

**SUBMITTAL TO THE BOARD OF DIRECTORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

448



**FROM:** Regional Park & Open-Space District

**SUBMITTAL DATE:**  
December 8, 2009

**SUBJECT:** ANNUAL AUDIT REPORT FOR FY 2008-09

**RECOMMENDED MOTION:** That the Board of Directors receives and files the FY 2008-2009 Independent Auditor's Report for the Riverside County Regional Park & Open-Space District (Park District) which includes:

1. Annual Audit Report;
2. Letter of Responsibility and Scope;
3. Appropriations Limit Annual Review Compliance Letter; and
4. Report on Compliance and on Internal Control over Financial Reporting.

**BACKGROUND:** The reports are rendered by Teaman, Ramirez & Smith Accountancy Corporation of Certified Public Accountants (CPAs) for the fiscal year ended June 30, 2009. The CPAs rendered an unqualified opinion on the financial statements of the Park District and an opinion that indicated that there were no material weaknesses in the internal controls.

Departmental Concurrence

751-/Annual Audit Report for FY 08-09

Scott Bangle, General Manager

<b>FINANCIAL DATA</b> n/a	Current F.Y. Total Cost:	\$	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	Budget Adjustment:
	Annual Net County Cost:	\$	For Fiscal Year:

<b>SOURCE OF FUNDS:</b>	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE  
BY: Alex Gann  
Alex Gann

**County Executive Office Signature**

Dept's Recomm.:  Consent  
Per Exec. Ofc.:  Consent  
Policy   
Policy

**Prev. Agn. Ref.:** | **District:** All | **Agenda Number:**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

13.2

Governing Board  
Riverside County Regional Park and Open-Space District  
4600 Crestmore Road  
Riverside, California 92509

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

We have audited the financial statements of the governmental activities, each major fund and the remaining fund information of the Riverside County Regional Park and Open-Space District as of and for the year ended June 30, 2009, and have issued our report thereon dated November 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Riverside County Regional Park and Open-Space District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Riverside County Regional Park and Open Space District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Riverside County Regional Park and Open-Space District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Riverside County Regional Park and Open-Space District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverside County Regional Park and Open-Space District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for solely the information and use of the management, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

*Steven Ramirez & Smith*

November 10, 2009

**RIVERSIDE COUNTY REGIONAL PARK**

**AND OPEN - SPACE DISTRICT**

**ANNUAL AUDIT REPORT**

Year Ended June 30, 2009



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Riverside County Regional Park and Open - Space District  
Riverside, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Riverside County Regional Park and Open - Space District, as of and for the year ended June 30, 2009 which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Riverside County Regional Park and Open - Space District, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2009 on our consideration of the Riverside County Regional Park and Open - Space District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Riverside County Regional Park and Open Space District's basic financial statements. 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. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Teaman Ramirez & Smith*

November 10, 2009



## Management's Discussion and Analysis

As management of the Riverside County Regional Park and Open - Space District, we offer readers of the Riverside County Regional Park and Open - Space District financial statements this narrative overview and analysis of the financial activities of the Riverside County Regional Park and Open - Space District for the fiscal years ended June 30, 2009 and 2008.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Riverside County Regional Park and Open - Space District's basic financial statements. The Riverside County Regional Park and Open - Space District's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) statement of fiduciary net assets and changes to those net assets 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 Riverside County Regional Park and Open - Space District finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Riverside County Regional Park and Open - Space District 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 Riverside County Regional Park and Open - Space District is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 leave).

Both of the government-wide financial statements distinguish functions of the Riverside County Regional Park and Open - Space District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to account for the resources held for the benefit of parties outside the government (*fiduciary activities*).

**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 Riverside County Regional Park and Open - Space 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 Riverside County Regional Park and Open - Space District can be divided into two categories: governmental 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 government'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 Riverside County Regional Park and Open - Space 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 five other governmental funds that are considered to be major funds. Data from the other eight 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.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside 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 Riverside County Regional Park and Open - Space District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the 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.

### 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 Riverside County Regional Park and Open - Space District, assets exceeded liabilities by \$83,856,486 in 2009 and \$73,455,805 in 2008.

By far the largest portion of the Riverside County Regional Park and Open - Space District net assets (69 percent) reflects its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Riverside County Regional Park and Open - Space District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Riverside County Regional Park and Open - Space District 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.

#### Riverside County Regional Park and Open - Space District's Net Assets

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Current and other assets	\$25,332,283	\$25,269,976
Capital assets	<u>60,705,968</u>	<u>50,593,934</u>
Total assets	<u>\$86,038,251</u>	<u>\$75,863,910</u>
Long-term liabilities		
Outstanding	\$ 1,219,270	\$ 1,320,409
Other liabilities	<u>962,495</u>	<u>1,087,696</u>
Total liabilities	<u>\$ 2,181,765</u>	<u>\$ 2,408,105</u>
Net assets:		
Invested in capital assets, net of related debt	\$60,705,968	\$50,593,934
Restricted for:		
Parks and Open Spaces	13,369,747	19,104,651
Unrestricted	<u>9,780,771</u>	<u>3,757,220</u>
Total net assets	<u>\$83,856,486</u>	<u>\$73,455,805</u>

At the end of the current fiscal year, the Riverside County Regional Park and Open - Space District is able to report positive balances in all categories of net assets for the government as a whole. The same situation held true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the Riverside County Regional Park and Open - Space District net assets by \$10,400,620 in 2009 and increased \$2,237,601 in 2008. Key elements of this increase are as follows:

