



Pleasant Valley Recreation and Park District
Annual Financial Report
For the Year Ended June 30, 2009



Village at the Park sports complex

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

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

**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, 2009

**Pleasant Valley Recreation and Park District
Annual Financial Report
For the Year Ended June 30, 2009**

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Financial Section



Charles Z. Fedak & Company

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An Accountancy Corporation

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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, 2009, 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, 2009 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 September 30, 2009, 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.

September 30, 2009
Cypress, California

Charles Z. Fedak, CPA
An Accountancy Corporation

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Pleasant Valley Recreation and Park District
Management's Discussion and Analysis
For the Year Ended June 30, 2009

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, 2009. 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 0.7% or \$276,026, from \$36,134,477 to \$35,858,451.
- Total revenues increased by 0.6% or \$48,135 from \$7,914,689 to \$7,962,824 from the prior year primarily due to an increase in general revenues.
- Total expenses increased by 7.0% or \$540,851 primarily due to the amount of interest expensed of \$620,888 on the issuance of the \$12,775,000 certificates-of-participation in 2009.
- Total cost for the District's general fund programs fell below the 2009 revised budget by \$255,665, primarily due to less than expected expenditures for salaries and benefits then 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.

Pleasant Valley Recreation and Park District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2009

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			
	2009	2008	Change
Assets:			
Current assets	\$ 7,103,493	6,068,421	1,035,072
Restricted current assets	5,427,799	565,980	4,861,819
Non-current assets	719,540	-	
Capital assets, net	36,716,782	30,458,562	6,258,220
Total assets	49,967,614	37,092,963	12,155,111
Liabilities:			
Current liabilities	1,027,321	643,323	383,998
Non-current liabilities	13,081,842	315,163	12,766,679
Total liabilities	14,109,163	958,486	13,150,677
Net assets:			
Net investment in capital assets	23,941,782	30,458,562	(6,516,780)
Restricted	5,422,489	559,300	4,863,189
Unrestricted	6,494,180	5,116,615	1,377,565
Total net assets	\$ 35,858,451	36,134,477	(276,026)

Pleasant Valley Recreation and Park District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2009

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 \$35,858,451 as of June 30, 2009. A large portion of the District's net assets (67% or \$23,941,782) 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 2009, the District reflected a positive balance in its unrestricted net assets of \$6,494,180 that may be utilized in future years.

Statement of Activities

Condensed Statement of Activities			
	2009	2008	Change
Expenses:			
Recreation and park operations	\$ 8,238,850	7,697,999	540,851
Total expenses	8,238,850	7,697,999	540,851
Program revenues	1,993,629	2,062,879	(69,250)
General revenues	5,969,195	5,851,810	117,385
Total revenues	7,962,824	7,914,689	48,135
Change in net assets	(276,026)	216,690	(492,716)
Net assets – beginning of year	36,134,477	35,917,787	216,690
Net assets – end of year	\$ 35,858,451	36,134,477	(276,026)

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 \$276,026 during the fiscal year ended June 30, 2009.

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, 2009, the District's General Fund reported a fund balance of \$6,400,458. An amount of \$5,895,657 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 2009 revised budget by \$255,665, primarily due to less than expected expenditures for salaries and benefits then budgeted. Actual revenues were less than the anticipated budget by \$91,310 primarily due to less than expected registration fees and interest earnings.

Pleasant Valley Recreation and Park District
Management's Discussion and Analysis, continued
For the Year Ended June 30, 2009

Capital Asset Administration

At the end of fiscal year 2009, the District's investment in capital assets amounted to \$36,716,782 (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 Village at the Park sports complex of \$6,781,890 and \$206,611 for various other improvements and equipment. See note 4 for further information on the District's capital assets.

