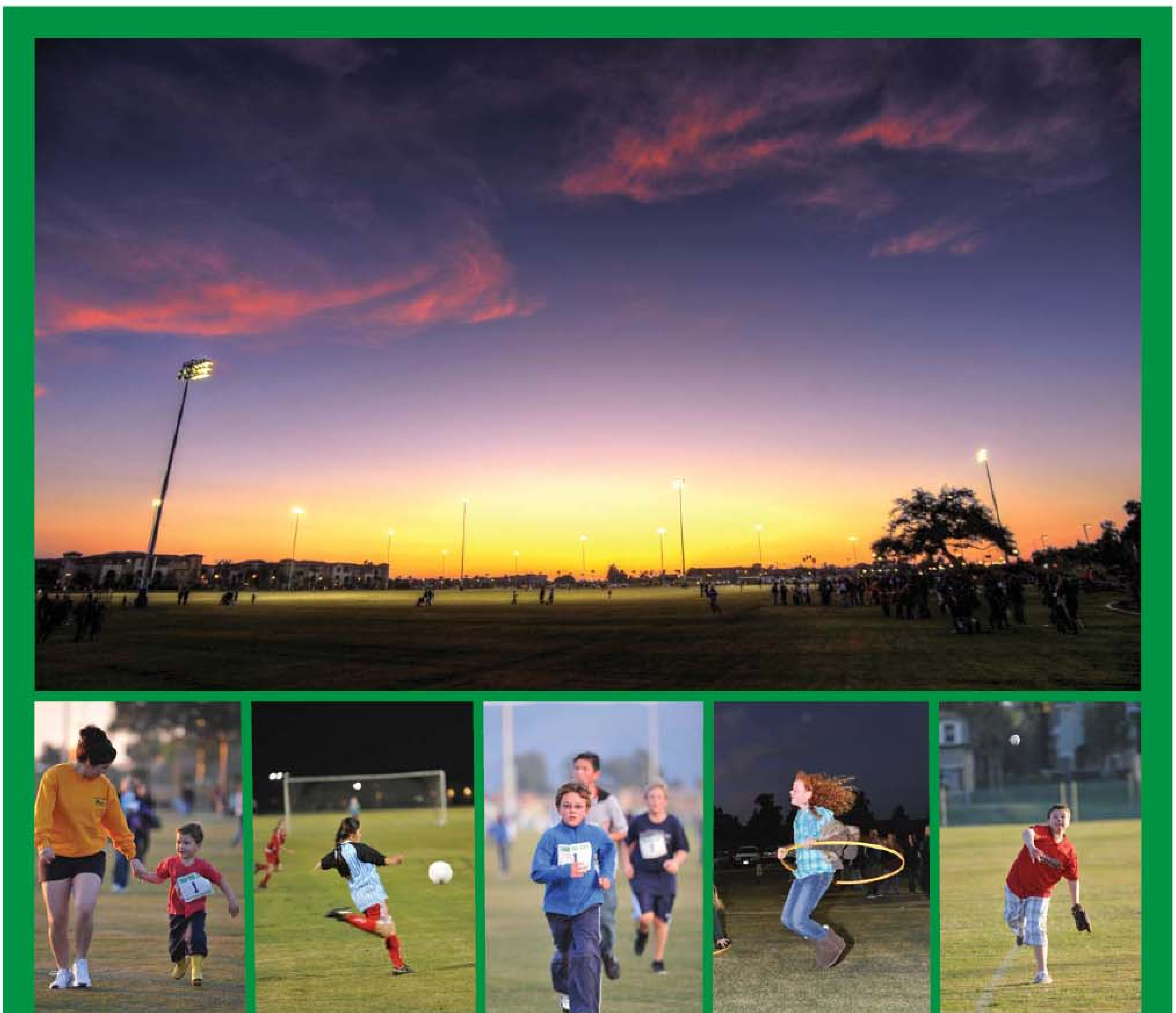
PLEASANT VALLEY
CELEBRATING 49 YEARS
RECREATION & PARK DISTRICT
www.pvrpd.org • 805-482-1996

ANNUAL FINANCIAL REPORT

FY JULY 1, 2009 - JUNE 30, 2010



Our Mission Statement

"The Pleasant Valley Recreation and Park District will provide and maintain a full range of quality facilities and programs focused on leisure, recreational and athletic activities for residents of the District. Facilities will support both organized activities and casual use, and will address the interests and needs of all age groups."

Pleasant Valley Recreation and Park District

Board of Directors

Name	Title	Elected/ Appointed	Current Term
Elaine L. Magner	Chairperson	Elected	12/08 - 12/10
Paul Rockenstein	Vice-Chairperson	Elected	12/08 - 12/12
Mark Malloy	Secretary	Elected	12/08 - 12/12
Patty Hamm	Director	Elected	12/08 - 12/12
Robert Kelley	Director	Elected	12/06 - 12/10

Pleasant Valley Recreation and Park District
Daniel L. LaBrado, General Manager
1605 E. Burnley Street
Camarillo, CA 93010 • (805) 482-1996
www.pvrpd.org

Pleasant Valley Recreation & Park District

Annual Financial Report

For the Year Ended June 30, 2010

Pleasant Valley Recreation and Park District
Annual Financial Report
For the Year Ended June 30, 2010

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Financial Section

Charles Z. Fedak & Company
Certified Public Accountants
An Accountancy Corporation

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Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA

Independent Auditor's Report

Board of Directors
Pleasant Valley Recreation and Park District
Camarillo, California

We have audited the accompanying financial statements of the Pleasant Valley Recreation and Park District (District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pleasant Valley Recreation and Park District as of June 30, 2010 and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 8, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis and the required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information or express an opinion on it.

