



**SUBMITTAL TO THE BOARD OF DIRECTORS  
REGIONAL PARK AND OPEN SPACE DISTRICT  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

156



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

**SUBMITTAL DATE:**  
December 3, 2015

**SUBJECT:** ANNUAL AUDIT REPORT FOR FY 2014-2015

**RECOMMENDED MOTION:** That the Board of Directors:

1. That the Board of Directors receives and files the FY 2014-2015 Independent Auditor's Report for the Riverside County Regional Park & Open-Space District (District).

**BACKGROUND:**

**Summary**

Nigro & Nigro, PC (Nigro) prepared this report for the fiscal year ending June 30, 2015. Nigro compiled the balance sheet of the District as of June 30, 2015 for the purposes of filing such with the State Controller's Office. They also reviewed the District's Appropriations Limit worksheets, finding no exceptions, and rendered an unqualified opinion on the District's financial statements.

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

Scott Bangle  
General Manager

2016-21D

Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

**SOURCE OF FUNDS:** \_\_\_\_\_  
Budget Adjustment: NO  
For Fiscal Year: \_\_\_\_\_

**C.E.O. RECOMMENDATION:**

APPROVE

BY:   
Steven C. Horn

County Executive Office Signature

**MINUTES OF THE BOARD OF DIRECTORS**

On motion of Director Benoit, seconded by Director Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley  
Nays: None  
Absent: None  
Date: December 15, 2015  
xc: Parks

Kecia Harper-Ihem  
Clerk of the Board  
By:   
Deputy

**DISTRICT**

Prev. Agn. Ref.: \_\_\_\_\_ District: ALL Agenda Number: \_\_\_\_\_

**13-5**

- A-30
- Positions Added
- 4/5 Vote
- Change Order

**SUBMITTAL TO THE BOARD OF DIRECTORS, REGIONAL PARK AND OPEN SPACE DISTRICT,  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.**

**FORM 11: ANNUAL AUDIT REPORT FOR FY 2014-2015**

**DATE: December 3, 2015**

**PAGE: 2 of 2**

**Attachments:**

Audit Report

Management Letter



To the Board of Supervisors  
Riverside County Regional Park and Open-Space District  
Jurupa Valley, California

In planning and performing our audit of the basic financial statements of Riverside County Regional Park and Open-Space District for the year ending June 30, 2015, we noted matters that are an opportunity 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 November 16, 2015 on the financial statements of Riverside County Regional Park and Open-Space District.

## **PAYROLL**

**Observation:** During our testing of payroll controls, we noted that in six of ten instances timesheets were approved in advance of the close of the pay period. In these cases, employees estimated their work hours for the last few days of the pay period. This practice could result in misstatement of hours worked as supervisors are not approving the actual hours worked for the entire pay period.

**Recommendation:** We recommend that the District implement a process where the actual hours are compared to the estimates to ensure employees have been paid the correct amounts.

## **CAPITAL ASSETS AND EQUIPMENT**

**Observation:** Through inquiry we noted that the District does not perform regular physical inspections of capital assets. Without regular physical inspections of capital assets, the District's schedule of capital assets could be misstated as assets may not exist, or the schedule may not be complete.

**Recommendation:** The District should perform regular physical inspections of capital assets to ensure that the schedule of capital assets properly reflects the current balance of assets.

## **BUDGETING AND FORECASTING**

**Observation:** We determined through inquiry that the District is not currently preparing multi-year projections.

**Recommendation:** 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 modifications, if necessary.

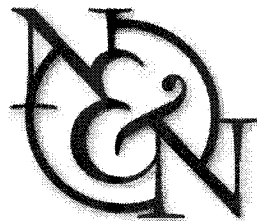
We would like to extend our appreciation to the people at the sites and the District headquarters for their cooperation during our audit. We will review the status of the current year comments during our next audit engagement.

Murrieta, California  
November 18, 2015

**RIVERSIDE COUNTY REGIONAL PARK  
AND OPEN-SPACE DISTRICT**

**AUDIT REPORT**

**For the Fiscal Year Ended  
June 30, 2015**



**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*For the Fiscal Year Ended June 30, 2015*

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Riverside County Regional Park and Open-Space District  
Jurupa Valley, California

### Report on the Financial Statements

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 fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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, 2015, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1.J. to the basic financial statements, the District has changed its method for accounting and reporting for pensions during fiscal year 2014-15 due to the adoption of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27" and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68". The adoption of these standards required retrospective application resulting in a \$7,493,435 reduction of previously reported net position at July 1, 2014. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, budgetary comparison information on pages 38 through 40, schedule of funding progress on page 41, schedule of proportionate share of the net pension liability on page 42, and schedule of contributions on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

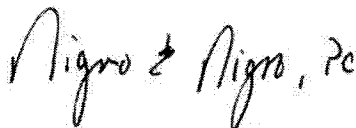
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California  
November 16, 2015



**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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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, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$92,310,927. Of this amount, \$1,624,075 may be used to meet the District's ongoing obligations.
- The District's financial position decreased overall as a result of this year's operations. Net position of governmental activities decreased by \$526,606, or 0.6%.
- Governmental expenses were about \$21.9 million. Revenues were about \$21.4 million.
- The District spent about \$3.0 million in new capital assets during the year. These expenses were incurred primarily from capital projects funds for capital improvement projects.
- The District decreased its outstanding long-term debt by \$1.9 million. This was due to changes in the outstanding net pension liability.
- Unassigned fund balance in the District's General Fund represents 19.8% of total General Fund expenditures.

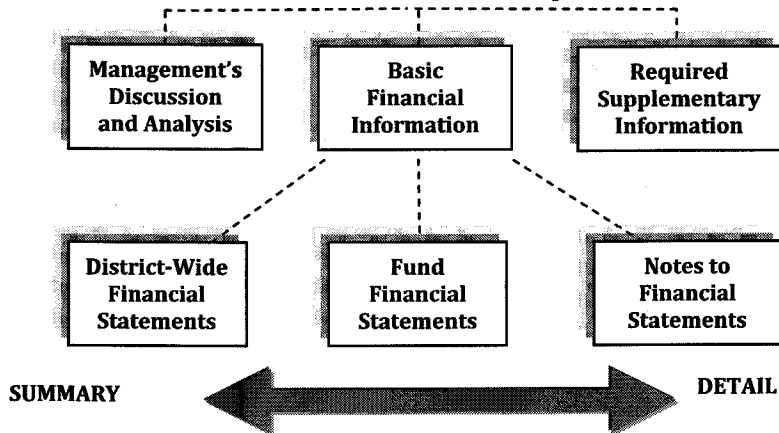
**OVERVIEW OF THE FINANCIAL STATEMENTS**

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.

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.

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



**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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**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**

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<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 Position 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, 2015*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**District-Wide Statements (continued)**

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- 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 seventeen 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 three other governmental funds that are considered to be major funds. Data from the other thirteen 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 position. 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, 2015*

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position was lower on June 30, 2015, than it was the year before - decreasing 0.5% to \$92.3 million (See Table A-1).

**Table A-1**

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2014*	2015	
Current and other assets	\$ 21.7	\$ 20.5	\$ (1.2)
Capital assets	81.9	83.7	1.8
<b>Total assets</b>	<b>103.6</b>	<b>104.2</b>	<b>0.6</b>
<b>Total deferred outflows of resources</b>	<b>0.7</b>	<b>1.0</b>	<b>0.3</b>
Other liabilities	1.8	3.1	1.3
Long-term liabilities	9.7	7.8	(1.9)
<b>Total liabilities</b>	<b>11.5</b>	<b>10.9</b>	<b>(0.6)</b>
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>2.0</b>	<b>2.0</b>
<b>Net position</b>			
Net investment in Capital Assets	81.9	83.7	1.8
Restricted	9.6	7.0	(2.6)
Unrestricted	1.3	1.6	0.3
<b>Total net position</b>	<b>\$ 92.8</b>	<b>\$ 92.3</b>	<b>\$ (0.5)</b>

\*As restated

**Changes in net position, governmental activities.** The District's total revenues increased 22.3% to \$21.4 million (See Table A-2). The increase is due primarily to increased charges for services.

The total cost of all programs and services increased 39.7% to \$21.9 million. The District's expenses are predominantly related to acquiring and maintaining regional park and recreation facilities in the County.

