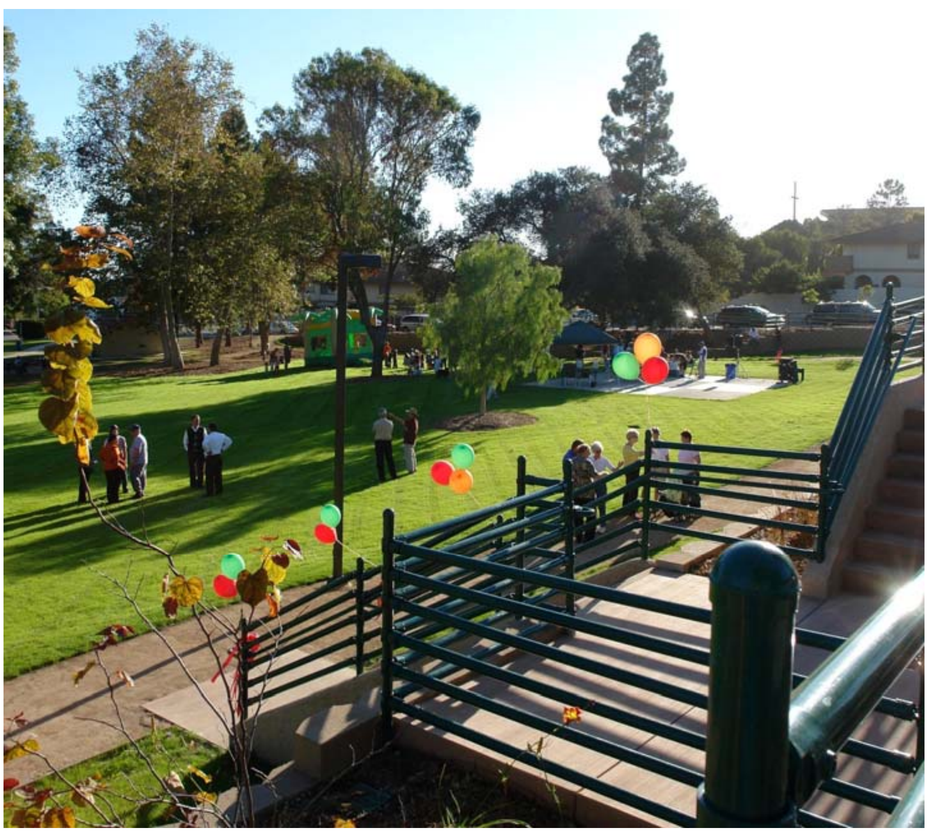
Pleasant Valley Recreation and Park District

Annual Financial Report

For the Year Ended June 30, 2007



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
Patty Hamm	Chairman	Elected	12/04 - 12/08
Nancy C. Bush	Director	Elected	12/06 - 12/10
Mark Malloy	Director	Elected	12/06 - 12/08
Bob Kelley	Director	Elected	12/06 - 12/10
Paul Rockenstein	Director	Elected	12/04 - 12/08

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, 2007

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Financial Section

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, 2007, 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, 2007 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 20, 2007, 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 20, 2007
Cypress, California

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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, 2007. 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 increased 2.6% or $921,042, from $34,996,745 to $35,917,787, due primarily to a 27.4% or $1,080,459 increase in property tax revenues from the prior year due to the end of the two-year property tax shift to the State of California.
- Total revenues increased by 9.6% or $622,304 from $6,501,769 to $7,124,073 from the prior year primarily due to an increase in general revenues (property taxes) of $1,080,459 and a decrease in operating grants of ($617,196).
- Total cost for the District's general fund programs fell below the 2007 revised budget by $91,491 primarily due to a decrease in expenditures for salaries, and materials and services then were budgeted.