October 8, 2010
Cypress, California

Charles Z. Fedak & Co., CPA's
An Accountancy Corporation

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As management of the Pleasant Valley Recreation and Park District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2010. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The District's net assets decreased 1.3% or $461,578, from $35,858,451 to $35,396,873.
- Total revenues increased by 2.0% or $159,518 from $7,962,824 to $8,122,342 from the prior year primarily due to an increase in capital grants of $285,875.
- Total expenses increased by 4.2% or $345,070 primarily due to an increase in materials and services expenses of $165,835 and depreciation expense of $190,547.
- Total cost for the District's general fund programs fell below the 2010 revised budget by $907,265, primarily due to less than expected expenditures for materials and services then budgeted. Actual revenues were more than the anticipated revised budget by $374,840 primarily due to increases in property taxes of $124,415 and capital grants and contributions of $299,314.

Using This Financial Report

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

Government-wide Financial Statements

Statement of Net Assets and Statement of Activities

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

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

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary information and funding progress of its retirement plan.

Government-wide Financial Analysis

Statement of Net Assets

Condensed Statement of Net Assets

		2010	2009	Change
Assets:				
Current assets	$	5,451,997	7,103,493	(1,651,496)
Restricted current assets		534,222	5,427,799	(4,893,577)
Non-current assets		694,728	719,540	
Capital assets, net		42,707,332	36,716,782	5,990,550
Total assets		49,388,279	49,967,614	(554,523)
Liabilities:				
Current liabilities		910,413	1,027,321	(116,908)
Non-current liabilities		13,080,993	13,081,842	(849)
Total liabilities		13,991,406	14,109,163	(117,757)
Net assets:				
Net investment in capital assets		29,952,332	23,941,782	6,010,550
Restricted		319,320	5,422,489	(5,103,169)
Unrestricted		5,125,221	6,494,180	(1,368,959)
Total net assets	$	35,396,873	35,858,451	(461,578)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by $35,396,873 as of June 30, 2010. A large portion of the District's net assets (85% or $29,952,332) reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for operations; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2010, the District reflected a positive balance in its unrestricted net assets of $5,125,221 that may be utilized in future years.

Statement of Activities

Condensed Statement of Activities

	2010	2009	Change
Expenses:			
Recreation and park operations	$ 8,583,920	8,238,850	345,070
Total expenses	8,583,920	8,238,850	345,070
Program revenues	2,406,790	2,018,125	388,665
General revenues	5,715,552	5,944,699	(229,147)
Total revenues	8,122,342	7,962,824	159,518
Change in net assets	(461,578)	(276,026)	(185,552)
Net assets – beginning of year	35,858,451	36,134,477	(276,026)
Net assets – end of year	$ 35,396,873	35,858,451	(461,578)

The statement of activities shows how the government's net assets changed during the fiscal year. In the case of the District, net assets decreased by $461,578 during the fiscal year ended June 30, 2010.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2010, the District's General Fund reported a fund balance of $4,892,563. An amount of $4,386,383 constitutes the District's *unreserved designated fund balance*, which is designated for specific uses. The remainder of fund balance is *reserved* to indicate that it is not available for future spending because it has already been reserved for specific provisions.

General Fund Budgetary Highlights

Total cost for the District's general fund programs fell below the 2010 revised budget by $907,265, primarily due to less than expected expenditures for materials and services then budgeted. Actual revenues were more than the anticipated revised budget by $374,840 primarily due to increases in property taxes of $124,415 and capital grants and contributions of $299,314.

Capital Asset Administration

Changes in capital assets for the year were as follows:

		Balance 2009	Additions/ Transfers	Deletions/ Transfers	Balance 2010
Non-depreciable capital assets	$	30,136,302	6,693,319	(13,958,235)	22,871,386
Depreciable capital assets		17,656,766	14,176,294	(108,527)	31,724,533
Total capital assets		47,793,068	20,869,613	(14,066,762)	54,595,919
Accumulated depreciation		(11,076,286)	(920,828)	108,527	(11,888,587)
Total capital assets, net	$	36,716,782	19,948,785	(13,958,235)	42,707,332

At the end of fiscal year 2010, the District's investment in capital assets amounted to $42,707,332 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, playground equipment, equipment and construction-in-process. Major capital asset additions during the year include construction costs for the PV Fields sports complex of $6,703,311 and $208,067 for various other improvements and equipment. See note 3 for further information on the District's capital assets.

