



629
**SUBMITTAL TO THE BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Regional Park & Open-Space District

SUBMITTAL DATE:
01/24/2012

SUBJECT: Annual Audit Report for Fiscal Year 2010-2011 – All Districts

RECOMMENDED MOTION: That the Board of Directors receives and files the Fiscal Year 2010-2011 Independent Auditor's Report for the Regional Park & Open-Space District (District).

BACKGROUND: Nigro & Nigro, PC (NN) prepared this report for the fiscal year ending June 30, 2011. NN compiled the balance sheet of the District as of June 30, 2011 for the purposes of filing 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, NN identified two 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.

Departmental Concurrence

2012-013D-MG

Scott Bangle, General Manager

**FINANCIAL
DATA
N/A**

Current F.Y. Total Cost: \$ 0
Current F.Y. Net County Cost: \$ 0
Annual Net County Cost: \$ 0

In Current Year Budget:
Budget Adjustment:
For Fiscal Year:

SOURCE OF FUNDS:

Positions To Be Deleted Per A-30

Requires 4/5 Vote

C.E.O. RECOMMENDATION:

APPROVE

BY:

Alex Gann

County Executive Office Signature

Policy

Policy

Consent

Consent

MINUTES OF THE REGIONAL PARK AND OPEN SPACE DISTRICT

On motion of Commissioner Benoit, seconded by Commissioner Stone and duly carried, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Buster, Tavaglione, Stone and Benoit
Nays: None
Absent: Ashley
Date: January 31, 2012
xc: Parks

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

Prev. Agn. Ref.:

District: ALL

Agenda Number:

13.1

Dept/Recomm.:

Per Exec. Ofc.:



**RIVERSIDE COUNTY REGIONAL PARK
AND OPEN-SPACE DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2011**



RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
For the Fiscal Year Ended June 30, 2011
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Financial Section

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 Riverside County Regional Park and Open-Space District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Riverside County Regional Park and Open-Space 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.

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 Riverside County Regional Park and Open-Space District as of June 30, 2011 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 our report dated October 22, 2011 on our consideration of 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 management's discussion and analysis on pages 2 through 8 and the required supplementary information on pages 34 through 36 are not a required part of the basic financial statements but are 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.

Nigro & Nigro, PC

October 22, 2011

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2011

This discussion and analysis of Riverside County Regional Park and Open-Space District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the current fiscal year by \$100,262,091. Of this amount, \$9,258,092 may be used to meet the District's ongoing obligations.
- The District's financial status increased overall as a result of this year's operations. Net assets of governmental activities increased by \$6.4 million, or 6.8%.
- Governmental expenses were about \$12.9 million. Revenues were about \$19.3 million.
- The District spent over \$8.6 million in new capital assets during the year. These expenditures were incurred primarily from capital project funds.
- The District increased its outstanding long-term debt by \$0.1 million. This was due to additions to compensated absences.
- Unassigned fund balance in the District's General Fund represents 55% of total general fund expenditures.

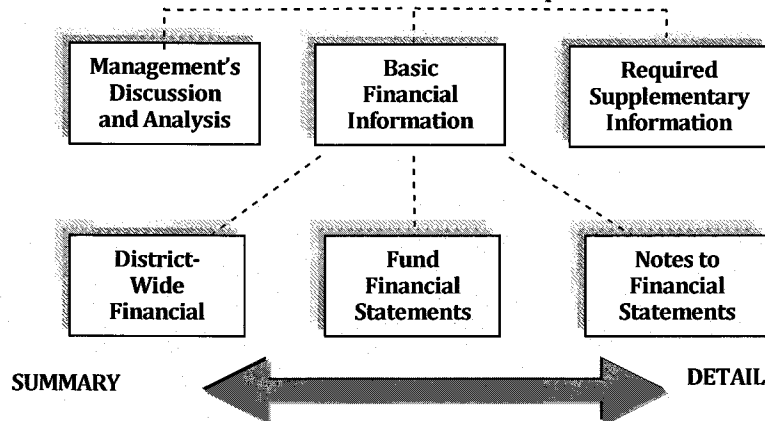
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services like parks and recreation were financed in the short term as well as what remains for future spending.
 - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1. Organization of Riverside County Regional Park and Open-Space District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as building maintenance	Instances in which the district administers resources on behalf of someone else
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The district's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-wide Statements (continued)

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time increases and decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of park locations and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as park maintenance, acquisition, preservation, and administration. Property taxes, grants and fees finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

- 1) **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them. 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.
- 2) **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the Historical Commission and Iodine Springs funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. The District's combined net assets were higher on June 30, 2011, than they were the year before - increasing 6.8% to \$100.3 million. (See Table A-1.)

Table A-1

	Governmental Activities (In millions)		Variance Increase
	2011	2010*	(Decrease)
Current and other assets	\$ 23.0	\$ 25.0	\$ (2.0)
Capital assets	80.7	73.5	7.2
Total assets	103.7	98.5	5.2
Other liabilities	1.1	2.4	(1.3)
Long-term liabilities	2.4	2.3	0.1
Total liabilities	3.5	4.7	(1.2)
Net assets			
Invested in capital assets, net of related debt	80.7	73.5	7.2
Restricted	10.2	11.2	(1.0)
Unrestricted	9.3	9.1	0.2
Total net assets	\$ 100.2	\$ 93.8	\$ 6.4

* As restated (see Note 12)

Changes in net assets, governmental activities. The District's total revenues increased 8.4% to \$19.3 million (See Table A-2). The increase is due primarily to increased amounts received for capital projects.

The total cost of all programs and services decreased 1.0% to \$12.9 million. The District's expenses are predominantly related to acquiring and maintaining regional parks in the County.

Table A-2

	Governmental Activities (In millions)		Variance Increase
	2011	2010	(Decrease)
Total Revenues	\$ 19.3	\$ 17.8	\$ 1.5
Total Expenses	12.9	13.0	(0.1)
Increase (decrease) in net assets	\$ 6.4	\$ 4.8	\$ 1.6

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$21.6 million, which is less than last year's ending fund balance of \$22.5 million. The primary cause of the decreased fund balance is due to higher expenditures out of the District's General Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget to re-budget carryover funds and revise operational cost estimates.

The District's final budget for the General Fund anticipated revenues would fall short of expenditures by about \$1.8 million, and the actual results for the year show that expenditures did exceed revenues by roughly \$1.4 million. Actual revenues were slightly more than anticipated, but expenditures were \$0.4 million less than budgeted. That amount consists primarily of restricted program dollars and capital outlay costs that were not spent as of June 30, 2011 that will be carried over into the 2011-12 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2010-11 the District had invested \$8.6 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was nearly \$1.3 million.