**Table A-2**

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2014	2015	
Total Revenues	\$ 17.4	\$ 21.4	\$ 4.0
Total Expenses	15.7	21.9	6.2
Increase (decrease) in net position	\$ 1.7	\$ (0.5)	\$ (2.2)

**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 \$17.2 million, which is below last year's ending fund balance of \$19.7 million. The primary cause of the decreased fund balance is increased charges for costs associated with maintaining new CSA parks and community centers.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2015*

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)**

**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.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$1 million, the actual results for the year show that expenditures exceeded revenues by roughly \$0.6 million. Actual revenues were \$0.6 million less than anticipated, and expenditures and transfers out were \$1.0 million less than budgeted. That amount consists primarily of unassigned dollars that were not spent as of June 30, 2015 that will be carried over into the 2015-16 budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2014-15 the District had invested \$3 million in new capital assets, related to the District's ongoing parks modernization projects. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year exceeded \$1.1 million.

**Table A-3: Capital Assets at Year-End, Net of Depreciation**

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2014	2015	
Land	\$ 28.3	\$ 28.3	\$ -
Construction in progress	5.3	4.9	(0.4)
Buildings	38.8	38.3	(0.5)
Machinery and equipment	0.5	0.3	(0.2)
Infrastructure	9.0	11.9	2.9
<b>Total</b>	<b>\$ 81.9</b>	<b>\$ 83.7</b>	<b>\$ 1.8</b>

**Long-Term Debt**

At year-end the District had \$7.8 million in compensated absences and net pension liability - a decrease of 19% from last year's restated balance - 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)
	2014*	2015	
Compensated absences	\$ 1.5	\$ 1.6	\$ 0.1
Net pension liability	8.2	6.2	(2.0)
<b>Total</b>	<b>\$ 9.7</b>	<b>\$ 7.8</b>	<b>\$ (1.9)</b>

\*As restated

## **RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2015*

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### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District continued to grow during Fiscal Year 2014-15, adding facilities, property, and trails to its inventory while cutting expenses through operational efficiencies and continuous improvements; and increasing revenue through fees, contracts, and grants. Dedicated and highly engaged staff and volunteers provided exceptional service resulting in a 97% customer satisfaction rate, a 2% increase over target. Significant progress was noted in water savings initiatives such as turf removal, reduced irrigation times, and installation of additional water savings equipment at several locations. The District recorded 113,778 volunteer hours, which eclipsed the target by 30,778 hours. This, along with the marketing program which noted 4.3 million touch points, allowed the District to remain competitive and relevant in meeting the adopted vision and mission.

In order to achieve a balanced budget for Fiscal Year 2014-15, the District was forced to utilize operational reserves to fund ongoing operational needs. As in prior years, when requested services exceed available funding, the District makes program recommendations to the Parks Advisory Commission and Board of Directors to protect reserves. In future years, it will be important that the District footprint is in alignment with available capacity.

In addition to the operational funding gap, the District must begin addressing the reduction in court-appointed worker hours due to newly-implemented legislation. Although volunteer hours increased over targets, the District experienced nearly 14,000 fewer total hours than the previous year when also taking court-appointed worker hours into account. This was related to several State propositions aimed at reducing prison populations by lessening the severity of certain crimes and related sentencing. In particular, State of California Proposition 47 de-incentivized minor offenders from working at Park facilities rather than facing incarceration. Historically, these court-appointed work hours have been a major resource in cleaning restrooms, picking up trash, weed abatement, and minor landscaping tasks just to name a few. The loss of this resource is impacting operations and additional funding is not available to hire contractors or staff to fill the void. Volunteerism and community engagement will therefore be of utmost importance, and the District has initiated the process of establishing its own nonprofit Foundation in order to continue growing and supporting those critical efforts.

Aging infrastructure and equipment is also beginning to show signs of failure after many years of increasingly heavy use. While the District has put money aside to address immediate needs of safety and functionality, future projects and improvements were eliminated in 2015-16 FY in order to balance the budget. The District recognizes that this is not sustainable and is working on solutions to address the immediate and future needs. Fiscal Year 2015-16 marks the fifth year of the District's five-year Strategic Plan, as well as its 25th Anniversary. Staff are on track to reach all goals and tactics set by the Strategic Plan even with the additional Programming the District took on that was not encompassed in the original Plan. Due to the rapid nature of change within the District these past few years, management is considering implementing a shorter timeline for strategic planning in order to remain more agile. A two-year timeline may be more appropriate for the District's current business and political environment, and staff are collaborating on what goals should drive the District's next Plan.

### **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 Position**June 30, 2015*

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	<b>Total Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 19,045,827
Accounts receivable	379,990
Due from other governments	824,790
Net OPEB asset	311,584
Capital assets:	
Non-depreciable assets	33,126,530
Depreciable assets	67,462,681
Less, accumulated depreciation	<u>(16,892,610)</u>
Total assets	<u>104,258,792</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts contributed to the pension plan subsequent to the measurement date	<u>950,056</u>
<b>LIABILITIES</b>	
Accounts payable	1,997,673
Due to other governments	279,741
Unearned revenues	736,532
Long term liabilities:	
Compensated absences	1,658,395
Net pension liability	<u>6,188,861</u>
Total liabilities	<u>10,861,202</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Net differences between projected and actual earnings on pension plan investments	1,913,000
Adjustment due to differences in proportions	<u>123,719</u>
Total deferred inflows of resources	<u>2,036,719</u>
<b>NET POSITION</b>	
Net investment in capital assets	83,696,601
Restricted for capital projects	6,990,251
Unrestricted	<u>1,624,075</u>
Total net position	<u>\$ 92,310,927</u>

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2015*

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Interpretive	\$ 1,266,699	\$ -	\$ -	\$ (1,266,699)
Natural Resources	2,044,690	1,521,043	181,935	(341,712)
Regional Parks	2,871,478	2,260	-	(2,869,218)
Community Parks	2,393,103	2,202,980	-	(190,123)
Planning and Construction	3,283,284	957,054	635,806	(1,690,424)
Recreation	5,203,015	3,830,957	3,500	(1,368,558)
General Government	3,664,536	5,420,050	-	1,755,514
Depreciation (unallocated)	1,158,574	-	-	(1,158,574)
<b>Total governmental activities</b>	<b>\$ 21,885,379</b>	<b>\$ 13,934,344</b>	<b>\$ 821,241</b>	<b>(7,129,794)</b>
General Revenues:				
Property Taxes				5,272,458
Revenue From Use of Money and Property				62,374
Intergovernmental Revenues				1,268,356
<b>Total general revenues</b>				<b>6,603,188</b>
Change in net position				(526,606)
Net position - July 1, 2014, as originally stated				100,330,968
Adjustment for restatement (Note 1. J.)				(7,493,435)
Net position - July 1, 2014, as restated				92,837,533
Net position - June 30, 2015				\$ 92,310,927



**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Balance Sheet - Governmental Funds*

June 30, 2015

	General Fund	Santa Ana River Mitigation Fund	CSA Park Maintenance Fund	Park Acquisition and Development Fund	Capital Dev. Parks Prop 40 Fund	Developer Impact Fees Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash	\$ 4,988,149	\$ 3,863,407	\$ 1,083,472	\$ 2,383,878	\$ 2,619,481	\$ 2,078,148	\$ 2,029,292	\$ 19,045,827
Accounts receivable	364,634	2,028	8,407	1,273	1,662	-	1,986	379,990
Due from other governments	151,991	-	-	-	539,448	-	133,351	824,790
Due from other funds	319,061	-	-	-	-	-	-	319,061
<b>Total Assets</b>	<b>\$ 5,823,835</b>	<b>\$ 3,865,435</b>	<b>\$ 1,091,879</b>	<b>\$ 2,385,151</b>	<b>\$ 3,160,591</b>	<b>\$ 2,078,148</b>	<b>\$ 2,164,629</b>	<b>\$ 20,569,668</b>

**LIABILITIES AND FUND BALANCES**

**Liabilities**

Accounts payable	\$ 640,145	\$ 2,674	\$ 137,627	\$ 16,500	\$ 4,138	\$ 362,578	\$ 18,326	\$ 1,181,988
Salaries and benefits payable	691,321	945	63,430	-	-	-	59,989	815,685
Due to other governments	-	-	-	-	-	279,741	-	279,741
Unearned revenues	732,937	-	3,595	-	-	-	-	736,532
Due to other funds	-	-	319,061	-	-	-	-	319,061
<b>Total Liabilities</b>	<b>2,064,403</b>	<b>3,619</b>	<b>523,713</b>	<b>16,500</b>	<b>4,138</b>	<b>642,319</b>	<b>78,315</b>	<b>3,333,007</b>

