	<u>(1,770)</u>
4	249	38	893
-	-	27	206
-	-	27	206
-	-	-	28
-	-	-	-
<u>(6)</u>	<u>(53)</u>	<u>-</u>	<u>(807)</u>
<u>(6)</u>	<u>(53)</u>	<u>-</u>	<u>(779)</u>
12	67	15	106
12	67	15	106
10	263	80	426
<u>439</u>	<u>2,417</u>	<u>446</u>	<u>4,036</u>
<u>\$ 449</u>	<u>\$ 2,680</u>	<u>\$ 526</u>	<u>\$ 4,462</u>
\$ (35)	\$ 230	\$ 12	\$ (277)
35	56	17	820
5	-	8	120
-	-	-	(27)
1	(35)	-	243
(1)	(5)	(1)	(1)
(1)	3	2	14
<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<u>\$ 4</u>	<u>\$ 249</u>	<u>\$ 38</u>	<u>\$ 893</u>

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

Special assessment/improvement districts with debt without government obligation:

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

*Assessment District 4-3:* The assessment district was formed and bonds issued to finance the construction of flood control facilities designated as portions of Line S and Line R of the Master Drainage Plan for the Sunnymead area - Zone 4.

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

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

### Other Agency Funds

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

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

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



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

For the Year Ended June 30, 2006

(Amounts Expressed in Thousands)

District 4-2	Beginning Balance	Additions	Deletions	Ending Balance
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 781	\$ 310	\$ 283	\$ 808
Total Assets	<u>\$ 781</u>	<u>\$ 310</u>	<u>\$ 283</u>	<u>\$ 808</u>
<b>LIABILITIES</b>				
Matured Bonds Payable	\$ -	\$ 25	\$ -	\$ 25
Due to Bond Holders	781	285	283	783
Total Liabilities	<u>\$ 781</u>	<u>\$ 310</u>	<u>\$ 283</u>	<u>\$ 808</u>
<hr/>				
District 4-3				
<b>ASSETS</b>				
Cash and Investments	\$ 211	\$ 151	\$ 130	\$ 232
Taxes Receivable	6	11	6	11
Interest Receivable	1	2	1	2
Total Assets	<u>\$ 218</u>	<u>\$ 164</u>	<u>\$ 137</u>	<u>\$ 245</u>
<b>LIABILITIES</b>				
Due to Bondholders	\$ 218	\$ 164	\$ 137	\$ 245
Total Liabilities	<u>\$ 218</u>	<u>\$ 164</u>	<u>\$ 137</u>	<u>\$ 245</u>
<hr/>				
District 4-5				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 769	\$ 465	\$ 738	\$ 496
Total Assets	<u>\$ 769</u>	<u>\$ 465</u>	<u>\$ 738</u>	<u>\$ 496</u>
<b>LIABILITIES</b>				
Matured Bonds Payable	\$ -	\$ 35	\$ -	\$ 35
Due to Bondholders	769	430	738	461
Total Liabilities	<u>\$ 769</u>	<u>\$ 465</u>	<u>\$ 738</u>	<u>\$ 496</u>
<hr/>				
Elsinore Valley Benefit District - Zone 3				
<b>ASSETS</b>				
Cash and Investments with Fiscal Agents	\$ 2,183	\$ 684	\$ 594	\$ 2,273
Total Assets	<u>\$ 2,183</u>	<u>\$ 684</u>	<u>\$ 594</u>	<u>\$ 2,273</u>
<b>LIABILITIES</b>				
Due to Bondholders	\$ 2,183	\$ 684	\$ 594	\$ 2,273
Total Liabilities	<u>\$ 2,183</u>	<u>\$ 684</u>	<u>\$ 594</u>	<u>\$ 2,273</u>

**Riverside County Flood Control and Water Conservation District**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities - Continued**  
**Agency Funds**  
For the Year Ended June 30, 2006  
*(Amounts Expressed in Thousands)*