Table A-3: Capital Assets at Year-End, net of depreciation

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2011	2010*	
Land	\$ 28.3	\$ 28.3	\$ -
Construction in progress	8.6	24.5	(15.9)
Buildings	35.2	11.8	23.4
Machinery and equipment	1.0	1.3	(0.3)
Infrastructure	7.7	7.6	0.1
Total	<u>\$ 80.7</u>	<u>\$ 73.5</u>	<u>\$ 7.3</u>

* As restated (see Note 12)

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt

At year-end the District had \$2.4 million in compensated absences and claims and judgments payable- an increase of 4.3% from last year - as shown in Table A-4. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-4: Outstanding Long-Term Debt at Year-End

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2011	2010	
Compensated Absences	\$ 1.4	\$ 1.3	\$ 0.1
Claims and Judgments	1.0	1.0	-
Total	<u>\$ 2.4</u>	<u>\$ 2.3</u>	<u>\$ 0.1</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

There are deep traditions within the Riverside County Regional Park and Open-Space District to provide natural, cultural, historical, and recreational opportunities to our community. While we appreciate, respect, and honor those traditions, the current economic reality we face has caused increased costs for services and an unsustainable budget model. Although we are not immune to recent economic challenges, we are committed to maintaining productivity and core service levels. Fiscal year 2011-12 marks the first year of the District's 5-year Strategic Plan, which looks to re-shape the District's direction to provide sustainability and a results-oriented budget.

Starting with FY11-12, the District's budget has been reorganized into a Program Budget. Seven major Programs encompass every District activity. Revenues have been assigned specifically to the Programs that earn them, providing a more accurate picture of each activity's income-generating potential. The same has been done with expenditures, and overhead costs will be distributed to each Program on a fair and equitable basis to show the true cost of each activity and promote individual sustainability.

The District's FY11-12 budget includes a cut in Net County Contributions (NCC; support from the Riverside County General Fund). The impacts associated with this reduction are fewer staff and operating hours at selected historic sites, the elimination of in-house Graphical Information Systems (GIS) services, no purchases of vehicles or equipment, and a reorganized and more efficient customer service system at headquarters.

In addition to the NCC reductions, the District has also taken steps to balance the expenditure budget with projected revenue streams. This resulted in some staff layoffs at headquarters during FY10-11, as well as several staffing adjustments throughout the District.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2011

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Customers are continuing to enjoy the District's facilities in record numbers. This is due in large part to the District's Capital Improvement program over the past several years. The District received money from voter-approved State Propositions specifically earmarked for park improvements, and generous allocations of Development Impact Fees (DIF) that were collected during the years of record-high home construction in Riverside County. The District used these revenues to expand the Regional Park system and add new, exciting amenities for the public. This led to an increase in recreation fees collected, which is extremely helpful to offset continuing reductions in previously reliable revenue sources such as property tax increment and interest earnings. As DIF and Proposition allocations reach the end of their cycles, however, the District is working to shift priorities so Capital Improvement spending can be a routine part of the budget.

The District is moving towards increased outsourcing and contracting of routine work, creating a more technical in-house workforce which allows for increased pay, more challenging and rewarding work, expanded services, and a change in the District's employee culture. We continue to adapt to our new economic reality to realize the goals of our Strategic Plan and our determination to become a "Best in Class Agency."

All of these factors were considered in preparing the Riverside County Regional Park and Open-Space District budget for the 2011-12 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Chief of Business Operations, 4600 Crestmore Road, Jurupa Valley, CA 92509-6858.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Statement of Net Assets

June 30, 2011

	Total Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 21,206,874
Accounts receivable	267,162
Due from other governments	1,217,021
Total current assets	<u>22,691,057</u>
Non-current assets:	
Net OPEB asset	271,000
Total non-current assets	<u>271,000</u>
Capital assets:	
Land	28,263,385
Buildings	41,896,701
Machinery and equipment	4,356,312
Infrastructure	9,963,671
Construction in progress	8,637,114
Less accumulated depreciation	<u>(12,319,922)</u>
Total capital assets	<u>80,797,261</u>
Total assets	<u>103,759,318</u>
LIABILITIES	
Current liabilities:	
Accounts payable	725,098
Due to other government agencies	39,414
Deferred revenues	307,822
Total current liabilities	<u>1,072,334</u>
Long-term liabilities:	
Due within one year	256,481
Due after one year	2,168,412
Total long-term liabilities	<u>2,424,893</u>
Total liabilities	<u>3,497,227</u>
NET ASSETS	
Invested in capital assets, net of related debt	80,797,261
Restricted for capital projects	10,206,738
Unrestricted	<u>9,258,092</u>
Total net assets	<u>\$ 100,262,091</u>

The notes to financial statements are an integral part of this statement.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities				
Interpretive	\$ 1,893,930	\$ -	\$ 173,751	\$ (1,720,179)
Natural Resources	2,194,971	1,405,189	-	(789,782)
Parks	5,069,808	2,153	3,110	(5,064,545)
Recreation	1,428,752	469,968	-	(958,784)
General Government	1,091,513	4,815,255	36,154	3,759,896
Depreciation (unallocated)	1,269,713	-	-	(1,269,713)
Total governmental activities	<u>\$ 12,948,687</u>	<u>\$ 6,692,565</u>	<u>\$ 213,015</u>	<u>(6,043,107)</u>
General Revenues:				
Property Taxes				3,991,595
Revenue From Use of Money and Property				127,594
Intergovernmental Revenues				<u>8,338,958</u>
Total general revenues				<u>12,458,147</u>
Change in net assets				<u>6,415,040</u>
Net assets - June 30, 2010, as originally stated				88,660,400
Adjustment for restatement (Note 12)				<u>5,186,651</u>
Net assets, June 30, 2010, as restated				<u>93,847,051</u>
Net assets - June 30, 2011				<u>\$ 100,262,091</u>

The notes to financial statements are an integral part of this statement.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Balance Sheet – Governmental Funds