**Fund Balances**

Nonspendable	20,000	-	-	-	-	-	-	20,000
Restricted	149,364	-	20,869	2,368,651	3,156,453	1,435,829	108,032	7,239,198
Assigned	221,058	3,861,816	547,297	-	-	-	1,978,282	6,608,453
Unassigned	3,369,010	-	-	-	-	-	-	3,369,010
<b>Total Fund Balances</b>	<b>3,759,432</b>	<b>3,861,816</b>	<b>568,166</b>	<b>2,368,651</b>	<b>3,156,453</b>	<b>1,435,829</b>	<b>2,086,314</b>	<b>17,236,661</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,823,835</b>	<b>\$ 3,865,435</b>	<b>\$ 1,091,879</b>	<b>\$ 2,385,151</b>	<b>\$ 3,160,591</b>	<b>\$ 2,078,148</b>	<b>\$ 2,164,629</b>	<b>\$ 20,569,668</b>

*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 Position*

*June 30, 2015*

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**Total fund balances - governmental funds** \$ 17,236,661

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 \$100,589,211, and the accumulated depreciation is (\$16,892,610). 83,696,601

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: 311,584

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	1,658,395	
Net pension liability	<u>6,188,861</u>	
Total		(7,847,256)

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	950,056	
Deferred inflows of resources relating to pensions	<u>(2,036,719)</u>	
Net:		<u>(1,086,663)</u>

**Total net position - governmental activities** \$ 92,310,927

**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, 2015*

	General Fund	Santa Ana River Mitigation Fund	CSA Park Maintenance Fund	Park Acquisition and Development Fund	Capital Development Parks Prop 40	Developer Impact Fees Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
General revenues:								
Property taxes	\$ 5,259,829	\$ -	\$ -	\$ -	\$ 12,629	\$ -	\$ -	\$ 5,272,458
Revenue From use of money and property	17,980	15,593	3,235	7,438	-	4,886	13,242	62,374
Intergovernmental Revenues	636,768	-	491,437	-	-	140,151	-	1,268,356
Charges for services	9,548,666	227	2,202,980	954,264	635,806	2,790	1,225,417	14,570,150
Operating grants and contributions	3,500	-	-	-	-	-	181,935	185,435
<b>Total Revenues</b>	<b>15,466,743</b>	<b>15,820</b>	<b>2,697,652</b>	<b>961,702</b>	<b>648,435</b>	<b>147,827</b>	<b>1,420,594</b>	<b>21,358,773</b>
<b>Expenditures</b>								
Interpretive	1,126,005	-	-	-	-	-	140,694	1,266,699
Natural resources	658,569	22,561	-	-	-	-	1,363,560	2,044,690
Regional Parks	5,539,039	-	-	-	-	-	5,539,039	5,539,039
Community parks	97	-	2,393,006	-	-	-	-	2,393,103
Planning and Construction	449,196	-	-	289,757	1,377,550	1,165,201	1,580	3,283,284
Recreation	5,311,971	-	-	-	-	-	-	5,311,971
General Government	3,941,496	-	-	-	-	-	10,010	3,951,506
<b>Total Expenditures</b>	<b>17,026,373</b>	<b>22,561</b>	<b>2,393,006</b>	<b>289,757</b>	<b>1,377,550</b>	<b>1,165,201</b>	<b>1,515,844</b>	<b>23,790,292</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,559,630)	(6,741)	304,646	671,945	(729,115)	(1,017,374)	(95,250)	(2,431,519)
<b>Other Financing Sources (Uses)</b>								
Interfund transfers in	246,501	-	-	-	1,040,971	2,453,203	602,309	4,342,984
Interfund transfers out	(39,650)	(80,000)	-	-	(66,500)	-	(4,156,834)	(4,342,984)
Total Other Financing Sources and Uses	206,851	(80,000)	-	-	974,471	2,453,203	(3,554,525)	-
Net Change in Fund Balances	(1,352,779)	(86,741)	304,646	671,945	245,356	1,435,829	(3,649,775)	(2,431,519)
Fund Balances, July 1, 2014	5,112,211	3,948,557	263,520	1,696,706	2,911,097	-	5,736,089	19,668,180
<b>Fund Balances, June 30, 2015</b>	<b>\$ 3,759,432</b>	<b>\$ 3,861,816</b>	<b>\$ 568,166</b>	<b>\$ 2,368,651</b>	<b>\$ 3,156,453</b>	<b>\$ 1,435,829</b>	<b>\$ 2,086,314</b>	<b>\$ 17,236,661</b>

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, 2015

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**Total net change in fund balances - governmental funds** \$ (2,431,519)

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	2,998,367	
Depreciation expense	<u>(1,158,574)</u>	
Net:		1,839,793

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: 12,612

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, the vacation leave earned exceeded the amount paid by: (165,403)

In government funds, pension costs are recognized when employer contributions are made in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis and actual employer contributions was: 217,911

**Change in net position of governmental activities** \$ (526,606)

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Statement of Fiduciary Net Position*

*June 30, 2015*

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	<b>Trust Funds</b>		
	<b>Historical Commission Fund</b>	<b>Iodine Springs Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 27,047	\$ 355,700	\$ 382,747
Accounts receivable	14	184	198
Total assets	<u>27,061</u>	<u>355,884</u>	<u>382,945</u>
<b>LIABILITIES</b>			
Accounts payable	-	-	-
<b>NET POSITION</b>			
Restricted	<u>\$ 27,061</u>	<u>\$ 355,884</u>	<u>\$ 382,945</u>

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Statement of Changes in Fiduciary Net Position*  
*For the Fiscal Year Ended June 30, 2015*

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	<b>Trust Funds</b>		<b>Total</b>
	<b>Historical Commission Fund</b>	<b>Iodine Springs Fund</b>	
<b>ADDITIONS</b>			
Other local revenue	\$ 649	\$ -	\$ 649
Revenue from the use of money and property	107	1,230	1,337
<b>Total additions</b>	<b>756</b>	<b>1,230</b>	<b>1,986</b>
<b>DEDUCTIONS</b>			
Administrative expenses	931	-	931
Change in net position	(175)	1,230	1,055
Net position, July 1, 2014	27,236	354,654	381,890
Net position, June 30, 2015	<u>\$ 27,061</u>	<u>\$ 355,884</u>	<u>\$ 382,945</u>

# RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. 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.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

The District has no component units that meet the criteria of GASB Statement No.'s 14, 39, and also 61 which is an amendment of GASB Statement No. 14, to be included in the financial statements of the District.

#### B. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation

###### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

###### Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

###### 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 do not 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 Utility, 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, 2015*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation, Basis of Accounting (continued)**

**1. Basis of Presentation (continued)**

**Major Governmental Funds (continued):**

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

**CSA Park Maintenance Fund:** This fund accounts for the District's activities in accordance with its service contract with the County of Riverside Economic Development Agency (EDA) to perform maintenance and operations at several Community Service Area (CSA)-funded parks throughout Riverside County.

**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.

**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.

**Developer Impact Fees Fund:** To account for developer impact fees and expansion of parks and trails throughout the County.

**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 and Off Highway Vehicle Management Funds:** 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:** To account for activities performed under contract with Municipal Water District to provide reserve management services.

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

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



# RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2015

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Basis of Presentation, Basis of Accounting (continued)

#### 1. Basis of Presentation (continued)

##### Non-Major Governmental Funds (continued):

###### 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.

**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.

**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.

**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 position and changes in net position. 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.

### C. 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.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Budgets and Budgetary Accounting (continued)**

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.

**D. 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.

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position**

**1. Cash and Cash Equivalents**

The District considers cash and cash equivalents in funds to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

**2. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated 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. Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

# RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

## Notes to Financial Statements

June 30, 2015

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no deferred outflows of resources. The first item is to recognize contributions made to the pension plan after the measurement date of the net pension liability. The second is deferred amount on refunding, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has no deferred inflows of resources. That item is to recognize the District's proportionate share of the deferred inflows of resources related to its pension plans as more fully described in the footnote entitled "Pension Plans".

##### 5. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

##### 6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan and addition to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### 7. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

## RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to Financial Statements

June 30, 2015

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 7. Fund Balances (continued)

**Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

##### 8. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

#### F. Minimum Fund Balance Policy

The District adopted a formal minimum fund balance policy in November, 2012, 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.

## RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

### Notes to Financial Statements

June 30, 2015

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

##### H. 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.

##### I. 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.

##### J. New GASB Pronouncements

During the 2014-15 fiscal year, the following GASB Pronouncements became effective:

###### 1. Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 (Issued 06/12)*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New GASB Pronouncements (continued)**

**1. Statement No. 68 (continued)**

**Cost-Sharing Employers**

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

**2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68 (Issued 11/13)***

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net position liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New GASB Pronouncements (continued)**

**2. Statement No. 71 (continued)**

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

**3. Cumulative Effect of Change in Accounting Principle**

Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards was to decrease the net position at July 1, 2013, by \$7,493,435, which is the amount of net pension liability, net of the deferred outflows of resources related to pensions at July 1, 2014.

**NOTE 2 - CASH**

Cash at June 30, 2015, is reported at fair value and consisted of the following:

	<u>Governmental Activities/Funds</u>	<u>Fiduciary Funds</u>
<b>Pooled Funds:</b>		
Cash in county treasury	\$ 19,024,425	\$ 382,747
Cash with fiscal agent	1,400	-
	<u>19,025,825</u>	<u>382,747</u>
<b>Total Pooled Funds</b>	<b>19,025,825</b>	<b>382,747</b>
<b>Deposits:</b>		
Cash in revolving fund	20,002	-
	<u>20,002</u>	<u>-</u>
<b>Total Cash</b>	<b>\$ 19,045,827</b>	<b>\$ 382,747</b>

# RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

## Notes to Financial Statements

June 30, 2015

### 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, 2015, 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. Cash balances held in banks 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, 2015, none of the District's bank balance was exposed to custodial credit risk.

### NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015, consisted of the following:

	General Fund	Santa Ana River Mitigation Fund	CSA Park Maintenance Fund	Park Acquisition and Development Fund	Capital Dev. Parks Prop 40 Fund	Non-Major Governmental Funds	Total Governmental Funds
Property Tax Receivable	\$ 89,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,966
Operational Revenue Receivable	272,430	-	7,947	-	-	-	280,377
Interest Receivable	2,238	2,028	460	1,273	1,662	1,986	9,647
Due From Other Governments:							
State of California	-	-	-	-	539,448	-	539,448
Jurupa Unified SD	141,063	-	-	-	-	-	141,063
Metropolitan Water District	10,928	-	-	-	-	133,351	144,279
<b>Total</b>	<b>\$ 516,625</b>	<b>\$ 2,028</b>	<b>\$ 8,407</b>	<b>\$ 1,273</b>	<b>\$ 541,110</b>	<b>\$ 135,337</b>	<b>\$ 1,204,780</b>



**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2015

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**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Transfers To/From Other Funds**

Transfers to/from other funds for the fiscal year ended June 30, 2015, consisted of the following:

Transfers Out	Transfers In				Total
	General Fund	Capital Dev. Parks Prop. 40	Developer Impact Fees Fund	Non-Major Fund	
General Fund	\$ -	\$ -	\$ -	\$ 39,650	\$ 39,650
Santa Ana Mitigation Bank Fund	80,000	-	-	-	80,000
Capital Development Parks Prop 40	66,500	-	-	-	66,500
Non-Major Governmental Funds	100,001	1,040,971	2,453,203	562,659	4,156,834
<b>Total</b>	<b>\$ 246,501</b>	<b>\$ 1,040,971</b>	<b>\$ 2,453,203</b>	<b>\$ 602,309</b>	<b>\$ 4,342,984</b>
Transfer from Santa Ana Mitigation Bank Fund to General Fund				\$ 80,000	\$ 80,000
Transfer from OHV Fund to Habitat OS Mgmt. for program support					100,001
Transfer from Prop 40 Capital Dev Parks Fund to Natural Resource Education for final interest payment					66,500
Transfer from Natural Resource Education Fund to Arundo Removal Fund for program support					39,650
Transfer from Off Road Vehicle Management Fund to Off Highway Vehicle Management and close the fund					561,178
Transfer from Prop. 50 River Parkways Grant SART Fund to Prop. 40 Capital Development Parks Fund and close the Fund					1,481
Transfers to close DIF subfunds					2,453,203
Transfer from Park Acquisition ACO Fund to Prop. 40 Capital Development Parks Fund and close the Fund					1,040,971
<b>Total</b>					<b>\$ 4,342,984</b>

During the 2014-15 fiscal year, the District made interfund transfers of \$278,232 from the General Fund to the Recreation Fund to support recreation programs, \$673,769 from the Habitat Open Space Fund to the Habitat Open Space Management Fund, and \$39,650 from the Natural Resource Education Fund to the General Fund to fund programs for Santa Ana River Trail education program support. As described in Note 1.B. and in accordance with GASB statement No. 54, the Recreation and Natural Resource Education Funds are reported within the General Fund in these financial statements, therefore, all interfund activity has been removed from the fund financial statements.

**B. Due To/From Other Funds**

As of June 30, 2015, there was \$319,061 due to the General Fund from the CSA Park Maintenance Fund for reimbursement of general administration overhead charges.

# RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

## Notes to Financial Statements

June 30, 2015

### NOTE 5 - FUND BALANCES

At June 30, 2015, fund balances of the District's governmental funds were classified as follows:

	General Fund	Santa Ana River Mitigation Fund	CSA Park Maintenance Fund	Park Acquisition and Development Fund	Capital Development Parks Prop 40	Developer Impact Fees Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>								
Revolving Cash	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Total Nonspendable	20,000	-	-	-	-	-	-	20,000
<b>Restricted:</b>								
Programs	149,364	-	20,869	-	-	-	102,450	272,683
Capital Projects	-	-	-	2,368,651	3,156,453	1,435,829	5,582	6,966,515
Total Restricted	149,364	-	20,869	2,368,651	3,156,453	1,435,829	108,032	7,239,198
<b>Assigned:</b>								
River Mitigation	-	3,861,816	-	-	-	-	-	3,861,816
Park Resident Employee Utility	221,058	-	-	-	-	-	-	221,058
Off Highway	-	-	-	-	-	-	548,673	548,673
MHSCP Reserve Management	-	-	-	-	-	-	556,387	556,387
Multi Species	-	-	-	-	-	-	166,741	166,741
Fish and Game	-	-	-	-	-	-	4,959	4,959
Arundo Removal	-	-	-	-	-	-	701,522	701,522
Park Maintenance	-	-	547,297	-	-	-	-	547,297
Total Assigned	221,058	3,861,816	547,297	-	-	-	1,978,282	6,608,453
<b>Unassigned:</b>								
Remaining Unassigned Balances	3,369,010	-	-	-	-	-	-	3,369,010
Total Unassigned	3,369,010	-	-	-	-	-	-	3,369,010
<b>Total</b>	<b>\$ 3,759,432</b>	<b>\$ 3,861,816</b>	<b>\$ 568,166</b>	<b>\$ 2,368,651</b>	<b>\$ 3,156,453</b>	<b>\$ 1,435,829</b>	<b>\$ 2,086,314</b>	<b>\$ 17,236,661</b>

### NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Retirements	Balance, June 30, 2015
<b>Capital assets not being depreciated:</b>				
Land	\$ 28,263,385	\$ -	\$ -	\$ 28,263,385
Construction in progress	5,315,340	2,822,723	3,274,918	4,863,145
Total capital assets not being depreciated	33,578,725	2,822,723	3,274,918	33,126,530
<b>Capital assets being depreciated:</b>				
Buildings	47,171,954	-	-	47,171,954
Machinery and equipment	4,591,673	175,644	37,653	4,729,664
Infrastructure	12,286,145	3,274,918	-	15,561,063
Total capital assets being depreciated	64,049,772	3,450,562	37,653	67,462,681
<b>Accumulated depreciation for:</b>				
Buildings	(8,312,959)	(539,463)	-	(8,852,422)
Machinery and equipment	(4,118,906)	(296,977)	(37,653)	(4,378,230)
Infrastructure	(3,339,824)	(322,134)	-	(3,661,958)
Total accumulated depreciation	(15,771,689)	(1,158,574)	(37,653)	(16,892,610)
Total capital assets being depreciated, net	48,278,083	2,291,988	-	50,570,071
<b>Governmental activity capital assets, net</b>	<b>\$ 81,856,808</b>	<b>\$ 5,114,711</b>	<b>\$ 3,274,918</b>	<b>\$ 83,696,601</b>

## RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

### Notes to Financial Statements

June 30, 2015

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#### NOTE 7 - GENERAL LONG-TERM DEBT

The change in long-term debt for the year ended June 30, 2015, was as follows:

	Balance, July 1, 2014*	Additions	Deductions	Balance, June 30, 2015	Due Within One Year
Compensated Absences Payable	\$ 1,492,992	\$ 165,403	\$ -	\$ 1,658,395	\$ 298,511
Net Pension Liability	8,246,554	-	2,057,693	6,188,861	-
	<u>\$ 9,739,546</u>	<u>\$ 165,403</u>	<u>\$ 2,057,693</u>	<u>\$ 7,847,256</u>	<u>\$ 298,511</u>

\* Beginning balance amount has been restated to reflect the retroactive implementation of GASB Statement No. 68 for the net pension liability.