<u>SAMP Grant</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and Investments	\$ 21	\$ 1	\$ -	\$ 22
Total Assets	<u>\$ 21</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 22</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 21	\$ 1	\$ -	\$ 22
Total Liabilities	<u>\$ 21</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 22</u>
<u>Flood Stop Notices</u>				
<b>ASSETS</b>				
Cash and Investments	\$ 2	\$ 302	\$ 59	\$ 245
Total Assets	<u>\$ 2</u>	<u>\$ 302</u>	<u>\$ 59</u>	<u>\$ 245</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2	\$ 302	\$ 59	\$ 245
Total Liabilities	<u>\$ 2</u>	<u>\$ 302</u>	<u>\$ 59</u>	<u>\$ 245</u>
<u>Special Subdivision</u>				
<b>ASSETS</b>				
Cash and Investments	\$ 2,671	\$ 1,741	\$ 1,166	\$ 3,246
Total Assets	<u>\$ 2,671</u>	<u>\$ 1,741</u>	<u>\$ 1,166</u>	<u>\$ 3,246</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,671	\$ 1,741	\$ 1,166	\$ 3,246
Total Liabilities	<u>\$ 2,671</u>	<u>\$ 1,741</u>	<u>\$ 1,166</u>	<u>\$ 3,246</u>
<u>Total Agency Funds</u>				
<b>ASSETS</b>				
Cash and Investments	\$ 2,905	\$ 2,195	\$ 1,355	\$ 3,745
Cash and Investments with Fiscal Agents	3,733	1,459	1,615	3,577
Receivables:				
Taxes Receivable	6	11	6	11
Interest Receivable	1	2	1	2
Total Assets	<u>\$ 6,645</u>	<u>\$ 3,667</u>	<u>\$ 2,977</u>	<u>\$ 7,335</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,673	\$ 2,043	\$ 1,225	\$ 3,491
Matured Bonds Payable	-	60	-	60
Due to Bondholders	3,951	1,563	1,752	3,762
Due to Other Governments	21	1	-	22
Total Liabilities	<u>\$ 6,645</u>	<u>\$ 3,667</u>	<u>\$ 2,977</u>	<u>\$ 7,335</u>

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

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

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

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

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

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

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

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

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

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

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Total</b>
2001-02	\$ 22,633	\$ 22,633
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701

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

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

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

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

Page 1

	Fiscal Year				
	1997	1998	1999	2000	2001
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,231	1,197	1,544	2,155	1,562
Total general fund	<u>\$ 1,231</u>	<u>\$ 1,197</u>	<u>\$ 1,544</u>	<u>\$ 2,155</u>	<u>\$ 1,562</u>
All other governmental funds					
Reserved	\$ 1,171	\$ 461	\$ 103	\$ 60	\$ 76
Unreserved, reported in:					
Special revenue funds	68,559	70,454	75,653	81,223	98,095
Capital project fund	51	52	21	86	124
Total all other governmental funds	<u>\$ 69,781</u>	<u>\$ 70,967</u>	<u>\$ 75,777</u>	<u>\$ 81,369</u>	<u>\$ 98,295</u>

Source: CAFR - Balance Sheet for the Governmental Funds

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

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

Page 2

<b>Fiscal Year</b>					
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	
					General Fund
\$ 6	\$ 48	\$ 1	\$ 1	\$ 21	Reserved
<u>1,591</u>	<u>2,775</u>	<u>2,577</u>	<u>1,360</u>	<u>3,469</u>	Unreserved
<u>\$ 1,597</u>	<u>\$ 2,823</u>	<u>\$ 2,578</u>	<u>\$ 1,361</u>	<u>\$ 3,490</u>	Total general fund
					All other governmental funds
\$ 2,998	\$ 7,049	\$ 19,051	\$ 3,913	\$ 1,017	Reserved
108,072	113,398	104,904	118,699	133,481	Unreserved, reported in:
276	224	105	88	143	Special revenue funds
<u>\$ 111,346</u>	<u>\$ 120,671</u>	<u>\$ 124,060</u>	<u>\$ 122,700</u>	<u>\$ 134,641</u>	Total all other governmental funds