Changes in capital assets for the year were as follows:

	<u>Balance 2008</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
Non-depreciable capital assets	\$ 23,375,940	6,781,890	(21,528)	30,136,302
Depreciable capital assets	<u>17,528,390</u>	<u>228,139</u>	<u>(99,763)</u>	<u>17,656,766</u>
Total capital assets	40,904,330	7,010,029	(121,291)	47,793,068
Accumulated depreciation	<u>(10,445,768)</u>	<u>(730,281)</u>	<u>99,763</u>	<u>(11,076,286)</u>
Total capital assets, net	<u>\$ 30,458,562</u>	<u>6,279,748</u>	<u>(21,528)</u>	<u>36,716,782</u>

Debt Administration

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

	<u>Balance 2008</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2009</u>
Certificates-of-participation	\$ -	<u>12,775,000</u>	<u>-</u>	<u>12,775,000</u>

In 2009, long-term debt increased by \$12,775,000 due to the District issuing \$12,775,000 in certificates-of-participation for the construction of the Village at the Park sports complex. See further detail at note 6.

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, 2009, with comparative amounts as of June 30, 2008

<i>Assets</i>	2009	2008
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,574,453	5,515,233
Accrued interest receivable	34,424	57,873
Accounts receivable	206,942	211,438
Property taxes receivable	196,421	208,764
Prepaid expenses and other assets	91,253	75,113
Total current assets – unrestricted	7,103,493	6,068,421
Restricted current assets:		
Cash and cash equivalents (note 2)	5,373,114	536,524
Accrued interest receivable	32,014	2,000
Special assessments receivable	18,232	23,328
Prepaid expenses and other assets	4,439	4,128
Total current assets – restricted	5,427,799	565,980
Total current assets	12,531,292	6,634,401
Non-current assets:		
Deferred charges, net (note 3)	719,540	-
Capital assets – not being depreciated (note 4)	30,136,302	23,375,940
Capital assets – being depreciated, net (note 4)	6,580,480	7,082,622
Total non-current assets	37,436,322	30,458,562
Total assets	49,967,614	37,092,963
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable and accrued expenses	582,186	477,034
Accrued salaries and benefits	92,593	83,103
Deferred revenue and customer deposits	33,566	6,602
Accrued interest payable	212,270	-
Long-term liabilities – due in one year:		
Compensated absences (note 5)	86,706	76,584
Certificates-of participation (note 7)	20,000	-
Total current liabilities	1,027,321	643,323
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 5)	260,117	229,750
Retirement payable (note 6)	66,725	85,413
Certificates-of participation (note 7)	12,755,000	-
Total liabilities	13,081,842	315,163
Total liabilities	14,109,163	958,486
Net assets: (note 9)		
Net investment in capital assets	23,941,782	30,458,562
Restricted for specified park projects	477,759	559,300
Restricted for Village at the Park sports complex	4,944,730	-
Unrestricted	6,494,180	5,116,615
Total net assets	\$ 35,858,451	36,134,477

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Statement of Activities

For the Year Ended June 30, 2009, with comparative amounts for the year ended June 30, 2008

<i>Governmental Activities:</i>	<u>2009</u>	<u>2008</u>
Expenses:		
Recreation and park operations:		
Salaries and benefits	\$ 4,187,732	3,927,906
Materials and services	2,599,813	2,951,171
Environmental remediation	75,324	145,223
Interest on long-term debt	620,888	-
Amortization of deferred charges	24,812	-
Depreciation	<u>730,281</u>	<u>673,699</u>
Total expenses	<u>8,238,850</u>	<u>7,697,999</u>
Program revenues:		
Charges for services:		
Special assessments	876,963	846,443
Registration and other fees	819,280	727,283
Facility and other rental fees	<u>217,320</u>	<u>241,166</u>
Total charges for services	1,913,563	1,814,892
Operating grants and contributions	33,951	20,817
Capital grants and contributions	<u>46,115</u>	<u>227,170</u>
Total program revenues	<u>1,993,629</u>	<u>2,062,879</u>
Net program expense	<u>6,245,221</u>	<u>5,635,120</u>
General revenues:		
Property taxes	5,564,392	5,483,796
Interest earnings	358,081	269,236
Other	<u>46,722</u>	<u>98,778</u>
Total general revenues	<u>5,969,195</u>	<u>5,851,810</u>
Change in net assets	(276,026)	216,690
Net assets – beginning of year	<u>36,134,477</u>	<u>35,917,787</u>
Net assets – end of year	<u>\$ 35,858,451</u>	<u>36,134,477</u>

