



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

520 A



FROM: Regional Park & Open-Space District

SUBMITTAL DATE:  
2/15/2011

SUBJECT: Annual Audit Report for FY 2009-2010

RECOMMENDED MOTION: That the Board of Directors receives and files the FY 2009-2010 Independent Auditor's Report for the Riverside County Regional Park & Open-Space District (District), which includes:

1. Annual Audit Report, Year Ended June 30, 2010;
2. Engagement Letter – Responsibilities and Scope;
3. Accountant's Compilation Report;
4. Independent Accountant's Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets;
5. Letter to Board of Directors dated December 30, 2010;
6. Report on Internal Control, Compliance, and Other Matters based on Audited Financial Statements; and
7. Schedule of Findings and Responses.

BACKGROUND: (continued on page 2)

2011-017D-MG

*[Signature]*  
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: *[Signature]*  
Alex Gann

County Executive Office Signature

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

Departmental Concurrence

Consent     Policy  
 Consent     Policy

MINUTES OF THE REGIONAL PARK AND OPEN SPACE DISTRICT

On motion of Commissioner Buster, seconded by Commissioner Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley  
 Nays: None  
 Absent: None  
 Date: February 15, 2011  
 xc: Parks

Kecia Harper-Ihem  
 Clerk of the Board  
 By: *[Signature]*  
 Deputy

**DISTRICT**  
**13.2**

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

Dep't Recomm.:  
Per Exec. Ofc.:

**SUBJECT:** Annual Audit Report for FY 2009-2010

**BACKGROUND:** Teaman, Ramirez, & Smith, Inc., Certified Public Accountants (TRS) prepared these reports for the fiscal year ending June 30, 2010. TRS compiled the balance sheet of the District as of June 30, 2010 for the purposes of filing such with the State Controller's Office. They also reviewed the District's Appropriations Limit worksheets, finding no exceptions, and rendered an unqualified opinion on the District's financial statements.

Although no material weaknesses in internal controls were noted, TRS identified three internal control deficiencies of lesser significance which management has taken appropriate steps to correct. Management's discussions of these items are included in the Schedule of Findings and Responses.

June 4, 2010

To the Board of Directors  
Riverside County Regional Park & Open-Space District  
4600 Crestmore Road  
Riverside, CA 92509

We are engaged to audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside County Regional Park & Open-Space District for the year ended June 30, 2010. Professional standards require that we provide you with the following information related to our audit. We would also encourage further discussion regarding this information since a two-way dialogue can provide valuable information for the audit process.

**Our Responsibilities under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated March 26, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the Riverside County Regional Park & Open-Space District. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Riverside County Regional Park & Open-Space District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests is not to provide an opinion on compliance with such provisions.

Other information included in documents containing audited financial statements such as *management's discussion and analysis* and other *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 will apply certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we will not audit the information and we will express no opinion on it.

**Planned Scope and Timing of the Audit**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit.

We expect to begin our audit in June, 2010 and issue our report no later than October 15, 2010.

This information is intended solely for the use of the Board of Directors and management of the Riverside County Regional Park & Open-Space 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*

December 30, 2010

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Riverside County Regional Parks and Open-Space District (the "District") for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 4, 2010. Professional standards also require that we communicate to you the following information related to our audit.

**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 the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 were:

Management's estimate of the fair value of investments is based on information provided by the Treasurer of the County of Riverside. 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 capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements 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 the audit; however the accounting records were not complete until early in November which delayed the completion of the audit procedures and the issuance of the final audit report.

### *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. The entry to accrue accounts payable at year end was identified by management during the audit process. It amounted to approximately \$500,000 and was not recorded into the general ledger until late in October.

### *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 December 30, 2010.

### *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 governmental unit'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 governmental unit'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 District and management of Riverside County Regional Parks and Open-Space 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, L.L.C.*

**Riverside County Regional Park and Open-Space District**  
**Schedule of Findings and Responses**  
**June 30, 2010**

**2010-01**

**Wedding and Special Event Credit Card Revenues Collected at the District's Headquarters**

**Finding**

When documenting the cash receipt process for weddings and special events, we noted that credit card receipts are not posted timely to the general ledger. These credit card transactions are credited to a Bank of America merchant checking account as they occur. When the District receives the monthly bank statement, they write a check from the account in the amount of the ending balance and deposit it to the County Treasury, thereby recording the revenue in the general ledger. This action occurs at times two or three months after the initial credit card transaction and can cause distortion in monthly reporting of revenues.

Additionally, there is no formalized cash receipt process to provide a document trail. For example, the District does not issue an Official County Receipt to special event customers that pay by credit card, so there are no internal documents generated to record, reconcile, or verify this form of revenue.

**Recommendation**

We recommend the District establish a process to record credit card receipts daily from internally generated documents. The general ledger activity posted from these documents could then be reconciled to the bank statements at the end of each month. This would ensure that all revenues are recorded in the proper period and any reconciling items could be addressed with the bank within the 60 day period allowed by the bank.

**2010-02**

**Reservation Revenues Collected at the Park District's Headquarters**

**Finding**

When documenting the cash receipt process for reservations, we noted that there is no daily reconciliation prepared agreeing the amounts collected for reservations to the amount of actual cash receipts deposited. A clerk could potentially make a reservation in the system, give the consumer a receipt from the reservation system, and misappropriate the cash without being detected. The consumer's reservation is still in the system, so they are unaffected by the cash shortage.

Additionally, credit card revenues collected through the reservation system are deposited in the same manner as the weddings and special event credit card collections described in 2010-01. The recording of reservation revenues also occurs at times two or three months after the initial transactions.

**Recommendation**

We recommend the District establish a process to "close out" the reservation system daily. This process should include printing reports related to reservation fees collected by clerks and reconciling these reports to the cash, checks, and credit card receipts for the day. A supervisor should review and approve the reconciliation on a daily basis. The reports could then facilitate the recording of the reservation fees into the general ledger on a timely basis and in the correct month.

### **Management's Response to 2010-01 and 2010-02**

The District will convert the credit card merchant account for Weddings and Reservations from a Bank of America checking account to a Union Bank zero balance account. This will allow revenues from both areas to be posted into the general ledger on a daily basis.

In addition, the District has created a Cash Handling Procedures manual which establishes uniform procedures and internal controls over the handling, depositing, and reconciling of all cash (currency, coin, checks, money orders, and credit cards) received at various collection sites throughout the District. These procedures require that a handwritten Official County Receipt or system-generated receipt be provided to the customer for every type of transaction.

