

RUBIDOUX COMMUNITY SERVICES DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

June 30, 2011

RUBIDOUX COMMUNITY SERVICES DISTRICT

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MELLON, JOHNSON & REARDON

CERTIFIED PUBLIC ACCOUNTANTS, LLP

American Institute of Certified Public Accountants - Private Companies Practice Section
California Society of Certified Public Accountants

Robert I. Mellon, CPA
Rex F. Johnson, CPA
Walter F. Reardon, CPA
1931 – 2009

INDEPENDENT AUDITOR'S REPORT

Charles E. Wessman, CPA
Steven H. Spears, CPA
Gregory R. Barragar, CPA, M. Tax

Board of Directors
Rubidoux Community Services District
Rubidoux, California

George A. Arzoo, CPA
Helene W. Blumner, CPA
Jason W Burke, CPA
Amanda C. Dade, CPA
Lee M. Gardner, CPA
Vanessa M. Hayden, CPA, CFE

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rubidoux Community Services District (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rubidoux Community Services District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Ian F. Hollick, CPA
Lee D. Kimmel, CPA
Krysta M. Krall, CPA
Geoffrey D. Kramer, CPA, CFF
Santiago Martinez, CPA
Diana N. Peterson, CPA
Brenda D. Pruden, CPA
Erin N. Robbins, CPA
Tamara S. Sipos, CPA, PFS
Eric E. Teuber, CPA

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities, component units, each major fund, and the aggregate remaining fund information of Rubidoux Community Services District, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulatory governing special districts.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Rubidoux Community Services District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rubidoux Community Services District's financial statements as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on it.

Mellon, Johnson + Reardon, LLP

Ontario, California
October 6, 2011

RUBIDOUX COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

Our discussion and analysis of Rubidoux Community Services District's (RCSD or District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The District's net assets decreased (1.8%) to \$53.6 million (from \$54.6 million) as a result of this year's operations and non-operating activities, including capital contributions.

The District's net asset changes from current period activities is illustrated as follows:

	Governmental		Water		Sewer		Solid Waste Disposal		Total	
	\$ (Millions)	%	\$ (Millions)	%	\$ (Millions)	%	\$ (Millions)	%	\$ (Millions)	%
Operating activity/revenue	(2.2)	(4.0)	(1.0)	(1.8)	(0.6)	(1.1)	0.1	0.1	(3.7)	(6.8)
Non-operating activity:										
Capital contributions	-	-	-	-	-	-	-	-	-	-
Other	2.5	4.6	0.3	0.6	0.1	0.1	(0.2)	(0.3)	2.7	5.0
Total	<u>0.3</u>	<u>0.6</u>	<u>(0.7)</u>	<u>(1.2)</u>	<u>(0.5)</u>	<u>(1.0)</u>	<u>(0.1)</u>	<u>(0.2)</u>	<u>(1.0)</u>	<u>(1.8)</u>

- ♦ During the year, the District's expenses exceeded its total sources of revenues and capital contributions by (\$1.0) million.
- ♦ Total revenues and capital contributions from all sources amounted to \$13.4 million.
- ♦ The cost of all District activities amounted to \$14.3 million.
- ♦ Operationally, the Water Fund used (\$.5) million, Sewer Fund (\$.6) million and the Solid Waste Disposal Fund \$.1 million to decrease net assets. The total Governmental activities increased \$.1 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities and Changes in Net Assets provide information about the activities and performance of the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

RUBIDOUX COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2011

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets:

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the District as a whole and about its activities in a way that help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues, capital contributions and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the District's property tax base and the types of grants the District applies for to assess the *overall financial health* of the District.

These two statements are presented in three different reporting categories, as follows:

- The first reporting measure is *district-wide* financial statements that provide both *long-term* and *short-term* information about the District's *overall* financial status - for both governmental and proprietary funds. The district-wide financial statements combine the structures of the two fund types used by the District - Governmental and Proprietary Funds.
- The next reporting measure reflects *governmental funds* statements that tell how *general government* administration and services were financed in the short-term as well as what remains for future spending.
- The third and final reporting measure is *proprietary fund* statements that offer *short* and *long-term* financial information about the activities the District operates like businesses, such as the water, sewer, and solid waste disposal operations.

The governmental fund activities encompass general administrative responsibilities as well as administrative recording of fire protection and weed abatement efforts. Resultant financial data for these services, reflected in these financial statements, represents the net benefits flowing to the District.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 39.

RUBIDOUX COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2011

THE DISTRICT AS A WHOLE

Our analysis focuses on the assets (Table 1) and changes in net assets (Table 2) of the District's enterprise activities.

Table 1
Net Assets (in Millions)

	Proprietary Funds				
	Governmental Activities	Water	Sewer	Solid Waste Disposal	Total
Current and other assets	\$ 3.5	\$ 10.2	\$ 6.2	\$ 0.2	\$ 20.1
Capital assets	4.6	17.7	21.0	-	43.3
Total Assets	<u>8.1</u>	<u>27.9</u>	<u>27.2</u>	<u>0.2</u>	<u>63.4</u>
Long-term debt outstanding	-	7.1	0.1	-	7.2
Other liabilities	1.4	1.0	0.2	-	2.6
Total Liabilities	<u>1.4</u>	<u>8.1</u>	<u>0.3</u>	<u>-</u>	<u>9.8</u>
Net Assets:					
Invested in capital assets, net of debt	4.6	10.2	21.0	-	35.8
Restricted for:					
Debt service	-	2.1	-	-	2.1
Capital projects	1.0	3.2	1.9	-	6.1
Unrestricted	1.1	4.3	4.0	0.2	9.6
Total Net Assets	<u>\$ 6.7</u>	<u>\$ 19.8</u>	<u>\$ 26.9</u>	<u>\$ 0.2</u>	<u>\$ 53.6</u>

The District's net asset decrease of (1.8%) to \$53.6 million comes from the change in net assets as recorded in the Statement of Activities and Changes in Net Assets and flows through to the Statement of Net Assets.

- Overall district-wide capital assets decreased (\$.7) million (primarily due to capitalized assets, less depreciation), as follows:

<u>Asset Type</u>	(In Millions)
Land	\$ -
Structures and improvements	0.8
Equipment	0.1
Construction in progress	0.1
Total Additions	1.0
Less depreciation	(1.7)
Capital Asset Decrease	\$ (0.7)

- Long-term sewer debt decreased (\$1.5) million due to principal payments or retirement on sewer bonded debt and water certificates of participation (\$355,402), and repayment of notes payable of (\$1,561,021). A new note payable in the amount of \$411,766 was issued for construction financing for the Leland J. Thompson Water Treatment Facility.
- Restricted net assets decreased (\$.8) million as a result of payment of debt and decreased (\$1.7) million as a result of capital replacement, capacity fees, and contributed capital.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, increased \$2.3 million and amounted to \$9.6 million. Unrestricted net assets in the sewer fund increased \$1.6 million due to FEMA funds received during the current year.

RUBIDOUX COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2011

Table 2
Changes in Net Assets
Current Period Activity (in Millions)

	Governmental Activities	Proprietary Funds			Total
		Water	Sewer	Solid Waste Disposal	
Revenue:					
Operating revenue:					
Charges for services	\$ 1.5	\$ 4.5	\$ 2.1	\$ 2.5	\$ 10.6
Property taxes	2.3	-	-	-	2.3
Other revenue:					
Contributed capital	-	-	-	-	-
Investment revenue	-	0.1	-	-	0.1
Other	-	0.2	0.1	-	0.3
Total Revenue	<u>3.8</u>	<u>4.8</u>	<u>2.2</u>	<u>2.5</u>	<u>13.3</u>
Expenses:					
Operating	3.7	5.0	2.7	2.4	13.8
Interest	-	0.4	-	-	0.4
Other	-	-	-	-	-
Total Expenses	<u>3.7</u>	<u>5.4</u>	<u>2.7</u>	<u>2.4</u>	<u>14.2</u>
Increase (Decrease) in Net Assets	\$ <u>0.1</u>	\$ <u>(0.6)</u>	\$ <u>(0.5)</u>	\$ <u>0.1</u>	\$ <u>(0.9)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S UNRESTRICTED CASH

At year-end the District reported combined unrestricted cash balances of \$8.2 million, which is an increase of \$.5 million or 6.0% from last year. Note 5 of the financial statements provide additional detail on cash balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Rubidoux Community Services District budget is prepared annually. Over the course of the year, the Board reviews and revises its budget to reflect changes in programs, funding, and expenditure estimates. During fiscal year 10/11 no revisions were made to the District's general budget.

An analysis of the District's budget versus actual is provided as a supplemental statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual in Exhibit F.

The favorable variance of \$404,679 in property tax revenue is due to the stabilization of California property tax assessments. The unfavorable variance in other revenue is primarily due to the District's budgetary process. The District includes its net cash reserve of \$125,524 in other revenue, which is 99.9% of the variance.

The unfavorable variance of \$91,592 in expenditures is primarily due to the District's increase in salaries and capital outlay. Salaries expenditures increased \$41,081, services and supplies decreased \$7,368, while capital outlays increased \$140,170, which is strictly depreciation, and contract services for the fire department expenditures decreased \$82,291 as compared to budget.

RUBIDOUX COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had \$43.2 million invested in a broad range of capital assets for infrastructure and facilities. (See Table 3 below.) This amount represents a net decrease of (\$0.7) million, or 1.59%, below last year.

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities	Proprietary Funds		Total District- Wide
		Water	Sewer	
Land	\$ 0.3	\$ 0.5	\$ -	\$ 0.8
Structures and improvements	3.7	24.0	35.5	63.2
Equipment	1.3	1.2	0.3	2.8
Construction in progress	0.2	0.6	-	0.8
Accumulated depreciation	(1.0)	(8.6)	(14.8)	(24.4)
Total	\$ 4.5	\$ 17.7	\$ 21.0	\$ 43.2

Debt

At June 30, 2011, the District had \$7.2 million in bonds, certificates of participation, notes outstanding versus \$9.2 million last year - a decrease of (21.74%) - as shown in Table 4.

Table 4
Outstanding Debt, at Year-End
(in Millions)

	Governmental Activities	Proprietary Funds		Total District- Wide
		Water	Sewer	
Bonds payable / certificates of participation	\$ -	\$ 7.1	\$ -	\$ 7.1
Notes payable	-	-	0.1	0.1
Total	\$ -	\$ 7.1	\$ 0.1	\$ 7.2

ECONOMIC FACTORS AND NEXT YEAR'S COMMENTS

There are several factors influencing the economy of the Rubidoux Community Services District (District). Although drought conditions have technically been lifted, the District continues to stress conservation efforts. Cooler weather and the state of the Federal and State economies are lessening the demand for water. The receipt of property taxes has stabilized, allowing the District to achieve a balanced budget.