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, 2009**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Current assets:					
Cash and cash equivalents	\$ 6,574,453	456,674	4,916,440	-	11,947,567
Accrued interest receivable	34,424	3,724	28,290	-	66,438
Accounts receivable	206,942	-	-	-	206,942
Property taxes and assessments receivable	196,421	18,232	-	-	214,653
Prepaid expenditures	91,253	4,439	-	-	95,692
Total assets	7,103,493	483,069	4,944,730	-	12,531,292
Current liabilities:					
Accounts payable and accrued expenses	582,186	-	-	-	582,186
Accrued salaries and benefits	87,283	5,310	-	-	92,593
Deferred revenue	33,566	-	-	-	33,566
Total liabilities	703,035	5,310	-	-	708,345
Fund balance:					
Reserved for prepaid expenditures	91,253	4,439	-	-	95,692
Reserved for specified park projects	-	473,320	-	-	473,320
Reserved for Village at the Park sports complex	-	-	4,944,730	-	4,944,730
Reserved for provision for accrued interest payable	-	212,270	-	-	212,270
Reserved for provision for compensated absences	346,823	-	-	-	346,823
Reserved for provision for retirement payable	66,725	-	-	-	66,725
Unreserved:					
Designated for Village at the Park sports complex	2,395,657	(212,270)	-	-	2,183,387
Designated for six-month operating reserve	3,500,000	-	-	-	3,500,000
Total fund balance	6,400,458	477,759	4,944,730	-	11,822,947
Total liabilities and fund balance	\$ 7,103,493	483,069	4,944,730	-	12,531,292

Reconciliation:

Fund balance of governmental funds		\$	11,822,947
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.			719,540
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.			36,716,782
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.			(212,270)
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			(346,823)
Retirement payable			(66,725)
Certificates-of-participation			(12,775,000)
Net assets of governmental activities		\$	35,858,451

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, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Property taxes	\$ 5,564,392	-	-	-	5,564,392
Charges for services:					
Special assessments	-	876,963	-	-	876,963
Registration and other fees	819,280	-	-	-	819,280
Facility and other rental fees	217,320	-	-	-	217,320
Operating grants and contributions	33,951	-	-	-	33,951
Capital grants and contributions	46,115	-	-	-	46,115
Investment earnings	126,630	12,820	218,631	-	358,081
Other	46,722	-	-	-	46,722
Total revenues	<u>6,854,410</u>	<u>889,783</u>	<u>218,631</u>	<u>-</u>	<u>7,962,824</u>
Expenditures:					
Salaries and benefits	3,915,472	250,459	-	-	4,165,931
Materials and services	2,441,055	158,758	-	-	2,599,813
Environmental remediation	110,914	-	-	-	110,914
Capital outlay	524,854	153,488	6,310,158	-	6,988,500
Principal paid	-	-	-	-	-
Interest paid	-	-	-	408,619	408,619
Total expenditures	<u>6,992,295</u>	<u>562,705</u>	<u>6,310,158</u>	<u>408,619</u>	<u>14,273,777</u>
Excess of revenues over expenditures	(137,885)	327,078	(6,091,527)	(408,619)	(6,310,953)
Other financing sources(uses):					
Principal issued – certificates-of-participation	-	-	12,775,000	-	12,775,000
Costs of debt issuance	-	-	(744,352)	-	(744,352)
Transfers in(out) (note 8)	994,391	(408,619)	(994,391)	408,619	-
Change in fund balance	856,506	(81,541)	4,944,730	-	5,719,695
Fund balance – beginning of year	5,543,952	559,300	-	-	6,103,252
Fund balance – end of year	<u>\$ 6,400,458</u>	<u>477,759</u>	<u>4,944,730</u>	<u>-</u>	<u>11,822,947</u>