Included with the manual is a new Daily Cash Reconciliation form that requires all cash collections agree to total sales per the point-of-sale system. It also requires dual signatures to verify cash amounts, and a signature to transfer accountability whenever cash changes hands between employees.

The new Cash Handling Procedures manual and forms are currently being tested at all collection sites within the District. Permanent adoption of these procedures is scheduled for March 1, 2011.

### **2010-03 Accuracy of Accounting Records**

#### **Finding**

During our audit, we noted that certain transactions in the District's general ledger were not recorded in the proper month, and most accounts were not analyzed or reconciled on a regular basis throughout the year.

In addition to delayed posting of revenues as described in Findings 2010-01 and 2010-02, Accounts Payable and Construction in Progress were also delayed. Accounts payable were up to six months behind in posting to the general ledger, and the yearend accounts payable accrual of approximately \$500,000 was not posted until late October. This delayed the reconciliation of Construction in Progress, as it could not be completed until the accounts payable accrual was posted into the general ledger.

The District does not perform adequate reconciliation or review of all balance sheet accounts, and certain revenue and expenditure accounts, on a regular basis. This is a vital part of maintaining the integrity of the accounting system. Periodic reconciliation of these accounts provides accurate data from which to base decisions, prevent costly errors, and provide ease in identifying potential adjustments and corrections. It can also ensure year-end closing is completed in a more efficient and effective manner.

The District is subject to certain reporting deadlines because it is a component unit of the County of Riverside; those deadlines have been difficult to meet because of these conditions.

To some extent, these findings may be the result of staff turnover at the District.

#### **Recommendation**

We recommend the District ensure all transactions post to the general ledger in the correct month, and that all balance sheet accounts and certain revenue and expenditure accounts are analyzed on a regular basis.

We suggest the District create a schedule of accounting functions to be performed monthly, quarterly, etc., with provision for signing off by date and initials when the procedure is complete.



### **Management's Response**

During fiscal year 2009-10, the County of Riverside imposed mandatory furloughs which resulted in a 10% reduction of work hours and strict limits on the amount of allowable overtime. Additionally, three of the eight permanent positions within the District's Finance Division were unfilled due to retirement and staff turnover. One key position, Senior Accountant, was vacant for one year before a suitable replacement was found. Two additional positions, one in accounts payable and one in revenue, were vacant for up to three months each. Remaining furloughed staff were not able to adequately maintain the workload while these positions were unfilled, which resulted in the observed delays in accounts payable and revenue processing.

In Fiscal Year 2010-11, the District reorganized the Finance Division as part of the new Administration Bureau, and filled all vacant Finance Division positions including a new Administrative Bureau Chief. Staff are currently processing all activity in a timely manner, the Senior Accountant is reviewing all balance sheet accounts on a quarterly basis, and various revenue and expenditure accounts are analyzed monthly. The Finance Department is also providing management with useful reports on a more frequent basis, which they use to make timely decisions regarding projects, staffing, and budget adjustments.

**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***

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

We have audited the 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 (the "District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2010. 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 the 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

We noted certain matters that we reported to management of the District, in a separate letter dated December 30, 2010.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Director's, others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

*Teaman Ramirez & Smith, L.L.C.*

December 30, 2010

**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, 2010. 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 conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this 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 examination, 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 appropriations 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 information and 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.

*Seaman Ramirez & Smith, Inc.*

December 30, 2010

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT  
APPROPRIATIONS LIMIT COMPUTATION  
2009 - 2010**

	<u>2009-2010</u>
Per Capita Personal Income Change	.62%
Population Change	
County Population Growth	1.44%
PCI Change Converted to a Ratio	1.0062
Population Change Converted to a Ratio	1.0144
Calculation of Growth Factor	1.0207
2008 - 2009 Limit	<u>\$ 74,496,067</u>
2009 - 2010 Appropriations Limit (74,496,067 x 1.0207)	<u>\$ 76,038,136</u>

Accountants' Compilation Report

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

We have compiled the balance sheet of the Riverside County Regional Park and Open-Space District as of June 30, 2010 and the related statements of revenue and expenditures, sources and uses, and consolidation of fund equities and transfers for the year then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the California State Controller's Office information that is the representation of management. We have not audited or reviewed the accompanying financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the California State Controller's Office, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences

This report is intended solely for filing with the State Controller's Office and is not intended for any other purpose.

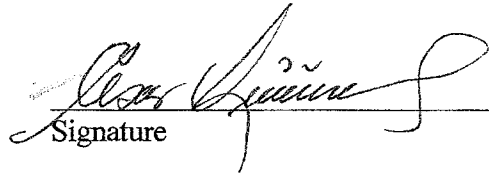
*Teaman Ramirez & Smith*

October 13, 2010

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section – **Special District Unit**  
3301 C. Street, Suite 500  
Sacramento, CA 95816

Enclosed is the Annual Report of Financial Transactions to the State Controller for the preceding year. We would appreciate your acknowledging receipt below and returning this letter in the enclosed self-addressed envelope.

Riverside County Regional Park and Open  
Space District  
District

  
Signature

✓ 10/13/10  
Date

Received the aforementioned report on

\_\_\_\_\_  
Division of Accounting and Reporting

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



**RIVERSIDE COUNTY REGIONAL PARK**

**AND OPEN - SPACE DISTRICT**

**ANNUAL AUDIT REPORT**

Year Ended June 30, 2010

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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, 2010 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, 2010, 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 December 30, 2010 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, Inc.*

December 30, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Riverside County Regional Park and Open Space District (*District*), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2010 and 2009. Please read it in conjunction with the District's basic financial statements and accompanying notes to those financial statements.

### Financial Highlights

The assets of the District exceeded its liabilities at the close of the current fiscal year by \$88,660,400. Of this amount, \$8,633,088 may be used to meet the District's ongoing obligations.

- The District's total net assets increased by \$4,803,914 compared to prior year net assets.
- As of June 30, 2010, the District's General Fund reported a fund balance of \$6,278,315, an increase of \$361,735 over prior year. Of this total, \$4,469,525 is available for spending at the District's discretion (unreserved, undesignated fund balance).
- Unreserved, undesignated fund balance in the District's General Fund represents 55% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components:

- 1) government-wide financial statements;
- 2) fund financial statements;
- 3) statement of fiduciary net assets and changes to those net assets; and
- 4) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

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

The *statement of net assets* presents information on all 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 District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish between functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds 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 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 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**

**Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets exceeded liabilities by \$88,660,400 in 2010 and \$83,856,486 in 2009.