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

	2007	2006	Change
Assets:			
Current assets	$ 6,245,421	5,919,260	326,161
Restricted current assets	650,841	613,140	37,701
Capital assets, net	30,061,634	29,380,908	680,726
Total assets	36,957,896	35,913,308	1,044,588
Liabilities:			
Current liabilities	1,028,854	909,978	118,876
Restricted current liabilities	11,255	6,585	4,670
Total liabilities	1,040,109	916,563	123,546
Net assets:			
Net investment in capital assets	30,061,634	29,380,908	680,726
Restricted	639,586	625,301	14,285
Unrestricted	5,216,567	4,990,536	226,031
Total net assets	$ 35,917,787	34,996,745	921,042

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 $35,917,787 as of June 30, 2007. A large portion of the District's net assets (84% or $30,061,634) 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 2007, the District reflected a positive balance in its unrestricted net assets of $5,216,567 that may be utilized in future years.

The District has designated use of its unrestricted net assets as follows:

Designated for Village at the Park	$	2,216,567
Designated for six-month operating reserve		3,000,000
	$	5,216,567

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 six-month operating reserve until this funding is received.

Statement of Activities

Condensed Statement of Activities

		2007	2006	Change
Expenses:				
Recreation and park operations	$	6,203,031	5,599,222	603,809
Total expenses		6,203,031	5,599,222	603,809
Program revenues		1,621,427	1,553,145	68,282
Operating grants		155,401	772,597	(617,196)
Capital grants		-	9,967	(9,967)
General revenues		5,347,245	4,166,060	1,181,185
Total revenues		7,124,073	6,501,769	622,304
Change in net assets		921,042	902,547	18,495
Net assets – beginning of year		34,996,745	34,094,198	902,547
Net assets – end of year	$	35,917,787	34,996,745	921,042

The statement of activities shows how the government's net assets changed during the fiscal year. In the case of the District, net assets increased by $921,042 during the fiscal year ended June 30, 2007. The primary reason for the increase in net assets is due to a 27.4% or $1,080,459 increase in property tax revenues from 2006 due to the end of the two-year ERAF property tax shift by the State of California.

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.

Governmental Funds Financial Analysis, continued

As of June 30, 2007, the District's General Fund reported a fund balance of $5,609,662. An amount of $5,540,567 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 paid for prepaid expenditures.

General Fund Budgetary Highlights

Total cost for the District's general fund programs fell below the 2007 revised budget by $91,491, before contingency expense, primarily due to a decrease in expenditures for salaries, and materials and services. Actual revenues were higher than the anticipated budget by $66,042 primarily due to an increase in property taxes.

Capital Asset Administration

At the end of fiscal year 2007, the District's investment in capital assets amounted to $31,061,634 (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 renovation of the District's pool for $888,320, and lighting for the BMX track for $50,560.

Changes in capital assets for the year were as follows:

	Balance 2006	Additions/ Transfers	Deletions/ Transfers	Balance 2007
Non-depreciable capital assets	$ 22,874,397	981,963	(894,712)	22,961,648
Depreciable capital assets	15,715,515	1,186,679	(30,138)	16,872,056
Total capital assets	38,589,912	2,168,642	(924,850)	39,833,704
Accumulated depreciation	(9,209,004)	(593,204)	30,138	(9,772,070)
Total capital assets, net	$ 29,380,908	1,575,438	(894,712)	30,061,634

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, 2007, *with comparative amounts as of June 30, 2006*

Assets		**2007**	**2006**
Current assets:			
Cash and cash equivalents (note 2)	$	5,833,331	5,483,544
Accrued interest receivable		86,427	68,021
Accounts receivable		67,485	77,146
Property taxes receivable		189,083	192,292
Prepaid expenses and other assets		69,095	98,257
Total current assets – unrestricted		6,245,421	5,919,260
Restricted current assets:			
Cash and cash equivalents (note 2)		606,011	585,671
Accrued interest receivable		7,906	8,109
Special assessments receivable		19,462	19,360
Prepaid expenses and other assets		17,462	-
Total current assets – restricted		650,841	613,140
Total current assets		6,896,262	6,532,400
Non-current assets – capital assets, net (note 3)		30,061,634	29,380,908
Total assets		36,957,896	35,913,308
Liabilities and Net Assets			
Current liabilities:			
Payable from current assets – unrestricted:			
Accounts payable and accrued expenses		579,706	518,032
Accrued salaries and wages		56,053	50,448
Compensated absences (note 4)		235,840	198,615
Retirement payable (note 5)		108,330	98,423
Accrued environmental remediation		48,925	44,460
Payable from current assets – unrestricted		1,028,854	909,978
Payable from current assets – restricted:			
Accounts payable and accrued expenses		1,565	-
Accrued dalaries and wages		9,690	6,585
Payable from current assets – restricted		11,255	6,585
Total liabilities		1,040,109	916,563
Net assets:			
Net investment in capital assets		30,061,634	29,380,908
Restricted for specified park projects		639,586	625,301
Unrestricted		5,216,567	4,990,536
Total net assets	$	35,917,787	34,996,745