Riverside County Regional Park and Open - Space District's Change in Net Assets

	Governmental Activities	
	2009	2008
Revenues:		
Program Revenues:		
Charges for Services	\$ 5,341,661	\$ 4,676,190
Operating Grants	8,553,836	190,346
Capital Grants	1,755,643	2,747,127
General Revenues:		
Property Taxes	5,087,836	5,183,209
Investment Income	476,881	837,417
Intergovernmental	_____	4,742,186
Total revenues	<u>21,315,857</u>	<u>18,376,475</u>
Expenses:		
General Government	3,001,539	3,214,996
Culture and Recreation	<u>9,828,961</u>	<u>12,923,878</u>
Total Expenses	<u>12,830,500</u>	<u>16,138,874</u>
Increase (Decrease) in Net Assets	<u>\$ 8,385,357</u>	<u>\$ 2,237,601</u>

- Capital grants decreased by \$991,484 (36 percent) as a result of decrease in contributions from the county for capital projects.
- Property taxes decreased by \$95,373 (2 percent), as a result of decrease in property valuation and substantial increase in refunds.
- Intergovernmental Revenues decreased by \$4,742,186 (100 percent), as a result of being reclassified to grants and contributions.
- The expenses of General Government decreased by \$213,457 (7 percent), mostly as a result of decrease property tax and grant revenue.

**Financial Analysis of the Government's Funds**

As noted earlier, the Riverside County Regional Park and Open - Space District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Riverside County Regional Park and Open - Space District *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Riverside County Regional Park and Open - Space District 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 the fiscal year.

As of the end of the current fiscal year, the Riverside County Regional Park and Open - Space District governmental funds reported combined ending fund balances of \$24,369,788, an increase of \$187,886 in comparison with the prior year. Approximately 89 percent of this total amount \$21,764,509 constitutes *unreserved fund balance*, which is designated for capital projects and programs. The remainder of fund balance is *reserved* to indicate that it is not available for new spending as of June 30, 2009.

The general fund is the chief operating fund of the Riverside County Regional Park and Open - Space District. At the end of the current fiscal year, unreserved fund balance, which is designated for capital projects and programs, of the general fund was \$3,816,580 while total fund balance reached \$5,916,580. 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 fund balance represents 40 percent of total general fund expenditures, while total fund balance represents 61 percent of that same amount.

The fund balance of the Riverside County Regional Park and Open - Space District general fund increased by \$486,611 during the current fiscal year.

**General Fund Budgetary Highlights.** Differences between the original budget and the final amended budget were (\$1,145,729) increase in appropriations) and can be summarized as follows:

Expenditures:

- \$260,769 decrease in Property Taxes
- \$93,500 increase in Capital Outlay
- \$280,500 increase Services and Supplies
- \$70,717 increase in Salaries and Employee Benefits
- \$335,743 decrease in Transfers In
- \$104,500 increase in Transfers Out

### Capital Asset Administration

**Capital assets.** The Riverside County Regional Park and Open - Space District's investment in capital assets for its governmental type activities as of June 30, 2009, amounts to \$60,705,968. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and park facilities.

#### Riverside County Regional Park and Open - Space District's Capital Assets (net of depreciation)

	Governmental Activities	
	2009	2008
Land	\$ 28,263,385	\$ 28,238,195
Construction in Progress	12,254,744	3,218,703
Buildings	10,629,494	11,248,435
Machinery and equipment	1,657,415	1,107,217
Infrastructure	7,900,930	6,781,384
Total	\$ 60,705,968	\$ 50,593,934

Additional information on the Riverside County Regional Park and Open - Space District capital assets can be found in Note 2 on page 20 of this report.

### Requests for Information

This financial report is designed to provide a general overview of the Riverside County Regional Park and Open - Space District finances for all those with an interest in the government'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, 4600 Crestmore Road, Riverside CA 92509-6858.

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**Riverside County Regional Park and Open - Space District**  
**Statement of Net Assets**  
June 30, 2009

	2009
<b>ASSETS</b>	
Cash and Investments	\$ 21,486,969
Property Tax Receivable	650,068
Accounts Receivable	56,579
Interest Receivable	62,613
Due From Other Governmental Agencies	2,526,054
Deposits	550,000
Capital Assets:	
Land	28,263,385
Construction in Progress	12,254,744
Buildings, Equipment and Infrastructure, Net of Depreciation	20,187,839
Total Assets	86,038,251
<b>LIABILITIES</b>	
Accounts Payable	271,967
Salaries and Benefits Payable	478,066
Due to Other Governmental Agencies	4,043
Customer Deposits	196,087
Deferred Revenue	12,332
Long-Term Liabilities	
Due in One Year	219,469
Due in More Than One Year	999,801
Total Liabilities	2,181,765
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	60,705,968
Restricted	13,369,747
Unrestricted	9,780,771
Total Net Assets	\$ 83,856,486

The accompanying notes are an integral part of this statement.

**Riverside County Regional Park and Open - Space District**  
**Statement of Activities**  
Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 2,999,738	\$ 1,345,174	\$ 2,138,459	\$ 175,564	\$ 659,459
Culture and Recreation	9,830,762	3,996,487	6,415,377	1,580,079	2,161,181
Total	<u>\$ 12,830,500</u>	<u>\$ 5,341,661</u>	<u>\$ 8,553,836</u>	<u>\$ 1,755,643</u>	<u>2,820,640</u>

General Revenues:	
Property Taxes	5,087,836
Investment Income	476,881
Total General Revenues	<u>5,564,717</u>
Change in Net Assets	<u>8,385,357</u>
Net Assets - Beginning, As Previously Restated	73,455,805
Prior Period Adjustment	<u>2,015,324</u>
Net Assets - Beginning, As Restated	<u>75,471,129</u>
Net Assets - Ending	<u>\$ 83,856,486</u>

The accompanying notes are an integral part of this statement.