The downturn in the economy has slowed proposed development, delaying the District's ability to add additional service connections. Emerald Meadows Ranch Properties, a community of 1000+ homes, commercial stores, parks, schools, etc. on approximately 260 acres on the southeast corner of highway 60 and Rubidoux Blvd., has stalled until the economy improves. A Mello-Roos agreement with Jurupa Unified School District as lead agency would have facilitated payment of the fees to the District upon initiation of the project.

RUBIDOUX COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

June 30, 2011

ECONOMIC FACTORS AND NEXT YEAR'S COMMENTS (Continued)

The Rio Vista Project is another proposed project in suspension. It included construction of approximately 1,700+ homes north of Highway 60. Annexing the land through the LAFCO process would have enabled the District to provide water services to the entire project and sewer conveyance to the easterly portion.

Design of a new six million gallon reservoir on District property located near Sedona Avenue has been deferred. The project involves design and construction in the District's Atkinson pressure zone. Expected cost is \$2.7 million.

In the January, 2005 storms, the District experienced an extraordinary event with the Santa Ana River washing away approximately 1,500 linear feet of sewer pipeline. The permanent facilities are complete, but the close-out and final funding from the original \$11.0+ million Federal and State funding assistance has not been completed.

An additional manganese removal plant is being constructed for treatment of water from Wells 17 and 18. It will increase the volume of potable water and improve water quality. The design and construction estimated at \$5.6 million is being funded by a 2.57% State Safe Drinking Water Revolving Loan.

Design has been completed on the Pacific Avenue 16" and 12" water pipelines. These lines are needed to replace old lines and to better convey water through the system. Construction is being timed to coincide with the County's plan to repave the street, eliminating duplication of efforts. The cost estimate is \$1,600,000.

The District anticipates the design and construction of a 24" Mission Blvd waterline from Carrera to Goldenwest to commence next fiscal year. Cost estimate is \$1.5 million. Also budgeted for the coming year are the JCSD interconnection, the Troyer blending booster and pipeline, and improvements to the Goldenwest booster station totaling \$950,000.

Waterline replacement projects on 36th and Smith, Skyview, and Mission Blvd. are complete. The remaining replacement projects on Garces, Humble, and Morey Way are budgeted for \$207,000 in FY 2011/2012.

Replacement of the Jurupa Hills lift station is expected to commence next fiscal year. The cost estimate is \$350,000. Design of new 16" and 12" sewer pipelines in the Tilton/42nd Street area and the feasibility study and investigation of the 60 Freeway sewer crossing at Avalon are expected to commence. These will replace existing problem lines and increase sewer capacity. These are budgeted for FY 2011/2012 at \$80,000.

Other budgeted items for next year include the design/environmental for a new field/administration building to be located on a 2+ acre parcel at the terminus of 36th Street. Also anticipated is the acquisition of a Type 1 fire engine. These items are budgeted for FY 2011-2012 at \$500,000 and \$600,000, respectively.

This past spring, the City of Jurupa Valley was incorporated. Planning and permits will now go through the City of Jurupa Valley instead of the County of Riverside. There are no changes operationally or fiscally to the District due to the incorporation of the City.

Management continues to be proactive in planning for future growth with new and replacement infrastructure. Enrichment of these District assets will provide for continued solid financial strength into the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to show the District's commitment to accountability. If you have any questions about this report or need additional financial information, contact the District's Accounting Department, at Rubidoux Community Services District, 3590 Rubidoux Blvd., Jurupa Valley, CA 92509.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF NET ASSETS - DISTRICT-WIDE

June 30, 2011

Exhibit A
Page 1 of 2

	District-Wide		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash (Note 5)	\$ 602,668	\$ 450,413	\$ 1,053,081
Imprest cash (Note 5)	-	1,200	1,200
Local Agency Investment Funds (LAIF) (Note 5)	1,233,598	5,892,464	7,126,062
Accounts receivable, net (Note 7)	144,018	922,374	1,066,392
Due from other funds (Note 10)	482,116	(482,116)	-
Interest receivable	3,396	17,091	20,487
Receivable from FEMA/OES	-	2,223,220	2,223,220
Inventory	-	28,589	28,589
Prepayments and deposits	27,496	24,033	51,529
Total Current Assets	2,493,292	9,077,268	11,570,560
CAPITAL ASSETS, NET (NOTE 8)	4,571,297	38,708,694	43,279,991
OTHER ASSETS			
Bond issuance cost	-	279,464	279,464
Certificates of participation issuance cost, net	-	117,911	117,911
Restricted assets - cash (Notes 3 and 5)	1,043,223	6,521,772	7,564,995
Restricted assets - reserve funds (Notes 3 and 5)	-	731,532	731,532
Total Other Assets	1,043,223	7,650,679	8,693,902
Total Assets	8,107,812	55,436,641	63,544,453

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF NET ASSETS - DISTRICT-WIDE

June 30, 2011

Exhibit A
Page 2 of 2

	District-Wide		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 735,697	\$ 595,157	\$ 1,330,854
Customer deposits	8,818	18,242	27,060
Current portion of long-term debt:			
Bonds payable/certificates of participation (Note 2)	-	355,402	355,402
Notes payable (Note 4)	-	13,564	13,564
Interest payable	-	32,713	32,713
Compensated absences (Note 9)	651,214	261,167	912,381
Total Current Liabilities	<u>1,395,729</u>	<u>1,276,245</u>	<u>2,671,974</u>
Long-Term Debt			
Bonds payable/certificates of participation (Note 2)	-	6,697,912	6,697,912
Notes payable (Note 4)	-	506,713	506,713
Total Long-Term Debt	<u>-</u>	<u>7,204,625</u>	<u>7,204,625</u>
Total Liabilities	<u>1,395,729</u>	<u>8,480,870</u>	<u>9,876,599</u>
NET ASSETS			
Investment in capital assets, net of related debt	4,571,297	31,243,614	35,814,911
Restricted for:			
Debt service	-	2,119,524	2,119,524
Capital projects	1,043,223	5,133,780	6,177,003
Unrestricted	1,097,562	8,458,851	9,556,413
TOTAL NET ASSETS	<u>\$ 6,712,082</u>	<u>\$ 46,955,769</u>	<u>\$ 53,667,851</u>

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - DISTRICT-WIDE
For the Year Ended June 30, 2011

Function / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Exhibit B
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities:								
Administrative and support	\$ 2,105,984	\$ 1,533,154	\$ -	\$ -	\$ (572,830)	\$ -	\$ (572,830)	
Contracted services	1,587,933	-	-	-	(1,587,933)	-	(1,587,933)	
Total Governmental Activities	3,693,917	1,533,154	-	-	(2,160,763)	-	(2,160,763)	
Business-Type Activities:								
Water utility	5,464,415	4,491,359	-	-	-	(973,056)	(973,056)	
Sewer utility	2,759,906	2,108,810	-	-	-	(651,096)	(651,096)	
Solid waste disposal	2,466,859	2,543,111	-	-	-	76,252	76,252	
Total Business-Type Activities	10,691,180	9,143,280	-	-	-	(1,547,900)	(1,547,900)	
Total Primary Government	\$ 14,385,097	\$ 10,676,434	\$ -	\$ -	(2,160,763)	(1,547,900)	(3,708,663)	
General Revenues								
Property taxes					2,336,479	-	2,336,479	
Investment earnings					10,840	68,579	79,419	
Other non-operating revenue					-	307,672	307,672	
Total General Revenues					2,347,319	376,251	2,723,570	
Changes in Net Assets-Before Transfer					186,556	(1,171,649)	(985,093)	
Transfers In/(Out)					210,991	(210,991)	-	
Change in Net Assets					397,547	(1,382,640)	(985,093)	
Net Assets, July 1, 2010					6,314,535	48,338,409	54,652,944	
Net Assets, June 30, 2011					\$ 6,712,082	\$ 46,955,769	\$ 53,667,851	

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

Exhibit C

	Governmental Funds		
	General	Fire Protection / Weed Abatement	Total
ASSETS			
Current Assets			
Cash (Note 5)	\$ 602,668	\$ -	\$ 602,668
Local Agency Investment Funds (LAIF) (Note 5)	1,233,598	-	1,233,598
Accounts receivable, net (Note 7)	135,455	8,563	144,018
Due from other funds (Note 10)	482,116	-	482,116
Interest receivable	3,396	-	3,396
Prepayments and deposits	27,496	-	27,496
Total Current Assets	2,484,729	8,563	2,493,292
OTHER ASSETS			
Restricted assets - cash (Notes 3 and 5)	-	1,043,223	1,043,223
Total Other Assets	-	1,043,223	1,043,223
TOTAL ASSETS	\$ 2,484,729	\$ 1,051,786	\$ 3,536,515
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ 268,717	\$ 466,980	\$ 735,697
Customer deposits	8,818	-	8,818
Total Current Liabilities	277,535	466,980	744,515
Fund Balances			
Committed		1,043,223	1,043,223
Unassigned	2,207,194	(458,417)	1,748,777
Total Fund Balances	2,207,194	584,806	2,792,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,484,729	\$ 1,051,786	\$ 3,536,515

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended June 30, 2011

	Exhibit D
REVENUE	
Property taxes and weed abatement	\$ 2,336,479
Other revenue	43,993
Total Revenue	<u>2,380,472</u>
EXPENDITURES	
Administration	455,813
Fire	1,587,933
Capital outlay	150,170
Total Expenditures	<u>2,193,916</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>186,556</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers in	1,323,426
Operating transfers out	<u>(1,112,435)</u>
Total Other Financing Sources (Uses)	<u>210,991</u>
NET CHANGE IN FUND BALANCE	397,547
FUND BALANCE, JULY 1, 2010	<u>2,394,453</u>
FUND BALANCE, JUNE 30, 2011	<u>\$ 2,792,000</u>

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2011

	<u>Exhibit E</u>
TOTAL FUND BALANCES - GOVERNMENT FUNDS (EXHIBIT C)	\$ 2,792,000
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,571,297
Long-term liabilities and compensated absences have not been included in the governmental funds activity:	
Compensated absences	<u>(651,215)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT G)	<u>\$ 6,712,082</u>

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

SUPPLEMENTAL INFORMATION - STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS AND RECONCILIATION WITH STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended June 30, 2011