Reconciliation:

Net changes in fund balance of governmental fund \$ 5,719,695

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	(40,489)
Net change in retirement payable	18,688
Net change in environmental remediation	35,591
Net change in accrued interest payable	(212,270)

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	6,988,500
Depreciation expense	(730,281)

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.

Issuance of long-term debt is reported as other financing sources in governmental funds. However, the issuance of long-term debt increases liabilities in the Statement of Net Assets and does not result in revenue in the Statement of Activities. (12,775,000)

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.

Costs of debt issuance	744,352
Amortization of deferred charges	(24,812)

Change in net assets of governmental activities \$ (276,026)

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements
June 30, 2009

(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.

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(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 Village at the Park sports complex.

Debt Service Fund – accounts for the debt service repayments on the \$12,775,000 debt issuance to finance the construction of the Village at the Park 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
- Ventura County Pooled Investment Fund (VCPIF)
- State of California local area investment fund (LAIF)

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(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.

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, 2009 that the value of the County's portfolio was approximately \$1.8 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.

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(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 160 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*.

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(2) Cash and Cash Equivalents

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

Cash and cash equivalents	\$ 6,574,453
Restricted cash and cash equivalents	<u>5,373,114</u>
Total	<u><u>\$ 11,947,567</u></u>

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

Cash on hand	\$ 870
Deposits held with financial institutions	59,087
Deposits held with Ventura County (VCPIF)	562
Money-market account	25,996
Certificates-of-deposit due August 13, 2009	598,746
Deposits held with California Local Agency Investment Fund (LAIF)	6,970,608
Construction funds held with California Local Agency Investment Fund	<u>4,291,698</u>
Total	<u><u>\$ 11,947,567</u></u>

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

Deposits held with Ventura County (VCPIF)	346 days
Deposits held with California Local Agency Investment Fund (LAIF)	235 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 \$93,400 as of June 30, 2009. 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 VCPIF and LAIF).

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(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, 2009, the District's investment in the VCPIF was rated by Standard & Poor's as AAf/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 94.2% 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) Deferred Charges

The deferred charges balance relates to the issuance costs of the District's Certificates-of-Participation – Series 2008. The balance is being amortized over a thirty year period. The deferred charges net balance is as follows:

The balance consists of the following:	<u>Amount</u>
Deferred charges	\$ 744,352
Accumulated amortization	<u>(24,812)</u>
Total	<u><u>\$ 719,540</u></u>

(4) Capital Assets

Major capital asset additions during the year include construction costs for Village at the Park sports complex of \$6,781,890 and \$206,611 for various other improvements and equipment.

Construction-in-Process

The balance consists of the following:	<u>2008</u>	<u>2009</u>
Village at the Park sports complex	\$ 522,659	7,304,549
Community center improvements	<u>21,528</u>	<u>-</u>
Total	<u><u>\$ 544,187</u></u>	<u><u>7,304,549</u></u>