June 30, 2011

	General Fund	Santa Ana River Mitigation Fund	West Co Park DIF Fund	SAR Park Prado Dam Fund	Trails West Park DIF Fund	Capital Development Prop. 40 Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash	\$ 4,599,380	\$ 4,086,458	\$ 567,980	\$ 2,906,931	\$ 2,294,423	\$ 1,438,980	\$ 5,312,722	\$ 21,206,874
Accounts Receivable	251,983	-	-	-	-	-	-	251,983
Interest Receivable	2,988	3,144	620	2,114	637	2,099	3,577	15,179
Due From Other Governments	246,113	-	733,259	-	-	-	237,649	1,217,021
Due From Other Funds	1,300,000	-	-	-	200,000	-	-	1,500,000
Total Assets	\$ 6,400,464	\$ 4,089,602	\$ 1,301,859	\$ 2,909,045	\$ 2,495,060	\$ 1,441,079	\$ 5,553,948	\$ 24,191,057
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 196,570	\$ 3,089	\$ -	\$ -	\$ 73,739	\$ -	\$ 69,857	\$ 343,255
Salaries and Benefits Payable	381,843	-	-	-	-	-	-	381,843
Due to Other Governmental Agencies	5,206	-	-	-	34,187	-	21	39,414
Due to Other Funds	-	-	1,200,000	-	-	-	300,000	1,500,000
Deferred Revenues	307,822	-	-	-	-	-	-	307,822
Total Liabilities	891,441	3,089	1,200,000	-	107,926	-	369,878	2,572,334
Fund Balances								
Nonspendable	5,000	-	-	-	-	-	-	5,000
Restricted	-	-	101,859	2,909,045	2,387,134	1,441,079	2,108,356	8,947,473
Assigned	810,369	4,086,513	-	-	-	-	3,075,714	7,972,596
Unassigned	4,693,654	-	-	-	-	-	-	4,693,654
Total Fund Balances	5,509,023	4,086,513	101,859	2,909,045	2,387,134	1,441,079	5,184,070	21,618,723
Total Liabilities and Fund Balances	\$ 6,400,464	\$ 4,089,602	\$ 1,301,859	\$ 2,909,045	\$ 2,495,060	\$ 1,441,079	\$ 5,553,948	\$ 24,191,057

The notes to financial statements are an integral part of this statement.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2011

Total fund balances - governmental funds \$ 21,618,723

Capital assets used in governmental *activities* are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$93,117,183, and the accumulated depreciation is (\$12,319,922). 80,797,261

In governmental funds, other postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period that they are incurred. The net OPEB asset at the end of the period was: 271,000

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Compensated absences payable	1,424,893	
Claims and judgments payable	<u>1,000,000</u>	<u>(2,424,893)</u>

Total net assets - governmental activities \$ 100,262,091

The notes to financial statements 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
 For the Fiscal Year Ended June 30, 2011

	General Fund	Santa Ana River Mitigation Fund	West Co Park DIF Fund	SAR Park Prado Dam Fund	Trails West Park DIF Fund	Capital Development Prop. 40 Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues								
General Revenues:	\$ 3,993,154	\$ -	\$ -	\$ -	\$ (3,933)	\$ -	\$ 2,374	\$ 3,991,595
Property taxes								
Revenue From Use of Money and Property	28,522	27,325	6,989	20,347	9,284	7,430	27,697	127,594
Intergovernmental Revenues	836,906	-	1,590,402	-	421,118	4,506,214	984,318	8,338,958
Charges for Services	4,285,243	17,739	-	-	-	1,000,000	1,389,583	6,692,565
Operating Grants and Contributions	39,263	-	-	-	-	-	173,752	213,015
Total revenues	9,183,088	45,064	1,597,391	20,347	426,469	5,513,644	2,577,724	19,363,727
Expenditures								
Interpretive	1,804,677	-	-	-	-	-	89,253	1,893,930
Natural Resources	883,120	267,514	-	-	-	-	912,968	2,063,602
Parks	5,657,164	-	-	-	-	-	-	5,657,164
Planning and Construction	450,389	-	723,632	-	1,251,825	4,213,664	1,497,876	8,137,386
Recreation	1,428,752	-	-	-	-	-	-	1,428,752
General Government	1,077,948	-	-	-	-	-	-	1,077,948
Total expenditures	11,302,050	267,514	723,632	-	1,251,825	4,213,664	2,500,097	20,258,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,118,962)	(222,450)	873,759	20,347	(825,356)	1,299,980	77,627	(895,055)
Other Financing Sources (Uses)								
Interfund transfers in	215,610	-	-	-	-	-	224,000	439,610
Interfund transfers out	(224,000)	-	-	(95,000)	-	-	(120,610)	(439,610)
Total Other Financing Sources and Uses	(8,390)	-	-	(95,000)	-	-	103,390	-
Net Change in Fund Balances	(2,127,352)	(222,450)	873,759	(74,653)	(825,356)	1,299,980	181,017	(895,055)
Fund Balances - June 30, 2010, as originally stated	6,278,315	4,308,963	(838,967)	2,983,698	3,212,490	141,099	6,079,639	22,165,237
Adjustments for restatements (Note 12)	1,358,060	-	67,067	-	-	-	(1,076,586)	348,541
Fund Balances - June 30, 2010, as restated	7,636,375	4,308,963	(771,900)	2,983,698	3,212,490	141,099	5,003,053	22,513,778
Fund Balances, June 30, 2011	\$ 5,509,023	\$ 4,086,513	\$ 101,859	\$ 2,909,045	\$ 2,387,134	\$ 1,441,079	\$ 5,184,070	\$ 21,618,723

The notes to financial statements are an integral part of this statement.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities*
For the Fiscal Year Ended June 30, 2011

Total net change in fund balances - governmental funds \$ (895,055)

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

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	8,593,373	
Depreciation expense	<u>(1,269,713)</u>	
Net:		7,323,660

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

44,039

In governmental funds, postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period that they are incurred. The increase in the net OPEB asset at the end of the period was:

22,000

In the statements of activities, certain operating expenses such as compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation leave earned exceeded the amounts paid by:

(79,604)

Change in net assets of governmental activities \$ 6,415,040

The notes to financial statements are an integral part of this statement.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Statement of Net Assets – Fiduciary Funds
June 30, 2011

	Trust Funds		Total
	Historical Commission Fund	Iodine Springs Fund	
ASSETS			
Cash	\$ 26,968	\$ 472,079	\$ 499,047
Accounts receivable	21	365	386
Total assets	\$ 26,989	\$ 472,444	\$ 499,433
NET ASSETS			
Restricted	\$ 26,989	\$ 472,444	\$ 499,433

The notes to financial statements are an integral part of this statement.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT*Statement of Changes in Net Assets – Fiduciary Funds**For the Fiscal Year Ended June 30, 2011*

	Trust Funds		Total
	Historical Commission Fund	Iodine Springs Fund	
ADDITIONS			
Developer agreements	\$ -	\$ 50,000	\$ 50,000
Other local revenue	2,205	2,976	5,181
Revenue from the use of money and property	174	-	174
Total additions	2,379	52,976	55,355
DEDUCTIONS			
Administrative expenses	1,829	-	1,829
Change in net assets	550	52,976	53,526
Net assets, June 30, 2010, as originally stated	26,439	411,649	438,088
Adjustments for Restatements (Note 12)	-	7,819	7,819
Net assets, June 30, 2010, as restated	26,439	419,468	445,907
Net assets, June 30, 2011	<u>\$ 26,989</u>	<u>\$ 472,444</u>	<u>\$ 499,433</u>

The notes to financial statements are an integral part of this statement.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

C. Basis of Presentation

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 District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets and Statement of Activities have been eliminated, including due to/from other funds and transfers in/out.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the district, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each of the major governmental funds are presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues - exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essential equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period would be recorded as deferred revenue.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

Expenses/expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred. As under the accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity (or retained earnings), revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Type Definitions

Governmental fund types include the General Fund, Special Revenue Funds, and Capital Projects Funds.