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Statement of Activities
For the Year Ended June 30, 2007, *with comparative amounts for the year ended June 30, 2006*

Governmental Activities:	**2007**	**2006**
Expenses:		
Recreation and park operations:		
Salaries and benefits	$ 3,155,836	2,985,198
Materials and services	2,292,500	1,805,082
Environmental remediation	161,490	190,072
Depreciation	593,205	618,870
Total expenses	6,203,031	5,599,222
Program revenues:		
Charges for services:		
Park assessments	810,788	749,040
Recreation fees	576,070	555,457
Facilities rentals	115,620	161,387
Park rentals	77,820	69,361
Other fees	41,129	17,900
Total charges for services	1,621,427	1,553,145
Operating grants and contributions	155,401	772,597
Capital grants and contributions	-	9,967
Total program revenues	1,776,828	2,335,709
Net program expense	4,426,203	3,263,513
General revenues:		
Property taxes	5,022,649	3,942,190
Interest earnings	311,642	196,390
Other	12,954	27,480
Total general revenues	5,347,245	4,166,060
Change in net assets	921,042	902,547
Net assets – beginning of year	34,996,745	34,094,198
Net assets – end of year	$ 35,917,787	34,996,745

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, 2007

	General Fund	Special Revenue Fund	Total Governmental	Reclassifications & Eliminations	Statement of Net Assets
Current assets:					
Cash and cash equivalents	$ 5,833,331	606,011	6,439,342	-	6,439,342
Accrued interest receivable	86,427	7,906	94,333	-	94,333
Accounts receivable	67,485	-	67,485	-	67,485
Property taxes and assessments receivable	189,083	19,462	208,545	-	208,545
Prepaid expenditures/expenses and other assets	69,095	17,462	86,557	-	86,557
Total current assets	6,245,421	650,841	6,896,262	-	6,896,262
Non-current assets – capital assets, net	-	-	-	30,061,634	30,061,634
Total assets	6,245,421	650,841	6,896,262	30,061,634	36,957,896
Current liabilities:					
Accounts payable and accrued expenses	579,706	1,565	581,271	-	581,271
Accrued salaries and wages	56,053	9,690	65,743	-	65,743
Compensated absences	-	-	-	235,840	235,840
Retirement payable	-	-	-	108,330	108,330
Accrued environmental remediation	-	-	-	48,925	48,925
Total liabilities	635,759	11,255	647,014	393,095	1,040,109
Fund balance:					
Reserved for prepaid expenditures	69,095	17,462	86,557	(86,557)	-
Reserved for specified park projects	-	622,124	622,124	(622,124)	-
Unreserved:					
Designated for Village at the Park	2,216,567	-	2,216,567	(2,216,567)	-
Designated for six-month operating reserve	3,000,000	-	3,000,000	(3,000,000)	-
Designated for recreation and park services	324,000	-	324,000	(324,000)	-
Total fund balance	5,609,662	639,586	6,249,248	(6,249,248)	-
Total liabilities and fund balance	$ 6,245,421	650,841	6,896,262		
Net assets:					
Net investment in capital assets				30,061,634	30,061,634
Restricted for specified park projects				639,586	639,586
Unrestricted				5,216,567	5,216,567
Total net assets				$ 35,917,787	35,917,787

Reconciliation:

Fund balance of governmental funds	$ 6,249,248
Amounts reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	30,061,634
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 and retirement payable	(344,170)
Environmental remediation	(48,925)
Net assets of governmental activities	$ 35,917,787