Exhibit F

	Governmental Activities		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Property taxes	\$ 1,931,800	\$ 2,336,479	\$ 404,679
Other revenue	170,524	43,993	(126,531)
Total Revenue	2,102,324	2,380,472	278,148
EXPENDITURES			
Administrative:			
Salaries and benefits (including pension)	1,441,000	1,482,081	(41,081)
Services and supplies	481,100	473,732	7,368
Capital outlays	10,000	150,170	(140,170)
Other	(1,500,000)	(1,500,000)	-
Fire department:			
Contract services	1,670,224	1,587,933	82,291
Total Expenditures	2,102,324	2,193,916	(91,592)
EXCESS OF EXPENDITURES OVER REVENUE	-	186,556	186,556
CHANGE IN FUND BALANCE	\$ -	\$ 186,556	\$ 186,556
CHANGE IN FUND BALANCE RECONCILED WITH EXHIBIT H			
Change in fund balance above			\$ 186,556
Amounts reported for governmental activities on the statement of net assets 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 as depreciation expense.			
Capital outlay			150,170
Depreciation			(150,170)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds.			
Net transfers			210,991
CHANGE IN FUND BALANCE - EXHIBIT H			\$ 397,547

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS

June 30, 2011

Exhibit G

	Governmental Funds		
	General	Fire Protection / Weed Abatement	Total
ASSETS			
Current Assets			
Cash (Note 5)	\$ 602,668	\$ -	\$ 602,668
Local Agency Investment Funds (LAIF) (Note 5)	1,233,598	-	1,233,598
Accounts receivable, net (Note 7)	135,455	8,563	144,018
Due from other funds (Note 10)	482,116	-	482,116
Interest receivable	3,396	-	3,396
Prepayments and deposits	27,496	-	27,496
Total Current Assets	2,484,729	8,563	2,493,292
CAPITAL ASSETS, NET (NOTE 8)	4,571,297	-	4,571,297
OTHER ASSETS			
Restricted assets - cash (Notes 3 and 5)	-	1,043,223	1,043,223
Total Other Assets	-	1,043,223	1,043,223
Total Assets	7,056,026	1,051,786	8,107,812
LIABILITIES			
Current Liabilities			
Accounts payable	268,717	466,980	735,697
Customer deposits	8,818	-	8,818
Compensated absences (Note 9)	651,214	-	651,214
Total Current Liabilities	928,749	466,980	1,395,729
NET ASSETS			
Investment in capital assets	4,571,297	-	4,571,297
Restricted for:			
Capital projects	-	1,043,223	1,043,223
Unrestricted	1,555,979	(458,417)	1,097,562
TOTAL NET ASSETS	\$ 6,127,276	\$ 584,806	\$ 6,712,082

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended June 30, 2011

Exhibit H

	Governmental Funds		
	General	Fire Protection / Weed Abatement	Total
REVENUE			
Property taxes and weed abatement	\$ 2,303,523	\$ 32,955	\$ 2,336,478
Licenses and permits	7,277	-	7,277
Interest	10,840	-	10,840
Other revenue	25,877	-	25,877
Total Revenue	2,347,517	32,955	2,380,472
EXPENDITURES			
Salaries and benefits (including pension)	1,482,081	-	1,482,081
Contract services	-	1,587,933	1,587,933
Electrical power	168,767	-	168,767
Operating expense	106,179	-	106,179
Maintenance and repairs	18,364	-	18,364
Depreciation	150,170	-	150,170
Insurance	15,520	-	15,520
Professional fees	56,911	-	56,911
Other	102,966	5,025	107,991
Administrative fee	(1,500,000)	-	(1,500,000)
Total Expenditures	600,958	1,592,958	2,193,916
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	1,746,559	(1,560,003)	186,556
OTHER FINANCING SOURCES (USES)			
Operating transfers in	210,991	1,112,435	1,323,426
Operating transfers out	(1,112,435)	-	(1,112,435)
Total Other Financing Sources (Uses)	(901,444)	1,112,435	210,991
NET CHANGE IN FUND BALANCE	845,115	(447,568)	397,547
FUND BALANCE, JULY 1, 2010	5,282,161	1,032,374	6,314,535
FUND BALANCE, JUNE 30, 2011	\$ 6,127,276	\$ 584,806	\$ 6,712,082

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2011

Exhibit I
Page 1 of 2

ASSETS	Business-Type Activities			
	Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Disposal	Total
Current Assets				
Cash (Note 5)	\$ 446,608	\$ 3,805	\$ -	\$ 450,413
Imprest cash (Note 5)	1,200	-	-	1,200
Local Agency Investment Funds (LAIF) (Note 5)	4,138,254	1,754,210	-	5,892,464
Accounts receivable, net (Note 7)	452,567	306,665	163,143	922,375
Due from / (to) other funds (Note 10)	(580,036)	97,920	-	(482,116)
Interest receivable	13,575	3,516	-	17,091
Receivable from FEMA/OES	-	2,223,220	-	2,223,220
Inventory	28,589	-	-	28,589
Prepayments and deposits	23,833	200	-	24,033
Total Current Assets	4,524,590	4,389,536	163,143	9,077,269
CAPITAL ASSETS, NET (NOTE 8)	17,704,978	21,003,716	-	38,708,694
OTHER ASSETS				
Bond issuance cost	279,464	-	-	279,464
Certificates of participation issuance cost, net	117,911	-	-	117,911
Restricted assets - cash (Notes 3 and 5)	4,631,219	1,890,553	-	6,521,772
Restricted assets - reserve funds (Notes 3 and 5)	731,532	-	-	731,532
Total Other Assets	5,760,126	1,890,553	-	7,650,679
Total Assets	27,989,694	27,283,805	163,143	55,436,642

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2011

Exhibit I
Page 2 of 2

LIABILITIES	Business-Type Activities			
	Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Disposal	Total
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 342,722	\$ 252,435	\$ -	\$ 595,157
Customer deposits	18,242	-	-	18,242
Current portion of long-term debt:				
Bonds payable/certificates of participation (Note 2)	355,402	-	-	355,402
Notes payable (Note 4)	-	13,564	-	13,564
Interest payable	32,713	-	-	32,713
Compensated absences (Note 9)	253,332	7,835	-	261,167
Total Current Liabilities	1,002,411	273,834	-	1,276,245
Long-Term Debt				
Bonds payable/certificates of participation (Note 2)	6,697,912	-	-	6,697,912
Notes payable (Note 4)	411,766	94,947	-	506,713
Total Long-Term Debt	7,109,678	94,947	-	7,204,625
Total Liabilities	8,112,089	368,781	-	8,480,870
NET ASSETS				
Investment in capital assets, net of related debt	10,239,898	21,003,716	-	31,243,614
Restricted for:				
Capital projects	3,243,227	1,890,553	-	5,133,780
Debt service	2,119,524	-	-	2,119,524
Unrestricted	4,274,954	4,020,754	163,143	8,458,851
TOTAL NET ASSETS	\$ 19,877,603	\$ 26,915,023	\$ 163,143	\$ 46,955,769

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For the Year Ended June 30, 2011

Exhibit J

	Business-Type Activities			
	Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Disposal	Total
OPERATING REVENUE				
Charges for current services	\$ 3,147,048	\$ 2,098,484	\$ 2,545,995	\$ 7,791,527
Bond replacement revenue	1,141,366	-	-	1,141,366
Other revenue	187,944	10,326	516	198,786
Total Operating Revenue	<u>4,476,358</u>	<u>2,108,810</u>	<u>2,546,511</u>	<u>9,131,679</u>
OPERATING EXPENSES				
Salaries and benefits (including pension)	1,683,807	93,597	-	1,777,404
Contracted services	-	-	2,296,293	2,296,293
Electrical power	393,770	42,096	-	435,866
Operating expense	303,503	5,368	-	308,871
Maintenance and repairs	53,983	113,622	-	167,605
Operating treatment	550,459	1,218,606	-	1,769,065
Depreciation and amortization	683,041	907,520	-	1,590,561
Insurance	56,361	5,710	-	62,071
Professional fees	45,467	19,643	-	65,110
Bad debts	42,320	17,247	20,566	80,133
Other	203,388	14,845	3,400	221,633
Administrative fee	1,050,000	300,000	150,000	1,500,000
Total Operating Expenses	<u>5,066,099</u>	<u>2,738,254</u>	<u>2,470,259</u>	<u>10,274,612</u>
OPERATING INCOME (LOSS)	<u>(589,741)</u>	<u>(629,444)</u>	<u>76,252</u>	<u>(1,142,933)</u>
NON-OPERATING REVENUE (EXPENSES)				
Capital replacement	175,872	-	-	175,872
Capacity fees	85,000	46,800	-	131,800
Contributed capital	-	-	-	-
Property tax	-	-	-	-
Gain on sale of capital assets	15,000	-	-	15,000
Interest income	51,274	17,305	-	68,579
Interest expense	(398,315)	(21,652)	-	(419,967)
Total Non-Operating Revenue (Expenses)	<u>(71,169)</u>	<u>42,453</u>	<u>-</u>	<u>(28,716)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(660,910)</u>	<u>(586,991)</u>	<u>76,252</u>	<u>(1,171,649)</u>
Transfers in (out)	<u>-</u>	<u>-</u>	<u>(210,991)</u>	<u>(210,991)</u>
LOSS AFTER TRANSFERS	<u>(660,910)</u>	<u>(586,991)</u>	<u>(134,739)</u>	<u>(1,382,640)</u>
TOTAL NET ASSETS, JULY 1, 2010	<u>20,538,513</u>	<u>27,502,014</u>	<u>297,882</u>	<u>48,338,409</u>
TOTAL NET ASSETS, JUNE 30, 2011	<u>\$ 19,877,603</u>	<u>\$ 26,915,023</u>	<u>\$ 163,143</u>	<u>\$ 46,955,769</u>

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For the Year Ended June 30, 2011