General Fund: This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds: These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Those specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. The restricted or committed proceeds of specific revenue sources are expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specific purpose of the fund.

Capital Projects Funds: These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Major Governmental Funds:

The District maintains the following major governmental funds:

General Fund: This fund is used to account for and report all financial resources not accounted for and reported in another fund. Under GASB 54 the following funds no longer meet the criteria to be considered special revenue funds as they are not composed primarily of restricted or committed revenue sources. These funds are the Recreation, Park Resident Employees, Habitat/Open Space Management, and Natural Resources Education Funds, and the activity in those funds is being reported in the General Fund.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Accounting (continued)

Santa Ana River Mitigation Fund: This fund is used to account for activities related to the Santa Ana Mitigation Bank project.

West Co. Park DIF Fund: This fund is used to account for Development Impact Fees, proceeds and expenditures for the expansion of park facilities in the Western County.

SAR Parkway Prado Dam Trail Fund: This fund is used to account for trail project expenditures.

Trails West Co. Park DIF Fund: This fund is used to account for Development Impact Fees, proceeds and expenditures for the expansion of trails and trail systems in the Western County.

Capital Development Parks - Prop 40: This fund is used to account for proceeds and expenditures related to Proposition 40 for the expansion of park facilities.

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds:

Fish and Game Commission Fund: To account for activities related to the protection, education, conservation, propagation and preservation of fish and wildlife.

Arundo Removal Fund: To account for activities to remove and control *Arundo Donax*, as well as Interpretive Education regarding habitat and native vegetation, and maintaining trails and outdoor facilities in sensitive areas along the Santa Ana River.

Off Road Vehicle Management Fund: Used for repair of and restriction to sensitive open space areas owned by the District and those damaged by unauthorized off road vehicles and trash dumping.

Multi-Species Reserve Fund: Funds are used for interpretive activities to educate the public of sensitive habitat and environmental uniqueness of the Multi-Species Reserve.

MSHCP Reserve Management Fund: To account for activities performed under contract with Western Riverside County Regional Conservation Authority to provide reserve management services.

Capital Projects Funds:

East Co Park DIF Fund: To account for developer impact fees and to provide for expansion of park facilities in the Eastern County.

Park Acquisition ACO Fund: This fund is used to account for proceeds and expenditures related to Proposition 84.

Park Acquisition and Development Fund: To account for capital improvements for major parks and open space areas countywide as designated by the Board of Supervisors.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Notes to Financial Statements
June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Accounting (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds (continued):

Prop 50 Parkways Grant Fund: To account for proceeds and expenditures related to Proposition 50.

Trails East Co Park DIF Fund: To account for developer impact fees to provide for expansion of trails in the Eastern County.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary funds:

Historical Commission Fund: 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 Fund: This fund is used to account for activities related to Iodine Springs.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The final adopted and revised budgets are presented for the General Fund and the Santa Ana River Mitigation Fund in the required supplementary information section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity

1. Cash

The District's cash consists of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in the county treasury is recorded at cost, which approximates fair value, in accordance with GASB Statement No. 31.

2. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the government-wide statement of net assets, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	27.5 years
Public Domain Infrastructure	27.5 years
System Infrastructure	27.5 years
Furniture and Equipment	5-7 years
Vehicles	5-10 years
Field Equipment	3-20 years

3. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.

4. Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability on the government-wide statement of net assets as the benefits are earned. For governmental funds, unpaid compensated absences are recognized as a fund liability only upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are recorded as accounts payable in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Assets, Liabilities, and Equity (continued)

5. Fund Balance Classifications

Fund balance reporting for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie these fund balance classifications and therefore would not report amounts in all possible fund balance classifications.

Nonspendable: The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, revolving cash, inventories, and prepaid amounts.

Restricted: Fund balances should be reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned: Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Under the District's policy, only the governing board or Director may assign amounts for a specific purpose.

Unassigned: Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification also includes the Reserve for Economic Uncertainties (REU).

6. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors, or laws or regulations of other governments.

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. 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 of operations of the County of Riverside, California.

L. New GASB Pronouncements

During the 2010-11 fiscal year, the following GASB Pronouncements became effective for the District:

GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*: The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. More information about this Statement is reported in Note 1.H.5.

GASB Statement No.59, *Financial Instruments Omnibus*: The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement is not expected to significantly impact the District.

NOTE 2 - CASH

Cash at June 30, 2011 is reported at fair value and consisted of the following:

	<u>Governmental Activities/Funds</u>	<u>Fiduciary Funds</u>
Pooled Funds:		
Cash in county treasury	\$ 21,200,474	\$ 499,047
Cash with fiscal agent	1,400	-
Total Pooled Funds	<u>21,201,874</u>	<u>499,047</u>
Deposits:		
Cash in revolving fund	<u>5,000</u>	-
Total Deposits	<u>\$ 21,206,874</u>	<u>\$ 499,047</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 2 - CASH (continued)

Pooled Funds

The District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2011, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, cash balances held in banks and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011, none of the District's bank balance was exposed to custodial credit risk.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2011 consist of the following:

	General Fund	Santa Ana River Mitigation Fund	West Co Park DIF Fund	SAR Park Prado Dam Fund	Trails West Park DIF Fund	Capital Development Prop. 40 Fund	Non-Major Governmental Funds	Total Governmental Funds
Accounts Receivable	251,983	-	-	-	-	-	-	251,983
Interest Receivable	2,988	3,144	620	2,114	637	2,099	3,577	15,179
Due From Other Governments:								
Federal	6,691	-	-	-	-	-	-	6,691
State	22,507	-	-	-	-	-	194	22,701
City	46,628	-	-	-	-	-	-	46,628
Other	170,287	-	733,259	-	-	-	237,455	1,141,001
Total	\$ 501,084	\$ 3,144	\$ 733,879	\$ 2,114	\$ 637	\$ 2,099	\$ 241,226	\$ 1,484,183

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 4 - INTERFUND TRANSACTIONS

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

During the 2010-11 fiscal year, the District made an interfund transfer of \$681,416 from the General Fund to the Special Revenue Recreation Fund. As described in Note 1.E. and in accordance with GASB Statement No. 54, the Recreation Fund is reported within the General Fund in these financial statements, therefore, all interfund activity has been removed from the fund financial statements.