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, 2007

	General Fund	Special Revenue Fund	Total Governmental	Reclassifications & Eliminations	Statement of Activities
Expenditures/Expenses:					
Recreation and park operations:					
Salaries and benefits	$ 2,626,330	482,374	3,108,704	47,132	3,155,836
Materials and services	1,957,566	334,934	2,292,500	-	2,292,500
Environmental remediation	157,025	-	157,025	4,465	161,490
Capital outlay	1,273,931	-	1,273,931	(1,273,931)	-
Depreciation	-	-	-	593,205	593,205
Total expenditures/expenses	6,014,852	817,308	6,832,160	(629,129)	6,203,031
Program revenues:					
Charges for services	810,639	810,788	1,621,427	-	1,621,427
Operating grants and contributions	155,401	-	155,401	-	155,401
Capital grants and contributions	-	-	-	-	-
Total program revenues	966,040	810,788	1,776,828	-	1,776,828
Net program expense					4,426,203
General revenues:					
Property taxes	5,022,649	-	5,022,649	-	5,022,649
Interest earnings	283,694	27,948	311,642	-	311,642
Other	12,954	-	12,954	-	12,954
Total general revenues	5,319,297	27,948	5,347,245	-	5,347,245
Total revenues	6,285,337	838,736	7,124,073		
Excess of revenues over expenditures	270,485	21,428	291,913		
Other financing sources(uses):					
Transfers in(out)	7,143	(7,143)	-		
Net change in fund balance	277,628	14,285	291,913	(291,913)	-
Change in net assets	-	-	-	-	921,042
Fund balance/Net assets – beginning of year	5,332,034	625,301	5,957,335	(4,134,297)	34,996,745
Fund balance/Net assets – end of year	$ 5,609,662	639,586	6,249,248	(4,426,210)	35,917,787

Reconciliation:

Net changes in fund balance of governmental fund	$ 291,913
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 and therefore therefore are not reported as expenses in governmental funds as follows:	
Net change in environmental remediation	(4,465)
Net change in compensated absences and retirement payable	(47,132)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	680,726
Change in net assets of governmental activities	$ 921,042

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.

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
- Ventura County Pooled Investment Fund (VCPIF)
- State of California local area investment fund (LAIF)

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.

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

C. Assets, Liabilities and Net Assets, continued

Ventura County Pooled Investment Fund

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools and other Treasury Department support staff meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. The County's Treasurer has indicated to the District that as of June 30, 2007 that the value of the County's portfolio was approximately $1.65 billion.

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.

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

C. Assets, Liabilities and Net Assets, continued

6. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment and furniture and fixtures. 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:

- Land improvements – 15 years
- Assessment assets – 15 years
- Buildings, structures and improvements – 39 years
- Furniture, fixtures and office equipment – 7 years
- Machinery and heavy equipment – 10 years
- Playground equipment – 15 years
- Vehicles – 5 years

7. Compensated Absences

The District's policy is to permit full time employees to accumulate earned vacation, sick leave, and comp time. Employees with less than 5 years may accumulate a maximum of 20 days of vacation. Those who have been employed more than 5 years may accrue 30 days of vacation. 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. Maximum comp time allowed is 40 hours.

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	$	5,833,331
Restricted cash and cash equivalents		606,011
Total	$	6,439,342

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

Cash on hand	$	820
Deposits held with financial institutions		16,876
Deposits held with Ventura County (VCPIF)		562
Deposits held with California Local Agency Investment Fund (LAIF)		6,421,084
Total	$	6,439,342

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

Deposits held with Ventura County (VCPIF)	299 days
Deposits held with California Local Agency Investment Fund (LAIF)	176 days

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. The District had deposits with a bank balance of $121,329 as of June 30, 2007. Of the bank balance, up to $100,000 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 VCPIF and LAIF).

(2) Cash and Cash Equivalents, continued

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. As of June 30, 2007, the District's investment in the VCPIF was rated by Standard & Poor's as AAAf / S1+.