Source: CAFR - Balance Sheet for the Governmental Funds

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

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

Page 1

	Fiscal Year				
	1997	1998	1999	2000	2001
<b>Revenues</b>					
Property taxes	\$ 18,248	\$ 17,836	\$ 17,677	\$ 18,871	\$ 20,800
Special assessments	3,920	2,151	2,248	2,196	2,200
Inter-governmental	-	-	-	-	570
Charges for services	10,534	4,399	8,632	7,214	6,151
Area drainage fees	806	1,746	3,163	3,128	4,146
Interest income	3,007	3,604	3,546	3,572	5,804
Use of assets	569	675	413	420	821
Total revenues	<u>37,084</u>	<u>30,411</u>	<u>35,679</u>	<u>35,401</u>	<u>40,492</u>
<b>Expenditures</b>					
General government	4,128	4,334	3,742	3,891	5,345
Public ways and facilities	20,743	18,603	24,513	20,943	16,447
Capital outlay	992	2,103	459	2,897	924
Debt service:					
Principal	4,211	3,755	1,503	1,240	1,318
Interest	767	520	353	255	182
Total expenditures	<u>30,841</u>	<u>29,315</u>	<u>30,570</u>	<u>29,226</u>	<u>24,216</u>
Excess of revenues over (under) expenditures	6,243	1,096	5,109	6,175	16,276
<b>Other financing sources (uses)</b>					
Proceeds from bond issuance	-	-	-	-	-
Transfers in	2,926	2,021	2,108	1,848	2,165
Transfers out	(2,862)	(1,965)	(2,060)	(1,819)	(2,108)
Sale of Capital Assets					
Total other financing sources (uses)	<u>64</u>	<u>56</u>	<u>48</u>	<u>29</u>	<u>57</u>
Net change in fund balances	<u>\$ 6,307</u>	<u>\$ 1,152</u>	<u>\$ 5,157</u>	<u>\$ 6,204</u>	<u>\$ 16,333</u>
Debt service as a percentage of noncapital expenditures	20.02%	18.64%	6.57%	6.02%	6.88%



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

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

Page 2

<b>Fiscal Year</b>						
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>		
						<b>Revenues</b>
\$ 22,633	\$ 25,058	\$ 28,620	\$ 32,306	\$ 42,701		Property taxes
2,291	2,419	2,464	2,347	2,436		Special assessments
-	-	-	-	887		Inter-governmental
10,565	7,300	7,489	18,469	11,175		Charges for services
2,998	2,928	7,027	4,629	7,541		Area drainage fees
2,526	1,626	913	2,703	4,463		Interest income
1,044	4,998	671	121	73		Use of assets
<u>42,057</u>	<u>44,329</u>	<u>47,184</u>	<u>60,575</u>	<u>69,276</u>		Total revenues
						<b>Expenditures</b>
5,386	5,649	6,793	10,169	9,139		General government
20,700	25,447	36,285	51,680	42,699		Public ways and facilities
1,328	1,714	596	655	3,528		Capital outlay
						Debt service:
864	875	295	310	325		Principal
117	70	39	24	8		Interest
<u>28,395</u>	<u>33,755</u>	<u>44,008</u>	<u>62,838</u>	<u>55,699</u>		Total expenditures
13,662	10,574	3,176	(2,263)	13,577		Excess of revenues over (under) expenditures
						<b>Other financing sources (uses)</b>
-	-	-	-	-		Proceeds from bond issuance
1,216	1,189	374	369	1,945		Transfers in
(1,216)	(1,212)	(406)	(683)	(2,151)		Transfers out
<u>-</u>	<u>(23)</u>	<u>(32)</u>	<u>(314)</u>	<u>699</u>		Sale of Capital Assets
<u>-</u>	<u>(23)</u>	<u>(32)</u>	<u>(314)</u>	<u>493</u>		Total other financing sources (uses)
<u>\$ 13,662</u>	<u>\$ 10,551</u>	<u>\$ 3,144</u>	<u>\$ (2,577)</u>	<u>\$ 14,070</u>		Net change in fund balances
3.76%	3.04%	0.78%	0.54%	0.64%		Debt service as a percentage of noncapital expenditures

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

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Total</b>
1996-97	18,248	18,248
1997-98	17,836	17,836
1998-99	17,677	17,677
1999-00	18,871	18,871
2000-01	20,800	20,800
2001-02	22,633	22,633
2002-03	25,058	25,058
2003-04	28,620	28,620
2004-05	32,306	32,306
2005-06	42,701	42,701

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)*

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>			<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other</b>	<b>Other</b>	
2004-05	\$ 80,794,268	\$ 27,502,556	\$ 27,699,681	\$ 4,151,837	\$ 4,657,680
2005-06	\$ 124,594,705	\$ 33,091,453	\$ 42,964,130	\$ 4,704,815	\$ 5,109,755

Source:

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

Note:

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.