A. Due From/Due To Other Funds

Individual interfund receivable and payable balances as of June 30, 2011 are as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>		<u>Total</u>
	<u>West Co Park DIF Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ 1,200,000	\$ 100,000	\$ 1,300,000
Trails West Park DIF Fund	-	200,000	200,000
Total	\$ 1,200,000	\$ 300,000	\$ 1,500,000
General Fund due from West Co. Park DIF Fund to cover expenditures for capital improvement projects			\$ 1,200,000
General Fund due from Prop. 84 Construction & Land Acquisition Fund for projects to be funded under new Proposition 84			100,000
Trails West Co. Park DIF Fund due from Prop. 50 River Parkways Grant Fund for capital improvement projects to be funded under new Proposition 50			200,000
			\$ 1,500,000

B. Interfund Transfers

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

Interfund transfers for the 2010-11 fiscal year were as follows:

	<u>Interfund Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ 224,000	\$ 224,000
SAR Parkway Prado Dam Fund	95,000	-	95,000
Other Governmental Funds	120,610	-	120,610
Total	\$ 215,610	\$ 224,000	\$ 439,610
General Fund transfer to Park Acquisition and Development Fund for contribution to capital projects			\$ 224,000
Off Road Vehicle Mgmt. Fund transfer to General Fund to cover salary expense			120,610
SAR Parkway Prado Dam Fund transfer to General Fund for interest earned			95,000
			\$ 439,610

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 5 - FUND BALANCES

Minimum Fund Balance Policy

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No.54.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

At June 30, 2011, fund balances of the District's governmental funds are classified as follows:

	General Fund	Santa Ana River Mitigation Fund	West Co Park DIF Fund	SAR Park Prado Dam Fund	Trails West Park DIF Fund	Capital Development Prop. 40 Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:								
Revolving Cash	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Total Nonspendable	5,000	-	-	-	-	-	-	5,000
Restricted:								
Capital Projects	-	-	101,859	2,909,045	2,387,134	1,441,079	2,108,356	8,947,473
Total Restricted	-	-	101,859	2,909,045	2,387,134	1,441,079	2,108,356	8,947,473
Assigned:								
River Mitigation	-	4,086,513	-	-	-	-	-	4,086,513
Recreation	47,718	-	-	-	-	-	3,075,714	3,123,432
Park Resident Employee Utility	244,953	-	-	-	-	-	-	244,953
Habitat/Open Space Management	196,929	-	-	-	-	-	-	196,929
Natural Resource Education	320,769	-	-	-	-	-	-	320,769
Total Assigned	810,369	4,086,513	-	-	-	-	3,075,714	7,972,596
Unassigned:								
Remaining Unassigned Balances	4,693,654	-	-	-	-	-	-	4,693,654
Total Unassigned	4,693,654	-	-	-	-	-	-	4,693,654
Total	\$ 5,509,023	\$ 4,086,513	\$ 101,859	\$ 2,909,045	\$ 2,387,134	\$ 1,441,079	\$ 5,184,070	\$ 21,618,723

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Notes to Financial Statements
June 30, 2011

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2011 is shown below:

	Balance, As Originally Stated July 1, 2010	Restatements	Adjusted Balance, July 1, 2010	Additions	Retirements	Balance, June 30, 2011
Capital assets not being depreciated:						
Land	\$ 28,263,385	\$ -	\$ 28,263,385	\$ -	\$ -	\$ 28,263,385
Construction in progress	19,939,690	4,656,177	24,595,867	8,545,940	24,504,693	8,637,114
Total capital assets not being depreciated	48,203,075	4,656,177	52,859,252	8,545,940	24,504,693	36,900,499
Capital assets being depreciated:						
Buildings	17,838,170	-	17,838,170	24,058,531	-	41,896,701
Machinery and equipment	4,384,179	-	4,384,179	53,219	81,086	4,356,312
Infrastructure	9,523,295	-	9,523,295	440,376	-	9,963,671
Total capital assets being depreciated	31,745,644	-	31,745,644	24,552,126	81,086	56,216,684
Accumulated depreciation for:						
Buildings	(6,067,761)	-	(6,067,761)	(569,901)	-	(6,637,662)
Machinery and equipment	(3,086,272)	-	(3,086,272)	(349,564)	(58,058)	(3,377,778)
Infrastructure	(1,954,234)	-	(1,954,234)	(350,248)	-	(2,304,482)
Total accumulated depreciation	(11,108,267)	-	(11,108,267)	(1,269,713)	(58,058)	(12,319,922)
Total capital assets being depreciated, net	20,637,377	-	20,637,377	23,282,413	23,028	43,896,762
Governmental activity capital assets, net	\$ 68,840,452	\$ 4,656,177	\$ 73,496,629	\$ 31,828,353	\$ 24,527,721	\$ 80,797,261

NOTE 7 – GENERAL LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2011 is shown below:

	Balance, July 1, 2010	Additions	Deductions	Balance, June 30, 2011	Amount Due Within One Year
Compensated Absences	\$ 1,345,289	\$ 79,604	\$ -	\$ 1,424,893	\$ 256,481
Claims and Judgments Payable	1,000,000	-	-	1,000,000	-
Totals	\$ 2,345,289	\$ 79,604	\$ -	\$ 2,424,893	\$ 256,481

NOTE 8 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments

As of June 30, 2011, the District had commitments with respect to unfinished capital projects of approximately \$1.7 million to be paid from a combination of State and local funds.

C. Litigation

At June 30, 2011, the District has accrued a liability of \$1 million related to a claim filed against it for alleged breach of contract. The District is actively trying to reach a settlement in the case, and no trial date has yet been set.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 9 - RISK MANAGEMENT

Property and Liability

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.

Workers' Compensation

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.

Claims Liability

During the year ended June 30, 2011, 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.

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under an employer defined benefit pension plan maintained by agencies of the State of California. Employees are members of the Public Employees' Retirement System (PERS).

Plan Description and Provisions

Public Employees' Retirement System (PERS)

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members with less than five years of service to the County of Riverside are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The District contributes the members of 8.0% share for active plan members with more than five years of service to Riverside County. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2010-11 was 10.707%. The contribution requirements of the plan members are established by State statute.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 10 - EMPLOYEE RETIREMENT PLANS (continued)

The District's contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2010-11	\$ 584,835	100%
2009-10	\$ 603,100	100%
2008-09	\$ 567,117	100%

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

Riverside County Regional Park and Open-Space District administers a defined benefit postemployment plan, where plan assets may be used only for the payment of benefits to the members of that plan. The plan assets are accounted for in the Retiree Benefit Fund. The District implemented Governmental Accounting Standards Board Statement #45, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in 2007-08.