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 99.7% 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 June 30, 2006	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2007
Non-depreciable capital assets:				
Land	$ 22,831,753	-	-	22,831,753
Construction-in-process	42,644	981,963	(894,712)	129,895
Total non-depreciable capital assets	22,874,397	981,963	(894,712)	22,961,648
Depreciable capital assets:				
Land improvements	7,305,105	69,025	-	7,374,130
Assessment assets	135,390	-	-	135,390
Buildings, structures and improvements	6,771,534	973,788	-	7,745,322
Furniture fixtures and office equipment	195,878	38,617	-	234,495
Machinery and heavy equipment	532,617	63,419	-	596,036
Playground equipment	362,254	36,010	-	398,264
Vehicles	412,737	5,820	(30,139)	388,418
Total depreciable capital assets	15,715,515	1,186,679	(30,139)	16,872,055
Accumulated depreciation:				
Land improvements	(5,420,702)	(300,920)	-	(5,721,622)
Assessment assets	(26,967)	(9,026)	-	(35,993)
Buildings, structures and improvements	(2,691,793)	(175,555)	-	(2,867,348)
Furniture fixtures and office equipment	(172,683)	(9,961)	-	(182,644)
Machinery and heavy equipment	(376,356)	(41,346)	-	(417,702)
Playground equipment	(192,525)	(22,140)	-	(214,665)
Vehicles	(327,978)	(34,256)	30,139	(332,095)
Total accumulated depreciation	(9,209,004)	(593,204)	30,139	(9,772,069)
Total depreciable capital assets, net	6,506,511	593,475	-	7,099,986
Total capital assets, net	$ 29,380,908			30,061,634

(3) Capital Assets, continued

Major capital asset additions during the year include renovation of the District's pool for $888,320, and lighting for the BMX track for $50,560.

(4) 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 2006	Additions	Deletions	Balance 2007	Due Within One Year
$	198,615	162,988	(125,763)	235,840	235,840

	Balance 2005	Additions	Deletions	Balance 2006	Due Within One Year
$	197,740	208,446	(207,571)	198,615	198,615

(5) Retirement Payable

The District has estimated its liability to fund its deferred compensation plan for part-time employees as of June 30, 2007 to be $108,330. (See note 8 for further details)

(6) Reserves and Designations of Fund Balance

The District has established reserves and designations of fund balance as of June 30, 2006. 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.

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. **Designated for Village at the Park:** This designation is set up to designate funding to construct the Village at the Park.

d. **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 $6.0 million operating budget; therefore, one-half or $3.0 million has been designated as an operating reserve until the December property tax payments have been received.

(7) 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.

(7) Deferred Compensation Savings Plan – Full-Time Employees, continued

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 CitiStreet at June 30, 2007 was $289,356 and $201,985, 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.

(8) 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.

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.

(9) 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.

(9) Defined Benefit Pension Plan, continued

Funding Policy

The contribution rate for plan members in the CalPERS 2.0% at 60 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 for fiscal years 2007, 2006 and 2005 were 17.398%, 16.406% and 10.271%, respectively. 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 2007, 2006 and 2005, the District's annual contribution was $265,666, $246,093 and $140,882, respectively, for CalPERS and was equal to the District's required and actual contributions for each year.

(10) Post Employment Benefits

The District provides post-employment healthcare benefits to all qualified employees who meet the District's Public Employees Retirement System (PERS) current plan requirements. For all regular District employees, five years of full-time, continuous employment with the District is required. In addition, the employee must be at least 50 years of age and have participated in the PERS plan for at least five years for health care benefits as well as receiving service retirement benefits pursuant to the terms and conditions of the District's PERS plan. The District pays a fixed sum, not to exceed 100% of the medical plan premium from the date of retirement for the life of the retired employee. Depending on the PERS payment plan chosen by the employee for spousal coverage after the death of the employee, the District would also cover the spouse for life under the same plan.

The District finances the plan on a pay-as-you-go basis. In 2007, the District paid $1,462 in post-employment benefits, net of retiree contributions, and had two eligible retired employees and the spouse of another retired employee.

(11) 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, 2007, 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.