Debt Administration

Changes in long-term debt for the year was as follows:

		Balance 2009	Additions	Principal Payments	Balance 2010
Certificates-of-participation	$	12,775,000	-	(20,000)	12,755,000

In 2010, long-term debt decreased by $20,000 due to principal payments on the District's certificates-of-participation. See further detail at note 7.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net assets or operating results in terms of past, present and future.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's General Manager, Daniel LaBrado, at the Pleasant Valley Recreation and Park District, 1605 E. Burnley Street, Camarillo, California 93010 or (805) 482-1996.

Basic Financial Statements

Pleasant Valley Recreation and Park District
Statement of Net Assets
June 30, 2010, *with comparative amounts as of June 30, 2009*

Assets		**2010**	**2009**
Current assets:			
Cash and cash equivalents (note 2)	$	5,061,749	6,574,453
Accrued interest receivable		22,038	34,424
Accounts receivable		137,634	206,942
Property taxes receivable		186,466	196,421
Prepaid expenses and other assets		44,110	91,253
Total current assets – unrestricted		5,451,997	7,103,493
Restricted current assets:			
Cash and cash equivalents (note 2)		513,665	5,373,114
Accrued interest receivable		1,403	32,014
Special assessments receivable		17,830	18,232
Prepaid expenses and other assets		1,324	4,439
Total current assets – restricted		534,222	5,427,799
Total current assets		5,986,219	12,531,292
Non-current assets:			
Deferred charges, net (note 4)		694,728	719,540
Capital assets – not being depreciated (note 3)		22,871,386	30,136,302
Capital assets – being depreciated, net (note 3)		19,835,946	6,580,480
Total non-current assets		43,402,060	37,436,322
Total assets		49,388,279	49,967,614
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses		423,477	582,186
Accrued salaries and benefits		108,299	92,593
Deferred revenue and customer deposits		30,724	33,566
Accrued interest payable		211,836	212,270
Long-term liabilities – due in one year:			
Compensated absences (note 5)		101,077	86,706
Certificates-of participation (note 7)		35,000	20,000
Total current liabilities		910,413	1,027,321
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)		303,232	260,117
Retirement payable (note 6)		57,761	66,725
Certificates-of participation (note 7)		12,720,000	12,755,000
		13,080,993	13,081,842
Total liabilities		13,991,406	14,109,163
Net assets: (note 10)			
Net investment in capital assets		29,952,332	23,941,782
Restricted for specified park projects		319,320	477,759
Restricted for PV Fields sports complex		-	4,944,730
Unrestricted		5,125,221	6,494,180
Total net assets	$	35,396,873	35,858,451

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Statement of Activities
For the Year Ended June 30, 2010, *with comparative amounts for the year ended June 30, 2009*

Governmental Activities:		**2010**	**2009**
Expenses:			
Recreation and park operations:			
Salaries and benefits	$	4,227,400	4,187,732
Materials and services		2,765,648	2,599,813
Environmental remediation		9,507	75,324
Interest on long-term debt		635,725	620,888
Amortization of deferred charges		24,812	24,812
Depreciation		920,828	730,281
Total expenses		8,583,920	8,238,850
Program revenues:			
Charges for services:			
Special assessments		918,326	878,994
Registration and other fees		880,716	842,462
Facility and other rental fees		261,124	217,320
Total charges for services		2,060,166	1,938,776
Operating grants and contributions		25,710	44,310
Capital grants and contributions		320,914	35,039
Total program revenues		2,406,790	2,018,125
Net program expense		6,177,130	6,220,725
General revenues:			
Property taxes		5,637,965	5,562,361
Interest earnings		54,319	358,081
Other		23,268	24,257
Total general revenues		5,715,552	5,944,699
Change in net assets		(461,578)	(276,026)
Net assets – beginning of year		35,858,451	36,134,477
Net assets – end of year	$	35,396,873	35,858,451

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Reconciliation of the Balance Sheet of Governmental Type Funds to the Statement of Net Assets
June 30, 2010

		General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Current assets:						
Cash and cash equivalents	$	5,061,749	513,665	-	-	5,575,414
Accrued interest receivable		22,038	1,403	-	-	23,441
Accounts receivable		137,634	-	-	-	137,634
Property taxes and assessments receivable		186,466	17,830	-	-	204,296
Prepaid expenditures		44,110	1,324	-	-	45,434
Total assets		5,451,997	534,222	-	-	5,986,219
Current liabilities:						
Accounts payable and accrued expenses		423,477	-	-	-	423,477
Accrued salaries and benefits		105,233	3,066	-	-	108,299
Deferred revenue		30,724	-	-	-	30,724
Total liabilities		559,434	3,066	-	-	562,500
Fund balance:						
Reserved for prepaid expenditures		44,110	1,324	-	-	45,434
Reserved for specified park projects		-	176,546	-	-	176,546
Reserved for provision for accrued interest payable		-	211,836	-	-	211,836
Reserved for provision for compensated absences		404,309	-	-	-	404,309
Reserved for provision for retirement payable		57,761	-	-	-	57,761
Unreserved:						
Designated for debt service		-	141,450	-	-	141,450
Designated for six-month operating reserve		3,500,000	-	-	-	3,500,000
Designated for contingency reserve		886,383	-	-	-	886,383
Total fund balance		4,892,563	531,156	-	-	5,423,719
Total liabilities and fund balance	$	5,451,997	534,222	-	-	5,986,219