Exhibit K
Page 1 of 2

	Business-Type Activities			
	Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Disposal	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,349,090	\$ 2,100,992	\$ 2,620,711	\$ 9,070,793
Receipts from federal award	-	2,170,464	-	2,170,464
Payments to suppliers and other	(1,980,446)	(1,542,055)	(2,296,293)	(5,818,794)
Payments to or on behalf of employees	(1,658,463)	(92,813)	-	(1,751,276)
Other receipts (payments)	(535,000)	(300,000)	(150,000)	(985,000)
Net Cash Provided by Operating Activities	175,181	2,336,588	174,418	2,686,187
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Proceeds from capacity fees	85,000	46,800	-	131,800
Other non-operating revenues (expenses), net	175,872	-	-	175,872
Net Cash Provided by Non- Capital Financing Activities	260,872	46,800	-	307,672
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases and construction of capital assets	(722,063)	(205,266)	-	(927,329)
Funding transfers	-	-	(174,418)	(174,418)
Proceeds from capital debt	411,766	-	-	-
Principal paid on capital debt	(335,402)	(1,732,358)	-	(2,067,760)
Interest paid on capital debt	(369,389)	(57,747)	-	(427,136)
Net Cash Used by Capital and Related Financing Activities	(1,015,088)	(1,995,371)	(174,418)	(3,184,877)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	52,777	18,470	-	71,247
Net Cash Provided by Investing Activities	52,777	18,470	-	71,247
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(526,258)	406,487	-	(119,771)
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	10,475,071	3,242,081	-	13,717,152
CASH AND RESTRICTED CASH AT END OF YEAR (NOTE 5)	\$ 9,948,813	\$ 3,648,568	\$ -	\$ 13,597,381

The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2011

**Exhibit K
Page 2 of 2**

	Business-Type Activities			
	Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Disposal	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED) FOR OPERATING ACTIVITIES				
Operating income (loss)	\$ (589,741)	\$ (629,444)	\$ 76,252	\$ (1,142,933)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	672,655	907,519	-	1,580,174
Bad debts	42,320	17,247	20,566	80,133
Property tax	-	-	-	-
Gain on sale of capital assets	15,000	-	-	15,000
Change in assets and liabilities:				
Receivables, net	(140,933)	(57,987)	77,600	(121,320)
Federal award receivable	-	2,170,464	-	2,170,464
Compensated absences	25,344	784	-	26,128
Prepaid and deposits	(148)	(42)	-	(190)
Inventories	9,937	-	-	9,937
Accounts and other payables	140,747	(71,953)	-	68,794
Net Cash Provided by Operating Activities	<u>\$ 175,181</u>	<u>\$ 2,336,588</u>	<u>\$ 174,418</u>	<u>\$ 2,686,187</u>

SUPPLEMENTAL SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Contributed capital received in conjunction with fixed asset acquisitions	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
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The accompanying notes are an integral part of these financial statements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rubidoux Community Services District was organized under the provisions of the State of California on November 24, 1952. The District operates under a governing Board of Directors and provides the following services: Fire protection, sewer service, solid waste disposal (trash billing and collection), weed control, water service and street lighting. The financial statements of the District have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applied to enterprise funds of governmental units. The governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also follows the Uniform System of Accounts as prescribed by the Controller of the State of California.

The accompanying financial statements present the activities of the District. There are no component units included in this report which meet the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39.

Basis of Presentation and Basis of Accounting

Basis of Presentation:

The basic financial statements of the District are composed of the following:

- District-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the District that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds.

Governmental Funds

General Fund

This fund accounts for all activities of the District not specifically required to be accounted for in other funds. This fund primarily reflects general administrative type activities associated with overall management and record keeping for the District and contracted fire services.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued):

Fire Protection / Weed Abatement

This fund accounts for the net economic benefit flowing through to the District for its administrative efforts associated with this fund.

Proprietary Funds

When the District charges for services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenue, Expenses and Changes in Net Assets.

Proprietary fund operating revenues and expenses are related to providing water, waste-water, and solid waste disposal services to the residents and businesses of the District. Revenue and expenses arising from capital and non-capital financing activities are presented as non-operating revenues and expenses.

The District has the following major proprietary funds:

- Water, sewer, and solid waste disposal funds. These funds account for the activities of the District's water supply system, pumping stations, collection systems and contracted sewer capacity arrangements, as well as contracted solid waste disposal operations.

Basis of Accounting:

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the district-wide financial statements.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued):

District-wide, governmental-net assets and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes apply. Property taxes are collected for the District by the County of Riverside. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

All business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Budgetary Procedures

At the beginning of each fiscal year the District files an itemized estimate of anticipated revenue, other than current taxes, and of estimated expenditures for the General Fund with the Riverside County Auditor Controller.

The District's primary sources of revenue are from property taxes levied and controlled by Riverside County and billings by the District's Water Department. Other receipts are from Sewer Service and Solid Waste Disposal and Augmentation Funds from the State of California.

Article 7(a) of Ordinance Number 67 as amended by Ordinance Number 72, ordains that fifty percent of sewer charge funds collected may be applied toward such other services that the Board of Directors shall from time to time determine. The remaining fifty percent of sewer charge funds collected shall be used for additional treatment plant labor, for capital improvements of the District, or for such other purposes that the Board of Directors shall from time to time determine.

The District's Board of Directors approves total budgeted appropriations and expenditures and adopts the budget on a basis consistent with generally accepted accounting principles (GAAP) of the United States of America. Only the Board of Directors is authorized to transfer or revise budget amounts of any fund.

Unused appropriations for all the annually budgeted funds lapse at the end of the fiscal year. Year end encumbrances are accrued.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Elements

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, money market accounts, deposits with financial institutions and deposits in the State of California Local Agency Investment Fund and other investments with initial maturities of three months or less. Deposits in the Local Agency Investment Fund can be withdrawn at any time.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized basis.

Credit/Market Risk

The District provides water and wastewater services to local residential and commercial customers. As part of normal operating practices, credit is granted to local customers, on an unsecured basis.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure direct deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits. The District may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Effective October 3, 2008, the FDIC limit was temporarily increased to \$250,000 until December 31, 2013.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management review all accounts receivable as collectible; however, certain accounts are delinquent and an allowance for doubtful accounts has been recorded.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Elements (Continued)

Property Taxes and Assessments

The Riverside County Assessor's Office assesses all real and personal property within the County each year. The Riverside County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The Riverside County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the Riverside County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien data	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Materials and Supplies Inventory

Materials and supplies inventory consists primarily of materials used in the construction and maintenance of the District's water and wastewater systems and is valued at the lower of cost, using the first-in, first-out method, or market.

Deferred Charges

Deferred charges are reported net of accumulated amortization. The costs are amortized on the straight-line method based on the estimated term of the related debt. Amortization expense is recorded to interest expense in the financial statements.

Restricted Assets

Various resources of the District are limited as to their use by law or by debt covenants and are classified on the balance sheet as restricted assets. Undisbursed debt proceeds are restricted for repayment of the debt. Also, fees imposed on new real estate development are restricted by law for the construction of capital improvements which benefit the development projects.

Capital Assets

Capital assets purchased or constructed are carried at historical cost. Constructed costs include labor, materials and construction period interest expense (net of interest income). Contributed assets are stated at estimated fair market value at the time received by the District. Depreciation is calculated on the straight-line method over the estimated useful lives of the properties, ranging from five to fifty years, as follows:

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Elements (Continued)

Capital Assets (Continued)

<u>Asset Category</u>	<u>Years</u>
Structures and improvements:	
Buildings and intangible plant	20-50
Sewer systems	5-25
Water pollution plant and interceptor sewers	5-40
Water facilities	10-50
Pipelines and water facilities	10-50
Jurupa Hills and water systems	12-50
Equipment:	
Autos and trucks	5-7
Office furniture and equipment	5-15
Shop equipment	5-15
Radios and power plant	5-10

Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees.

Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

- *Restricted Fund Balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the District - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Elements (Continued)

Fund Equity (Continued)

- *Assigned Fund Balance.* This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The District has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- *Unassigned Fund Balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

Utility Sales

Utility sales are billed on a monthly basis. Estimated unbilled utility revenue through June 30 has been accrued at year-end for the enterprise funds.

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital connection expenditures or capacity commitment.

Use of Estimates

The preparation of 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.

Reclassifications

Where presented, certain 2010 financial statement amounts may have been reclassified to conform to the 2011 presentation.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Elements (Continued)

Implementation of New Accounting Principles

For the year ending June 30, 2011, the District implemented the following statement of financial accounting standards issued by the Governmental Accounting Standards Board:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

GASB Statement No.54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

NOTE 2 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION

Bonds payable and certificates of participation consisted of the following at June 30, 2011:

	<u>Balance</u>	<u>Payments</u>
Water Utility:		
Certificates of Participation		
Series 1998, (Refunding issue of Series 95) maturing 2024. Interest payable semiannually on June 1 and December 1. Principal due in annual installments on December 1. Final payment due December 1, 2024. (Net of discount \$66,284)	\$ 7,053,314	\$ 340,000
Less current portion - Exhibits A and I	<u>355,402</u>	
Long-Term Portion - Exhibits A and I	<u>\$ 6,697,912</u>	

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 2 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION (CONTINUED)

Maturities of bonds payable, net of bond discount, are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u> 1998 Series Certificates of <u>Participation</u>	<u>Interest</u> 1998 Series Certificates of <u>Participation</u>	<u>Total</u>
2012	\$ 355,402	\$ 352,303	\$ 707,705
2013	375,402	333,617	709,019
2014	390,402	314,048	704,450
2015 - 2019	2,297,010	1,238,710	3,535,720
2020 - 2024	2,947,010	569,925	3,516,935
2025	<u>688,088</u>	<u>17,595</u>	<u>705,683</u>
Total	<u>\$ 7,053,314</u>	<u>\$ 2,826,198</u>	<u>\$ 9,879,512</u>

NOTE 3 - RESTRICTED ASSETS

Capital Projects Funds

The District is required to maintain reserve funds for debt service on outstanding bonds payable and certificates of participation. The following reflects reserve funds for the outstanding debt arrangement and all other restricted assets. Restricted cash funds consisted of the following on June 30, 2011:

Certificates of Participation - Series 1998:	
Funds held by U.S. Bank	\$ <u>731,532</u>
Total Restricted Assets Reserve Funds - Exhibits A and I	<u>731,532</u>

Other District funds for connection/capacity fees and other future uses, as well as receivable amounts due as contribution capital:

Business Type

Cash - Sewer - connection/capacity fees, (C/D and cash - Citizens)	1,890,553
Cash - Water - connection fees, (B of A, Citizens, Security, and Union)	3,038,105
Cash - Water - COP's, (LAIF and B of A)	1,387,992
Cash - Water - capital replacements, (LAIF, B of A)	<u>205,122</u>
	<u>6,521,772</u>

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 3 - RESTRICTED ASSETS (CONTINUED)

Capital Projects Funds (Continued)

Governmental

Cash - Fire Mitigation, (B of A, Security and Union) - Exhibit C	\$ <u>1,043,223</u>
Total Restricted Cash - Note 5 and Exhibit A	<u>7,564,995</u>
Total Restricted Assets	\$ <u><u>8,296,527</u></u>

Note: Restricted Cash Includes LAIF Deposits.