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

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

<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value <sup>1</sup></b>
\$ 135,490,662	1.00000	\$ 140,148,342	100%
\$ 200,245,348	1.00000	\$ 205,355,103	100%

**Riverside County Flood Control and Water Conservation District**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**  
*(Amounts Expressed in Thousands)*

<b>Overlapping Rates</b>							
<b>Fiscal Year</b>	<b>Flood Control Zone 1</b>	<b>County</b>		<b>School District</b>	<b>City of Riverside</b>	<b>Metro Water West</b>	<b>Total Direct &amp; Overlapping Rates</b>
		<b>Riverside County General</b>	<b>County Wide</b>				
1996-97	0.01416	-	1.00000	0.00000	0.00000	0.00890	1.00890
1997-98	0.01289	-	1.00000	0.00000	0.00000	0.00890	1.00890
1998-99	0.00000	-	1.00000	0.00000	0.00000	0.00890	1.00890
1999-00	0.00000	-	1.00000	0.00000	0.00000	0.00890	1.00890
2000-01	0.00000	-	1.00000	0.00000	0.00000	0.00880	1.00880
2001-02	0.00000	-	1.00000	0.00000	0.00000	0.00770	4.00000
2002-03	0.00000	-	1.00000	0.05000	0.00000	0.00670	1.05670
2003-04	0.00000	-	1.00000	0.04993	0.00000	0.00610	1.05603
2004-05	0.00000	-	1.00000	0.05848	0.01092	0.00580	1.07520
2005-06	0.00000	-	1.00000	0.05854	0.00861	0.00520	1.07235

Source: Auditor-Controller - Pam Elias, County of Riverside

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 2.841% of the county-wide rate in Tax Rate Area 9.

**Riverside County Flood Control and Water Conservation District**  
**Principal Property Taxpayers**  
**June 30, 2006**  
*(Amounts Expressed in Thousands)*

Taxpayer	2006			2005		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Southern California Edison Company	\$ 8,678,652	1	0.41%	7,276,217	2	0.42 %
Verizon California, Inc.	7,241,576	2	0.34%	7,460,597	1	0.43%
Centex Homes	7,056,559	3	0.33%	5,251,602	3	0.30%
Pulte Home Corp.	5,399,925	4	0.25%	3,221,464	6	0.18%
KB Home Coastal Inc.	3,742,846	5	0.18%	3,924,480	4	0.22%
Southern California Gas Company	3,737,194	6	0.18%	3,621,273	5	0.21%
Ryland Homes of California Inc	3,557,615	7	0.17%			-
Western Pacific Housing Inc	3,265,688	8	0.15%	2,173,540	13	0.12%
Blythe Energy, LLC	3,007,791	9	0.14%	3,099,533	7	0.18%
Wolf Creek Dev	2,567,078	10	0.12%	-		-
Standard Pacific Corp	2,556,761	11	0.12%	-		-
KSL Desert Resorts Inc.	2,402,397	12	0.11%	2,448,692	9	0.14%
DS Hotel	2,265,038	13	0.11%	2,303,353	11	0.13%
Tyler Mall Ltd Partnership	2,236,256	14	0.11%	2,220,735	12	0.13%
Lennar Homes of California Inc.	2,174,225	15	0.10%	-		-
Pardee Grossman Cottonwood Canyon	-		-	2,906,539	8	0.17%
Murdy S.P.	-		-	2,338,759	10	0.13%
Costco Wholesale Corporation	-		-	1,634,161	14	0.09%
Starwood Mission Hills CMBS	-		-	1,620,722	15	0.09%
Totals	<u>\$ 59,889,601</u>		<u>2.82%</u>	<u>\$ 45,908,025</u>		<u>2.94%</u>