Reconciliation:

Fund balance of governmental funds	$	5,423,719
Amounts reported for governmental activities in the statement of net assets is different because:		
Deferred charges are expended in governmental funds as costs of debt issuance while the Statement of Net Assets includes those deferred charges among the assets of the District and amortizes them over the life of the debt service.		694,728
Capitalized assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the Statement of Net Assets includes those assets as capital assets.		42,707,332
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. However, the Statement of Net Assets recognizes accrued interest on long-term debt based on the period of accrual.		(211,836)
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the Statement of Net Assets.		
Compensated absences		(404,309)
Retirement payable		(57,761)
Certificates-of-participation		(12,755,000)
Net assets of governmental activities	$	35,396,873

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Type Funds to the Statement of Activities
For the Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Taxes:					
Property taxes	$ 5,637,965	-	-	-	5,637,965
Charges for services:					
Special assessments	-	918,326	-	-	918,326
Registration and other fees	880,716	-	-	-	880,716
Facility and other rental fees	261,124	-	-	-	261,124
Operating grants and contributions	25,710	-	-	-	25,710
Capital grants and contributions	320,914	-	-	-	320,914
Investment earnings	33,843	5,870	14,606	-	54,319
Other	23,268	-	-	-	23,268
Total revenues	7,183,540	924,196	14,606	-	8,122,342
Expenditures:					
Salaries and benefits	4,029,096	149,782	-	-	4,178,878
Materials and services	2,740,423	25,225	-	-	2,765,648
Environmental remediation	9,507	-	-	-	9,507
Capital outlay	1,912,409	39,633	4,959,336	-	6,911,378
Principal paid	-	-	-	20,000	20,000
Interest paid	-	-	-	636,159	636,159
Total expenditures	8,691,435	214,640	4,959,336	656,159	14,521,570
Excess of revenues over expenditures	(1,507,895)	709,556	(4,944,730)	(656,159)	(6,399,228)
Other financing sources(uses):					
Transfers in(out) (note 8)	-	(656,159)	-	656,159	-
Change in fund balance	(1,507,895)	53,397	(4,944,730)	-	(6,399,228)
Fund balance – beginning of year	6,400,458	477,759	4,944,730	-	11,822,947
Fund balance – end of year	$ 4,892,563	531,156	-	-	5,423,719

Reconciliation:

Net changes in fund balance of governmental fund	$ (6,399,228)
Amounts reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Net change in compensated absences	(57,486)
Net change in retirement payable	8,964
Net change in accrued interest payable	434
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	6,911,378
Depreciation expense	(920,828)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the Statement of Net Assets and do not result in expenses in the Statement of Activities.	20,000
Costs of debt issuance are reported as other financing uses in governmental funds. However, costs of debt issuance are referred to as "deferred charges" on the Statement of Net Assets and consist of capitalized debt issuance costs and original issue premiums, which are amortized over the life of the debt service on the Statement of Activities.	
Amortization of deferred charges	(24,812)
Change in net assets of governmental activities	$ (461,578)

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Pleasant Valley Recreation and Park District is located in and around the city of Camarillo, approximately 10 miles inland from the Pacific Ocean. The District was formed in 1962 under the State Public Resources Code of California. The District serves an area of approximately 44 square miles and has grown from one park to 27 parks since its inception 45 years ago. Within the District, a variety of recreational facilities exists, including: swimming pools (indoor and outdoor), lighted ball fields, tennis courts, racquetball courts, a running track, children's play equipment, picnic shelters, barbecues and much more. General administration and management of the District is under the direction of a five-member Board of Directors and a General Manager.

B. Basis of Accounting and Measurement Focus

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

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

Financial reporting is based upon all GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principals Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in this statement to meet the qualifications of GASB Statement No. 34.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

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

General Fund – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary

Special Revenue Fund – accounts for funds received from a special assessment for specific park and recreation facilities and operations.

Capital Project Fund – accounts for the funds received from the $12,775,000 debt issuance to finance the construction of the PV Fields sports complex.

Debt Service Fund – accounts for the debt service repayments on the $12,775,000 debt issuance to finance the construction of the PV Fields sports complex.

C. Assets, Liabilities and Net Assets

1. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net assets during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of District's cash is invested in interest bearing cash accounts. The District considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy directing the General Manager to deposit funds in financial institutions. No more than 10% of the District's total investment portfolio will be invested in a single security type or with a single financial institution with the exceptions of U.S Government Treasury securities and LAIF. Investments are to be made in the following areas:

- U.S. Government Securities
- Banker's Acceptances
- Commercial Paper
- Negotiable and Non-Negotiable Certificates-of-Deposit
- State of California local area investment fund (LAIF)

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Liabilities and Net Assets, continued

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

Local Agency Investment Fund

LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the District's position in the LAIF is the same as the value of its pooled share. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