Restricted cash and receivable connection/capacity/improvement project fees for each designated purpose is as follows at June 30, 2011:

	Water	Sewer	Fire Mitigation	Total
Cash	\$ 4,631,219	\$ 1,890,553	\$ 1,043,223	\$ 7,564,995
Reserve funds	731,532	-	-	731,532
Total - Exhibit A	\$ 5,362,751	\$ 1,890,553	\$ 1,043,223	\$ 8,296,527

Note: Restricted Cash Includes LAIF Deposits.

NOTE 4 - NOTES PAYABLE

Notes payable consisted of the following at June 30, 2011:

State Revolving Loan

State Water Resources Board for the Construction of Regional Pipeline. Payment and interest payable in annual payments of \$218,697 on October 1, at 2.8% per annum. Matures October 1, 2018. Loan was paid in full December 21, 2010.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 4 - NOTES PAYABLE (CONTINUED)

State Drinking Water Revolving Fund

The District has issued one note payable in the amount of \$411,766, not to exceed \$5,667,200 with the State of California Department of Public Health for the purpose of financing the construction of a project which will enable the District to meet safe drinking water standards.

During construction the District is required to pay interest at the rate of 2.5707% on disbursements of the loan semiannually. Once construction is completed, the District will make semiannual payments of principal and interest no later than one (1) year from the date of completion, due in twenty (20) years.

	Current	Long-Term	Total
<u>State Drinking Water Revolving Fund</u>	\$ -	\$ 411,766	\$ 411,766

State Revolving Loan

State Water Resources Board for the Construction of the Headworks Project. Principal payments payable in annual payments of \$13,564 on October 1, per annum. Loan is non-interest bearing and matures October 1, 2018.

	13,564	94,947	108,511
Total Long Term Liabilities	\$ 13,564	\$ 506,713	\$ 520,277

Maturities of notes payable are as follows:

Fiscal Year Ending <u>June 30,</u>	State Revolving Loans		Total
	Principal	Interest	
		\$	
2012	13,564	-	13,564
2013	13,564	-	13,564
2014	13,564	-	13,564
2015 - 2019	67,819	-	67,819
Thereafter	411,766	-	411,766
Total	\$ 520,277	\$ -	\$ 520,277

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 - RECONCILIATION OF CASH AND CASH EQUIVALENTS

	<u>Governmental</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash - Exhibits A, C and I	\$ 602,668	\$ 446,608	\$ 3,805	\$ 1,053,081
Imprest cash - Exhibits A and I	-	1,200	-	1,200
Restricted assets - cash - Exhibits A, C, G and I	1,043,223	4,631,219	1,890,553	7,564,995
LAIF - Exhibits A, C, G and I (unrestricted)	1,233,598	4,138,254	1,754,210	7,126,062
Restricted assets - reserve funds - Exhibits A and I	-	731,532	-	731,532
Total Cash and Equivalents - Exhibit K	\$ 2,879,489	\$ 9,948,813	\$ 3,648,568	\$ 16,476,870

NOTE 6 - BENEFIT PLANS

During the year, the District's Board of Directors approved a resolution that changed the Cal PERS retirement formula from 36 months final compensation to 12 months final compensation for District employees. The resolution resulted in an increased annual cost to the plan, of which the District opted to pay the lum sum of \$193,393 of unfunded liability during the current year.

Effective July 2004, the District had converted entirely to the Cal PERS Plan. This plan required the payment of \$2,069,399 for unfunded contributions representing both the current year and all prior year pension funding levels, based on employee hire date and payroll data for those periods.

Cal PERS has provided the District with a New Category Actuarial Valuation, as of March 31, 2004, that provides plan descriptions and actuarial valuation data for the Plan. The Cal PERS correspondence includes disclosures of pertinent plan information, as follows:

Plan Description

The District contributes to the California Public Employees Retirement System (Cal PERS), an agent multiple-employer public employee defined benefit pension plan. Cal PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Cal PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the state statute and district resolutions. Copies of Cal PERS annual financial report may be obtained from their Executive Office: 400 P Street, Sacramento, CA 95814.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 - BENEFIT PLANS (CONTINUED)

Funding Policy

The District pays employer and employee premiums to the plan, which are 13.787% and 8%, respectively. The contribution requirements are established by and may be amended by Cal PERS. Plan contributions are calculated using actuarial assumptions which are referred to as the Entry Age Normal Cost Method. The actuarial assumptions include (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.25% overall payroll growth rate. Both (a) and (b) include an inflation component of 3.0%.

Annual Pension Cost

The annual PERS pension cost for the year ended June 30, 2011, was \$409,472, and was equal to the District's required and actual contributions.

	Governmental	Water	Sewer
Current period expense to PERS	\$ <u>189,657</u>	\$ <u>207,836</u>	\$ <u>11,979</u>

Three year trend information is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 373,909	100%	\$ -
June 30, 2010	377,571	100%	-
June 30, 2011	409,472	100%	-

NOTE 7 - ACCOUNTS RECEIVABLE

The detail of accounts receivable is as follows at June 30, 2011.

Weed Abatement:			
Property assessments for weed abatement - Exhibit C		\$	8,563
Governmental Fund taxes/developer charge backs - Exhibit C			135,455
Water Fund - Exhibit I			
Billed, net	\$	188,793	
Unbilled		263,774	452,567
Sewer Service Fund - Exhibit I			
Sewer billed, net		27,479	
Sewer unbilled		29,533	
Regional billed		171,065	
Regional unbilled		78,587	306,664

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 7 - ACCOUNTS RECEIVABLE (CONTINUED)

Solid Waste Disposal Fund - Exhibit I			
Billed, net	\$	35,595	
Unbilled		127,548	\$ 163,143
Total Accounts Receivable - Exhibit A			\$ 1,066,392

Allowance for doubtful accounts at June 30, 2011, is provided as follows:

Water fund	\$	24,851
Sewer fund		14,033
Solid waste disposal fund		14,141
Total	\$	53,025

NOTE 8 - CAPITAL ASSETS

Property, plant and equipment were comprised of the following at June 30, 2011:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental</u>				
Land	\$ 308,117	\$ -	\$ -	\$ 308,117
Structures and improvements	3,711,933	-	-	3,711,933
Equipment	1,342,334	6,240	-	1,348,573
Construction in progress	133,801	82,153	-	215,954
Total Cost	5,496,185	88,393	-	5,584,577
Accumulated				
depreciation	(863,111)	(150,170)	-	(1,013,281)
Net - Exhibit A	4,633,074	(61,777)	-	4,571,297
<u>Water Utility</u>				
Land	525,285	-	-	525,285
Structures and improvements	23,419,586	558,205	-	23,977,791
Equipment	1,196,998	117,315	(56,224)	1,258,089
Construction in progress	545,281	46,544	-	591,825
Total Cost	25,687,150	722,064	(56,224)	26,352,990

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 8 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water Utility (Continued)</u>				
Accumulated depreciation	\$ (8,031,580)	\$ (672,655)	\$ 56,224	\$ (8,648,012)
Net - Exhibit I	17,655,570	49,409	-	17,704,979
 <u>Sewer Utility</u>				
Land	17,825	-	-	17,825
Structures and improvements	35,303,451	202,964	-	35,506,415
Equipment	257,947	-	-	257,947
Construction in progress	49,246	2,303	-	51,550
Total Cost	35,628,469	205,267	-	35,833,736
 Accumulated depreciation				
Net - Exhibit I	(13,922,501)	(907,520)	-	(14,830,022)
Total Capital Assets, Net - Exhibit A	\$ 43,994,612	\$ (714,621)	\$ -	\$ 43,279,991

NOTE 9 - COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation, sick leave and comp time, a portion of which will be paid to employees upon separation from the District. Once a year, the District "cashes out" to employees their sick leave hours in excess of 600 hours. Current period charges or reductions to expense or expenditures totaled \$59,123, \$25,344 and \$784 in the General, Water and Sewer Funds, respectively. All appropriate accruals were recorded in the respective funds. Accrued balances at June 30, 2011, totaled \$651,214, \$253,332 and \$7,835 in the General, Water and Sewer Funds, respectively for a total of \$912,381.

NOTE 10 - RECONCILIATION OF INTERFUND RECEIVABLES AND PAYABLES

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur 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.

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are expended.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 10 - RECONCILIATION OF INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Interfund transfers for the 2010-2011 fiscal year, are as follows:

<u>Due To</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Governmental	\$ 376,329	\$ (858,445)	\$ (482,116)
Water Fund	-	956,364	956,364
Sewer Fund	<u>(956,364)</u>	<u>-</u>	<u>(956,364)</u>
Total - Exhibits A, C and I	<u>\$ (580,035)</u>	<u>\$ 97,919</u>	<u>\$ (482,116)</u>

NOTE 11 - REAL PROPERTIES

Properties owned by the District are as follows:

- Property Site - Wilson Street and Agua Mansa Boulevard
- Treatment Plant (approximately 10 acres)
- Main Office - 3590 Rubidoux Boulevard
- Field Office Building - Pacific Street at Riverview Avenue
- 9 water well sites
- Vacant lot - South Sedona Drive

- Vacant lot - Golden West Avenue
- Nitrate Wellhead Treatment Facility
- Manganese Treatment Facility
- Well sites #17 & #18 - 34th Street
- Fort Fremont Parcel
- Land adjacent to District Office
- Goldenwest Reservoir Site
- 7 Reservoir tanks
- Mission / Avalon Fire Station

NOTE 12 - CONTRIBUTED CAPITAL/FINANCING ARRANGEMENT

During April 2003, the District entered into an agreement with the Redevelopment Agency for the County of Riverside (the Agency).

Among other projects, the Agency is involved in the Mission Boulevard Revitalization Program and the Rubidoux Community Fire Station Project, of which both endeavors favorably affect the District. These projects are completed and the only item remaining is for the County to quitclaim fire hydrants and air vacs regarding the Mission Boulevard Revitalization Program.

RUBIDOUX COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 12 - CONTRIBUTED CAPITAL/FINANCING ARRANGEMENT (CONTINUED)

On a cumulative basis, contributed capital received by the District in prior periods and during the current fiscal year is summarized as follows:

	<u>Governmental</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cumulatively to June 30, 2010	\$ 4,426,019	\$ 8,512,244	\$ 20,644,482	\$ 33,582,745
Fiscal year, June 30, 2011, contributed capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total June 30, 2011	\$ <u>4,426,019</u>	\$ <u>8,512,244</u>	\$ <u>20,644,482</u>	\$ <u>33,582,745</u>

NOTE 13 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 6, 2011, which is the date on which the financial statements were available to be issued.