NET ASSETS		
	2010	2009
Current and Other Assets	24,517,049	25,332,283
Capital Assets	68,840,452	60,705,968
<b>TOTAL ASSETS</b>	<b>93,357,501</b>	<b>86,038,251</b>
Long-Term Liabilities Outstanding	2,345,289	1,219,270
Other Liabilities	2,351,812	962,495
<b>TOTAL LIABILITIES</b>	<b>4,697,101</b>	<b>2,181,765</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	68,840,452	60,705,968
Restricted	11,186,860	13,369,747
Unrestricted	8,633,088	9,780,771
<b>TOTAL NET ASSETS</b>	<b>88,660,400</b>	<b>83,856,486</b>

Seventy-seven percent (77%) of the District’s net assets 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 District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Governmental Activities

At the end of the current fiscal year, the 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 increased the District's net assets by \$4,803,914 in 2010 and \$10,400,620 in 2009. Key elements of this increase are as follows:

		GOVERNMENTAL ACTIVITIES	
REVENUES		2010	2009
<i>Program Revenues:</i>			
Charges for Services		5,192,607	5,341,661
Operating Grants		1,079,111	8,553,836
Capital Grants		6,961,478	1,755,643
<i>General Revenues:</i>			
Property Taxes		4,270,775	5,087,836
Investment Income		318,452	476,881
<b>TOTAL REVENUES</b>		<b>17,822,423</b>	<b>21,215,857</b>
<b>EXPENSES</b>			
General Government		2,239,893	2,999,738
Culture and Recreation		10,778,616	9,830,782
<b>TOTAL EXPENSES</b>		<b>13,018,509</b>	<b>12,830,520</b>
Increase/(Decrease) in Net Assets		4,803,914	8,385,337
Prior Period Adjustment		-	2,015,324
<b>NET INCREASE/ (DECREASE) IN NET ASSETS</b>		<b>4,803,914</b>	<b>10,400,661</b>

- Capital grants increased by \$5,205,835 (297%) compared to prior year as a result of an increase in contributions from the County for capital projects.
- Property taxes decreased by \$817,061 (16%) compared to prior year as a result of continued decreases in property valuations.
- General Government expenses decreased by \$759,845 (25%) compared to prior year mostly as a result of mandatory 10% furloughs imposed by employee unions.

## Financial Analysis of the Government's Funds

### Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District 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 District governmental funds reported combined ending fund balances of \$22,165,237, a decrease of \$2,204,551 as compared to prior year. Approximately 91% of this total amount, \$20,106,447 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, 2010.

### General Fund

The general fund is the chief operating fund of the District. The general fund balance increased by \$361,735 during the current fiscal year. At the end of the current fiscal year, unreserved general fund balance, which is designated for capital projects and programs, was \$4,469,525, while total fund balance reached \$6,278,315.

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 55% of total general fund expenditures, while total fund balance represents 77% of that same amount.

### Budgetary Highlights

Differences between the original budget and the final amended budget for the general fund total \$292,966 (net increase in appropriations) and can be summarized as follows:

		GENERAL FUND BUDGET		
		Original	Final	Change
<u>Revenues:</u>				
	Property Taxes	4,751,945	4,483,429	268,516
	Revenue from Use of Money and Property	85,000	70,450	14,550
	Intergovernmental Revenues	657,305	657,305	-
	Charges for Services	3,227,417	3,227,517	(100)
	Other Revenues			
	<b>TOTAL REVENUES</b>	<b>8,721,667</b>	<b>8,438,701</b>	<b>282,966</b>
<u>Expenditures:</u>				
	Salaries and Employee Benefits	5,716,067	5,716,067	-
	Services and Supplies	4,047,352	4,195,352	(148,000)
	Capital Outlay	138,000	-	138,000
	<b>TOTAL EXPENDITURES</b>	<b>9,901,419</b>	<b>9,911,419</b>	<b>(10,000)</b>
	<b>Net Change in Fund Balances</b>	<b>(1,179,752)</b>	<b>(1,472,718)</b>	<b>292,966</b>



## Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2010, amounts to \$68,840,452. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and park facilities net of accumulated depreciation.

CAPITAL ASSETS		
	2010	2009
Land	28,263,385	28,263,385
Construction in Progress	19,939,690	12,254,744
Buildings	11,770,409	10,629,494
Machinery and equipment	1,297,907	1,657,415
Infrastructure	7,569,061	7,900,930
Total	68,840,452	60,705,968

Additional information on the District's capital assets can be found in Note 2 on page 20 of this report.

### Long-Term Debt

Currently, the District's long-term debt obligations include compensated absences payable, which increased by \$126,019 from the prior year and claims and judgments payable of \$1 million.

### Economic Factors and Next Year's Budget

The District is preparing to operate the new Jurupa Aquatic Center in the next fiscal year. The District will be leasing the property from the Redevelopment Agency of the County of Riverside, and will enter into a Memorandum of Understanding with the Jurupa Unified School District for shared use of the facilities. The District will provide all staffing and services at the aquatic center, and will record all related financial activity in a separate Recreation Fund.

Capital asset construction will continue at a high level in the next fiscal year. Funding from Development Impact Fees and State of California Proposition 40 will expire as of May 2011, and all related construction projects must be completed by January 2011 to allow time for reimbursement processing. The District will actively pursue new grants and funding sources for future capital improvement projects.

Recreation fee revenue is expected to continue increasing as the public utilizes newly-constructed and improved camping and recreational facilities within the District. Conversely, property tax revenues are expected to continue declining due to the ongoing reassessment of property values within the District's boundaries in the County of Riverside.

## **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 District's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 4600 Crestmore Road, Riverside CA 92509-6858.

