

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

AUDIT REPORT

**For the Fiscal Year Ended
June 30, 2016**

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

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For the Fiscal Year Ended June 30, 2016**

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside County Regional Park and Open-Space District (the District), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside County Regional Park and Open-Space District, as of June 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State regulations governing Special Districts.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
November 4, 2016

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

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

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

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

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

District-Wide Statements

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has two kinds of funds:

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was higher on June 30, 2016 than it was the year before, increasing 5% to \$96.8 million.

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2015	2016	
Current and other assets	\$20.5	\$19.7	(\$0.8)
Capital assets	83.7	87.9	4.2
Total assets	104.2	107.6	3.4
Total deferred outflows of resources	1.0	1.8	0.8
Other liabilities	3.1	2.8	(0.3)
Long-term liabilities	7.8	8.9	1.1
Total liabilities	10.9	11.7	0.8
Total deferred inflows of resources	2.0	0.9	(1.1)
Net position			
Net investment in Capital Assets	83.7	87.9	4.2
Restricted	7.0	8.7	1.7
Unrestricted	1.6	0.2	(1.4)
Total net position	\$92.3	\$96.8	\$4.5

Changes in net position, governmental activities

The District's total revenues increased 7.5% to \$23 million. The increase is due primarily to increased operating grants and contributions.

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2015	2016	
Total Revenues	\$21.4	\$23.0	\$1.6
Total Expenditures	21.9	22.4	0.5
Increase (decrease) in net position	(\$0.5)	\$0.6	\$1.1

The total cost of all programs and services increased 2.3% to \$22.4 million. The District's expenses are predominantly related to acquiring and maintaining regional park and recreation facilities in the County.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$16.7 million, which is below last year's ending fund balance of \$17.2 million (before the prior period adjustment). The primary cause of the decreased fund balance is continuing costs associated with maintenance and operations of the waterparks, CSA parks, and community centers.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget to revise operational cost and revenue estimates. While the District's original budget for the General Fund anticipated that expenditures would exceed revenues by about \$0.76 million, the actual results for the year show that expenditures exceeded revenues by roughly \$0.92 million. Actual revenues were \$402,007 more than anticipated, and expenditures were \$1.7 million less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015-16 the District had invested \$2.6 million in new capital assets, related to the District's ongoing parks modernization projects. Total depreciation expense for the year was about \$1.1 million. (More detailed information about capital assets can be found in Note 5 to the financial statements).

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2015	2016	
Land	\$28.3	\$29.4	\$1.1
Construction in Progress	4.9	5.7	0.8
Buildings	38.3	39.3	1.0
Machinery & Equipment	0.3	0.4	0.1
Infrastructure	11.9	13.1	1.2
Total Net Capital Assets at Year-End	\$83.7	\$87.9	\$4.2

Long-Term Debt

At year-end the District had \$8.9 million in compensated absences and net pension liability – an increase of 14% from last year's balance. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements).

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2015	2016	
Compensated Absences	\$1.6	\$1.9	\$0.3
Net Pension Liability	6.2	7.0	0.8
Total Outstanding Debt at Year-End	\$7.8	\$8.9	\$1.1

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

FACTORS BEARING ON THE DISTRICT'S FUTURE

For the past 25 years, the Regional Park and Open-Space District has prided itself on operating free of short-term debt and with very minimal support from the County of Riverside's General Fund. Even at the height of the economy in FY 2007-08, the District's allocation of Riverside County General Fund support was only \$712,000. This comprised just 3.9% of the District's total revenue for that year, and is 76% less than similar organizations across the Country. This supplementary funding was used to support various services primarily related to historic venues and trails.

In 2012, the District was encouraged to provide active recreation services at the Cove Waterpark and Jurupa Sports Park without additional County General Fund support, and as a result FY 2011-12 expenditures exceeded revenue by \$(1.6 million). For the next three fiscal years, expenditures exceeded revenues by an average of about \$(1 million) each year, and by the end of FY 2014-15 (after the addition of the DropZone Waterpark) the District's ending Operating Fund Balance was less than \$2 million. This represents a cumulative use of \$(6.6 million), or 78% of the initial \$8.45 million reserve. Due to the lack of available funding to support continued operation of these waterparks, the District is collaborating with the County of Riverside Economic Development Agency (EDA) to solicit bids for private entities to fully manage and operate the facilities after the close of the 2016 summer season.