The District reports subsequent events on pages 7 and 8 of the Management's Discussion and Analysis.

SUPPLEMENTAL INFORMATION

RUBIDOUX COMMUNITY SERVICES DISTRICT

SUPPLEMENTAL INFORMATION - TEN YEAR FINANCIAL TRENDS

(Rounded to Thousand Dollars)

For the Year Ended June 30, 2011

Schedule 1

Change in Net Assets or Fund Balance

	General	Water	Sewer	Solid Waste Disposal	Total
June 30, 2002	\$ 180,000	\$ 1,330,000	\$ 51,000	\$ -	\$ 1,561,000
June 30, 2003	800,000	3,444,000	754,000	-	4,998,000
June 30, 2004 (A)	365,000	926,000	51,000	-	1,342,000
June 30, 2005 (B)	205,000	557,000	(188,000)	(10,000)	564,000
June 30, 2006	806,000	3,289,000	419,000	24,000	4,538,000
June 30, 2007	2,701,000	952,000	91,000	91,000	3,835,000
June 30, 2008	(600,000)	326,000	1,945,000	94,000	1,765,000
June 30, 2009	(393,000)	13,000	8,900,000	(146,000)	8,374,000
June 30, 2010	(704,000)	324,000	3,392,000	68,000	3,080,000
June 30, 2011	398,000	(661,000)	(587,000)	(135,000)	(985,000)

Net Assets or Fund Balance

	General	Water	Sewer	Solid Waste Disposal	Total
June 30, 2002	\$ 5,737,000	\$ 12,619,000	\$ 7,367,000	\$ -	\$ 25,723,000
June 30, 2003					
(As restated) (C)	2,870,000	15,434,000	12,852,000	-	-
June 30, 2004	4,476,000	15,078,000	12,944,000	-	32,498,000
June 30, 2005 (B)	4,505,000	15,635,000	12,756,000	166,000	33,062,000
June 30, 2006	5,311,000	18,924,000	13,175,000	190,000	37,600,000
June 30, 2007	8,012,000	19,876,000	13,266,000	281,000	41,435,000
June 30, 2008	7,412,000	20,201,000	15,211,000	376,000	43,200,000
June 30, 2009	7,019,000	20,214,000	24,111,000	230,000	51,574,000
June 30, 2010	6,315,000	20,539,000	27,502,000	298,000	54,654,000
June 30, 2011	6,712,000	19,878,000	26,915,000	163,000	53,668,000

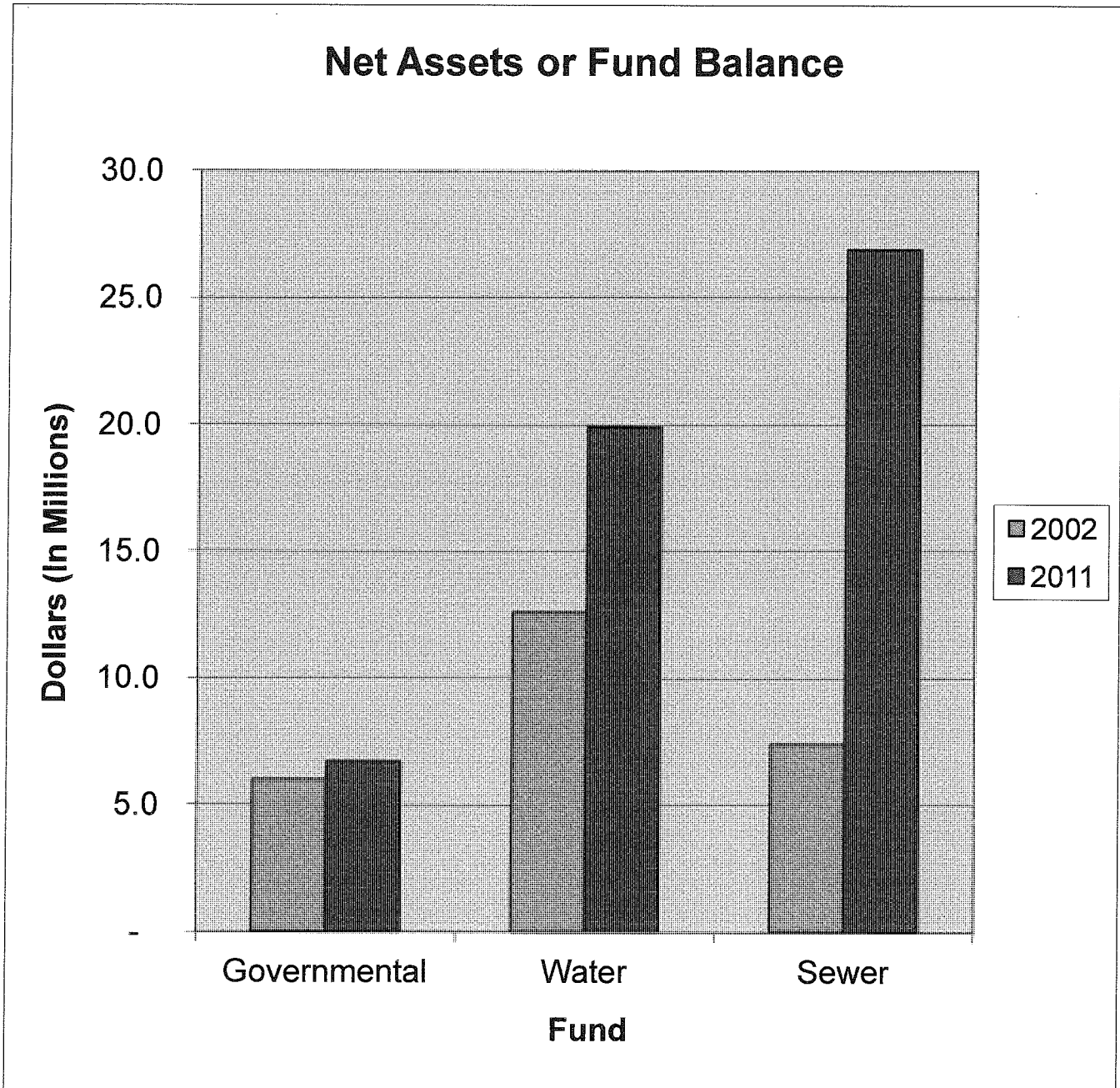
(A) Before prior period pension funding adjustment of \$1.8 million and related transfers.

(B) Solid Waste Disposal operation was considered as part of the General Fund prior to the year ended June 30, 2005

(C) Fund Equity, Retained Earnings, Fund Balance or Net Assets, as applicable also includes contributed capital receipts. Effective June 30, 2004, the District adopted GASB 34 accounting treatment.

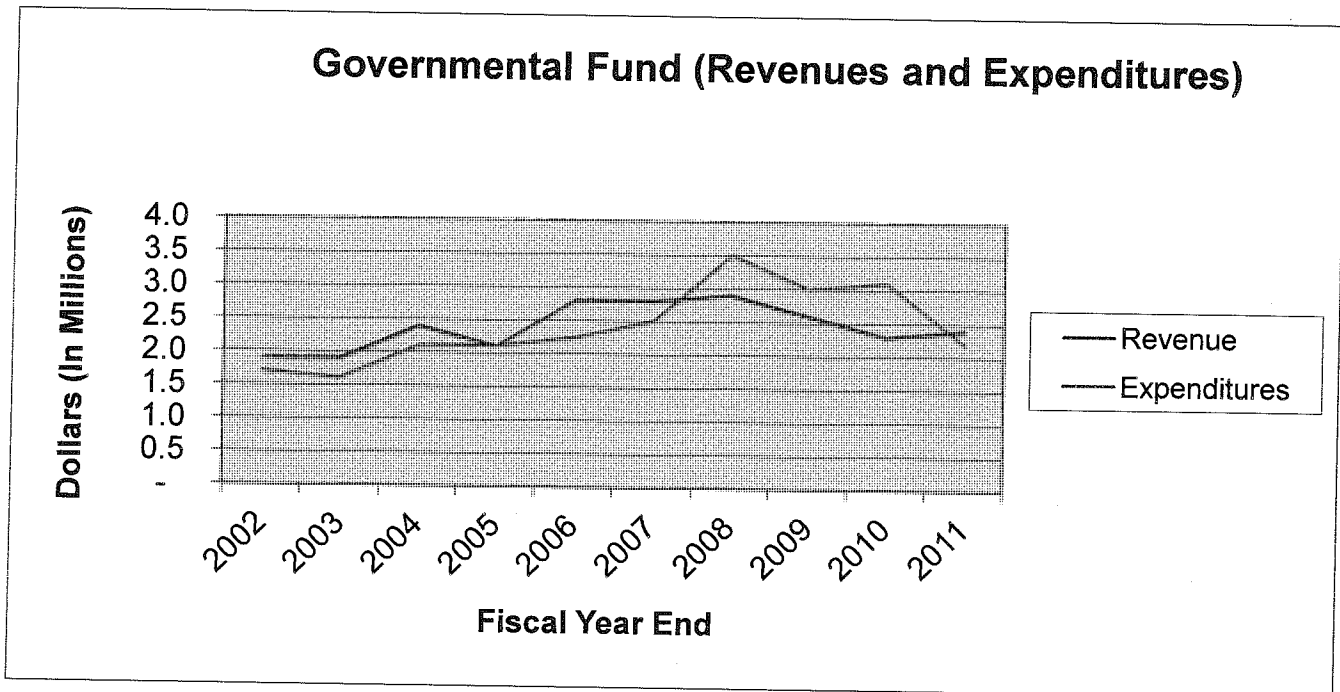
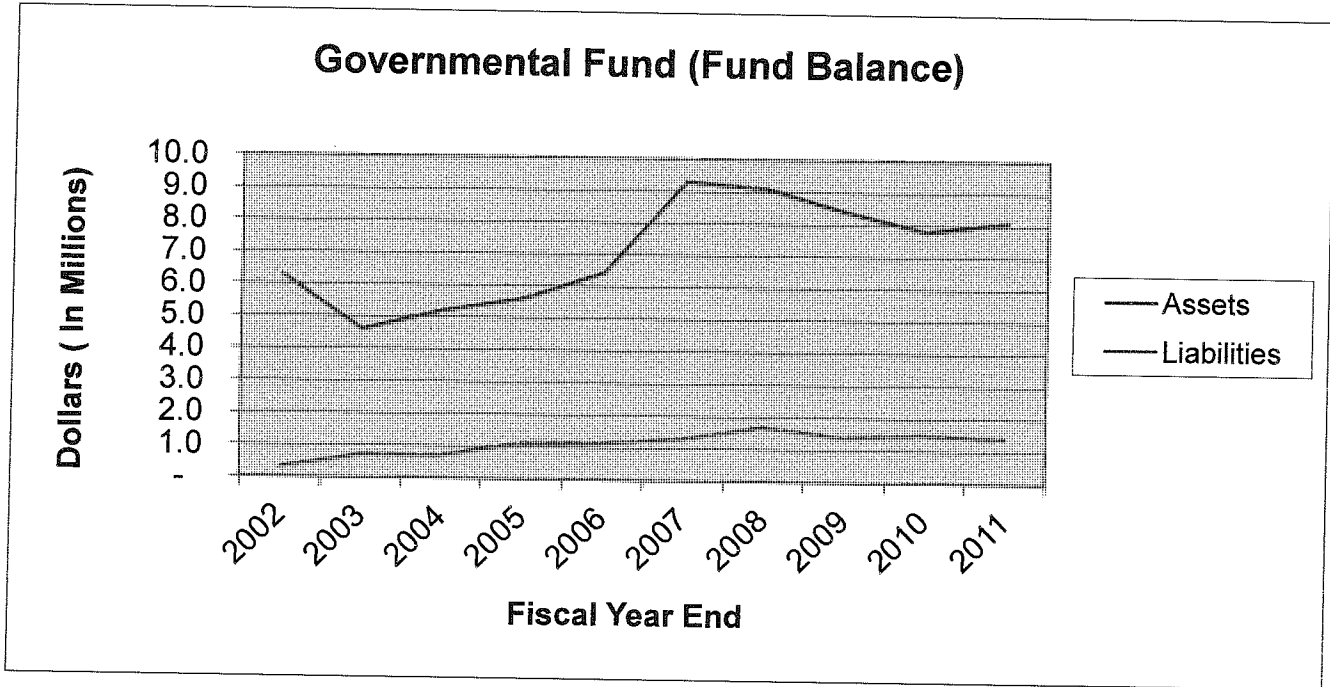
RUBIDOUX COMMUNITY SERVICES DISTRICT