**Riverside County Regional Park and Open - Space District**  
**Statement of Net Assets**  
June 30, 2010

	2010
<b>ASSETS</b>	
Cash and Investments	\$ 23,195,374
Property Tax Receivable	271,644
Accounts Receivable	52,175
Interest Receivable	33,638
Due From Other Governmental Agencies	964,218
Capital Assets:	
Land	28,263,385
Construction in Progress	19,939,690
Buildings, Equipment and Infrastructure, Net of Depreciation	20,637,377
Total Assets	93,357,501
<b>LIABILITIES</b>	
Accounts Payable	1,784,891
Salaries and Benefits Payable	262,242
Due to Other Governmental Agencies	79
Customer Deposits	281,474
Deferred Revenue	23,126
Long-Term Liabilities	
Due in One Year	242,152
Due in More Than One Year	2,103,137
Total Liabilities	4,697,101
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	68,840,452
Restricted	11,186,860
Unrestricted	8,633,088
Total Net Assets	\$ 88,660,400

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, 2010

Functions/Programs	Expenses	Program Revenues		Total	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
General Government	\$ 2,239,893	\$ 1,310,905	\$ 269,778	\$ 696,148	\$ 36,938
Culture and Recreation	10,778,616	3,881,702	809,333	6,265,330	177,749
<b>Total</b>	<b>\$ 13,018,509</b>	<b>\$ 5,192,607</b>	<b>\$ 1,079,111</b>	<b>\$ 6,961,478</b>	<b>214,687</b>

General Revenues:	
Property Taxes	4,270,775
Investment Income	318,452
<b>Total General Revenues</b>	<b>4,589,227</b>
Change in Net Assets	4,803,914
Net Assets - Beginning of Year	83,856,486
Net Assets - Ending	<b>\$ 88,660,400</b>

The accompanying notes are an integral part of this statement.

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**Riverside County Regional Park and Open - Space District**  
**Balance Sheet - Governmental Funds**  
June 30, 2010

	<u>General Fund</u>	<u>Special Revenue Santa Ana River Mitigation</u>	<u>Capital Project West Co. Park DIF</u>
<b>ASSETS</b>			
Cash and Investments	\$ 4,899,475	\$ 4,302,143	\$ 1,110,797
Property Tax Receivable	271,644		
Accounts Receivable	52,175		
Interest Receivable	5,774	6,880	1,028
Due from Other Funds	1,808,790		
Due from Other Governmental Agencies	113,701		
	<u>113,701</u>		
Total Assets	<u>\$ 7,151,559</u>	<u>\$ 4,309,023</u>	<u>\$ 1,111,825</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 306,402	\$ 60	\$ 500,792
Salaries and Benefits Payable	262,242		
Due to Other Funds			1,450,000
Due to Other Governmental Agencies			
Customer Deposits	281,474		
Deferred Revenues	23,126		
	<u>23,126</u>		
Total Liabilities	<u>873,244</u>	<u>60</u>	<u>1,950,792</u>
<b>Fund Balances</b>			
Reserved for Receivables	1,808,790		
Unreserved:			
Designated for Specific Capital Projects and Programs	4,469,525	4,308,963	
Undesignated			(838,967)
	<u>4,469,525</u>	<u>4,308,963</u>	<u>(838,967)</u>
Total Fund Balances	<u>6,278,315</u>	<u>4,308,963</u>	<u>(838,967)</u>
Total Liabilities and Fund Balances	<u>\$ 7,151,559</u>	<u>\$ 4,309,023</u>	<u>\$ 1,111,825</u>

The accompanying notes are an integral part of this statement.

SAR Parkway Prado Dam Trail	Capital Project		Other Governmental Funds	Total Governmental Funds
	Trails West Co. Park DIF	Capital Develop Parks-Prop 40		
\$ 2,978,954	\$ 3,326,758	\$ 704,475	\$ 5,872,772	\$ 23,195,374
				271,644
				52,175
4,744	4,314	1,047	9,851	33,638
			250,000	2,058,790
	688,979		161,538	964,218
<u>\$ 2,983,698</u>	<u>\$ 4,020,051</u>	<u>\$ 705,522</u>	<u>\$ 6,294,161</u>	<u>\$ 26,575,839</u>
\$	\$ 807,561	\$ 64,423	\$ 105,653	\$ 1,784,891
		500,000	108,790	262,242
				2,058,790
			79	79
				281,474
				23,126
<u>-</u>	<u>807,561</u>	<u>564,423</u>	<u>214,522</u>	<u>4,410,602</u>
			250,000	2,058,790
2,983,698	688,979			12,451,165
	2,523,511	141,099	5,829,639	7,655,282
<u>2,983,698</u>	<u>3,212,490</u>	<u>141,099</u>	<u>6,079,639</u>	<u>22,165,237</u>
<u>\$ 2,983,698</u>	<u>\$ 4,020,051</u>	<u>\$ 705,522</u>	<u>\$ 6,294,161</u>	<u>\$ 26,575,839</u>

The accompanying notes are an integral part of this statement.

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**Riverside County Regional Park and Open - Space District  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 2010**

Fund balances of governmental funds \$ 22,165,237

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	(1,345,289)
Claims and Judgments Payable	(1,000,000)

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

Capital Assets	<u>68,840,452</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 88,660,400</u></u>
---------------------------------------	-----------------------------

The accompanying notes are an integral part of this statement.

**Riverside County Regional Park and Open - Space District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Santa Ana River Mitigation</u>	<u>Capital Project West Co. Park DIF</u>
<b>REVENUES</b>			
Property Taxes	\$ 4,270,775	\$	\$
Revenue From Use of Money and Property	23,127	52,241	16,435
Intergovernmental Revenues	654,305		4,389,175
Charges for Services	3,652,357	26,287	
Other Revenues	50,371		
<b>Total Revenues</b>	<b>8,650,935</b>	<b>78,528</b>	<b>4,405,610</b>
<b>EXPENDITURES</b>			
Salaries and Employee Benefits	4,596,596	177,086	40,438
Services and Supplies	3,572,791	47,659	759,517
Capital Outlay	19,686		5,408,932
<b>Total Expenditures</b>	<b>8,189,073</b>	<b>224,745</b>	<b>6,208,887</b>
Excess of Revenues Over (Under) Expenditures	461,862	(146,217)	(1,803,277)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	18,462		
Transfers Out	(118,589)		
<b>Total Other Financing Sources (Uses)</b>	<b>(100,127)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>361,735</b>	<b>(146,217)</b>	<b>(1,803,277)</b>
Fund Balances - Beginning of Year	5,916,580	4,455,180	964,310
Fund Balances - End of Year	<b>\$ 6,278,315</b>	<b>\$ 4,308,963</b>	<b>\$ (838,967)</b>

The accompanying notes are an integral part of this statement.