Source: County Treasurer-Tax Collector

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

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

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year (1)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount (2)</b>	<b>Percent of Levy</b>
1996-97	16,897	16,724	0.99	-	16,724	0.99
1997-98	16,869	16,296	0.97	-	16,296	0.97
1998-99	15,406	15,894	1.03	-	15,894	1.03
1999-00	16,113	16,902	1.05	-	16,902	1.05
2000-01	17,531	18,352	1.05	-	18,352	1.05
2001-02	21,108	20,494	0.97	-	20,494	0.97
2002-03	23,611	22,380	0.95	-	22,380	0.95
2003-04	27,437	23,168	0.84	-	23,168	0.84
2004-05	33,125	26,882	0.81	-	26,882	0.81
2005-06	41,048	31,566	0.77	-	31,566	0.77

Notes:

- (1) Based on information available within the Auditor Controller's Office on November 15, 2006.
- (2) Includes current and prior year's redemption, penalties and interest.

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

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

- Sources: (1) CAFR - Long-term debt schedule  
(2) Assessor, County of Riverside - Assessed valuations are reported for the Riverside County Flood Control District.

CAFR's prior to 1995 reported assessed valuations for all of Riverside County.

Note: Detail regarding the District's outstanding debt can be found in the notes to the financial statements.

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

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



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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property <sup>1</sup></b>	<b>Per Capita <sup>2</sup></b>
1996-97	10,277	1,171	\$ 9,106.00	0.02%	6.60
1997-98	6,675	461	\$ 6,214.00	0.01%	4.31
1998-99	5,090	103	\$ 4,987.00	0.01%	3.38
1999-00	3,900	60	\$ 3,840.00	0.01%	2.52
2000-01	2,635	76	\$ 2,559.00	0.00%	1.59
2001-02	1,805	239	\$ 1,566.00	0.00%	0.95
2002-03	930	242	\$ 688.00	0.00%	0.40
2003-04	635	242	\$ 393.00	0.00%	0.22
2004-05	325	242	\$ 83.00	0.00%	0.04
2005-06	-	-	\$ -	-	-

Sources: State of California, Department of Finance

<sup>1</sup> Calculation based on assessed valuations reported for the Riverside County Flood Control District only. CAFR's prior to 1995 reported assessed valuations for all of Riverside County.

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics on pages 97 - 98.

**Riverside County Flood Control and Water Conservation District**  
**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2006

*(Amounts Expressed in Thousands)*

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt	-	0%	\$ -
Flood Control direct debt			
1995 Negotiable Promissory Note, Zone 6			-
Total direct and overlapping debt			\$ -

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed Value	\$ 152,417,361
Add back: exempt real property	<u>\$ -</u>
Total assessed value	<u>\$ 152,417,361</u>
Debt limit (lesser of 2% of assessed valuation or \$21,000)	\$ 21,000
Debt applicable to limit:	
General obligation debt	-
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 21,000</u>

Notes:

- (1) Source: Assessor, County of Riverside - District only assesses valuation note.
- (2) Excludes voter approved, land based and special assessments debt and up to \$475 debt for administrative facilities.
- (3) Debt limit (lesser of 2% of assessed valuation or \$21,000):

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

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

<b>Special Assessment Bonds</b>				
<b>Fiscal Year</b>	<b>Special Assessment Collections</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2005	\$ 1,191,865	\$ 605,000	\$ 301,869	1.31
2006	\$ 1,045,962	\$ 662,930	\$ 478,659	0.92

Source: US Bank Statements & Debt Service Schedule for 4-3

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

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>	<b>Education Level in Years of Formal Schooling (4)</b>
1996-97	1,380,000	\$ -	\$ 19,950		
1997-98	1,441,200	\$ -	\$ 20,645		
1998-99	1,473,300	\$ -	\$ 22,451		
1999-00	1,522,855	\$ -	\$ 23,271		
2000-01	1,609,356	\$ -	\$ 24,957		
2001-02	1,644,341	\$ -	\$ 25,099		
2002-03	1,705,500	\$ -	\$ 25,691		
2003-04	1,776,700	\$ -	\$ 24,814		
2004-05	1,871,950	\$ 44,627,329	\$ 25,032	32	16.6%
2005-06	1,911,281	\$ 49,443,185	\$ 23,478	32	16.6%