#### 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, 2015, the District did not have any commitments with respect to unfinished capital projects.

##### C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2015.

#### 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, 2015, 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.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 10 – PENSION 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 comprehensive annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

**Funding Policy**

All active plan members are required to contribute a percentage of their salary and the District is required to contribute an actuarially determined rate according to the following:

	<u>Hire Dates</u>	<u>Employee</u>	<u>District</u>
First Tier	Pre-September 2010	8.00%	16.34%
Second Tier	September 2010- December 2012	7.00%	11.04%
Third Tier	January 2013- Current	6.50%	6.70%

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

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2014-15	\$ 950,056	100%
2013-14	\$ 838,789	100%
2012-13	\$ 850,585	100%

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

**NOTE 10 - PENSION PLANS (continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the net pension liability of CALPERS of \$6,188,861:

	<u>CALPERS</u>	
Employer contributions	\$	950,056
Employee contributions paid by employer	\$	-

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014, was as follows:

	<u>CALPERS</u>	
Proportion - June 30, 2013*	0.0995%	
Proportion - June 30, 2014	0.0995%	
Change - Increase (Decrease)	<u>0.0%</u>	

\* The District's proportionate share percentage was not separately determined for June 30, 2013, so the June 30, 2014 percentage was used to calculate the beginning amounts.

For the year ended June 30, 2015, the District recognized pension expense of \$732,145. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 950,056	\$ -
Net differences between projected and actual earnings on plan investments	-	1,913,000
Adjustment due to differences in proportions	-	123,719
	<u>\$ 950,056</u>	<u>\$ 2,036,719</u>

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 10 – PENSION PLANS (continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

The total amount of \$950,056 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30,	Amount
2016	\$ (522,435)
2017	(513,599)
2018	(478,250)
2019	-
2020	-
Thereafter	-

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013, total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014, total pension liability were based on the following actuarial methods and assumptions:

	CalPERS
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Wage Growth	3.00%
Post-retirement Benefit Increase	-
Investment Rate of Return	7.50%

<sup>1</sup> The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 10 – PENSION PLANS (continued)**

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>TOTAL</u>
1% Decrease	6.50%
Net Pension Liability	\$ 10,704,593
Current Discount Rate	7.50%
Net Pension Liability	\$ 6,188,861
1% Increase	8.50%
Net Pension Liability	\$ 2,441,232

***Pension Plan Fiduciary Net Position***

Detailed information about each pension plan's fiduciary net position is available in the separately issued PERS financial report.

***Payable to the Pension Plans***

At June 30, 2015, the District reported no payables for the outstanding amount of contributions to the PERS pension plan, required for the fiscal year ended June 30, 2015.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS**

**Background**

The Riverside County Regional Park and Open-Space District provides retiree medical benefits for eligible retirees enrolled in District sponsored plans. The benefits are provided in the form of monthly District contributions toward the retiree’s premium. The District participates in CalPERS’ California Employers’ Retiree Benefit Trust (CERBT) trust fund.

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits*	6
Active plan members*	102
Total	<u>108</u>

*\* As of July 1, 2013 actuarial valuation*

This report provides valuation results for the District, whose employees participate in the District’s plans.

**District Contributions**

The District makes contributions to eligible retirees for their medical plan premiums when the retiree enrolls in a District sponsored health plan. The current monthly amount paid by the District ranges from \$25 – \$256, depending on the retiree’s bargaining unit at retirement. These amounts do not increase in future years to account for inflation.

**Implicit Subsidy**

There is no longer an implicit subsidy in this plan. Previously, the District allowed certain retirees to receive coverage prior to age 65 by paying premiums that were developed by blending active and retiree costs, which resulted in an implicit subsidy to retirees. Effective January 1, 2011, all retirees pay premiums based on their “true” retiree only costs, and the implicit subsidy ceased to exist.

The District contributes a portion of an eligible retiree’s medical plan premium under a District sponsored health plan (either at retirement or during a subsequent annual enrollment) for the retiree’s lifetime. Contributions are based on bargaining unit at the time of retirement as follows:

<b><i>Bargaining Unit at Retirement</i></b>	<b><i>Monthly Contribution</i></b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Management*	\$256.00	\$256.00	\$256.00	\$256.00
SEIU	\$25.00	\$25.00	\$25.00	\$25.00

\* Management retired before 11/1/2005 receive a monthly contribution of \$128 and after 11/1/2005 receive a monthly contribution of \$256.

**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.



**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Annual OPEB Cost and Net OPEB Obligation (continued)**

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 (asset):

Annual required contribution	\$	-
Interest on net OPEB obligation (asset)		(21,000)
Adjustment to annual required contribution		17,000
Annual OPEB cost		<u>(4,000)</u>
Contributions made:		<u>(8,612)</u>
(Increase) decrease in net OPEB asset		(12,612)
Net OPEB liability (asset) - July 1, 2014		<u>(298,972)</u>
Net OPEB liability (asset) - June 30, 2015	\$	<u>(311,584)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014-15 and the preceding two years are as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2015	\$ (4,000)	215%	\$ (311,584)
2014	\$ (4,000)	236%	\$ (298,972)
2013	\$ (3,698)	118%	\$ (285,542)

**Funded Status and Funding Progress - OPEB Plans**

As of July 1, 2013, the most recent actuarial valuation date, the District actuarial accrued liability (AAL) for benefits was \$132,000 and the funding excess was \$127,000. As of June 30, 2015, the District had \$305,619 in plan assets.

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.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Actuarial Methods and Assumptions (continued)**

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Straight Line
Remaining amortization period	Open, 30 years
Asset valuation	Fair Value
Actuarial assumptions:	
Discount rate	7.36%
Payroll increases	3.00%
Inflation	2.75%

**NOTE 12 – SERVICE CONCESSION ARRANGEMENTS**

- A. On October 15, 1985, and as later amended, the District entered into an agreement with California East Coast, Inc. (the "company"), under which the company will operate and collect user fees from a campground, camp store, boat launch and recovery ramp, day-use area and marina fuel station through a lease with the District at McIntyre County Park through the year 2047. The company will pay the District between ten and seventeen percent of the revenues it earns from the operation of the campground. The company is required to operate and maintain the campground in accordance with the Lease Contract. The District reports the campground as a capital asset with a carrying amount of \$51,640 at year-end. The District has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The District also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.
- B. On or about January 1, 1970, and as later amended, the County of Riverside and later the District entered into an agreement with Cavan Inc., now Destiny RV, LLC who assigned its lease rights to Riviera-Reynolds (the "company"). Under the terms of the agreement, the company is permitted to engage in the operation of a travel trailer park, rental of spaces in the park, food service operations including a grocery store, boat launching ramp and other associated camping functions through a lease that is proposed to expire in June 2044. The company will pay the District the greater of \$300 or seven percent of gross receipts earned from operation of the RV park. The District reports the RV park as a capital asset with a carrying amount of \$131,420 at year-end. The District has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The District also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

*Notes to Financial Statements*

*June 30, 2015*

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**NOTE 12 - SERVICE CONCESSION ARRANGEMENTS (continued)**

- C. In November 2007, the District entered into an agreement with Pyramid Enterprises, Inc. d.b.a Rocky Mountain Recreation Company of Piru, California (the "Company") to sublease its rights to Lake Skinner Recreation Area Concessionaire. Under the provisions of the agreement, the Company is permitted to engage in the operation of a marina, camp store, cafe, parking lots, laundry facility, fueling station, and bike shop. The monthly payment from the Company to the District will be the greater of the combination of 7% of all retail gross sales, 9% of all rental gross sales, and 2% of all fuel gross sales or \$2,500. The District has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The District also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability. The term of the agreement is 10 years, renewable in 5 year increments.