SAR Parkway Prado Dam Trail	Capital Project		Other Governmental Funds	Total Governmental Funds
	Trails West Co. Parks DIF	Capital Develop Parks-Prop 40		
\$	\$	\$	\$	\$ 4,270,775
35,157	110,811	10,458	70,223	318,452
	2,376,631	143,378	477,100	8,040,589
			1,386,435	5,065,079
			77,157	127,528
<u>35,157</u>	<u>2,487,442</u>	<u>153,836</u>	<u>2,010,915</u>	<u>17,822,423</u>
	19,298	13,719	1,494,871	6,342,008
	528,899	122,020	519,371	5,550,257
	<u>2,462,678</u>		<u>243,413</u>	<u>8,134,709</u>
<u>-</u>	<u>3,010,875</u>	<u>135,739</u>	<u>2,257,655</u>	<u>20,026,974</u>
<u>35,157</u>	<u>(523,433)</u>	<u>18,097</u>	<u>(246,740)</u>	<u>(2,204,551)</u>
			268,431	286,893
			<u>(168,304)</u>	<u>(286,893)</u>
<u>-</u>	<u>-</u>		<u>100,127</u>	<u>-</u>
35,157	(523,433)	18,097	(146,613)	(2,204,551)
<u>2,948,541</u>	<u>3,735,923</u>	<u>123,002</u>	<u>6,226,252</u>	<u>24,369,788</u>
<u>\$ 2,983,698</u>	<u>\$ 3,212,490</u>	<u>\$ 141,099</u>	<u>\$ 6,079,639</u>	<u>\$ 22,165,237</u>

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, 2010

Net change in fund balances-total governmental funds \$ (2,204,551)

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	9,479,203
Depreciation Expense	(1,344,719)

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	(126,019)
Change in Claims and Judgments Payable	<u>(1,000,000)</u>

**Changes in net assets of governmental activities \$ 4,803,914**

**Riverside County Regional Park and Open - Space District**  
**Statement of Fiduciary Net Assets**  
June 30, 2010

	Historical Commission	Iodine Springs
<b>ASSETS</b>		
Cash and Investments	\$ 26,397	\$ 418,787
Interest Receivable	42	682
Total Assets	26,439	419,469
<b>LIABILITIES</b>		
Accounts Payable		7,820
Total Liabilities	-	7,820
<b>NET ASSETS</b>		
Held in Trust	\$ 26,439	\$ 411,649

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, 2010

	<u>Historical Commission</u>	<u>Iodine Springs</u>
<b>ADDITIONS</b>		
Contributions	\$ 2,716	\$
Developer Agreements		50,000
Revenue from Use of Money and Property	<u>301</u>	<u>4,797</u>
<b>TOTAL ADDITIONS</b>	<u>3,017</u>	<u>54,797</u>
<b>DEDUCTIONS</b>		
Administrative Expenses	<u>1,846</u>	<u>32,293</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,846</u>	<u>32,293</u>
<b>CHANGE IN NET ASSETS</b>	1,171	22,504
<b>NET ASSETS - BEGINNING</b>	<u>25,268</u>	<u>389,145</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 26,439</u>	<u>\$ 411,649</u>

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, 2010**

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Summary of Significant Accounting Policies	12 - 16
2	Detailed Notes on All Funds	17 - 22
3	Other Information	22 - 25

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

**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) 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.

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.

**C) 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.



**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

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

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

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.

**Special Revenue Funds:**

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

**Capital Project Funds:**

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:

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

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

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

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.

**D) 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.

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.

**E) 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.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

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

**F) Property Taxes**

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.

**G) 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.

**H) 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.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

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

**H) Capital Assets - Continued**

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

<u>Assets</u>	<u>Years</u>
Buildings	27.5
Building Improvements	27.5
Public Domain Infrastructure	27.5
System Infrastructure	27.5
Vehicles	5 to 10
Office Equipment	5 to 7
Computer Equipment	5 to 7
Field Equipment	3 to 20

**I) 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.

**J) 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.

**K) 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.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

**2) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 23,195,374
Fiduciary Funds:	
Cash and Investments	<u>445,184</u>
Total Cash and Investments	<u>\$ 23,640,558</u>

Cash and investments as of June 30, 2010 consist of the following

Cash on Hand	\$ 5,000
Deposits with Financial Institutions	1,400
Deposits with Riverside County Treasurer's Pooled Investment Fund	<u>23,634,158</u>
Total Cash and Investments	<u>\$ 23,640,558</u>

**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%	5%
Bankers Acceptance (BA's)	180 days	30%	4%
Commercial Paper (CP) of U.S. corporation with total assets exceeding \$500 mm.	270 days	40%	4%
Local Agency Obligations	3 years	2.5%	None
CalTRUST Short Term Fund	N/A	1%	None

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

**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 - Continued**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Negotiable CD's issued by national or state chartered banks or a licensed branch of a foreign bank	1 year	25%	4%
Collateralized Time Deposits	1 year	2%	*
Repurchase Agreements	45 days	40%	20%
Reverse Repurchase Agreements	60 days	10%	None
Medium Term Notes	3 years	20%	4%
Money Market Mutual Funds	N/A	20%	None

\*Limited to 10% of the present paid-in capital and surplus of the bank.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to declines in fair values by investing in the Riverside County Treasurer's Pooled Investment Fund (Pool). The Pool limits its weighted average maturity (WAM) by policy to 1.5 years. At June 30, 2010 the Pool's WAM was 1.02 years.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Riverside County Treasurer's Pooled Investment Fund	\$ <u>23,634,158</u>	1.02 years
Total	\$ <u>23,634,158</u>	

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

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

**A) Cash and Investments - Continued**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the actual ratings as of the year end for the Pool.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rated Aaa/AAA</u>
Riverside County Treasurer's Pooled Investment Fund	\$ <u>23,634,158</u>	N/A	\$ <u>23,634,158</u>
Total	\$ <u>23,634,158</u>		\$ <u>23,634,158</u>

**Concentration of Credit Risk**

The California Government Code places limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than the external investment pool) that represent 5% or more of total investments as of June 30, 2010.

**Investment in Riverside County Treasurer's Pooled Investment Fund**

The Riverside County Treasurer maintains a cash and investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest is apportioned to the District based on the average daily balances on deposit with the Riverside County Treasurer.

The District is an involuntary participant in the pool regulated by the California Government Code, under the oversight of the Treasurer of the County of Riverside. 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 the County of Riverside for the entire pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the pool, which are recorded on an amortized cost basis.

**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

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

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

**A) Cash and Investments - Continued**

**Custodial Credit Risk - Continued**

the District's investment policy does 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.