**Riverside County Regional Park and Open - Space District**  
**Balance Sheet - Governmental Funds**  
June 30, 2009

	General Fund	Special Revenue	Capital Project	
		Santa Ana River Mitigation	Park Acquisition - ACO	West Co. Park DIF
<b>ASSETS</b>				
Cash and Investments	\$ 3,785,754	\$ 4,443,288	\$ 102,575	\$ 1,122,248
Property Tax Receivable	650,068			
Accounts Receivable	48,632			
Interest Receivable	19,174	11,904	1,759	5,366
Due from Other Funds	2,100,000			
Due from Other Governmental Agencies	111,068		166,296	1,354,961
Deposits				
<b>Total Assets</b>	<u>\$ 6,714,696</u>	<u>\$ 4,455,192</u>	<u>\$ 270,630</u>	<u>\$ 2,482,575</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 107,777	\$ 12	\$ 54,919	\$ 68,265
Salaries and Benefits Payable	477,936			
Due to Other Funds			100,000	1,450,000
Due to Other Governmental Agencies	3,984			
Customer Deposits	196,087			
Deferred Revenues	12,332			
<b>Total Liabilities</b>	<u>798,116</u>	<u>12</u>	<u>154,919</u>	<u>1,518,265</u>
<b>Fund Balances</b>				
Reserved for Encumbrances				
Reserved for Receivables	2,100,000			
Unreserved:				
Designated for Specific Capital Projects and Programs	3,816,580	4,455,180		
Undesignated			115,711	964,310
<b>Total Fund Balances</b>	<u>5,916,580</u>	<u>4,455,180</u>	<u>115,711</u>	<u>964,310</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,714,696</u>	<u>\$ 4,455,192</u>	<u>\$ 270,630</u>	<u>\$ 2,482,575</u>

The accompanying notes are an integral part of this statement.

SAR Parkway Prado Dam Trail	Capital Project Trails West Co. Park DIF	Capital Develop Parks-Prop 40	Other Governmental Funds	Total Governmental Funds
\$ 2,940,697	\$ 2,847,768	\$ 710,173	\$ 5,534,466	\$ 21,486,969
	7,947			650,068
7,844		1,228	15,338	56,579
			500,000	62,613
	333,424	461,601	98,704	2,600,000
	550,000			2,526,054
				550,000
<u>\$ 2,948,541</u>	<u>\$ 3,739,139</u>	<u>\$ 1,173,002</u>	<u>\$ 6,148,508</u>	<u>\$ 27,932,283</u>
\$	\$ 3,216	\$	\$ 37,778	\$ 271,967
			130	478,066
		1,050,000		2,600,000
			59	4,043
				196,087
				12,332
<u>-</u>	<u>3,216</u>	<u>1,050,000</u>	<u>37,967</u>	<u>3,562,495</u>
			5,279	5,279
			500,000	2,600,000
2,948,541	341,371			8,613,131
	3,394,552	123,002	5,605,262	13,151,378
<u>2,948,541</u>	<u>3,735,923</u>	<u>123,002</u>	<u>6,110,541</u>	<u>24,369,788</u>
<u>\$ 2,948,541</u>	<u>\$ 3,739,139</u>	<u>\$ 1,173,002</u>	<u>\$ 6,148,508</u>	<u>\$ 27,932,283</u>

The accompanying notes are an integral part of this statement.

**Riverside County Regional Park and Open - Space District  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2009**

Fund balances of governmental funds	\$ 24,369,788
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(1,219,270)
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:

Capital Assets	<u>60,705,968</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 83,856,486</u></u>
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**Riverside County Regional Park and Open - Space District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2009

	General Fund	Special Revenue	Capital Project	
		Santa Ana River Mitigation	Park Acquisition - ACO	West Co. Park DIF
<b>REVENUES</b>				
Property Taxes	\$ 5,087,836	\$	\$	\$
Revenue From Use of Money and Property	72,617	102,419	14,812	33,615
Intergovernmental Revenues	641,069			8,598,706
Charges for Services	3,687,845			
Other Revenues	2,584			
<b>Total Revenues</b>	<b>9,491,951</b>	<b>102,419</b>	<b>14,812</b>	<b>8,632,321</b>
<b>EXPENDITURES</b>				
Salaries and Employee Benefits	5,453,919	196,483	2,561	119,584
Services and Supplies	3,897,127	37,230	279	125,065
Capital Outlay	211,724			8,258,992
<b>Total Expenditures</b>	<b>9,562,770</b>	<b>233,713</b>	<b>2,840</b>	<b>8,503,641</b>
Excess of Revenues Over (Under) Expenditures	(70,819)	(131,294)	11,972	128,680
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	661,759			
Transfers Out	(104,329)		(661,759)	(39,774)
<b>Total Other Financing Sources (Uses)</b>	<b>557,430</b>	<b>-</b>	<b>(661,759)</b>	<b>(39,774)</b>
<b>Net Change in Fund Balances</b>	<b>486,611</b>	<b>(131,294)</b>	<b>(649,787)</b>	<b>88,906</b>
Fund Balances - Beginning of Year	5,429,969	4,586,474	765,498	875,404
Fund Balances - End of Year	\$ 5,916,580	\$ 4,455,180	\$ 115,711	\$ 964,310

The accompanying notes are an integral part of this statement.

SAR Parkway Prado Dam Trail	Capital Project Trails West Co. Parks DIF	Capital Develop Parks-Prop 40	Other Governmental Funds	Total Governmental Funds
\$	\$	\$	\$	\$ 5,087,836
72,544	46,588 176,460	11,996 400,682	122,290 492,562 1,556,230 95,002	476,881 10,309,479 5,244,075 97,586
72,544	223,048	412,678	2,266,084	21,215,857
	9,122 209,133 169,908	17,071 20,229 233,534	1,413,572 544,424 108,014	7,212,312 4,833,487 8,982,172
-	388,163	270,834	2,066,010	21,027,971
72,544	(165,115)	141,844	200,074	187,886
(389,972)		333,498	591,904 (391,327)	1,587,161 (1,587,161)
(389,972)	-	333,498	200,577	-
(317,428)	(165,115)	475,342	400,651	187,886
3,265,969	3,901,038	(352,340)	5,709,890	24,181,902
\$ 2,948,541	\$ 3,735,923	\$ 123,002	\$ 6,110,541	\$ 24,369,788

The accompanying notes are an integral part of this statement.