Plan Descriptions and Contribution Information

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

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits*	10
Active plan members*	104
Total	<u>114</u>

** As of January 1, 2009 actuarial valuation*

Number of participating employers One

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Following is a description of the current retiree benefit plan: (Some retirees may have retired under earlier, grandfathered plans.)

	<u>Classified</u>	<u>Management</u>
Benefit types provided	Medical only	Medical only
Duration of benefits	To age 65	To age 65
Required service	10 years	10 years
Minimum age	55	55
Dependent coverage	Yes	Yes
District contribution %	100%	100%
District cap	100% of the lowest supercomposite rate	100% of the lowest supercomposite rate

The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2010-11, the District contributed \$26,000.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the Annual Required Contribution (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 following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 9,000
Interest on net OPEB obligation	13,000
Adjustment to annual required contribution	<u>(18,000)</u>
Annual OPEB cost	4,000
Contributions made:	<u>(26,000)</u>
Increase (decrease) in net OPEB obligation	(22,000)
Net OPEB liability (asset) – July 1, 2010 as restated	<u>(249,000)</u>
Net OPEB liability (asset) – June 30, 2011	<u>\$ (271,000)</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2011

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010-11 and the preceding two years are as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 4,000	650%	\$ (271,000)
2010	\$ 9,000	289%	\$ (249,000)
2009	\$ 9,000	388%	\$ (235,961)

Funded Status and Funding Progress – OPEB Plans

As of January 1, 2009 the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was \$144,000 and the unfunded actuarial accrued liability (UAAL) was \$3,000.

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. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are 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 designated to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Remaining amortization period	26 years
Asset valuation	\$201,000
Actuarial assumptions:	
Discount rate	7.75%
Healthcare cost trend rate	10.0%

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Notes to Financial Statements
June 30, 2011

NOTE 12 – ADJUSTMENTS FOR RESTATEMENTS

The beginning fund balance in the governmental funds have been restated according to the following:

	<u>General Fund</u>	<u>West Co Park DIF Fund</u>	<u>Nonmajor Funds</u>	<u>Fiduciary Funds</u>	<u>Statement of Activities</u>
General Fund:					
To account for assets from funds which are no longer accounted for under GASB 54	\$ 1,076,586	\$ -	\$ (1,076,586)	\$ -	\$ -
To account for revenue erroneously booked in the incorrect accounting period	281,474	-	-	-	281,474
West Co Park DIF Fund:					
To account for activity from the prior period	-	67,067	-	-	-
Iodine Springs Fund:					
To correct misbooked entries in the prior year	-	-	-	7,819	-
Capital Assets:					
To record prior period construction in process	-	-	-	-	4,656,177
Trust Fund:					
The beginning balance of net assets on the Statement of Activities has been restated to account for the net OPEB asset	-	-	-	-	249,000
Total	<u>\$ 1,358,060</u>	<u>\$ 67,067</u>	<u>\$ (1,076,586)</u>	<u>\$ 7,819</u>	<u>\$ 5,186,651</u>

Required Supplementary Information

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 4,260,498	\$ 4,260,498	\$ 3,993,154	\$ (267,344)
Revenue From Use of Money and Property	65,000	65,860	20,150	(45,710)
Intergovernmental Revenues	501,979	501,979	501,979	-
Charges for Services	3,460,000	3,466,640	3,776,382	309,742
Other Revenues	-	-	36,153	36,153
Total Revenues	8,287,477	8,294,977	8,327,818	32,841
Expenditures				
Salaries and Employee Benefits	5,802,619	5,802,619	5,972,039	(169,420)
Services and Supplies	3,574,053	3,594,173	3,373,712	220,461
Capital Outlay	35,000	394,100	84,995	309,105
Other Charges	308,746	348,424	338,662	9,762
Total Expenditures	9,720,418	10,139,316	9,769,408	369,908
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,432,941)	(1,844,339)	(1,441,590)	402,749
Other Financing Sources (Uses)				
Interfund transfers out	(216,625)	(905,416)	(905,416)	-
Total Other Financing Sources and Uses	(216,625)	(905,416)	(905,416)	-
Net Change in Fund Balances	(1,649,566)	(2,749,755)	(2,347,006)	402,749
Fund Balances, June 30, 2010	7,354,901	7,354,901	6,278,315	1,076,586
Fund Balances, June 30, 2011	\$ 5,705,335	\$ 4,605,146	\$ 3,931,309	\$ 1,479,335

* The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Recreation, Park Resident Employees, Habitat/Open Space Management, and Natural Resources Education Funds, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Budgetary Comparison Schedule - Santa Ana River Mitigation
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Revenue From Use of Money and Property	\$ 85,000	\$ 85,000	\$ 27,325	\$ (57,675)
Charges for Services	28,652	28,652	17,739	(10,913)
Total Revenues	113,652	113,652	45,064	(68,588)
Expenditures				
Services and Supplies	133,321	147,471	133,295	14,176
Other Charges	246,153	246,153	134,219	111,934
Total Expenditures	379,474	393,624	267,514	126,110
Excess (Deficiency) of Revenues Over (Under) Expenditures	(265,822)	(279,972)	(222,450)	57,522
Fund Balances, June 30, 2010	4,308,963	4,308,963	4,308,963	-
Fund Balances, June 30, 2011	\$ 4,043,141	\$ 4,028,991	\$ 4,086,513	\$ 57,522

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2011

<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2007	N/A	\$ 190,000	\$ 190,000	0%	N/A	N/A
1/1/2009	\$ 147,000	\$ 144,000	\$ 3,000	102.1%	\$ 4,429,000	0.06%

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2011*

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

These schedules are required by GASB Statement No.34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress

This schedule is required by GASB Statement No.45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2011, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code:

General Fund:		
Salaries and Employee Benefits	\$	169,420

Supplementary Information

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Combining Balance Sheet - Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2011