As of June 30, 2010, no deposits with financial institutions were in excess of federal depository insurance limit. As of June 30, 2010, the District did not have any investments held by a broker-dealer (counterparty).

**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	\$ 28,263,385	\$	\$	\$ 28,263,385
Construction in progress	12,254,744	9,650,445	(1,965,499)	19,939,690
Total capital assets, not being depreciated	<u>40,518,129</u>	<u>9,650,445</u>	<u>(1,965,499)</u>	<u>48,203,075</u>
Capital assets, being depreciated:				
Buildings	16,123,491	1,714,679		17,838,170
Machinery and Equipment	4,325,231	58,948		4,384,179
Infrastructure	9,502,665	20,630		9,523,295
Total capital assets, being depreciated	<u>29,951,387</u>	<u>1,794,257</u>	<u>-</u>	<u>31,745,644</u>
Less accumulated depreciation for:				
Buildings	5,493,997	573,764		6,067,761
Machinery and equipment	2,667,816	418,456		3,086,272
Infrastructure	1,601,735	352,499		1,954,234
Total accumulated depreciation	<u>9,763,548</u>	<u>1,344,719</u>	<u>-</u>	<u>11,108,267</u>
Total capital assets, being depreciated, net	<u>20,187,839</u>	<u>449,538</u>	<u>-</u>	<u>20,637,377</u>
Total capital assets, net	<u>\$ 60,705,968</u>	<u>\$ 10,099,983</u>	<u>\$ (1,965,499)</u>	<u>\$ 68,840,452</u>



**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

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

**B) Capital Assets - Continued**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		
General Government	\$	322,733
Culture and Recreation		<u>1,021,986</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,344,719</u>

**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
Claims and Judgments Payable	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Compensated Absences Payable	<u>1,219,270</u>	<u>345,488</u>	<u>219,469</u>	<u>1,345,289</u>	<u>242,152</u>
<b>Total General Long-Term Debt</b>	<u>\$ 1,219,270</u>	<u>\$ 1,345,488</u>	<u>\$ 219,469</u>	<u>\$ 2,345,289</u>	<u>\$ 242,152</u>

Pursuant to GASB Statement 16, the accompanying financial statements present accrued vacation benefits due to employees at June 30, 2010.

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

Due to/from other funds at June 30, 2010 are as follows:

		DUE FROM				
		Recreation	Park Acquisition ACO	West Co Park Dif	Capital Dev Parks-Prop 40	Total
DUE TO	Arundo Removal General Fund	\$ 8,790	\$ 100,000	\$ 250,000 1,200,000	\$ 500,000	\$ 250,000 1,808,790
	Total	<u>\$ 8,790</u>	<u>\$ 100,000</u>	<u>\$ 1,450,000</u>	<u>\$ 500,000</u>	<u>\$ 2,058,790</u>

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, 2010

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

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

Interfund transfers for the year ended June 30, 2010 are as follows:

		TRANSFERS IN		
		General Fund	Non-major Funds	Total
TRANSFERS	General Fund	\$	\$ 118,589	\$ 118,589
OUT	Non-major Fund	18,462	149,842	168,304
	Total	\$ 18,462	\$ 268,431	\$ 286,893

Transfers in to the General Fund totaled \$18,462 and was the result of the close out of the Jensen Ranch fund. Others were made to adjust for program or project budget variances or matching fund requirements.

**E) Deficit Fund Balances**

The following non-major governmental fund had a deficit at June 30, 2010:

Recreation            \$20,241

Management expects this deficit to be eliminated through future revenues and/or transfers from the general fund.

**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 2009/10 was 13.839%. The contribution requirements for plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

**3) OTHER INFORMATION– Continued**

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

Fiscal Year	Required Contributions	Percent Contributed
6/30/08	\$ 560,896	100%
6/30/09	\$ 567,117	100%
6/30/10	\$ 603,100	100%

**B) Other Post Employment Benefits**

**Plan Description**

The District's defined benefit postemployment healthcare plan, (DHP), provides medical benefits to eligible retired District employees and beneficiaries. DHP 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. DHP 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. DHP 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 2010, the District's annual OPEB cost (expense) of \$9,000 for DHP was equal to the ARC. In addition to the ARC, the District contributed an additional \$17,000. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2010 and the two preceding years were as follows:

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
Year Ended June 30, 2010

**3) OTHER INFORMATION - Continued**

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

THREE-YEAR TREND INFORMATION FOR CERBT

Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 9,000	100%	\$ (249,000)
6/30/09	9,000	100%	(235,961)
6/30/08	21,000	100%	(201,000)

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial Accrued Liability (AAL)	\$ 144,000
Actuarial Value of Plan Assets	\$ 147,000
Unfunded Actuarial Accrued Liability (UAAL)	\$ (3,000)
Funded Ratio (Actuarial Value of Plan Assets/AAL)	102%
Covered Payroll (Active Plan Members)	\$ 4,429,000
UAAL as a Percentage of Covered Payroll	(0.6%)

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, 2009
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Year Open Amortization Period
Actuarial Assumptions:	
Investment Rate of Return	7.75% (Net of Administrative Expenses)
Projected Salary Increase	3.25%
01/01/2010 Annual Medical Inflation	10%

**Riverside County Regional Park and Open - Space District**  
**Notes to Financial Statements**  
**Year Ended June 30, 2010**

**3) OTHER INFORMATION - Continued**

**C) Risk Management**

The District is part of the County of Riverside's insurance programs including coverage for property, general liability and auto liability. The County's insurance programs for property, general liability and auto liability are a combination of self insurance and excess insurance providing limits of liability of \$25,000,000 per occurrence.

The employees of the District are considered to be employees of the County of Riverside and are covered by the County's workers' compensation program. The County's workers' compensation program is a combination of self insurance and excess insurance providing statutory limits of coverage as required by the State of California.

During the year ended June 30, 2010, the District had no settlements exceeding insurance coverage for these categories of risk. For the past three years, settlements or judgment amounts have not exceeded insurance provided for the District.

The District retains risk related to certain contractual obligations not covered by the County of Riverside's insurance programs. During the year ended June 30, 2010, the District estimates its loss related to these contractual obligations to be \$1,000,000. This liability is reflected on the Statement of Net Assets under Long-Term Liabilities, Due in More Than One Year.