**Riverside County Regional Park and Open - Space District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 2009

Net change in fund balances-total governmental funds \$ 187,886

Amounts reported in the statement of activities are different because:

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

Capital Outlay	9,584,366
Depreciation Expense	(1,387,667)
Loss on Disposal	(100,367)

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 Compensated Absences	<u>101,139</u>
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<b>Changes in net assets of governmental activities</b>	<b><u><u>\$ 8,385,357</u></u></b>
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**Riverside County Regional Park and Open - Space District**  
**Statement of Fiduciary Net Assets**  
June 30, 2009

	Historical Commission	Iodine Springs
<b>ASSETS</b>		
Cash and Investments	\$ 25,201	\$ 395,909
Interest Receivable	67	1,056
Total Assets	25,268	396,965
<b>LIABILITIES</b>		
Accounts Payable		7,820
Total Liabilities	-	7,820
<b>NET ASSETS</b>		
Held in Trust	\$ 25,268	\$ 389,145

The accompanying notes are an integral part of this statement.

**Riverside County Regional Park and Open - Space District**  
**Statement of Changes in Fiduciary Net Assets**  
Year Ended June 30, 2009

	Historical Commission	Iodine Springs
<b>ADDITIONS</b>		
Contributions	\$ 152	\$
Developer Agreements		
Revenue from Use of Money and Property	529	8,811
<b>TOTAL ADDITIONS</b>	681	8,811
<b>DEDUCTIONS</b>		
Administrative Expenses	3,998	
<b>TOTAL DEDUCTIONS</b>	3,998	-
<b>CHANGE IN NET ASSETS</b>	(3,317)	8,811
<b>NET ASSETS - BEGINNING</b>	28,585	380,334
<b>NET ASSETS - ENDING</b>	\$ 25,268	\$ 389,145

The accompanying notes are an integral part of this statement.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Summary of Significant Accounting Policies	12 - 18
2	Detailed Notes on All Funds	18 - 21
3	Other Information	21 - 24
4	Prior Period Adjustment	24

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Riverside County Regional Park and Open - Space District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A) Reporting Entity**

The Riverside County Regional Park and Open - Space District was formed July 1, 1991 for the purpose of preserving, protecting and maintaining open space and wildlife habitat and providing and maintaining regional parks and public recreation facilities under Public Resources Code 5506.7 et seq.

The District office and records are located at 4600 Crestmore Road, Riverside, California, 92509, telephone number (951) 955-4310.

District Directors consist of the Board of Supervisors of the County of Riverside. The District is a component unit of the County of Riverside.

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

Governmental Accounting Standards Board Statement No. 49

In November of 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement is effective for periods beginning after December 15, 2007. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. For recognized pollution remediation liabilities and recoveries, this Statement requires governments to disclose the nature and source of pollution remediation obligations, the amount of the estimated liability (if not apparent from the financial statements), the methods and assumptions used for the estimate, the potential for changes in estimates, and estimated recoveries that reduce the measurement of the liability.

**C) Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements:** The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 and charges for support.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

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

**C) Government-Wide and Fund Financial Statements - Continued**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

**Fund Financial Statements:** Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Agency funds are reporting only assets and liabilities under the accrual basis of accounting and have no measurement focus.

The District reports the following major governmental funds:

**General Fund:**

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

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

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

**Special Revenue Funds:**

Santa Ana River Mitigation - This fund accounts for activities related to the Santa Ana Mainstream project.

**Capital Project Funds:**

Parks Acquisition - ACO: This fund accounts for park project expenditures.

West Co. Park DIF - This fund accounts for Development Impact Fees, park proceeds and expenditures.

SAR Parkway Prado Dam Trail - This fund accounts for trail project expenditures.

Trails West Co. Park DIF - This fund accounts for Development Impact Fees, proceeds and expenditures.

Capital Development Parks - Prop 40: This fund accounts for proceeds and expenditures related to Prop 40.

The District also reports the following fund type:

Fiduciary Funds

These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organization, other governmental units, and/or other funds. The District maintains two Fiduciary funds:

Historical Commission – This fund accounts for revenues and expenditures related to discovering and identifying persons, events and places of historical significance in Riverside County.

Iodine Springs Mitigation – This fund accounts for activities related to Iodine Springs.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then use unrestricted resources as they are needed.

**E) Budget, Budgetary Process and Encumbrances**

The District adopts an annual budget, which can be amended by the District throughout the year. The basis used to prepare the budget is the same as the basis used to reflect actual revenues and expenditures.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

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

**E) Budget, Budgetary Process and Encumbrances - Continued**

Encumbrance accounting employed by governmental funds, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

**F) Cash & Investments**

Cash includes amounts in demand and time deposits. As a governmental entity other than an external investment pool in accordance with GASB 31, the District's investments are stated at fair value except for interest-earning investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. (See Note 2A).

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The District pools cash and investments with the County, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

**G) Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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 expendable available financial resources.

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

Lien Date	January 1		
Levy Date	July 1		
Due Date	November 1	-	1 <sup>st</sup> Installment
	February 1	-	2 <sup>nd</sup> Installment
Delinquent Date	December 10	-	1 <sup>st</sup> Installment
	April 10	-	2 <sup>nd</sup> 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.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

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

**H) Compensated Absences**

The District follows the vacation and sick pay policies of the County of Riverside. In general, an employee receives all holiday, vacation, administrative leave and compensatory time upon separation of service. No sick pay is paid upon separation of service except for retirees who do receive a percentage of their sick pay. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employees' resignations and retirements.