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(4) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2008</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
Non-depreciable capital assets:				
Land	\$ 22,831,753	-	-	22,831,753
Construction-in-process	544,187	6,781,890	(21,528)	7,304,549
Total non-depreciable capital assets	<u>23,375,940</u>	<u>6,781,890</u>	<u>(21,528)</u>	<u>30,136,302</u>
Depreciable capital assets:				
Land improvements	7,904,505	52,236	-	7,956,741
Assessment assets	135,390	-	-	135,390
Buildings, structures and improvements	7,768,553	98,181	(12,267)	7,854,467
Furniture fixtures and office equipment	255,827	30,866	(36,923)	249,770
Machinery and heavy equipment	613,530	46,856	(50,573)	609,813
Playground equipment	398,265	-	-	398,265
Vehicles	452,320	-	-	452,320
Total depreciable capital assets	<u>17,528,390</u>	<u>228,139</u>	<u>(99,763)</u>	<u>17,656,766</u>
Accumulated depreciation:				
Land improvements	(6,029,648)	(335,485)	-	(6,365,133)
Assessment assets	(45,019)	(9,026)	-	(54,045)
Buildings, structures and improvements	(3,111,637)	(254,202)	12,267	(3,353,572)
Furniture fixtures and office equipment	(197,250)	(18,054)	36,923	(178,381)
Machinery and heavy equipment	(471,181)	(60,555)	50,573	(481,163)
Playground equipment	(238,806)	(24,141)	-	(262,947)
Vehicles	(352,227)	(28,818)	-	(381,045)
Total accumulated depreciation	<u>(10,445,768)</u>	<u>(730,281)</u>	<u>99,763</u>	<u>(11,076,286)</u>
Total depreciable capital assets, net	<u>7,082,622</u>	<u>(502,142)</u>	<u>-</u>	<u>6,580,480</u>
Total capital assets, net	<u>\$ 30,458,562</u>			<u>36,716,782</u>

(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:

	<u>Balance 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2009</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	<u>306,334</u>	<u>275,899</u>	<u>(235,410)</u>	<u>346,823</u>	<u>86,706</u>	<u>260,117</u>

(6) Retirement Payable

The District has estimated its liability to fund its deferred compensation plan for part-time employees as of June 30, 2009 to be \$66,725. (See note 12 for further details)

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(7) Certificates-of-Participation – Series 2008

In July 2008, the District issued \$12,775,000 in Certificates-of-Participation – Series 2008 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, 2008. Under the site-lease agreement, the District leased its Camarillo Community Center and the land under the Village at the Park sports complex to the Corporation. Concurrently, the District and Corporation entered into a lease agreement dated July 1, 2008 whereas the District leased-back its Camarillo Community Center and the land under the Village at the Park sports complex for the purpose of financing the Village at the Park 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, 2008 with interest rates ranging from 6.500% to 4.125%.

Annual debt service payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 20,000	636,159	656,159
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
2015-2019	755,000	3,009,756	3,764,756
2020-2024	1,375,000	2,776,725	4,151,725
2025-2029	2,200,000	2,363,348	4,563,348
2030-2034	3,330,000	1,686,595	5,016,595
2035-2039	<u>4,855,000</u>	<u>657,922</u>	<u>5,512,922</u>
Total	12,775,000	<u>13,646,864</u>	<u>26,421,864</u>
Current	<u>(20,000)</u>		
Long-term	<u>\$ 12,755,000</u>		

(8) Inter-fund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Capital Project	\$ 994,391
Debt Service	Special Revenue	<u>408,619</u>
	Total	<u>\$ 1,403,010</u>

An inter-fund transfer of \$994,391 was made between the general fund and the capital project fund to reimburse the general fund from the \$12,775,000 debt issuance proceeds for capital outlay expenditures related to the Village at the Park sports complex incurred in the current and prior years. This transfer was completed to comply with the accounting principle to utilize restricted funds before utilizing general funds for specific purposes.

An inter-fund transfer of \$408,619 was made between the debt service fund and the special revenue fund to provide funds from the District's special assessment reserves to pay-down the debt service on the certificates-of-participation.