SUPPLEMENTAL INFORMATION - GRAPHIC FINANCIAL COMPARISONS
As of and for the Year Ended June 30, 2011



RUBIDOUX COMMUNITY SERVICES DISTRICT

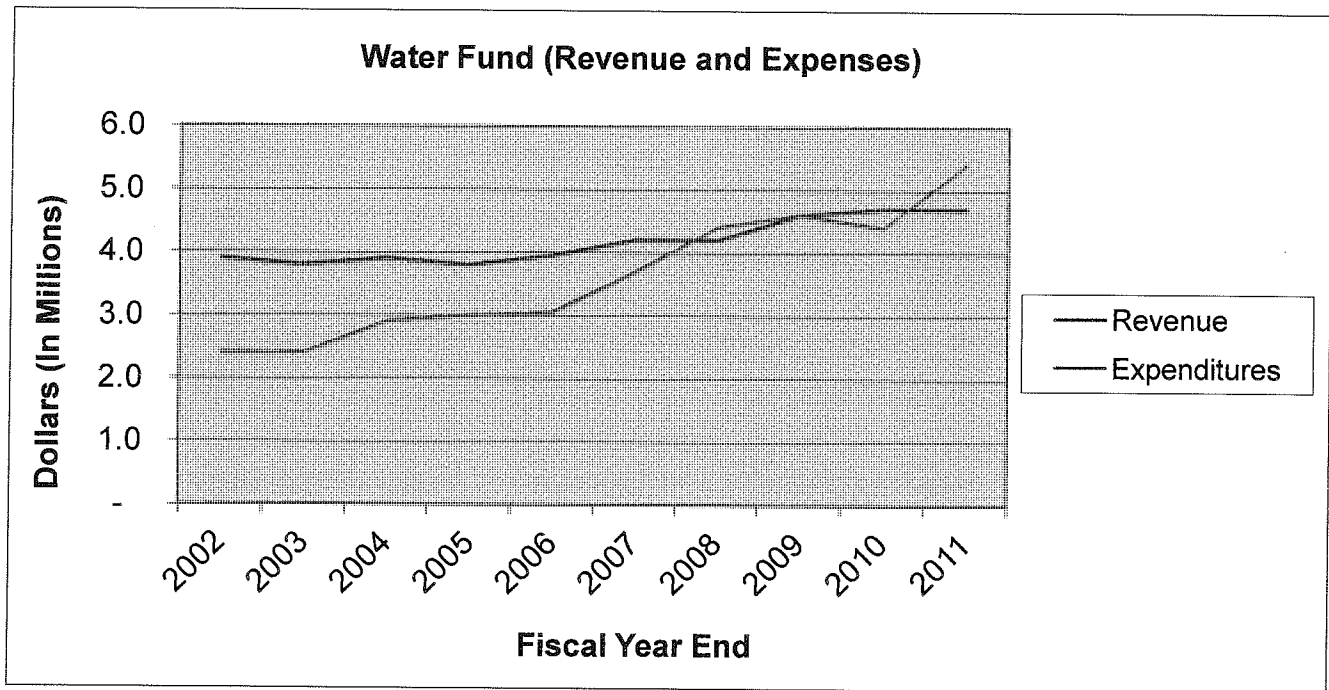
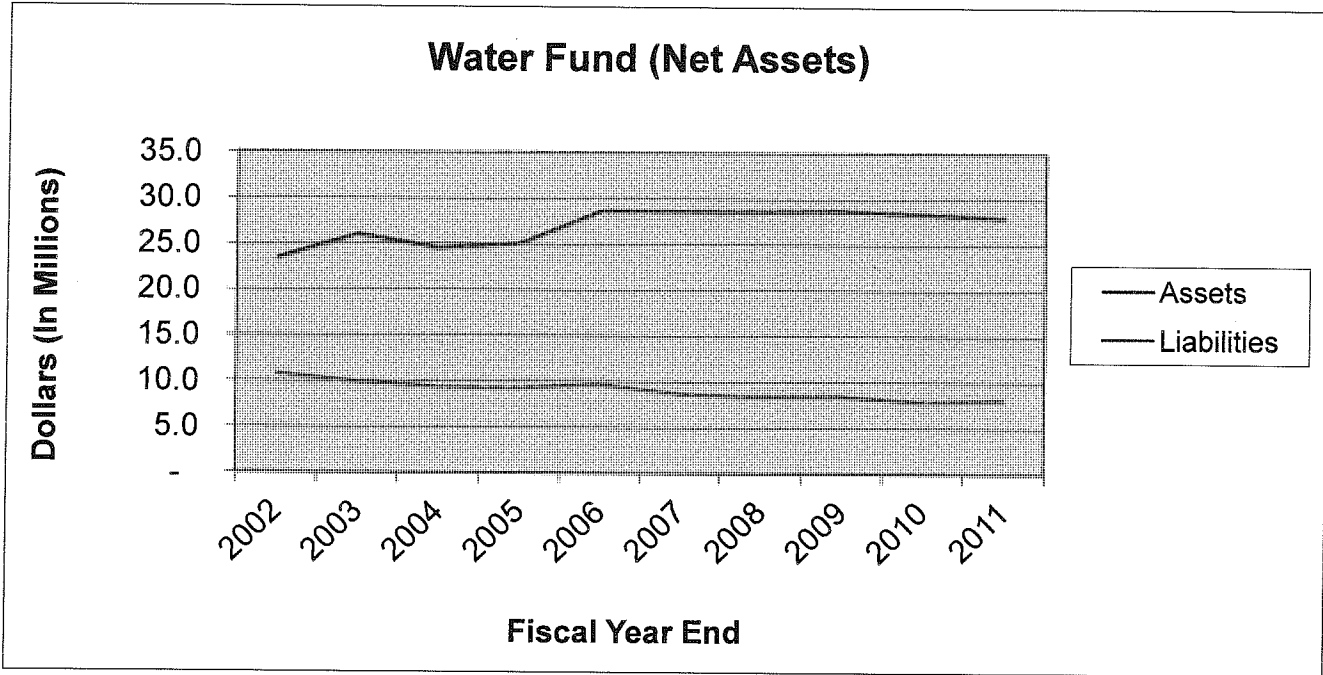
SUPPLEMENTAL INFORMATION - GRAPHIC FINANCIAL COMPARISONS
As of and for the Year Ended June 30, 2011



Includes revenue and expenditures, but excludes contributed capital.