4. Property Taxes and Special Assessments

The County of Ventura Assessor's Office assesses all real and personal property within the County each year. The County of Ventura Tax Collector's Office bills and collects the District's share of property taxes and special assessments. The County of Ventura Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and special assessments receivable at year-end are related to property taxes collected by the County of Ventura which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

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

5. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

6. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are PV Fields assets, land, buildings, building improvements, equipment, furniture and fixtures and vehicles. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Years	Description	Years
PV Fields – Buildings	39	Land improvements	15
PV Fields – Land grading	39	Assessment assets	15
PV Fields – Land improvements	39	Buildings, structures and improvements	10 to 39
PV Fields – Lighting	39	Furniture fixtures and office equipment	5 to 7
PV Fields – Other assets	5	Machinery and heavy equipment	3 to 10
PV Fields – Playground equipment	15	Playground equipment	15
PV Fields – Turf and landscaping	10	Vehicles	5

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Liabilities and Net Assets, continued

7. Compensated Absences

The District's policy is to permit full time employees to accumulate earned vacation time, sick leave, and compensating time. Earned vacation time shall be earned by each employee subject to the accrual limitations and policies as follows:

Years of Service	Annual Accrual	Maximum Accrual
Less than 5 years of service	80	240
Over 5 years but less than 11	120	360
Over 11 years but less than 12	128	384
Over 12 years but less than 13	136	408
Over 13 years but less than 114	144	432
Over 14 years but less than 16	152	456
16 years or more	160	480

Sick leave that is not used shall accumulate during subsequent years without limitation. Sick leave cannot be converted to vacation time, but in order to reward employees who do not utilize all of their sick leave, the District will compensate employees fifty percent (50%) of the unused sick leave after 20 years of employment and compensate employees with 5 to 20 years at twenty-five percent (25%) of the unused sick leave.

8. Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets.*

(2) Cash and Cash Equivalents

Cash and cash equivalents are classified in the accompanying financial statement as follows:

Cash and cash equivalents	$	5,061,749
Restricted cash and cash equivalents		513,665
Total	$	5,575,414

Cash and cash equivalents as of June 30, consist of the following:

Cash on hand	$	820
Deposits held with financial institutions		3,199,516
Deposits held with California Local Agency Investment Fund (LAIF)		2,375,078
Total	$	5,575,414

As of June 30, the District's authorized deposits had the following maturities:

Deposits held with California Local Agency Investment Fund (LAIF)	203 days

(2) Cash and Cash Equivalents, continued

Authorized Deposits and Investments

Under provisions of the District's investment policy, and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments as listed in Note 1(D)(3) to the financial statements.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, up to $250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF is not rated.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio with governmental agencies, LAIF, is 42.6% of the District's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments.

(3) Capital Assets

Changes in capital assets for the year were as follows:

	Balance 2009	Additions/ Transfers	Deletions/ Transfers	Balance 2010
Non-depreciable capital assets:				
Land	$ 22,831,753	-	-	22,831,753
Construction-in-process	7,304,549	6,693,319	(13,958,235)	39,633
Total non-depreciable capital assets	30,136,302	6,693,319	(13,958,235)	22,871,386
Depreciable capital assets:				
PV Fields – Buildings	-	3,849,407	-	3,849,407
PV Fields – Land grading	-	807,164	-	807,164
PV Fields – Land improvements	-	4,390,266	-	4,390,266
PV Fields – Lighting	-	2,271,285	-	2,271,285
PV Fields – Other assets	-	49,626	-	49,626
PV Fields – Playground equipment	-	86,177	-	86,177
PV Fields – Turf and landscaping	-	2,553,936	-	2,553,936
Land improvements	7,956,741	80,301	-	8,037,042
Assessment assets	135,390	-	-	135,390
Buildings, structures and improvements	7,854,467	-	-	7,854,467
Furniture fixtures and office equipment	249,770	-	(11,172)	238,598
Machinery and heavy equipment	609,813	-	(25,542)	584,271
Playground equipment	398,265	88,132	(43,978)	442,419
Vehicles	452,320	-	(27,835)	424,485
Total depreciable capital assets	17,656,766	14,176,294	(108,527)	31,724,533
Accumulated depreciation:				
PV Fields – Buildings	-	(41,126)	-	(41,126)
PV Fields – Land grading	-	(8,623)	-	(8,623)
PV Fields – Land improvements	-	(46,905)	-	(46,905)
PV Fields – Lighting	-	(24,266)	-	(24,266)
PV Fields – Other assets	-	(2,440)	-	(2,440)
PV Fields – Playground equipment	-	(2,394)	-	(2,394)
PV Fields – Turf and landscaping	-	(106,414)	-	(106,414)
Land improvements	(6,365,133)	(313,274)	-	(6,678,407)
Assessment assets	(54,045)	(9,026)	-	(63,071)
Buildings, structures and improvements	(3,353,572)	(246,838)	-	(3,600,410)
Furniture fixtures and office equipment	(178,381)	(21,398)	11,172	(188,607)
Machinery and heavy equipment	(481,163)	(41,098)	25,542	(496,719)
Playground equipment	(262,947)	(30,208)	43,978	(249,177)
Vehicles	(381,045)	(26,818)	27,835	(380,028)
Total accumulated depreciation	(11,076,286)	(920,828)	108,527	(11,888,587)
Total depreciable capital assets, net	6,580,480	13,255,466	-	19,835,946
Total capital assets, net	$ 36,716,782			42,707,332

Major capital asset additions during the year include construction costs for the PV Fields sports complex of $6,703,311 and $208,067 for various other improvements and equipment.