**D) Subsequent Event**

The District has entered into a 10 year lease agreement with County of Riverside's Redevelopment Agency (the "Agency") for the new Jurupa Valley Aquatic Center (the "Center"). The Center is expected to be completed in the spring of 2011. The lease calls for the District to pay \$1 per year to lease the Center. The District has also signed a Memorandum of Understanding with the Jurupa Unified School District. The Memorandum of Understanding relates to the shared use agreement previously signed between the Agency and Jurupa Unified School District. The Memorandum of Understanding is renewable annually based on the school calendar year and calls for the Jurupa Unified School District to reimburse the District for their proportionate share of the maintenance costs related to their use. The District will be responsible for the management and day to day operations of the Center.

**REQUIRED SUPPLEMENTARY INFORMATION**

**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 4,751,945	\$ 4,483,429	\$ 4,270,775	\$ (212,654)
Revenue From Use of Money and Property	85,000	70,450	23,127	(47,323)
Intergovernmental Revenues	657,305	657,305	654,305	(3,000)
Charges for Services	3,227,417	3,227,517	3,652,357	424,840
Other Revenues			50,371	50,371
Total Revenues	<u>8,721,667</u>	<u>8,438,701</u>	<u>8,650,935</u>	<u>212,234</u>
<b>EXPENDITURES</b>				
Salaries and Employee Benefits	5,716,067	5,716,067	4,596,596	1,119,471
Services and Supplies	4,047,352	4,195,352	3,572,791	622,561
Capital Outlay	138,000		19,686	(19,686)
Total Expenditures	<u>9,901,419</u>	<u>9,911,419</u>	<u>8,189,073</u>	<u>1,722,346</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,179,752)</u>	<u>(1,472,718)</u>	<u>461,862</u>	<u>1,934,580</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			18,462	18,462
Transfers Out			(118,589)	(118,589)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(100,127)</u>	<u>(100,127)</u>
Net Change in Fund Balances	<u>\$ (1,179,752)</u>	<u>\$ (1,472,718)</u>	361,735	<u>\$ 1,834,453</u>
Fund Balance - Beginning of Year			<u>5,916,580</u>	
Fund Balance - End of Year			<u>\$ 6,278,315</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, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue From Use of Money and Property	\$ 205,000	\$ 205,000	\$ 52,241	\$ (152,759)
Charges for Services	<u>22,739</u>	<u>22,739</u>	<u>26,287</u>	<u>3,548</u>
Total Revenues	<u>227,739</u>	<u>227,739</u>	<u>78,528</u>	<u>(149,211)</u>
<b>EXPENDITURES</b>				
Salaries and Employee Benefits	179,984	179,984	177,086	2,898
Services and Supplies	<u>240,791</u>	<u>240,791</u>	<u>47,659</u>	<u>193,132</u>
Total Expenditures	<u>420,775</u>	<u>420,775</u>	<u>224,745</u>	<u>196,030</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(193,036)</u>	<u>(193,036)</u>	<u>(146,217)</u>	<u>46,819</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(193,036)</u>	<u>(193,036)</u>	<u>(146,217)</u>	<u>46,819</u>
Fund Balance - Beginning of Year			<u>4,455,180</u>	
Fund Balance - End of Year			<u>\$ 4,308,963</u>	



**Riverside County Regional Park and Open - Space District**  
**Notes to Required Supplementary Information**  
Year Ended June 30, 2010

**1. BUDGET AND BUDGETARY DATA**

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.

- 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.

**Riverside County Regional Park and Open - Space District**  
**Required Supplementary Information**  
Year Ended June 30, 2010

**Schedule of Funding Progress for DPHP**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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]
01/01/09	\$ 147,000	\$ 144,000	\$ (3,000)	102.1%	\$ 4,429,000	(.06%)
01/01/07	\$ 0	\$ 190,000	\$ 190,000	0%	\$ N/A	N/A

As of June 30, 2010, no additional actuarial valuations have been performed.

**SUPPLEMENTAL INFORMATION**

**Riverside County Regional Park and Open - Space District**  
**Combining Balance Sheet - Non-major Governmental Funds**  
June 30, 2010

	Special Revenue		
	Recreation	Fish and Game	Park Resident Employees
<b>ASSETS</b>			
Cash and Investments	\$	\$ 12,479	\$ 208,518
Interest Receivable	153	23	344
Due From Other Funds			
Due from Other Governmental Agencies		126	
<b>Total Assets</b>	<b>\$ 153</b>	<b>\$ 12,628</b>	<b>\$ 208,862</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 11,604	\$	\$ 81
Salaries and Benefits Payable			
Due to Other Funds	8,790		
Due to Other Governmental Agencies			
<b>Total Liabilities</b>	<b>20,394</b>	<b>-</b>	<b>81</b>
<b>Fund Balances</b>			
Reserved for Receivables			
Unreserved:			
Designated for Specific Capital Projects and Programs	(20,241)	12,628	208,781
<b>Total Fund Balances</b>	<b>(20,241)</b>	<b>12,628</b>	<b>208,781</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 153</b>	<b>\$ 12,628</b>	<b>\$ 208,862</b>

Special Revenue

Arundo Removal	Habitat/Open Space Mgt.	Off Road Vehicle Mgt.	Jensen Ranch	MSHCP	Multi-Species Reserve
\$ 1,117,990	\$ 564,332	\$ 461,756	\$	\$ 646,252	\$ 8,256
1,797	730	735		1,134	232
250,000					
16,179					145,233
<u>\$ 1,385,966</u>	<u>\$ 565,062</u>	<u>\$ 462,491</u>	<u>\$ -</u>	<u>\$ 647,386</u>	<u>\$ 153,721</u>
\$ 4,924	\$ 7,144	\$	\$	\$ 8,081	\$ 30,781
59				20	
4,983	7,144	-	-	8,101	30,781
250,000					
<u>1,130,983</u>	<u>557,918</u>	<u>462,491</u>	<u>-</u>	<u>639,285</u>	<u>122,940</u>
<u>1,380,983</u>	<u>557,918</u>	<u>462,491</u>	<u>-</u>	<u>639,285</u>	<u>122,940</u>
<u>\$ 1,385,966</u>	<u>\$ 565,062</u>	<u>\$ 462,491</u>	<u>\$ -</u>	<u>\$ 647,386</u>	<u>\$ 153,721</u>

Continued

**Riverside County Regional Park and Open - Space District**  
**Combining Balance Sheet - Non-major Governmental Funds - Continued**  
June 30, 2010