**I) Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Building Improvements	6 to 20
Infrastructure	10 to 50
Land Improvements	10 to 25
Vehicles	6
Office Equipment	5 to 10
Furniture	20

**J) Long-term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

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

**K) Use of Estimates**

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

**L) Relationship to the County of Riverside**

The Riverside County Regional Park and Open – Space District is an integral part of the reporting entity of the County of Riverside. The funds and account groups of the District have been blended within the financial statements of the County because the County Board of Supervisors is the governing board of the District and exercises control over the operations of the District. Only the funds of the District are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the County of Riverside, California.

**2) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 21,486,969
Fiduciary Funds:	
Cash and Investments	<u>421,110</u>
Total Cash and Investments	<u>\$ 21,908,079</u>

Cash and investments as of June 30, 2009 consist of the following

Cash on Hand	\$ 5,000
Deposits with Financial Institutions	136,583
Deposits with County Treasurer	<u>21,766,496</u>
Total Cash and Investments	<u>\$ 21,908,079</u>

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Investments Authorized by the California Government Code and the District's Investment Policy**

The District's investment policy is the County of Riverside's investment policy. The table below identifies the investment types that are authorized for the District. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of *Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	5 years	None	None
Notes, participations, or obligations issued by the agencies of the federal government	5 years	None	None
Bonds, notes, warrants or certificates of indebtedness issued by the state or local agencies or County of Riverside	3 years	15% or \$150 million	None
Bankers Acceptance (BA's)	180 days	30%	\$50 Million
Commercial Paper (CP) of U.S. corporation with total assets exceeding \$500 mm.	270 days	40%	\$50 Million
Local Agency Obligations	3 years	2.5%	1.25%
CalTRUST Short Term Fund	Daily liquidity	1%	None
Negotiable CD's issued by national or state chartered banks or a licensed branch of a foreign bank	1 year	25%	\$50 Million
Collateralized Time Deposits	1 year	2%	None
Repurchase Agreements (repo) with 102% collateral restricted to U.S. Treasuries, agencies, agency mortgages, CP, BA's	45 days	40%	None
Reverse Repurchase Agreement on U.S. Treasury and Federal agency securities in portfolio	60 days	10%	None
Medium Term Notes or Corporate Notes on U.S. corporation	2 years	20%	\$25 Million
Money Market Mutual Funds that invest in eligible securities meeting requirements of California Government Code	Daily Liquidity	0%	None

\*Existing amounts held by bond trustees that are not subject to California Government Code restrictions.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Custodial Credit Risk**

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 the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision 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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits: the Agency has \$21,766,496 on deposit with the County Treasurer which is not subject to categorization because such information is not available.

**B) Capital Assets**

Capital Asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 28,262,505	\$ 8,960	\$ 8,080	\$ 28,263,385
Construction in progress	3,218,703	9,270,886	234,845	12,254,744
Total capital assets, not being depreciated	<u>31,481,208</u>	<u>9,279,846</u>	<u>242,925</u>	<u>40,518,129</u>
Capital assets, being depreciated:				
Buildings	16,123,491			16,123,491
Machinery and Equipment	4,068,713	262,834	6,316	4,325,231
Infrastructure	9,318,043	184,622		9,502,665
Total capital assets, being depreciated	<u>29,510,247</u>	<u>447,456</u>	<u>6,316</u>	<u>29,951,387</u>
Less accumulated depreciation for:				
Buildings	4,958,390	535,607		5,493,997
Machinery and equipment	2,257,072	417,060	6,316	2,667,816
Infrastructure	1,166,735	435,000		1,601,735
Total accumulated depreciation	<u>8,382,197</u>	<u>1,387,667</u>	<u>6,316</u>	<u>9,763,548</u>
Total capital assets, being depreciated, net	<u>\$ 21,128,050</u>	<u>\$ 940,211</u>	<u>\$ -</u>	<u>\$ 20,187,839</u>

a - Included in the beginning balance is a prior period adjustment of \$24,310.

b - Included in the beginning balance is a prior period adjustment of \$1,991,014.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**2) DETAILED NOTES ON ALL FUNDS – Continued**

**B) Capital Assets - Continued**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		
General Government	\$	330,040
Culture and Recreation		1,054,627
Total Depreciation Expense - Governmental Activities	\$	1,387,667

**C) Long-term Debt**

Activities related to long-term debt are presented as follows:

	Outstanding Beginning of Year	New Obligations	Matured	Outstanding End of Year	Due Within One Year
Compensated Absences Payable	\$ 1,320,409	\$ 136,535	\$ 237,674	\$ 1,219,270	\$ 219,469
<b>Total General Long-Term Debt</b>	<b>\$ 1,320,409</b>	<b>\$ 168,779</b>	<b>\$ 237,674</b>	<b>\$ 1,219,270</b>	<b>\$ 219,469</b>

Pursuant to GASB Statement 16, the accompanying financial statements present accrued vacation benefits due to employees at June 30, 2009.

**D) Interfund Receivables, Payables and Transfers**

Due to/from other funds at June 30, 2009 are as follows:

		DUE FROM			
		Park Acquisition ACO	West Co Park Dif	Capital Dev Parks-Prop 40	Total
DUE TO	Arundo Removal General Fund	\$ 100,000	\$ 250,000 1,200,000	\$ 250,000 800,000	\$ 500,000 2,100,000
	Total	\$ 100,000	\$ 1,450,000	\$ 1,050,000	\$ 2,600,000

The interfund payable balances represent routine and temporary cash flow assistance from the General Fund and the Arundo Removal Fund to other funds until the amounts receivable from other Agencies are collected to reimburse eligible expenditures.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**2) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Interfund Receivables, Payables and Transfers - Continued**

Interfund transfers for the year ended June 30, 2009 are as follows:

		TRANSFERS IN					
		General Fund	Habitat/Open Space Mgt.	Natural Res. Education	Capital Dev Parks-Prop 40	Recreation	Total
TRANSFERS OUT	General Fund	\$	\$	\$	\$ 4,329	\$ 100,000	\$ 104,329
	Off Road Vehicle Mfg		101,932				101,932
	Park Acquisition and Dev				177,487		177,487
	West Co Park DIF				39,774		39,774
	East Co Park DIF				111,908		111,908
	Park Acquisition - ACO	661,759					661,759
	SAR Parkway Prado Dam Trail			389,972			389,972
	<b>Total</b>	<b>\$ 661,759</b>	<b>\$ 101,932</b>	<b>\$ 389,972</b>	<b>\$ 333,498</b>	<b>\$ 100,000</b>	<b>\$ 1,587,161</b>

Transfers in to the General Fund totaled \$661,759 and were made from various funds for operating expenses incurred by the General Fund on behalf of the transferring funds. Others were made to adjust for program or project budget variances or matching fund requirements.

**3) OTHER INFORMATION**

**A) District Employees' Retirement Plan (Defined Benefit Pension Plan)**

Plan Description

The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. Copies of PERS's annual financial report may be obtained from the PERS executive Office at 400 "P" Street-Sacramento, California, 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The required employer contribution rate for the fiscal year 2008/09 was 13.9113%. The contribution requirements for plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Fiscal Year	Required Contributions	Percent Contributed
6/30/07	\$ 524,148	100%
6/30/08	\$ 560,896	100%
6/30/09	\$ 567,117	100%

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**3) OTHER INFORMATION – Continued**

**B) Other Post Employment Benefits**

**Plan Description**

The District's defined benefit postemployment healthcare plan, (DPHP), provides medical benefits to eligible retired District employees and beneficiaries. DPHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. DPHP members receiving benefits contribute based on their selected plan options of EPO, Silver or Gold and if they are located outside the State of California. Contributions by District ranges from \$25 to \$256 per month.

The District is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 7.75% of the annual covered payroll.

**Annual OPEB Cost**

For 2009, the District's annual OPEB cost (expense) of \$9,000 for DPHP was equal to the ARC. In addition to the ARC, the District contributed an additional \$19,961. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2009 and the two preceding years were as follows:

THREE-YEAR TREND INFORMATION FOR CERBT

<u>Fiscal Year</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 9,000	100%	\$ (235,961)
6/30/08	21,000	100%	(201,000)
6/30/07	*	*	*

\*The information for 6/30/07 year is unavailable. GASB 45 was implemented in fiscal year 2008.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**3) OTHER INFORMATION - Continued**

**B) Other Post Employment Benefits - Continued**

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2007, was as follows:

Actuarial Accrued Liability (AAL)	\$	190,000
Actuarial Value of Plan Assets	\$	0
Unfunded Actuarial Accrued Liability (UAAL)	\$	190,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)		0%
Covered Payroll (Active Plan Members)	\$	N/A
UAAL as a Percentage of Covered Payroll		N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	January 1, 2007
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (Net of Administrative Expenses)
Projected Salary Increase	3.25%
Inflation	4.50%
Individual Salary Growth	CalPERS 1997-2002 Experience Study

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**4) PRIOR PERIOD ADJUSTMENT**

The Statement of Activities reflects a \$2,015,324 prior period adjustment for capital assets that should have been recognized in the prior period.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Riverside County Regional Park and Open - Space District**  
**Required Supplementary Information**  
Year Ended June 30, 2009

**1. BUDGETARY DATA**

- 1) Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year.
- 2) Original appropriations are modified by supplemental appropriations and transfers among budget categories.
- 3) The Board of Directors approves all significant changes.

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the District's operations.

Budgets have been adopted on a basis consistent with generally accepted accounting principles (GAAP) for Special Revenue and Capital Project Funds.

Budget information is presented for each major Special Revenue Fund. Non-major Special Revenue Funds and Capital Project Funds are not required to present budgetary comparison schedules, therefore, the financial statements of these funds are not included in the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.

**2. EXPENDITURES IN EXCESS OF APPROPRIATIONS**

Expenditures did not exceed appropriations in the General Fund and the major special revenue funds.

**Riverside County Regional Park and Open - Space District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
Year Ended June 30, 2009  
Riverside County Regional Park and Open - Space District

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 5,179,707	\$ 4,918,938	\$ 5,087,836	\$ 168,898
Revenue From Use of Money and Property	85,000	85,000	72,617	(12,383)
Intergovernmental Revenues	805,296	805,296	641,069	(164,227)
Charges for Services	3,263,555	3,263,555	3,687,845	424,290
Other Revenues			2,584	2,584
<b>Total Revenues</b>	<u>9,333,558</u>	<u>9,072,789</u>	<u>9,491,951</u>	<u>419,162</u>
<b>EXPENDITURES</b>				
Salaries and Employee Benefits	7,743,030	7,813,747	5,453,919	2,359,828
Services and Supplies	3,841,653	4,122,153	3,897,127	225,026
Capital Outlay	154,000	247,500	211,724	35,776
<b>Total Expenditures</b>	<u>11,738,683</u>	<u>12,183,400</u>	<u>9,562,770</u>	<u>2,620,630</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,405,125)</u>	<u>(3,110,611)</u>	<u>(70,819)</u>	<u>3,039,792</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,963,989	1,628,246	661,759	(966,487)
Transfers Out		(104,500)	(104,329)	171
<b>Total Other Financing Sources (Uses)</b>	<u>1,963,989</u>	<u>1,523,746</u>	<u>557,430</u>	<u>(966,316)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (441,136)</u>	<u>\$ (1,586,865)</u>	486,611	<u>\$ 2,073,476</u>
Fund Balance - Beginning of Year			<u>5,429,969</u>	
Fund Balance - End of Year			<u>\$ 5,916,580</u>	