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(9) Net Assets

	2009
Calculation of net assets as of June 30, were as follows:	
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 30,136,302
Capital assets – being depreciated, net	6,580,480
Current:	
Certificates-of-participation	(20,000)
Non-current:	
Certificates-of-participation	(12,755,000)
Total net investment in capital assets	23,941,782
Restricted net assets:	
Cash and cash equivalents	5,373,114
Accrued interest receivable	32,014
Special assessments receivable	18,232
Prepaid expenses and other assets	4,439
Accrued salaries and benefits	(5,310)
Total restricted net assets	5,422,489
Restricted for specified park projects	477,759
Restricted for Village at the Park sports complex	4,944,730
Total restricted net assets	5,422,489
Unrestricted net assets:	
Non-spendable net assets:	
Prepaid expenses and other assets	91,253
Deferred charges, net	719,540
Total non-spendable net assets	810,793
Spendable net assets are designated as follows:	
Designated for Village at the Park sports complex	2,183,387
Designated for six-month operating reserve	3,500,000
Total spendable net assets	5,683,387
Total unrestricted net assets	6,494,180
Total net assets	\$ 35,858,451

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(10) Reserves and Designations of Fund Balance

The District has established reserves and designations of fund balance as of June 30, 2008. 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. **Reserved for Village at the Park sports complex:** This reserve is provided for the remaining funds available from the \$12,775,000 debt issuance to construct the Village at the Park sports complex.
- d. **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.
- e. **Reserved for provision for compensated absences:** This reserve is provided to establish an amount to be utilized for the payment of compensated absences.
- f. **Reserved for provision for retirement payable:** This reserve is provided to establish an amount to be utilized for the payment of the retirement payable.
- g. **Designated for Village at the Park sports complex:** This designation is set up to designate funding for further construction costs at the Village at the Park sports complex.
- h. **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.

(11) 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, 2009 was \$258,771 and \$160,188, 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.

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(12) 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.

(13) 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 from 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 2009, 2008 and 2007 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 2009, 2008 and 2007, 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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2006-2007	\$ 265,666	100%	\$ -	17.398%
2007-2008	516,744	100%	-	25.410%
2008-2009	651,648	100%	-	25.772%

Pleasant Valley Recreation and Park District
Notes to the Basic Financial Statements, continued
June 30, 2009

(14) 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, 2009, 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, 2009, 2008 and 2007. 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, 2009, 2008 and 2007.

(15) 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.

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Required Supplementary Information

**Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2009**

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Taxes:					
Property taxes	\$ 5,445,070	-	5,445,070	5,564,392	119,322
Charges for services:					
Registration and other fees	1,001,000	(30,750)	970,250	819,280	(150,970)
Facility and other rental fees	166,100	37,700	203,800	217,320	13,520
Operating grants and contributions	11,150	(10,150)	1,000	33,951	32,951
Capital grants and contributions	21,600	-	21,600	46,115	24,515
Investment earnings	269,750	-	269,750	126,630	(143,120)
Other	34,250	-	34,250	46,722	12,472
Total revenues	<u>6,948,920</u>	<u>(3,200)</u>	<u>6,945,720</u>	<u>6,854,410</u>	<u>(91,310)</u>
Expenditures:					
Salaries and benefits	4,196,550	164,850	4,361,400	3,915,472	445,928
Materials and services	2,130,435	150,125	2,280,560	2,441,055	(160,495)
Environmental remediation	100,000	-	100,000	110,914	(10,914)
Capital outlay	571,400	(65,400)	506,000	524,854	(18,854)
Total expenditures	<u>6,998,385</u>	<u>249,575</u>	<u>7,247,960</u>	<u>6,992,295</u>	<u>255,665</u>
Excess(Deficiency) of revenues over(under) expenditures	(49,465)	(252,775)	(302,240)	(137,885)	164,355
Other financing sources(uses):					
Transfers in(out)	-	-	-	994,391	994,391
Net change in fund balance	(49,465)	<u>(252,775)</u>	(302,240)	856,506	<u>1,158,746</u>
Fund balance - beginning of year	<u>5,543,952</u>		<u>5,543,952</u>	<u>5,543,952</u>	
Fund balance - end of year	<u>\$ 5,494,487</u>		<u>5,241,712</u>	<u>6,400,458</u>	