- Source:
- (1) U.S. Census Bureau
  - (2) U.S. Department of Commerce - Bureau of Economic Analysis
  - (3) State of California, Employment Development Department
  - (4) California Department of Education
  - (5) State of California, Labor Market Information

Last ten years data not available. The District implemented GASB fiscal year 2004-2005. Personal Income, Median Age, Education Level in Years of Formal Schooling categories added in FY04-05.

<b><u>School Enrollment (4)</u></b>	<b><u>Unemployment Rate Percent (5)</u></b>
285,591	7.2
285,516	6.2
295,229	5.5
307,393	5.9
319,910	5.0
333,330	5.8
349,607	6.2
364,857	5.8
380,964	5.4
395,183	4.9

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

Employer	2006			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
County of Riverside	17,236	1	28.33%	15,740	1	30.33%
March Air Reserve Base	9,943	2	16.34%	6,800	2	13.10%
University of California, Riverside	6,884	3	11.32%	5,336	3	10.28%
Riverside Unified School District	4,000	4	6.57%	3,553	4	6.85%
Riverside Community College	3,350	5	5.51%	1,477	12	2.85%
Wal-Mart	2,650	6	4.36%	2,650	6	5.11%
City of Riverside	2,600	7	4.27%	2,642	7	5.09%
Kaiser Permanente Medical Care	2,546	8	4.18%	1,700	10	3.28%
Riverside County Regional Medical Center	2,400	9	3.94%	2,400	8	4.62%
Countywide Ralphs Grocery Cmpy	2,290	10	3.76%	2,720	5	5.24%
Alvord Unified School District	1,669	11	2.74%	1,200	14	2.31%
Riverside County Office of Education	1,521	12	2.50%	1,521	11	2.93%
Riverside Community Hospital	1,450	13	2.38%	1,053	15	2.03%
The Press Enterprise Co.	1,200	14	1.97%	1,300	13	2.51%
SBC/ Pacific Bell	1,100	15	1.81%	1,800	9	3.47%
Total	60,839		100.00%	51,892		100.00%

Source: Riverside Chamber of Commerce

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

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

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

<b>Function</b>	<b>Full-time Equivalent Employees as of June 30</b>	
	<b>2005</b>	<b>2006</b>
General government		
Inspection	8	9
Administration	44	34
Public ways & facilities		
Engineering	65	70
Maintenance	50	56
NPDES	11	12
Photogrammetry operations	1	2
Subdivision operations	21	23
Enroachment permits	3	2
Hydrology services	3	4
Garage-Fleet operations	5	6
Mapping services	2	2
Data processing	10	10
Photography	1	1
<b>Total</b>	<b>224</b>	<b>231</b>

Source: Riverside County Flood Control and Water Conservation District Annual Informational Budget

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



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

<b>Function</b>	<b>Fiscal Year</b>	
	<b>2005</b>	<b>2006</b>
General government		
Inspection services	200	256
Public ways and facilities		
Maintenance projects	1,032	969
Construction projects	293	152
NPDES - Santa Ana		
Public Education Outreach events	30	34
NPDES - Santa Margarita		
Public Education Outreach events	6	4
NPDES - Whitewater		
Public Education Outreach events	4	8
Photogrammetry operations	16	36
Subdivision operations		
Plan check cases processed	549	590
Flood plains cases processed	562	470
Enroachment permits		
Permits - Issuance and Inspection	49	161

Sources: Various sections within the District

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

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

<b>Function</b>	<b>Fiscal Year</b>	
	<b>2005</b>	<b>2006</b>
General Government		
Buildings and improvements	1	2
Equipment	39	28
Public ways and facilities		
Infrastructure		
Basins	6	-
Channels	14	15
Levees	2	1
Storm Drains	34	87

Source: Flood Control Budget Section

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