**NOTE 13 - SUBSEQUENT EVENT - PERRET PARK**

On July 9, 2015, the Board of Supervisors authorized the transfer of Fund 33200 from the Economic Development Agency to the District. This transfer includes all assets, liabilities, and the related fund balance, in addition to full ownership and rights to the related tax revenues.

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***Required Supplementary Information***

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**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Budgetary Comparison Schedule - General Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts		Actual* (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 4,630,000	\$ 4,630,000	\$ 5,259,829	\$ 629,829
Revenue from the use of money and property	2,000	2,050	9,792	7,742
Intergovernmental revenues	45,000	45,000	-	(45,000)
Charges for services	5,637,744	6,108,776	5,371,699	(737,077)
Other revenues	318,333	482,725	-	(482,725)
<b>Total revenues</b>	<b>10,633,077</b>	<b>11,268,551</b>	<b>10,641,320</b>	<b>(627,231)</b>
<b>Expenditures</b>				
Salaries and employee benefits	5,261,918	6,180,832	5,918,361	262,471
Services and supplies	4,784,110	4,919,626	4,691,369	228,257
Capital outlay	85,000	107,000	37,788	69,212
Other charges	491,957	498,007	433,803	64,204
<b>Total expenditures</b>	<b>10,622,985</b>	<b>11,705,465</b>	<b>11,081,321</b>	<b>624,144</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,092	(436,914)	(440,001)	3,087
<b>Other Financing Sources (Uses)</b>				
Interfund transfers in	39,650	39,650	119,650	80,000
Interfund transfers out	(278,232)	(633,875)	(278,232)	355,643
<b>Total Other Financing Sources and Uses</b>	<b>(238,582)</b>	<b>(594,225)</b>	<b>(158,582)</b>	<b>435,643</b>
<b>Net Change in Fund Balances</b>	<b>(228,490)</b>	<b>(1,031,139)</b>	<b>(598,583)</b>	<b>432,556</b>
Fund Balances, July 1, 2014	2,704,754	2,704,754	2,704,754	-
Fund Balances, June 30, 2015	<u>\$ 2,476,264</u>	<u>\$ 1,673,615</u>	<u>\$ 2,106,171</u>	<u>\$ 432,556</u>

\* 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.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Budgetary Comparison Schedule - Santa Ana River Mitigation Fund*  
*For the Fiscal Year Ended June 30, 2015*

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 15,593	\$ 7,593
Charges for services	-	-	227	227
<b>Total Revenues</b>	<b>8,000</b>	<b>8,000</b>	<b>15,820</b>	<b>7,820</b>
<b>Expenditures</b>				
Salaries and employee benefits	21,340	21,340	6,780	14,560
Services and supplies	77,100	77,100	15,781	61,319
<b>Total Expenditures</b>	<b>98,440</b>	<b>98,440</b>	<b>22,561</b>	<b>75,879</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,440)	(90,440)	(6,741)	83,699
<b>Other Financing Sources (Uses)</b>				
Interfund transfers out	-	(80,000)	(80,000)	-
<b>Total Other Financing Sources and Uses</b>	<b>-</b>	<b>(80,000)</b>	<b>(80,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(90,440)</b>	<b>(170,440)</b>	<b>(86,741)</b>	<b>83,699</b>
Fund Balances, July 1, 2014	3,948,557	3,948,557	3,948,557	-
<b>Fund Balances, June 30, 2015</b>	<b>\$ 3,858,117</b>	<b>\$ 3,778,117</b>	<b>\$ 3,861,816</b>	<b>\$ 83,699</b>

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Budgetary Comparison Schedule - CSA Parks and Maintenance Fund*  
*For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,235	\$ 3,235
Intergovernmental revenues	-	619,702	491,437	(128,265)
Charges for services	1,072,082	2,794,202	2,202,980	(591,222)
Other revenues	1,500	62,937	-	(62,937)
<b>Total Revenues</b>	<b>1,073,582</b>	<b>3,476,841</b>	<b>2,697,652</b>	<b>(779,189)</b>
<b>Expenditures</b>				
Salaries and employee benefits	345,665	1,232,441	688,091	544,350
Services and supplies	850,960	2,363,955	1,685,678	678,277
Capital outlay	-	75,000	18,186	56,814
Other charges	-	55,000	1,051	53,949
<b>Total Expenditures</b>	<b>1,196,625</b>	<b>3,726,396</b>	<b>2,393,006</b>	<b>1,333,390</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,043)	(249,555)	304,646	554,201
Fund Balances, July 1, 2014	263,520	263,520	263,520	-
Fund Balances, June 30, 2015	\$ 140,477	\$ 13,965	\$ 568,166	\$ 554,201

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Schedule of Funding Progress*  
*For the Fiscal Year Ended June 30, 2015*

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Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$ 147,000	\$ 144,000	\$ (3,000)	102.1%	\$ 4,429,000	(0.07%)
7/1/2011	\$ 232,000	\$ 139,000	\$ (93,000)	166.9%	\$ 4,871,000	(1.91%)
7/1/2013	\$ 259,000	\$ 132,000	\$ (127,000)	196.2%	\$ 4,607,000	(2.76%)



**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Schedule of Proportionate Share of the Net Pension Liability*  
*For the Fiscal Year Ended June 30, 2015*

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Last Ten Fiscal Years\*

	<u>2014</u>
District's proportion of the net pension liability (asset):	
CalPERS	0.0995%
District's proportionate share of the net pension liability (asset):	
CalPERS	\$ 6,188,861
District's covered-employee payroll:	
CalPERS	\$ 5,087,351
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:	
CalPERS	121.65%
Plan fiduciary net position as a percentage of the total pension liability:	
CalPERS	81.82%

\* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Schedule of Contributions*  
*For the Fiscal Year Ended June 30, 2015*

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Last Ten Fiscal Years\*

	<u>2014</u>
Actuarially determined contribution:	
CalPERS	\$ 796,490
Contributions in relation to the actuarially determined contribution:	
CalPERS	<u>\$ 796,490</u>
Contribution deficiency (excess):	
CalPERS	<u>\$ -</u>
District's covered-employee payroll:	
CalPERS	\$ 5,087,351
Contributions as a percentage of covered-employee payroll:	
CalPERS	16.530%

\* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

## **RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

### *Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2015*

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#### **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.

##### **Schedule of Proportionate Share of the Net Pension Liability**

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

##### **Schedule of Contributions**

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ration of the actual contributions divided by covered-employee payroll.

#### **NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

At June 30, 2015, the District did not incur any excess of expenditures over appropriations in the individual major fund presented in the Budgetary Comparison Schedule.

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***Supplementary Information***

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**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Off Hwy Vehicle Vehicle Mgmt #25440	Fish and Game Fund #25500	Arundo Removal #25520	Multi-Species Reserve Fund #25540	MSHCP Fund #25590	West Co. Park DIF Fund #33121	East Co Park DIF Fund #33122	Trails West Co. Park DIF Fund #33123	Trails East Co Park DIF Fund #33124	SAR Parkway Prado Dam Fund #33160	All Non Major
<b>ASSETS</b>											
Cash	\$ 548,376	\$ 9,744	\$ 718,705	\$ 90,461	\$ 657,520	\$ 137	\$ 488	\$ 1,397	\$ 251	\$ 2,213	\$ 2,029,292
Accounts receivable	297	10	370	(14)	227	7	249	711	128	1	1,986
Due from other governments	-	-	-	133,351	-	-	-	-	-	-	133,351
	\$ 548,673	\$ 9,754	\$ 719,075	\$ 223,798	\$ 657,747	\$ 144	\$ 737	\$ 2,108	\$ 379	\$ 2,214	\$ 2,164,629
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities</b>											
Accounts payable	\$ -	\$ -	\$ 7,705	\$ 710	\$ 9,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,326
Salaries and benefits payable	-	-	9,848	15,125	35,016	-	-	-	-	-	59,989
Total Liabilities	-	-	17,553	15,835	44,927	-	-	-	-	-	78,315
<b>Fund Balances</b>											
Restricted	-	4,795	-	41,222	56,433	144	737	2,108	379	2,214	108,032
Assigned	548,673	4,959	701,522	166,741	556,387	-	-	-	-	-	1,978,282
Total Fund Balances	548,673	9,754	701,522	207,963	612,820	144	737	2,108	379	2,214	2,086,314
Total Liabilities and Fund Balances	\$ 548,673	\$ 9,754	\$ 719,075	\$ 223,798	\$ 657,747	\$ 144	\$ 737	\$ 2,108	\$ 379	\$ 2,214	\$ 2,164,629