**Riverside County Regional Park and Open - Space District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Santa Ana River Mitigation**  
Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue From Use of Money & Property	210,686	210,686	102,419	(108,267)
Charges for Services	23,652	23,652		(23,652)
Total Revenues	<u>234,338</u>	<u>234,338</u>	<u>102,419</u>	<u>(131,919)</u>
<b>EXPENDITURES</b>				
Salaries and Employee Benefits	307,049	307,049	196,483	110,566
Services and Supplies	100,601	100,601	37,230	63,371
Vehicles	9,500	9,500		9,500
Total Expenditures	<u>417,150</u>	<u>417,150</u>	<u>233,713</u>	<u>183,437</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(182,812)</u>	<u>(182,812)</u>	<u>(131,294)</u>	<u>51,518</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
Transfers Out	(236,049)	(307,049)		307,049
Total Other Financing Sources (Uses)	<u>(236,049)</u>	<u>(307,049)</u>	<u>-</u>	<u>307,049</u>
Net Change in Fund Balances	<u>(418,861)</u>	<u>(489,861)</u>	(131,294)	<u>358,567</u>
Fund Balance - Beginning of Year			4,586,474	
Fund Balance - End of Year			<u>\$ 4,455,180</u>	

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**Schedule of Funding Progress for DPHP**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
1/01/07						
Miscellaneous	\$ 0	\$ 190,000	\$ 190,000	0%	\$ N/A	N/A

As of June 30, 2009, no additional actuarial valuations have been performed.

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## **SUPPLEMENTAL INFORMATION**

**Riverside County Regional Park and Open - Space District  
Combining Balance Sheet - Non-major Governmental Funds**

June 30, 2009

	Special Revenue				
	Recreation	Fish and Game	Park Resident Employees	Arundo Removal	Habitat/Open Space Mgt.
<b>ASSETS</b>					
Cash and Investments	\$ 88,257	\$ 15,114	\$ 167,702	\$ 845,928	\$ 468,662
Interest Receivable	239	82	558	2,677	728
Due From Other Funds				500,000	
Due from Other Governmental Agencies		379		33,570	
<b>Total Assets</b>	<b>\$ 88,496</b>	<b>\$ 15,575</b>	<b>\$ 168,260</b>	<b>\$ 1,382,175</b>	<b>\$ 469,390</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 184	\$	\$	\$ 562	\$ 544
Salaries and Benefits Payable				130	
Due to Other Governmental Agencies				59	
<b>Total Liabilities</b>	<b>184</b>	<b>-</b>	<b>-</b>	<b>751</b>	<b>544</b>
<b>Fund Balances</b>					
Reserved for Encumbrances				2,640	
Reserved for Receivables				500,000	
Unreserved:					
Designated for Specific Capital Projects and Programs	88,312	15,575	168,260	878,784	468,846
<b>Total Fund Balances</b>	<b>88,312</b>	<b>15,575</b>	<b>168,260</b>	<b>1,381,424</b>	<b>468,846</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 88,496</b>	<b>\$ 15,575</b>	<b>\$ 168,260</b>	<b>\$ 1,382,175</b>	<b>\$ 469,390</b>

Special Revenue					
Off Road Vehicle Mgt.	Jensen Ranch	Shipley/ Other Lands	MSHCP	Multi-Species Reserve	Natural Res. Education
\$ 492,268 1,586	\$ 18,414 48	\$	\$ 554,294 1,294	\$ 81,363 367	\$ 390,518 1,046
				64,755	
<u>\$ 493,854</u>	<u>\$ 18,462</u>	<u>\$ -</u>	<u>\$ 555,588</u>	<u>\$ 146,485</u>	<u>\$ 391,564</u>
\$	\$	\$	\$ 1,968	\$ 538	\$
			1,968	538	-
			2,639		
<u>493,854</u>	<u>18,462</u>		<u>550,981</u>	<u>145,947</u>	<u>391,564</u>
<u>493,854</u>	<u>18,462</u>	<u>-</u>	<u>553,620</u>	<u>145,947</u>	<u>391,564</u>
<u>\$ 493,854</u>	<u>\$ 18,462</u>	<u>\$ -</u>	<u>\$ 555,588</u>	<u>\$ 146,485</u>	<u>\$ 391,564</u>

Continued

**Riverside County Regional Park and Open - Space District**  
**Combining Balance Sheet - Non-major Governmental Funds - Continued**  
June 30, 2009

	Capital Project			Total Other Governmental Funds
	East Co Park DIF	Park Acquisition and Development	Trails East Co Park DIF	
<b>ASSETS</b>				
Cash and Investments	\$ 515,129	\$ 1,889,448	\$ 7,369	\$ 5,534,466
Interest Receivable	1,561	5,132	20	15,338
Due From Other Funds				500,000
Due from Other Governmental Agencies				98,704
<b>Total Assets</b>	<b>\$ 516,690</b>	<b>\$ 1,894,580</b>	<b>\$ 7,389</b>	<b>\$ 6,148,508</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 33,980	\$ 2	\$	\$ 37,778
Salaries and Benefits Payable				130
Due to Other Governmental Agencies				59
<b>Total Liabilities</b>	<b>33,980</b>	<b>2</b>	<b>0</b>	<b>37,967</b>
<b>Fund Balances</b>				
Reserved for Encumbrances				5,279
Reserved for Receivables				500,000
Unreserved:				
Designated for Specific Capital Projects and Programs	482,710	1,894,578	7,389	5,605,262
<b>Total Fund Balances</b>	<b>482,710</b>	<b>1,894,578</b>	<b>7,389</b>	<b>6,110,541</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 516,690</b>	<b>\$ 1,894,580</b>	<b>\$ 7,389</b>	<b>\$ 6,148,508</b>

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**Riverside County Regional Park and Open - Space District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Non-major Governmental Funds**  
Year Ended June 30, 2009