(11) Risk Management, continued

- 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, 2007, 2006 and 2005. 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, 2007, 2006 and 2005.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2007, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 45

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers. This statement is not effective until June 30, 2010. The District has not determined the effect this statement will have on its financial statement presentation.

Governmental Accounting Standards Board Statement No. 48

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings. This statement also includes disclosure requirements for future revenues that are pledged or sold. This statement is not effective for this District until the fiscal year ended June 30, 2008. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

Governmental Accounting Standards Board Statement No. 49

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. This statement is not effective for this District until the fiscal year ended June 30, 2009. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

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

Governmental Accounting Standards Board Statement No. 50

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures, an amendment of GASB Statements No. 25 and 27*. This statement more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statements No. 25 and 27, to conform with requirements of GASB Statements No. 43 and 45. This statement is not effective for this District until the fiscal year ended June 30, 2009. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

Governmental Accounting Standards Board Statement No. 51

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement is not effective for this District until the fiscal year ended June 30, 2010. This statement is not expected to have a significant impact on the presentation of the District's financial statements.

(13) 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, 2007

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Recreation and park operations:					
Salaries and benefits	$ 3,107,236	(232,697)	2,874,539	2,626,330	248,209
Materials and services	1,816,704	159,200	1,975,904	1,957,566	18,338
Environmental remediation	-	-	-	157,025	(157,025)
Capital outlay	1,270,000	(14,100)	1,255,900	1,273,931	(18,031)
Contingencies	3,616,726	1,828,260	5,444,986	-	5,444,986
Total expenditures/expenses	9,810,666	1,740,663	11,551,329	6,014,852	5,536,477
Program revenues:					
Charges for services	915,418	162,624	1,078,042	810,639	(267,403)
Operating grants and contributions	-		-	155,401	155,401
Capital grants and contributions	-		-	-	-
Total program revenues	915,418	162,624	1,078,042	966,040	(112,002)
General revenues:					
Property taxes	3,852,500	996,400	4,848,900	5,022,649	173,749
Interest earnings	202,664	88,489	291,153	283,694	(7,459)
Other	251,150	(249,950)	1,200	12,954	11,754
Total general revenues	4,306,314	834,939	5,141,253	5,319,297	178,044
Total revenues	5,221,732	997,563	6,219,295	6,285,337	66,042
Excess(Deficiency) of revenues over(under) expenditures	(4,588,934)	(743,100)	(5,332,034)	270,485	(5,470,435)
Other financing sources(uses):					
Transfers in(out)	-	-	-	7,143	7,143
Net change in fund balance	(4,588,934)	(743,100)	(5,332,034)	277,628	(5,463,292)
Fund balance - beginning of year	5,332,034		5,332,034	5,332,034	
Fund balance - end of year	$ 743,100		-	5,609,662	

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 and Special Revenue 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 and Special Revenue 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, 2007

		Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:						
Recreation and park operations:						
Salaries and benefits	$	659,514	(235,153)	424,361	482,374	(58,013)
Materials and services		651,496	(18,750)	632,746	334,934	297,812
Capital outlay		-	-	-	-	-
Contingencies		23,774	370,925	394,699	-	394,699
Total expenditures/expenses		1,334,784	117,022	1,451,806	817,308	634,498
Program revenues:						
Charges for services - park assessment		799,682	5,326	805,008	810,788	5,780
Total program revenues		799,682	5,326	805,008	810,788	5,780
General revenues:						
Interest earnings		11,386	10,111	21,497	27,948	6,451
Total general revenues		11,386	10,111	21,497	27,948	6,451
Total revenues		811,068	15,437	826,505	838,736	12,231
Excess(Deficiency) of revenues over(under) expenditures		(523,716)	(101,585)	(625,301)	21,428	(622,267)
Other financing sources(uses):						
Transfers in(out)		-	-	-	(7,143)	(7,143)
Net change in fund balance		(523,716)	(101,585)	(625,301)	14,285	(629,410)
Fund balance - beginning of year		625,301		625,301	625,301	
Fund balance - end of year	$	101,585		-	639,586	

Report on Compliance and Internal Controls

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, 2007, and have issued our report thereon dated October 20, 2007. 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 20, 2007
Cypress, California