**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, 2015

	Off Hwy Vehicle Mgmt Fund #25440	Fish and Game Fund #25500	Arundo Removal #25520	Off Road Vehicle Mgmt Fund #25522	Multi-Species Reserve Fund #25540	MSHCP Fund #25590	West Co. Park DIF Fund #33121	East Co Park DIF Fund #33122	Trails West Co. Park DIF Fund #33123	Trails East Co Park DIF Fund #33124	Park Acquisition ACO Fund #33150	SAR Parkway Prado Dam Fund #33160	Prop 50 Hwy's Grant SART #33170	All Non- Major
<b>REVENUES</b>														
General revenues:														
Revenue from use of money	\$ 2,238	\$ 71	\$ 2,798	\$ 288	\$ (55)	\$ 2,032	\$ 327	\$ 983	\$ 2,811	\$ 506	\$ 322	\$ 921	\$ -	\$ 13,242
Charges for services	98,615	2,260	111,427	-	360,839	652,276	-	-	-	-	-	-	-	1,225,417
Operating grants and contributions	181,935	-	-	-	-	-	-	-	-	-	-	-	-	181,935
<b>Total Revenues</b>	<b>282,788</b>	<b>2,331</b>	<b>114,225</b>	<b>288</b>	<b>360,784</b>	<b>654,308</b>	<b>327</b>	<b>983</b>	<b>2,811</b>	<b>506</b>	<b>322</b>	<b>921</b>	<b>-</b>	<b>1,420,594</b>
<b>EXPENDITURES</b>														
Interpreative	-	-	140,694	-	-	-	-	-	-	-	-	-	-	140,694
Natural resources	223,796	-	84,931	288	316,960	737,585	-	-	-	-	-	-	-	1,363,560
Planning and construction	-	10,009	-	-	-	-	183	245	703	127	322	-	-	1,580
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	10,009
<b>Total Expenditures</b>	<b>223,796</b>	<b>10,009</b>	<b>225,625</b>	<b>288</b>	<b>316,960</b>	<b>737,585</b>	<b>183</b>	<b>245</b>	<b>703</b>	<b>127</b>	<b>322</b>	<b>-</b>	<b>-</b>	<b>1,515,943</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 58,992	\$ (7,678)	\$ (111,400)	\$ -	\$ 43,824	\$ (83,277)	\$ 144	\$ 738	\$ 2,108	\$ 379	\$ -	\$ 921	\$ -	\$ (95,249)
<b>OTHER FINANCING SOURCES (USES)</b>														
Interfund transfers in	561,178	-	39,650	(561,178)	-	-	(357,467)	(478,957)	(1,370,189)	(246,591)	(1,042,452)	-	1,481	602,309
Interfund transfers out	(100,001)	-	-	-	-	-	-	-	-	-	-	-	-	(415,685)
<b>Total Other Financing Sources and Uses</b>	<b>461,177</b>	<b>-</b>	<b>39,650</b>	<b>(561,178)</b>	<b>-</b>	<b>-</b>	<b>(357,467)</b>	<b>(478,957)</b>	<b>(1,370,189)</b>	<b>(246,591)</b>	<b>(1,042,452)</b>	<b>-</b>	<b>1,481</b>	<b>(3,554,526)</b>
Net Change in Fund Balances	\$ 520,169	\$ (7,678)	\$ (71,750)	\$ (561,178)	\$ 43,824	\$ (83,277)	\$ (357,323)	\$ (478,219)	\$ (1,368,081)	\$ (246,212)	\$ (1,042,452)	\$ 921	\$ 1,481	\$ (3,649,775)
Fund Balances, July 1, 2014	28,504	17,432	778,272	561,178	164,139	696,097	357,467	478,956	1,370,189	246,591	1,042,452	1,293	(1,481)	5,736,089
<b>Fund Balances, June 30, 2015</b>	<b>\$ 548,673</b>	<b>\$ 9,754</b>	<b>\$ 701,522</b>	<b>\$ -</b>	<b>\$ 207,963</b>	<b>\$ 612,820</b>	<b>\$ 144</b>	<b>\$ 737</b>	<b>\$ 2,108</b>	<b>\$ 379</b>	<b>\$ -</b>	<b>\$ 2,214</b>	<b>\$ -</b>	<b>\$ 2,086,314</b>

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

Balance Sheet - General Fund

June 30, 2015

	General Fund #25400	Recreation #25420	Park Resident Emp Utility #25510	Habitat/Open Space Mgmt - Parks #25430	Reported General Fund
<b>ASSETS</b>					
Cash	\$ 2,561,179	\$ 495,673	\$ 375,605	\$ 1,555,692	\$ 4,988,149
Accounts receivable	284,125	79,533	195	781	364,634
Due from other governments	10,928	141,063	-	-	151,991
Due from other funds	319,061	-	-	-	319,061
	<u>\$ 3,175,293</u>	<u>\$ 716,269</u>	<u>\$ 375,800</u>	<u>\$ 1,556,473</u>	<u>\$ 5,823,835</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 269,023	\$ 363,802	\$ 828	\$ 6,492	\$ 640,145
Salaries and benefits payable	326,939	336,187	-	28,195	691,321
Unearned revenues	473,160	255,227	4,550	-	732,937
	<u>1,069,122</u>	<u>955,216</u>	<u>5,378</u>	<u>34,687</u>	<u>2,064,403</u>
<b>Fund Balances</b>					
Nonspendable	10,000	10,000	-	-	20,000
Restricted	-	-	149,364	-	149,364
Assigned	-	-	221,058	-	221,058
Unassigned	2,096,171	(248,947)	-	1,521,786	3,369,010
Total Fund Balances	<u>2,106,171</u>	<u>(238,947)</u>	<u>370,422</u>	<u>1,521,786</u>	<u>3,759,432</u>
Total Liabilities and Fund Balances	<u>\$ 3,175,293</u>	<u>\$ 716,269</u>	<u>\$ 375,800</u>	<u>\$ 1,556,473</u>	<u>\$ 5,823,835</u>

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Statements of Revenues and Expenditures - General Fund*  
 For the Fiscal Year Ended June 30, 2015

	General Fund #25400	Recreation #25420	Habitat/Open Space Mgmt - Parks #25430	Park Resident Emp Utility #25510	Habitat/Open Space #25521	Natural Resource Education #25535	Reported General Fund *
<b>REVENUES</b>							
General revenues:							
Property taxes	\$ 5,259,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,259,829
Revenue from the use of money and property	9,792	1,744	4,539	1,469	346	90	17,980
Intergovernmental revenues	-	376,768	260,000	-	-	-	636,768
Charges for services	5,371,699	3,830,957	297,659	48,351	-	-	9,548,666
Operating grants and contributions	-	3,500	-	-	-	-	3,500
<b>Total Revenues</b>	<b>\$ 10,641,320</b>	<b>\$ 4,212,969</b>	<b>\$ 562,198</b>	<b>\$ 49,820</b>	<b>\$ 346</b>	<b>\$ 90</b>	<b>\$ 15,466,743</b>
<b>EXPENDITURES</b>							
Interpretive	\$ 1,122,230	\$ -	\$ -	\$ -	\$ -	\$ 3,775	\$ 1,126,005
Natural resource	66,994	-	591,229	-	346	-	658,569
Regional parks	5,501,308	-	-	37,731	-	-	5,539,039
Community parks	97	-	-	-	-	-	97
Planning and construction	449,196	-	-	-	-	-	449,196
Recreation	-	5,311,971	-	-	-	-	5,311,971
General government	3,941,496	-	-	-	-	-	3,941,496
<b>Total Expenditures</b>	<b>\$ 11,081,321</b>	<b>\$ 5,311,971</b>	<b>\$ 591,229</b>	<b>\$ 37,731</b>	<b>\$ 346</b>	<b>\$ 3,775</b>	<b>\$ 17,026,373</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund transfers in	\$ 119,650	\$ 278,232	\$ 773,770	\$ -	\$ -	\$ 66,500	\$ 1,238,152
Interfund transfers out	(278,232)	-	-	-	(673,769)	(79,300)	(1,031,301)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (158,582)</b>	<b>\$ 278,232</b>	<b>\$ 773,770</b>	<b>\$ -</b>	<b>\$ (673,769)</b>	<b>\$ (12,800)</b>	<b>\$ 206,851</b>

\* Amounts in this column do not tie to the Statement of Revenues, Expenditures, and Changes in Fund Balance due to interfund activity that is removed in accordance with GASB 54.