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, 2009

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Charges for services:					
Special assessments	\$ 881,200	-	881,200	876,963	(4,237)
Investment earnings	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>12,820</u>	<u>(7,180)</u>
Total revenues	<u>901,200</u>	<u>-</u>	<u>901,200</u>	<u>889,783</u>	<u>(11,417)</u>
Expenditures:					
Salaries and benefits	250,000	-	250,000	250,459	(459)
Materials and services	118,750	(1,000)	117,750	158,758	(41,008)
Capital outlay	<u>110,000</u>	<u>28,550</u>	<u>138,550</u>	<u>153,488</u>	<u>(14,938)</u>
Total expenditures	<u>478,750</u>	<u>27,550</u>	<u>506,300</u>	<u>562,705</u>	<u>(56,405)</u>
Excess(Deficiency) of revenues over(under) expenditures	422,450	(27,550)	394,900	327,078	(67,822)
Other financing sources(uses):					
Transfers in(out)	<u>(408,600)</u>	<u>-</u>	<u>(408,600)</u>	<u>(408,619)</u>	<u>(19)</u>
Net change in fund balance	13,850	<u>(27,550)</u>	(13,700)	(81,541)	<u>(67,841)</u>
Fund balance - beginning of year	<u>559,300</u>		<u>559,300</u>	<u>559,300</u>	
Fund balance - end of year	<u>\$ 573,150</u>		<u>545,600</u>	<u>477,759</u>	

Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – Capital Project Fund
For the Year Ended June 30, 2009

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	\$ 200,000	-	200,000	218,631	18,631
Total revenues	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>218,631</u>	<u>18,631</u>
Expenditures:					
Capital outlay	6,387,500	-	6,387,500	6,310,158	77,342
Total expenditures	<u>6,387,500</u>	<u>-</u>	<u>6,387,500</u>	<u>6,310,158</u>	<u>77,342</u>
Excess(Deficiency) of revenues over(under) expenditures	(6,187,500)	-	(6,187,500)	(6,091,527)	95,973
Other financing sources(uses):					
Principal issued – certificates-of-participation	12,775,000	-	12,775,000	12,775,000	-
Costs of debt issuance	(544,325)	(140,975)	(685,300)	(744,352)	(59,052)
Transfers in(out)	<u>(1,217,650)</u>	<u>-</u>	<u>(1,217,650)</u>	<u>(994,391)</u>	<u>223,259</u>
Net change in fund balance	4,825,525	<u>(140,975)</u>	4,684,550	4,944,730	<u>260,180</u>
Fund balance - beginning of year	<u>-</u>		<u>-</u>	<u>-</u>	
Fund balance - end of year	<u>\$ 4,825,525</u>		<u>4,684,550</u>	<u>4,944,730</u>	

**Pleasant Valley Recreation and Park District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Year Ended June 30, 2009**

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Interest paid	\$ 408,600	-	408,600	408,619	(19)
Total expenditures	<u>408,600</u>	<u>-</u>	<u>408,600</u>	<u>408,619</u>	<u>(19)</u>
Excess(Deficiency) of revenues over(under) expenditures	(408,600)	-	(408,600)	(408,619)	(19)
Other financing sources(uses):					
Transfers in(out)	<u>408,600</u>	<u>-</u>	<u>408,600</u>	<u>408,619</u>	<u>19</u>
Net change in fund balance	-	<u>-</u>	-	-	<u>-</u>
Fund balance - beginning of year	<u>-</u>		<u>-</u>	<u>-</u>	
Fund balance - end of year	<u>\$ -</u>		<u>-</u>	<u>-</u>	

Report on Compliance and Internal Controls

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An Accountancy Corporation

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Charles Z. Fedak, CPA, MBA
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, 2009, and have issued our report thereon dated September 30, 2009. 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.

September 30, 2009
Cypress, California

Charles Z. Fedak, CPA
An Accountancy Corporation