	Fish and Game Fund	Arundo Removal Fund	Off Road Vehicle Mgt. Fund	MSHCP Fund	Multi-Species Reserve Fund	East Co Park DIF Fund	Park Acquisition ACO Fund	Park Acquisition & Development	Prop 50 Plewys Grant SART	Trails East Co Park DIF	All Non Major
ASSETS											
Cash	\$ 14,665	\$ 1,360,522	\$ 450,985	\$ 930,653	\$ 91,449	\$ 473,455	\$ 327,473	\$ 1,455,247	\$ 200,966	\$ 7,307	\$ 5,312,722
Interest Receivable	11	900	419	610	99	372	253	751	156	6	3,577
Due From Other Governments	193	114,670	-	-	122,786	-	-	-	-	-	237,649
Total Assets	\$ 14,869	\$ 1,476,092	\$ 451,404	\$ 931,263	\$ 214,334	\$ 473,827	\$ 327,726	\$ 1,455,998	\$ 201,122	\$ 7,313	\$ 5,553,948
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts Payable	\$ -	\$ 6,772	\$ -	\$ 5,362	\$ 93	\$ -	\$ -	\$ 57,630	\$ -	\$ -	\$ 69,857
Due to Other Governmental Agencies	-	-	-	21	-	-	-	-	-	-	21
Due to Other Funds	-	-	-	-	-	-	100,000	-	200,000	-	300,000
Total Liabilities	-	6,772	-	5,383	93	-	100,000	57,630	200,000	-	369,878
Fund Balances											
Restricted	14,869	1,469,320	451,404	925,880	214,241	473,827	227,726	1,398,368	1,122	7,313	2,108,356
Assigned	-	-	-	-	-	-	-	-	-	-	3,075,714
Total Fund Balances	14,869	1,469,320	451,404	925,880	214,241	473,827	227,726	1,398,368	1,122	7,313	5,184,070
Total Liabilities and Fund Balances	\$ 14,869	\$ 1,476,092	\$ 451,404	\$ 931,263	\$ 214,334	\$ 473,827	\$ 327,726	\$ 1,455,998	\$ 201,122	\$ 7,313	\$ 5,553,948

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
*Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Non-Major Funds*
For the Fiscal Year Ended June 30, 2011

	Fish and Game Fund	Arundo Removal Fund	Off Road Vehicle Mgt. Fund	MSHCP Fund	Multi-Species Reserve Fund	East Co Park DIF Fund	Park Acquisition ACO Fund	Park Acquisition & Development	Prop 50 Pkways Grant SART	Trails East Co Park DIF	All Non-Major
REVENUES											
Property Taxes											
Revenue From Use of Money and Property	88	7,726	3,384	4,767	920		2,135	7,508	1,122	47	27,697
Intergovernmental Revenues						941,959		42,359			984,318
Charges for Services	2,153	275,642	106,139	642,657	362,992						1,389,583
Operating Grants		173,752									173,752
Total revenues	2,241	457,120	109,523	647,424	363,912	944,333	2,135	49,867	1,122	47	2,577,724
EXPENDITURES											
Interpretive		89,253									89,253
Natural Resources		279,529		360,829	272,610						912,968
Planning and Construction						741,526		756,350			1,497,876
Total Expenditures	-	368,782	-	360,829	272,610	741,526	-	756,350	-	-	2,500,097
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,241	88,338	109,523	286,595	91,302	202,807	2,135	(706,483)	1,122	47	77,627
OTHER FINANCING SOURCES (USES)											
Interfund transfers in											224,000
Interfund transfers out			(120,610)								(120,610)
Total Other Financing Sources and Uses	-	-	(120,610)	-	-	-	-	224,000	-	-	103,390
Net Change in Fund Balances	2,241	88,338	(11,087)	286,595	91,302	202,807	2,135	(482,483)	1,122	47	181,017
Fund Balances, July 1, 2010, as restated	12,628	1,380,983	452,491	639,285	122,940	271,019	225,591	1,880,850	-	7,266	5,003,053
Fund Balances, June 30, 2011	14,869	1,469,321	451,404	925,880	214,242	473,826	227,726	1,398,367	1,122	7,313	5,184,070

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Balance Sheet - General Fund

For the Fiscal Year Ended June 30, 2011

	General Fund #25400	Recreation #25420	Park Resident Emp Utility #25510	Habitat/Open Space #25521	Natural Resource Education #25535	Reported General Fund
ASSETS						
Cash and Investments	\$ 3,426,142	\$ (84,836)	\$ 253,410	\$ 684,162	\$ 320,502	\$ 4,599,380
Accounts Receivable	197,015	54,968	-	-	-	251,983
Interest Receivable	2,013	65	195	448	267	2,988
Due from Other Governments	85,558	160,555	-	-	-	246,113
Due from Other Funds	1,300,000	-	-	-	-	1,300,000
Total Assets	\$ 5,010,728	\$ 130,752	\$ 253,605	\$ 684,610	\$ 320,769	\$ 6,400,464
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 103,077	\$ 83,034	\$ 8,652	\$ 1,807	\$ -	\$ 196,570
Salaries and Benefits Payable	381,843	-	-	-	-	381,843
Due to Other Governmental Agencies	5,206	-	-	-	-	5,206
Deferred Revenue	307,822	-	-	-	-	307,822
	797,948	83,034	8,652	1,807	-	891,441
Fund Balances						
Nonspendable	5,000	-	-	-	-	5,000
Assigned	-	47,718	244,953	196,929	320,769	810,369
Unassigned	4,207,780	-	-	485,874	-	4,693,654
Total Fund Balances	4,212,780	47,718	244,953	682,803	320,769	5,509,023
Total Liabilities and Fund Balances	\$ 5,010,728	\$ 130,752	\$ 253,605	\$ 684,610	\$ 320,769	\$ 6,400,464

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Statements of Revenues and Expenditures - General Fund
For the Fiscal Year Ended June 30, 2011

Revenues	General Fund #25400	Recreation #25420	Park Resident Emp Utility #25510	Habitat/Open Space #25521	Natural Resource Education #25535	Reported General Fund
Property Taxes	\$ 3,993,154	\$ -	\$ -	\$ -	\$ -	\$ 3,993,154
Revenue From Use of Money and Property	20,150	1,169	1,529	3,588	2,086	28,522
Intergovernmental Revenues	501,979	74,927	-	260,000	-	836,906
Charges for Services	3,776,382	456,983	51,858	20	-	4,285,243
Other Revenues	36,153	3,110	-	-	-	39,263
Total Revenues	\$ 8,327,818	\$ 536,189	\$ 53,387	\$ 263,608	\$ 2,086	\$ 9,183,088
Expenditures						
Interpretive	\$ 1,698,066	\$ -	\$ -	\$ 167	\$ 106,444	\$ 1,804,677
Natural Resources	623,954	-	-	259,166	-	883,120
Parks	5,598,895	41,054	17,215	-	-	5,657,164
Planning and Construction	450,389	-	-	-	-	450,389
Recreation	320,158	1,108,594	-	-	-	1,428,752
General Government	1,077,948	-	-	-	-	1,077,948
Total Expenditures	\$ 9,769,410	\$ 1,149,648	\$ 17,215	\$ 259,333	\$ 106,444	\$ 11,302,050

Other Independent Auditors' Reports

**INDEPENDENT AUDITORS' 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**

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 Riverside County Regional Park and Open-Space District as of and for the year ended June 30, 2011, which collectively comprise Riverside County Regional Park and Open-Space District's basic financial statements and have issued our report thereon dated October 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 2011-1 and 2011-2. 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 Riverside County Regional Park and Open-Space District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Riverside County Regional Park and Open-Space District in a separate letter dated October 22, 2011.