RUBIDOUX COMMUNITY SERVICES DISTRICT

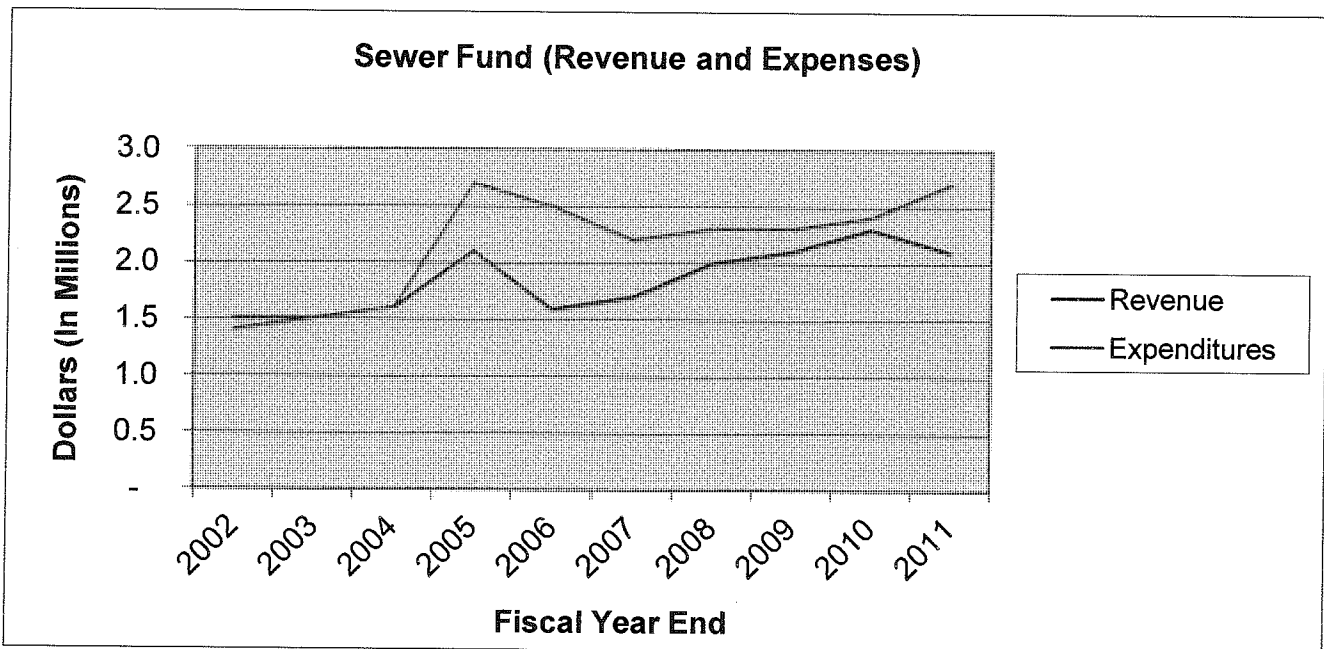
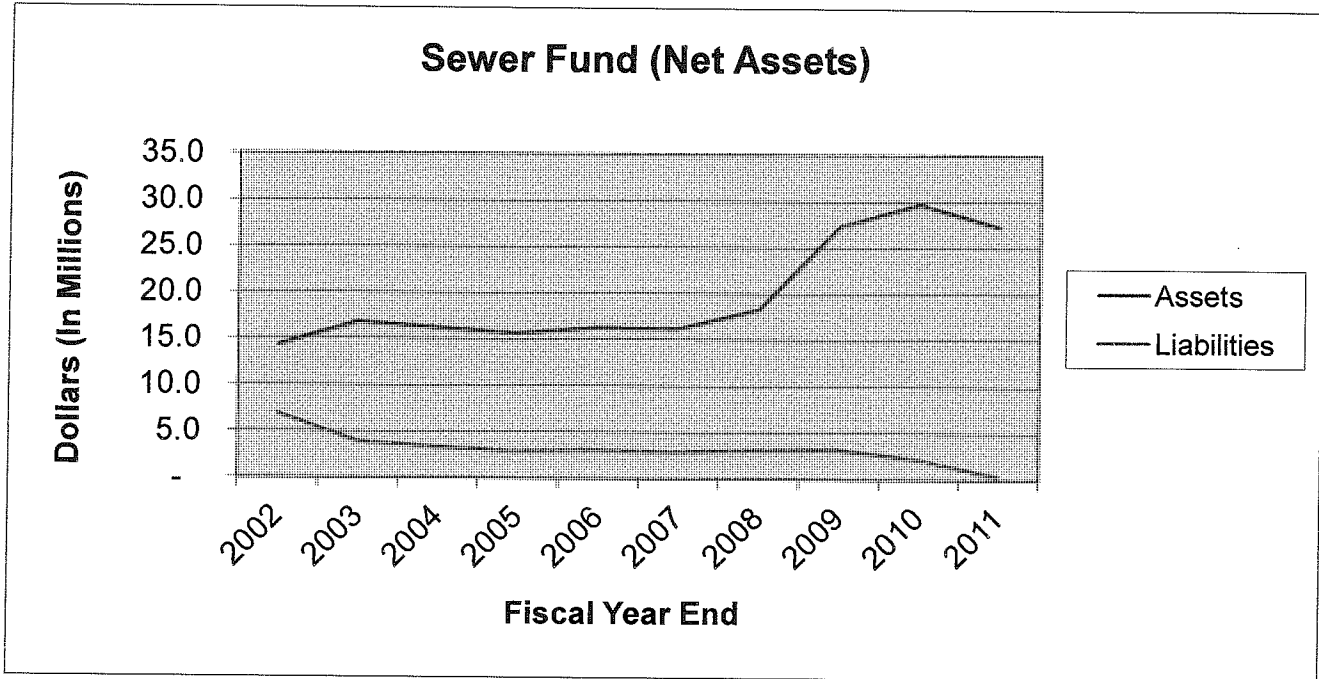
SUPPLEMENTAL INFORMATION - GRAPHIC FINANCIAL COMPARISONS
As of and for the Year Ended June 30, 2011



Includes operating activities only.

RUBIDOUX COMMUNITY SERVICES DISTRICT

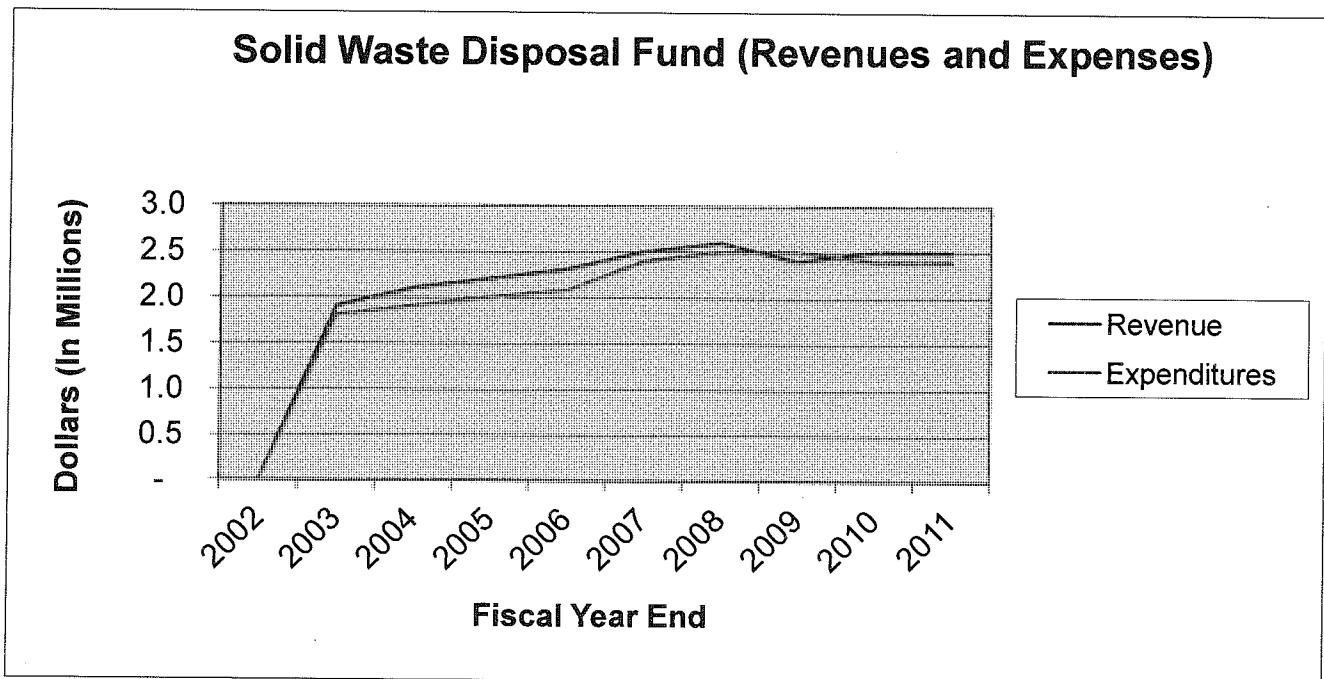
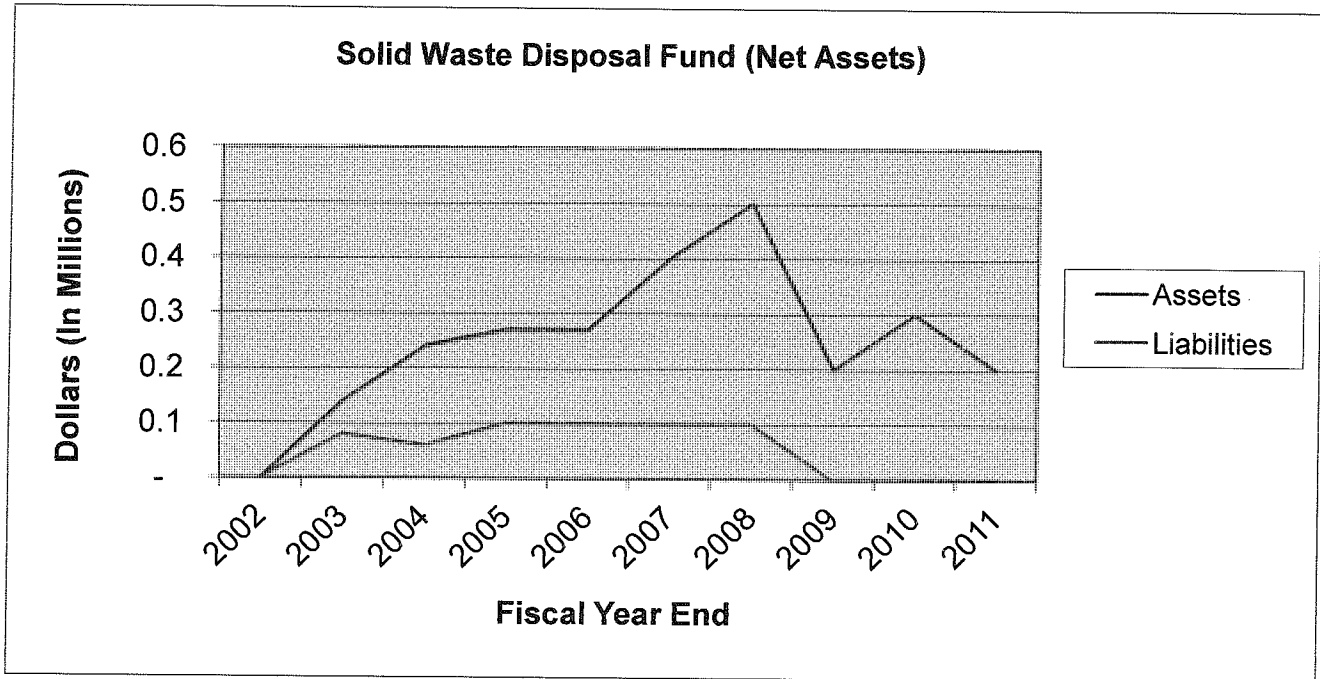
SUPPLEMENTAL INFORMATION - GRAPHIC FINANCIAL COMPARISONS
As of and for the Year Ended June 30, 2011



Includes operating activities only.

RUBIDOUX COMMUNITY SERVICES DISTRICT

SUPPLEMENTAL INFORMATION - GRAPHIC FINANCIAL COMPARISONS
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