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***Other Independent Auditors' Report***

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**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 Supervisors  
Riverside County Regional Park and Open-Space District  
Jurupa Valley, California

We have audited, in accordance with the 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Riverside County Regional Park and Open-Space District's basic financial statements, and have issued our report thereon dated November 16, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Riverside County Regional Park and Open-Space District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Riverside County Regional Park and Open-Space District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Findings 2015-1 through 2015-3 that we consider to be significant deficiencies.

**Compliance and Other Matters**

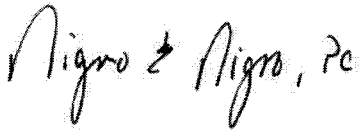
As part of obtaining reasonable assurance about whether Riverside County Regional Park and Open-Space District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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*.

**Riverside County Regional Park and Open-Space District's Responses to Findings**

Riverside County Regional Park and Open-Space District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California  
November 16, 2015

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***Findings and Responses***

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## RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

### *Schedule of Audit Findings and Responses*

*For the Fiscal Year Ended June 30, 2015*

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#### 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 2015-1: Cash Receipts and Deposits**

**Observation:** During our testing of cash receipts and deposits procedures at the various District sites as well as at the District office, we noted several instances of control weaknesses. At Idyllwild County Park, McCall Memorial Park, and Santa Rosa Plateau, dual cash counts were not performed consistently, with two individuals documenting review of their clerical accuracy. At Idyllwild Nature Center, there is no clear audit trail from the point of collection to deposit at the bank. The Nature Center is commingling its cash collections with the funds of a local not-for-profit organization, which operates a gift shop onsite, and clear segregation of the rights to revenues and cash is difficult to discern. Also, for six of the fifteen receipts tested at the District office, there was no point of collection documentation accompanying the deposits to substantiate the amounts. Finally, at the District office, personnel are not performing consistent and regular review of supporting documentation for site level cash collections and are not reviewing cash overage and shortage forms completed at the sites.

**Recommendation:** The District should continue to enforce cash receipts and deposit policies at the sites to ensure that they are performing dual cash counts. The activities of the Idyllwild Nature Center should be completely segregated from the activities of associated organizations in order to maintain the integrity of cash controls. Also, the District should provide a greater level of oversight for site-level cash collections by reviewing site documentation and reviewing overage and shortage forms for large discrepancies.

**District Response:** The District has implemented additional mandatory training for supervisors and managers on cash handling procedures. All existing supervisory/management employees completed this training as of the end of October 2015, and all regular employees functioning as cashiers will receive refresher cash handling training from their supervisors by the end of November 2015. Cash handling training has been added to the District's onboarding process and all new hires complete this training prior to their first day of work. A cash handling training video and procedure manual are also available to all staff via the District's Intranet site. Additionally, the Finance Team created new forms and reports to provide greater reconciliation between field activities and bank transactions, and also to document and follow up on any incidents resulting from weaknesses in internal controls over cash handling. The Finance Team is also implementing a review process whereby all site deposit activity is reported and reconciled on at least a monthly basis, and site supervisors will verify monthly all imprest and petty cash held at each site.

At Idyllwild Nature Center, the District is in the final stages of creating an Agreement with the Friends of the San Jacinto Mountains, the non-profit support group that runs the gift shop at the nature center. The District will take over all cash handling at that site in order to resolve the issue of commingling of funds, and the Agreement will designate an appropriate revenue sharing calculation for gift shop sales.

## **RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**

### *Schedule of Audit Findings and Responses*

*For the Fiscal Year Ended June 30, 2015*

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#### **SECTION I - FINANCIAL STATEMENT FINDINGS (continued)**

##### **Finding: 2015-2: Expenditures**

**Observation:** During our cash disbursements testing at the District office, we noted out of fifty expenditures selected, three did not have adequate prior approval through a purchase requisition, three had no invoice or other documentation to support the expenditure, six had purchase requisitions dated after the invoice dates, and two had amounts approved less than the amounts expended.

**Recommendation:** Purchase orders should be obtained for all expenditures prior to incurrence, including the signature of an authorized approver, according to District purchasing policies. Original receipts and invoices should always be filed to support the amount of the expenditure incurred.

**District Response:** The District has expanded its Purchasing Unit to four team members, and initiated a series of Purchasing Update training classes for all staff. This training covers the topics of basic procurement procedures, proper documentation and approvals, additional requirements for Public Works purchases, and the appropriate steps to obtain purchase orders and blanket purchase orders. All field staff have attended this training update as of October 2015. Additionally, the Purchasing Unit reports any "unauthorized purchases", or procurement activities that do not adhere to District or County guidelines, to the Executive Management team on a weekly basis. The Executive team reviews such instances and decides on the appropriate course of action/correction.

##### **Finding: 2015-3: Inventory**

**Observation:** Through inquiry into the District's controls over inventory, we learned that the District has not yet designed or implemented control activities for this asset class. The District does not require sites to perform an annual physical inventory and inventory quantities are not tracked and monitored. Without control activities for inventory management, there could be a material misstatement of the financial statements due to underreported inventory balances at the cutoff period. Also, without an accurate physical count and ongoing monitoring of inventory, misappropriation of assets could go undetected.

**Recommendation:** The District should design and implement an inventory control system capable of tracking inventory on hand through either a periodic or perpetual system.

**District Response:** The District is working with Riverside County Information Technology (RCIT) to identify a software solution that would allow for detailed asset tracking at a price that the District's budget could absorb. RCIT has provided demonstrations of "Asset Works", a software package currently being customized for Riverside County Fleet Services that could be expanded to include modules specific to the District. Additionally, the Finance Team is working closely with software developers at Convergence, the District's custom point-of-sale and ticketing software vendor, to develop an inventory management module that can manage and track fast-moving retail inventories at the District's camp stores. The Convergence inventory module is currently under construction and has been placed at high priority on the developer's punch list. Lastly, the District's Finance Team has experienced significant turnover in the past 2 years and has had difficulty filling its vacant positions in order to have adequate staff capacity to handle implementing a Districtwide inventory control management system. The District continues to work closely with County Human Resources in filling its remaining vacancies and reducing turnover on the team.

**RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT**  
*Summary Schedule of Prior Audit Findings*  
*For the Fiscal Year Ended June 30, 2015*

Original Finding No.	Finding	Recommendation	Current Status
<p><i>Finding 2014-1:</i>  <i>Cash Receipts and Deposits</i></p>	<p>During our test of cash receipt and deposit procedures at Jensen-Alvarado Historic Center, Luis Rubidoux Nature Center and Lake Skinner, we noted that these sites did not perform duplicate cash counts with two persons present, and subsequently sign daily cash reconciliation sheets to ensure all cash collected is deposited intact. We noted that at Santa Rosa Plateau that three of five deposits did not agree with the point of sale system. Additionally, we noted that the District is not reviewing site level cash receipts, and cash receipts for wedding activities are being deposited in an untimely fashion.</p>	<p>We recommend that cash be double counted in the presence of two persons, to fortify internal controls over cash collections. Also, the District should be reviewing site level cash receipts to ensure adequate oversight and internal control. Deposits should be made within two weeks of collection.</p>	<p>Partially Implemented.            See Finding 2015-1.</p>
<p><i>Finding: 2014-2:</i>  <i>Expenditures</i></p>	<p>During our cash disbursements testing at the District office, we noted out of fifty-three expenditures selected, seven were made with a purchase order dated for the prior fiscal year. Fourteen expenditures predated the purchase order and/or the requisition form, and thirteen expenditures had an invoice with no supporting documentation that would indicate approval.</p>	<p>A purchase order should be obtained for all expenditures prior to incurrence, in the current fiscal year. Obtaining a purchase order prior to incurring each expenditure is an important internal control which verifies that purchases are approved and within established budgets.</p>	<p>Partially Implemented.            See Finding 2015-2.</p>