Riverside County Regional Park and Open-Space District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board, management, the State Controller's Office, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nigro & Nigro, PC

October 22, 2011

Findings and Responses

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Schedule of Audit Findings and Responses

For the Fiscal Year Ended June 30, 2011

SECTION I - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2011-1: Capital Assets/Inventory

Through inquiry with District personnel, we found that capital assets and equipment inventories have not been performed in the past two years. We recommend that the District conduct a physical inventory on a regular basis at least every two years. The process should include vouching items listed on the asset listing to the physical items, as well as tracing items from the sites to verify that they are included on the asset listing.

Recommendation: We recommend that the District conduct a comprehensive physical inventory count of its capital assets at least every other year.

District Response: The District initiated a five-year Strategic Plan beginning in fiscal year 2011-12. One of the tactics outlined in the Plan is to develop and maintain a complete listing of capital assets for the District. This project was started in October 2011 by reviewing the current asset listing for accuracy and visiting all District sites to ensure completeness. Ongoing monitoring will be performed through annual inventory verification processes.

Finding 2011-2: Expenditures

During our cash disbursements testing, we were unable to review the entire sample selected; however, of the expenditures reviewed we found ten expenditures where the goods and/or services were received prior to obtaining a purchase order.

Recommendation: We recommend that a purchase order should be obtained for all expenditures prior to incurrence. Obtaining a purchase order prior to incurring each expenditure is an important internal control which verifies that purchases are approved and within established budgets.

District Response: The District's finance department initiated a mandatory purchasing and accounting procedures training program for all existing District staff. Among other topics, this training focuses on the importance of obtaining approval prior to making a purchase by completing a purchase requisition and/or purchase order. Training sessions for existing staff began in November 2011, and will be held every other month until all District staff have attended. This training will also be included with the District's New Employee On-boarding process to ensure all staff are properly trained in the appropriate steps of the purchasing process.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2011

Original Finding No.	Finding	Recommendation	Current Status
<p>2010-01: <i>Wedding and Special Event Credit Card Revenues Collected at the District's Headquarters</i></p>	<p>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.</p> <p>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.</p>	<p>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.</p>	<p>Implemented</p>
<p>2010-02: <i>Reservation Revenues Collected at the Park District's Headquarters</i></p>	<p>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.</p> <p>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.</p>	<p>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.</p>	<p>Implemented</p>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2011

Original Finding No.	Finding	Recommendation	Current Status
2010-03: <i>Accuracy of Accounting Records</i>	<p>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 year end 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.</p>	<p>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.</p> <p>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.</p>	Implemented.
	<p>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.</p>		
	<p>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.</p>		
	<p>To some extent, these findings may be the result of staff turnover at the District.</p>		

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

Our audit of the financial statements of Riverside County Regional Park and Open-Space District as of and for the year ended June 30, 2011 was planned and performed in accordance with auditing standards generally accepted in the United States of America. As such, we considered the organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. However, our auditing procedures were not designed for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Our consideration of internal control was limited to procedures performed to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. Therefore, our procedures did not include testing the operating effectiveness of such controls and was not designed to discover significant deficiencies in internal control and, accordingly, we do not express an opinion on the effectiveness of the District's internal control.

As our consideration on internal control was for the limited purpose of expressing our opinion on the financial statement described in this letter, we would not necessarily identify all deficiencies in internal control that might be *significant deficiencies* or *material weaknesses* as those terms are defined by professional standards. Also, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by these controls.

As defined by professional standards, a deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned responsibilities, to prevent or detect and correct misstatements on a timely basis. 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. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

During the course of performing our procedures, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated October 22, 2011, on the financial statements of Riverside County Regional Park and Open-Space District.

Cash Receipts - Santa Rosa Plateau:

Observation:

Iron Ranger Collections:

We found that cash collections are made infrequently from iron ranger locations, approximately once a week. The cash that is collected from these iron rangers is picked up by only one individual and then placed in the safe without being counted.

Recommendation:

We recommend that cash collections be picked up more frequently and to ensure that the District's cash collection procedures are followed.

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

Cash Receipts - Santa Rosa Plateau (continued):

Observation:

Visitor Center Collections:

During our visit we observed that cash collections are processed, but the system utilized does not include documenting sales unless asked by the visitor. These types of cash collection procedures can result in the skimming of cash, since there is no supporting document to verify the collections to the amount deposited.

Recommendation:

We recommend that when cash is collected, a receipt, tally sheet or some other sort of documentation be created and a reconciliation be performed daily.

Observation:

Petty Cash:

Our inquiry of site staff revealed that the site has a small amount of petty cash on-hand. The cash is used to purchase cases of water from Costco which are then sold to guests for \$1 per bottle. The petty cash funds are then used to purchase pizza for site personnel at the end of the month and can also be used to buy other items needed at the site. The District should be reminded that these practices do not represent sound internal control procedures

Recommendation:

We recommend that the District work with its sites on improving cash handling procedures.

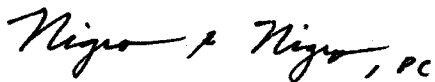
Multi-year Projections:

During our testing we determined that the District is not currently preparing multi-year projections. Creating multi-year projections is recommended to assess factors that will have an impact on the fiscal health of the District. It also creates opportunities for management to evaluate its fiscal solvency over the long-term and make appropriate cuts and other modifications, if necessary.

Recommendation:

We recommend that the District begin to produce multi-year projections to help it determine fiscal solvency over the course of multiple years.

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



October 22, 2011



FORM 11 BOARD LETTER ROUTING

Riverside County Regional Park & Open-Space District
Scott Bangle, General Manager

Date: 1/24/2012

For Inclusion on:

- Board of Directors Agenda
- Board of Supervisors Agenda

Board Date: 1/31/12

To:

- County Counsel _____
- Auditor Controller _____
- Executive Office Jana Roush/Alex Gann
- Clerk of the Board _____

From: Park District

Subject: Form 11 No. 2012-013D

Title: Annual Audit Report for FY 2010-2011

For questions please contact the author: Megan Gomez / Micro 59053

Action:

Approval: _____

Return to Park District Please Call:

Elizabeth Castillo (5-1395), when ready to be picked up

Return to Park District via central messenger @ Mail Stop 2970

Forward To: _____

Advance copy only: _____