	Recreation	Fish and Game	Special Revenue Park Resident Employees	Arundo Removal	Habitat/Open Space Mgt.
<b>REVENUES</b>					
Revenue From Use of Money and Property	\$ 493	\$ 473	\$ 4,340	\$ 26,050	\$ 7,863
Intergovernmental Revenues	4,038			64,160	260,000
Charges for Services		8,073	61,573	256,014	
Other Revenues					
Total Revenues	<u>4,531</u>	<u>8,546</u>	<u>65,913</u>	<u>346,224</u>	<u>267,863</u>
<b>EXPENDITURES</b>					
Salaries and Employee Benefits			35,000	252,820	253,330
Services and Supplies	16,219	12,134	40,411	175,459	47,007
Capital Outlay					7,423
Total Expenditures	<u>16,219</u>	<u>12,134</u>	<u>75,411</u>	<u>428,279</u>	<u>307,760</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	<u>(11,688)</u>	<u>(3,588)</u>	<u>(9,498)</u>	<u>(82,055)</u>	<u>(39,897)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	100,000				101,932
Transfers Out					
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,932</u>
Net Change in Fund Balances	88,312	(3,588)	(9,498)	(82,055)	62,035
Fund Balances - Beginning of Year		19,163	177,758	1,463,479	406,811
Fund Balances - End of Year	<u>\$ 88,312</u>	<u>\$ 15,575</u>	<u>\$ 168,260</u>	<u>\$ 1,381,424</u>	<u>\$ 468,846</u>

Special Revenue					
Off Road Vehicle Mgt.	Jensen Ranch	Shipley/ Other Lands	MSHCP	Multi-Species Reserve	Natural Res. Education
\$ 12,425 115,181	\$ 493	\$	\$ 9,886	\$ 2,798	\$ 1,592
	4,002		940,954	289,616	
127,606	4,495	-	950,840	292,414	1,592
	7,561		616,894 139,678 44,982	212,132 51,938	
-	7,561	-	801,554	264,070	-
127,606	(3,066)	-	149,286	28,344	1,592
(101,932)					389,972
(101,932)	-	-	-	-	389,972
25,674	(3,066)	-	149,286	28,344	391,564
468,180	21,528		404,334	117,603	
<u>\$ 493,854</u>	<u>\$ 18,462</u>	<u>\$ -</u>	<u>\$ 553,620</u>	<u>\$ 145,947</u>	<u>\$ 391,564</u>

Continued

**Riverside County Regional Park and Open - Space District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2009

	East Co Park DIF	Capital Project Park Acquisition and Development	Trails East Co Park DIF	Total Other Governmental Funds
<b>REVENUES</b>				
Revenue From Use of Money & Property	\$ 13,725	\$ 41,997	\$ 155	\$ 122,290
Intergovernmental Revenues	49,183			492,562
Charges for Services				1,556,230
Other Revenues		91,000		95,002
<b>Total Revenues</b>	<b>62,908</b>	<b>132,997</b>	<b>155</b>	<b>2,266,084</b>
<b>EXPENDITURES</b>				
Salaries and Employee Benefits	11,726	31,670		1,413,572
Services and Supplies	25,923	28,094		544,424
Capital Outlay	53,366	2,243		108,014
<b>Total Expenditures</b>	<b>91,015</b>	<b>62,007</b>	<b>-</b>	<b>2,066,010</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(28,107)</b>	<b>70,990</b>	<b>155</b>	<b>200,074</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				591,904
Transfers Out	(111,908)	(177,487)		(391,327)
<b>Total Other Financing Sources (Uses)</b>	<b>(111,908)</b>	<b>(177,487)</b>	<b>-</b>	<b>200,577</b>
<b>Net Change in Fund Balances</b>	<b>(140,015)</b>	<b>(106,497)</b>	<b>155</b>	<b>400,651</b>
Fund Balances - Beginning of Year	622,725	2,001,075	7,234	5,709,890
Fund Balances - End of Year	<b>\$ 482,710</b>	<b>\$ 1,894,578</b>	<b>\$ 7,389</b>	<b>\$ 6,110,541</b>

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES  
APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

Board of Directors  
Riverside County Regional Park and Open-Space District  
Riverside, California

We have applied the procedures enumerated below to the accompanying Appropriations Limit documents of the Riverside County Regional Park and Open-Space District, for the year ended June 30, 2009. These procedures, which were agreed to by the Riverside County Regional Park and Open-Space District and the League of California Cities (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*) were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed documents required by the Article XIII B Appropriations Limitation Uniform Guidelines, and determined that the limit and annual adjustment factors were adopted by resolution of the Board of Directors. We also determined that the population and inflation options were selected by a recorded vote of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the Board of Directors during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the use of the Riverside County Regional Park and Open-Space District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

*Jeannette Ramirez & Smith*

November 10, 2009

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT**  
**APPROPRIATIONS LIMIT COMPUTATION**  
2008 - 2009

	<u>2008-2009</u>
Per Capita Personal Income Change	4.29%
Population Change	
County Population Growth	2.71%
PCI Change Converted to a Ratio	1.0429
Population Change Converted to a Ratio	1.0271
Calculation of Growth Factor	1.0712
2007 - 2008 Limit	<u>\$ 69,544,499</u>
2008 - 2009 Appropriations Limit (69,544,499 x 1.0712)	<u>\$ 74,496,067</u>

November 10, 2009

Board of Directors and Management  
Riverside County Regional Park and  
Open Space District  
Riverside, California

We have audited the financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Riverside County Regional Park and Open Space District (the "District") for the year ended June 30, 2009 and have issued our report thereon dated November 10, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 27, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management about planning matters on February 27, 2009.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the property and equipment depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosure of the fair value of investments in Note 2a to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of capital assets in Note 2b to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 10, 2009.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Jeannan Ramirez & Smith*