(3) Capital Assets, continued

Construction-in-Process

The balance consists of the following:		2009	2010
PV Fields sports complex	$	7,304,549	-
Freedom park conversion to baseball		-	39,633
Total	$	7,304,549	39,633

(4) Deferred Charges

The deferred charges balance relates to the issuance costs of the District's Certificates-of-Participation – Series 2009. The balance is being amortized over a thirty year period. The deferred charges net balance is as follows:

The balance consists of the following:		Amount
Deferred charges	$	744,352
Accumulated amortization		(49,624)
Total	$	694,728

(5) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

The changes to compensated absences balances at June 30, were as follows:

	Balance 2009	Additions	Deletions	Balance 2010	Current Portion	Long-term Portion
$	306,334	303,256	(205,281)	404,309	101,077	303,232

(6) Retirement Payable

The District has estimated its liability to fund its deferred compensation plan for part-time employees as of June 30, 2010 to be $57,761. (See note 13 for further details)

(7) Certificates-of-Participation – Series 2009

In July 2009, the District issued $12,775,000 in Certificates-of-Participation – Series 2009 under a 30-year lease agreement with the California Special District Association (CSDA) Financing Corporation (Corporation). The District and the Corporation entered into a site-lease dated July 1, 2009. Under the site-lease agreement, the District leased its Camarillo Community Center and the land under the PV Fields sports complex to the Corporation. Concurrently, the District and Corporation entered into a lease agreement dated July 1, 2009 whereas the District leased-back its Camarillo Community Center and the land under the PV Fields sports complex for the purpose of financing the PV Fields sports complex construction project.

Interest is payable semi-annually on March 1st and September 1st of each year while principal payments are made on September 1st of each year, commencing September 1, 2009 with interest rates ranging from 6.500% to 4.125%.

(7) Certificates-of-Participation – Series 2009, continued

Annual debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2011	$ 35,000	634,371	669,371
2012	50,000	631,608	681,608
2013	70,000	627,709	697,709
2014	85,000	622,671	707,671
2015	105,000	616,496	721,496
2016-2020	870,000	2,971,664	3,841,664
2021-2025	1,520,000	2,711,233	4,231,233
2026-2030	2,400,000	2,251,630	4,651,630
2031-2035	3,600,000	1,512,823	5,112,823
2036-2039	4,020,000	430,500	4,450,500
Total	12,755,000	13,010,705	25,765,705
Current	(35,000)		
Long-term	$ 12,720,000		

(8) Inter-fund Transfers

Transfers In	Transfers Out	Amount
Debt Service	Special Revenue	$ 656,159
	Total	$ 656,159

An inter-fund transfer of $656,159 was made between the debt service fund and the special revenue fund to provide funds from the District's special assessment reserves to pay the debt service on the certificates-of-participation.

(9) Property Taxes and Sale of a Receivable

Under the provisions of the State of California Proposition 1A and as part of the 2010 fiscal year State of California budget package passed by the California State Legislature on July 28, 2009, the State of California borrowed 8.0% of the amount of property tax revenue apportioned to cities, counties and special districts. The State of California is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California State Legislature may consider only one additional borrowing within a ten-year period. The amount of the borrowing pertaining to the District was $401,804.

Authorized with the 2010 fiscal year State of California budget package, the State of California Proposition 1A Securitization Program (Securitization Program) was instituted by the California Statewide Communities Development Authority (California Communities), a joint-powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their State of California Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the State of California Proposition 1A receivables and issued bonds (Prop 1A Bonds) to provide California local governmental agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010.

(9) Property Taxes and Sale of a Receivable, continued

The purchase price paid to the California local governmental agencies equaled 100% of the amount of the property tax reduction. All transaction costs of the issuance and interest were paid by the State of California. Participating California local governmental agencies have no obligation on the bonds and no credit exposure to the State of California. The District participated in the Securitization Program and accordingly property tax revenue has been recorded in the same manner as if the State of California had not exercised its rights under State of California Proposition 1A. The receivable sale proceeds were equal to the book value of the property tax reduction for each agency and, as a result, no gain or loss was recorded to recognize these proceeds.