	<u>Special Revenue</u>	<u>Capital Project</u>	
	<u>Natural Res. Education</u>	<u>East Co Park DIF</u>	<u>Park Acquisition - ACO</u>
<b>ASSETS</b>			
Cash and Investments	\$ 329,602	\$ 273,164	\$ 325,073
Interest Receivable	526	567	518
Due From Other Funds			
Due from Other Governmental Agencies			
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 330,128</u>	<u>\$ 273,731</u>	<u>\$ 325,591</u>
<b>LIABILITIES</b>			
Accounts Payable	\$	\$ 2,712	\$ -
Salaries and Benefits Payable			
Due to Other Funds			100,000
Due to Other Governmental Agencies			
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>2,712</u>	<u>100,000</u>
<b>Fund Balances</b>			
Reserved for Receivables			
Unreserved:			
Designated for Specific Capital Projects and Programs	<hr/> 330,128	<hr/> 271,019	<hr/> 225,591
Total Fund Balances	<u>330,128</u>	<u>271,019</u>	<u>225,591</u>
Total Liabilities and Fund Balances	<u>\$ 330,128</u>	<u>\$ 273,731</u>	<u>\$ 325,591</u>

**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, 2010

	Special Revenue		
	Recreation	Fish and Game	Park Resident Employees
<b>REVENUES</b>			
Revenue From Use of Money and Property	\$ 1,021	\$ 191	\$ 2,347
Intergovernmental Revenues			
Charges for Services	76,699	3,324	59,834
Other Revenues			
Total Revenues	<u>77,720</u>	<u>3,515</u>	<u>62,181</u>
<b>EXPENDITURES</b>			
Salaries and Employee Benefits	201,548		
Services and Supplies	84,725	6,462	21,660
Capital Outlay			
Total Expenditures	<u>286,273</u>	<u>6,462</u>	<u>21,660</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(208,553)</u>	<u>(2,947)</u>	<u>40,521</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	100,000		
Transfers Out			
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(108,553)	(2,947)	40,521
Fund Balances - Beginning of Year	<u>88,312</u>	<u>15,575</u>	<u>168,260</u>
Fund Balances - End of Year	<u>\$ (20,241)</u>	<u>\$ 12,628</u>	<u>\$ 208,781</u>

Special Revenue

Arundo Removal	Habitat/Open Space Mgt.	Off Road Vehicle Mgt.	Jensen Ranch	MSHCP	Multi-Species Reserve
\$ 11,496	\$ 5,340	\$ 6,235	\$ -	\$ 6,541	\$ 1,447
52,562	260,000	112,244			
280,348	2,896			710,892	252,442
<u>344,406</u>	<u>268,236</u>	<u>118,479</u>	<u>-</u>	<u>717,433</u>	<u>253,889</u>
179,467	274,483			512,570	213,686
165,380	54,523			119,198	33,322
					29,888
<u>344,847</u>	<u>329,006</u>	<u>-</u>	<u>-</u>	<u>631,768</u>	<u>276,896</u>
(441)	(60,770)	118,479	-	85,665	(23,007)
	149,842				
		(149,842)	(18,462)		
-	149,842	(149,842)	(18,462)	-	-
(441)	89,072	(31,363)	(18,462)	85,665	(23,007)
1,381,424	468,846	493,854	18,462	553,620	145,947
<u>\$ 1,380,983</u>	<u>\$ 557,918</u>	<u>\$ 462,491</u>	<u>\$ -</u>	<u>\$ 639,285</u>	<u>\$ 122,940</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

	<u>Special Revenue</u>	<u>Capital Project</u>	
	<u>Natural Res. Education</u>	<u>East Co Park DIF</u>	<u>Park Acquisition - ACO</u>
<b>REVENUES</b>			
Revenue From Use of Money & Property	\$ 4,363	\$ 5,193	\$ 3,205
Intergovernmental Revenues			52,294
Charges for Services			
Other Revenues			54,919
	<hr/>	<hr/>	<hr/>
Total Revenues	4,363	5,193	110,418
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Salaries and Employee Benefits	65,799	25,909	
Services and Supplies		33,378	538
Capital Outlay		157,597	
	<hr/>	<hr/>	<hr/>
Total Expenditures	65,799	216,884	538
	<hr/>	<hr/>	<hr/>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(61,436)	(211,691)	109,880
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In			
Transfers Out			
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(61,436)	(211,691)	109,880
	<hr/>	<hr/>	<hr/>
Fund Balances - Beginning of Year	391,564	482,710	115,711
	<hr/>	<hr/>	<hr/>
Fund Balances - End of Year	<u>\$ 330,128</u>	<u>\$ 271,019</u>	<u>\$ 225,591</u>

Capital Project		Total Other
Park Acquisition and Development	Trails East Co Park DIF	Governmental Funds
\$ 22,757	\$ 87	\$ 70,223
		477,100
		1,386,435
<u>22,238</u>		<u>77,157</u>
<u>44,995</u>	<u>87</u>	<u>2,010,915</u>
21,409		1,494,871
185		519,371
<u>55,718</u>	<u>210</u>	<u>243,413</u>
<u>77,312</u>	<u>210</u>	<u>2,257,655</u>
<u>(32,317)</u>	<u>(123)</u>	<u>(246,740)</u>
18,589		268,431
		(168,304)
<u>18,589</u>	<u>-</u>	<u>100,127</u>
(13,728)	(123)	(146,613)
<u>1,894,578</u>	<u>7,389</u>	<u>6,226,252</u>
<u>\$ 1,880,850</u>	<u>\$ 7,266</u>	<u>\$ 6,079,639</u>

<u>Capital Project</u>		<u>Total Other Governmental Funds</u>
<u>Park Acquisition and Development</u>	<u>Trails East Co Park DIF</u>	
\$ 1,918,096 3,080	\$ 7,254 12	\$ 5,872,772 9,851 250,000 161,538
<u>\$ 1,921,176</u>	<u>\$ 7,266</u>	<u>\$ 6,294,161</u>
\$ 40,326	\$ -	\$ 105,653 108,790 79
<u>40,326</u>	<u>-</u>	<u>214,522</u>
		250,000
<u>1,880,850</u>	<u>7,266</u>	<u>5,829,639</u>
<u>1,880,850</u>	<u>7,266</u>	<u>6,079,639</u>
<u>\$ 1,921,176</u>	<u>\$ 7,266</u>	<u>\$ 6,294,161</u>