(10) Net Assets

Calculation of net assets as of June 30, were as follows:		**2010**
Net investment in capital assets:		
Capital assets – not being depreciated	$	22,871,386
Capital assets – being depreciated, net		19,835,946
Certificates-of-participation – current portion		(35,000)
Certificates-of-participation – noncurrent portion		(12,720,000)
Total net investment in capital assets		29,952,332
Restricted net assets:		
Cash and cash equivalents		513,665
Accrued interest receivable		1,403
Special assessments receivable		17,830
Prepaid expenses and other assets		1,324
Accrued salaries and benefits		(3,066)
Accrued interest payable		(211,836)
Total restricted net assets		319,320
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and other assets		44,110
Deferred charges, net		694,728
Total non-spendable net assets		738,838
Spendable net assets are designated as follows:		
Designated for six-month operating reserve		3,500,000
Designated for contingency reserve		886,383
Total spendable net assets		4,386,383
Total unrestricted net assets		5,125,221
Total net assets	$	35,396,873

(11) Reserves and Designations of Fund Balance

The District has established reserves and designations of fund balance as of June 30, 2009. Reservations of fund balance represent amounts that are not appropriable for future expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative plans for financial resource utilization in a future period. Such plans are subject to change and may not result in expenditures for the indicated purpose. The District's reserves and designations of fund balance are explained below as to the nature and purpose of each reserve and designation.

(11) Reserves and Designations of Fund Balance, continued

a. **Reserved for prepaid expenditures:** This reserve is provided to indicate that these expenditures have been prepaid and the related funds are not "available" as a resource to meet expenditures in the coming year.

b. **Reserved for specified park projects:** This reserve is provided for the remaining funds received from the special assessment for specific park and recreation facilities and operations.

c. **Reserved for provision for accrued interest:** This reserve is provided to establish an amount to be utilized for the payment of interest on the District's debt service.

d. **Reserved for provision for compensated absences:** This reserve is provided to establish an amount to be utilized for the payment of compensated absences.

e. **Reserved for provision for retirement payable:** This reserve is provided to establish an amount to be utilized for the payment of the retirement payable.

f. **Designated for six-month operating reserve:** The District receives a bulk of its funding from the Ventura County Tax Collector at the end of the months of December and April, which coincides with the property tax payment dates of December 10 and April 10. The District will need to utilize its reserves until this funding is received at the end of December each year. The District currently has a $7.0 million operating budget; therefore, one-half or $3.5 million has been designated as an operating reserve until the December property tax payments have been received.

g. **Designated for contingency reserve:** The District has designated this reserve for unbudgeted expenditures that may occur during the fiscal year.

(12) Deferred Compensation Savings Plan – Full-Time Employees

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by ICMA Retirement Corporation and MetLife at June 30, 2010 was $381,930 and $76,632, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

(13) Deferred Compensation Savings Plan – Part-Time Employees

Part-time employees are covered by a deferred compensation plan in accordance with Internal Revenue Code Section 457 (Plan). The Plan is a non-elective deferred compensation arrangement for the benefit of employees who are not covered by another retirement system maintained by the District. Under the Plan, an eligible Participant accrues a monthly benefit that is equal to one-twelfth (1/12) of an amount equal to 2% of the Participant's average annual compensation times years of service up to 30 years. Distributions from the Plan are made only when the Participant has separated from service and the Participant's accrued benefits are non-forfeitable.

(13) Deferred Compensation Savings Plan – Part-Time Employees, continued

With certain limitations, a Participant may elect the time and manner by which his or her deferred amounts will be distributed. The election must be made prior to the date any such amounts become payable to the Participant. If the Participant fails to make a timely election concerning distribution of the deferred amounts, the amounts shall be in a lump sum distribution as prescribed by the Plan. The manner and time of benefit payout must meet the distribution requirements of the Internal Revenue Code Section 401(a) and 457(d)(2).

The Plan provides that all amounts deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, or rights will remain (until made available to the participant) solely the property and rights of the District, subject only to claims of such District's general creditors. The rights of any Participant or beneficiary to payments pursuant to the Plan are non-assignable, and his interest in benefits under the Plan is not subject to attachment, garnishment or other legal process. Currently, two retired employees are receiving monthly benefit checks from this Plan and one retired employee is receiving an annual benefit.

(14) Defined Benefit Pension Plan

Plan Description

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

The contribution rate for plan members in the CalPERS 2.5% at 55 years-old Risk Pool Retirement Plan is 7% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2010, 2009 and 2008 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2010, 2009 and 2008, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

Three Years CalPERS Funding Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	APC Percentage of Payroll
2007-2008	$ 516,744	100%	$ -	25.410%
2008-2009	651,648	100%	-	25.772%
2009-2010	526,030	100%	-	23.582%

(15) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is participating in two joint powers agreements, the Park and Recreation District Employee Compensation (PARDEC) and the California Association for Park and Recreation Insurance (CAPRI). PARDEC and CAPRI are governed by separate boards of directors, which are each comprised of seven directors elected from the member districts. The boards control the operations of each entity, including selection of management and approval of operating budgets. The purpose of PARDEC and CAPRI are to arrange and administer programs of insurance and to purchase excess insurance coverage. At June 30, 2010, the District participated in the liability and property programs of the PARDEC and CAPRI are as follows:

- General and auto liability, public officials and employees' liability: Total risk financing insurance limits of $10,000,000. There is a $25,000 deductible for any covered claim for wrongful termination payable by the District.

In addition to the above, the District also has the following insurance coverage:

- All-Risks property loss coverage including boiler and machinery coverage, is subject to a $2,000 deductible per occurrence payable by the District.
- Flood and earthquake coverage with an annual aggregate limit of $5,000,000 for all member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50,000 per occurrence or 5% of the value of the building, contents and/or structure, whichever is greater.
- Workers' compensation insurance for all work related injuries/illnesses covered by California statute. The District purchased additional excess coverage layers: $95 million for workers' compensation and $5 million for employers' liability, which increases the limits on the insurance coverage noted above.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2010, 2009 and 2008. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2010, 2009 and 2008.

(16) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2010, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 54

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is not effective for this District until the fiscal year ended June 30, 2011. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

(17) Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Required Supplementary Information

Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2010

		Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:						
Taxes:						
Property taxes	$	5,279,850	233,700	5,513,550	5,637,965	124,415
Charges for services:						
Registration and other fees		961,150	-	961,150	880,716	(80,434)
Facility and other rental fees		227,850	-	227,850	261,124	33,274
Operating grants and contributions		12,550	-	12,550	25,710	13,160
Capital grants and contributions		21,600	-	21,600	320,914	299,314
Investment earnings		61,600	(37,500)	24,100	33,843	9,743
Other		47,900	-	47,900	23,268	(24,632)
Total revenues		6,612,500	196,200	6,808,700	7,183,540	374,840
Expenditures:						
Salaries and benefits		4,121,900	65,550	4,187,450	4,029,096	158,354
Materials and services		3,589,300	(236,800)	3,352,500	2,740,423	612,077
Environmental remediation		130,000	-	130,000	9,507	120,493
Capital outlay		1,025,000	903,750	1,928,750	1,912,409	16,341
Total expenditures		8,866,200	732,500	9,598,700	8,691,435	907,265
Excess(Deficiency) of revenues over(under) expenditures		(2,253,700)	(536,300)	(2,790,000)	(1,507,895)	1,282,105
Other financing sources(uses):						
Transfers in(out)		-	-	-	-	-
Net change in fund balance		(2,253,700)	(536,300)	(2,790,000)	(1,507,895)	1,282,105
Fund balance - beginning of year		6,400,458		6,400,458	6,400,458	
Fund balance - end of year	$	4,146,758		3,610,458	4,892,563	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District's Financial Secretary prepares and submits an operating budget to the Board of Directors for the General Fund, Special Revenue Fund, Capital Project Fund and the Debt Service Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts. The District's annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund, Special Revenue Fund, Capital Project Fund and the Debt Service Fund at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget with approved supplemental changes. The budgeted revenue amounts represent the adopted budget as originally approved.

Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended June 30, 2010

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:					
Charges for services:					
Special assessments	$ 910,200	-	910,200	918,326	8,126
Investment earnings	5,000	-	5,000	5,870	870
Total revenues	915,200	-	915,200	924,196	8,996
Expenditures:					
Salaries and benefits	150,000	-	150,000	149,782	218
Materials and services	30,000	-	30,000	25,225	4,775
Capital outlay	498,300	(104,600)	393,700	39,633	354,067
Total expenditures	678,300	(104,600)	573,700	214,640	359,060
Excess(Deficiency) of revenues over(under) expenditures	236,900	104,600	341,500	709,556	368,056
Other financing sources(uses):					
Transfers in(out)	(656,150)	-	(656,150)	(656,159)	(9)
Net change in fund balance	(419,250)	104,600	(314,650)	53,397	368,047
Fund balance - beginning of year	477,759		477,759	477,759	
Fund balance - end of year	$ 58,509		163,109	531,156	

Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – Capital Project Fund
For the Year Ended June 30, 2010

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:					
Investment earnings	$ 20,000	-	20,000	14,606	(5,394)
Total revenues	20,000	-	20,000	14,606	(5,394)
Expenditures:					
Capital outlay	4,964,730	-	4,964,730	4,959,336	5,394
Total expenditures	4,964,730	-	4,964,730	4,959,336	5,394
Excess(Deficiency) of revenues over(under) expenditures	(4,944,730)	-	(4,944,730)	(4,944,730)	-
Transfers in(out)	-	-	-	-	-
Net change in fund balance	(4,944,730)	-	(4,944,730)	(4,944,730)	-
Fund balance - beginning of year	4,944,730		4,944,730	4,944,730	
Fund balance - end of year	$ -		-	-	

Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – Debt Service Fund
For the Year Ended June 30, 2010

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures:					
Principal paid	$ 20,000	-	20,000	20,000	-
Interest paid	636,150	-	636,150	636,159	(9)
Total expenditures	656,150	-	656,150	656,159	(9)
Excess(Deficiency) of revenues over(under) expenditures	(656,150)	-	(656,150)	(656,159)	(9)
Other financing sources(uses):					
Transfers in(out)	656,150	-	656,150	656,159	9
Net change in fund balance	-	-	-	-	-
Fund balance - beginning of year	-		-	-	
Fund balance - end of year	$ -		-	-	

Report on Compliance and Internal Controls

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An Accountancy Corporation

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Paul J. Kaymark, CPA

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Pleasant Valley Recreation and Park District
Camarillo, California

We have audited the basic financial statements of the Pleasant Valley Recreation and Park District (District) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

October 8, 2010
Cypress, California

Charles Z. Fedak & Co., CPA's
An Accountancy Corporation