In FY 2013-14, the District entered into an annually-renewable agreement with EDA to manage operations and maintenance at 14 CSA park locations across the County at the recommendation of the Riverside County Board of Supervisors. As of the end of FY 2015-16 the District and EDA decided not to renew this agreement.

As a result of the discontinuation of waterpark operations and the CSA Park Maintenance and Operations agreement, the District has significantly reduced its number of personnel for FY 2016-17. Wherever possible, reductions were made through attrition and by absorbing staff into other Programs that had current open positions.

Other factors that are impacting the District financially include significant increases in County internal service charges and workers compensation, labor cost increases, the continuing statewide drought, and difficult State and Federal mandates and bureaucracy which have had a significant impact on project and program costs. The District's FY 2016-17 budget has been balanced with one-time revenue, personnel reductions, use of Fund Balance reserves, and existing Riverside County General Fund allocations. District management is carefully analyzing all programs, services, and user fees to ensure all resources are used efficiently and effectively to provide the greatest level of service to the public.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Statement of Net Position June 30, 2016

	Governmental Activities
ASSETS	
Cash	\$ 18,492,896
Accounts receivable	95,219
Taxes receivable	95,036
Interest receivable	21,353
Due from other governments	309,815
Prepaid expenses	416,981
OPEB asset	315,584
Capital assets, not being depreciated	35,061,559
Capital assets, net of depreciation	<u>52,871,317</u>
 Total assets	 <u>107,679,760</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>1,755,653</u>
LIABILITIES	
Accounts payable	816,889
Accrued liabilities	932,593
Due to other governments	279,741
Customer deposits	736,692
Long-term liabilities:	
Due within one year:	
Compensated absences	259,950
Due in more than one year:	
Compensated absences	1,640,857
Net pension liability	<u>7,028,782</u>
 Total liabilities	 <u>11,695,504</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>881,744</u>
NET POSITION	
Net investment in capital assets	87,932,876
Restricted	8,751,121
Unrestricted	<u>174,168</u>
 Total net position	 <u><u>\$ 96,858,165</u></u>

The accompanying notes are an integral part of these financial statements.

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Statement of Activities
For the Fiscal Year Ended June 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Interpretive	\$ 1,508,601	\$ 428,305	\$ 21	\$ (1,080,275)
Natural resources	2,210,964	1,281,679	260,000	(669,285)
Regional parks	6,165,375	4,765,134	-	(1,400,241)
Community parks	3,137,482	1,438,075	1,438,062	(261,345)
Planning and construction	2,749,760	246,309	1,295,509	(1,207,942)
Recreation	5,153,344	4,069,026	414,814	(669,504)
General government	1,476,794	671,532	750,000	(55,262)
Total governmental activities	<u>\$ 22,402,320</u>	<u>\$ 12,900,060</u>	<u>\$ 4,158,406</u>	<u>(5,343,854)</u>
General revenues:				
Property taxes				5,820,144
Use of money and property				<u>81,965</u>
Total general revenues				<u>5,902,109</u>
Special item:				
Transfer of operations				<u>3,490,532</u>
Change in net position				4,048,787
Net position, beginning of year, as restated				<u>92,809,378</u>
Net position, end of year				<u>\$ 96,858,165</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Balance Sheet – Governmental Funds
June 30, 2016**

	<u>General Fund</u>	<u>Santa Ana River Mitigation</u>	<u>CSA Park Maintenance</u>
ASSETS			
Cash	\$ 5,306,148	\$ 3,846,183	\$ 747,588
Accounts receivable	95,219	-	-
Taxes receivable	95,036	-	-
Interest receivable	4,804	4,777	528
Due from other governments	134,400	-	-
Due from other funds	400,504	-	237,435
Prepaid expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 6,036,111</u>	<u>\$ 3,850,960</u>	<u>\$ 985,551</u>
LIABILITIES			
Accounts payable	\$ 523,956	\$ 1,976	\$ 110,950
Accrued liabilities	783,818	3,423	82,504
Due to other governments	-	-	-
Due to other funds	26,766	-	396,508
Customer deposits	724,600	-	12,092
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,059,140</u>	<u>5,399</u>	<u>602,054</u>
FUND BALANCE			
Restricted	-	3,845,561	383,497
Assigned	-	-	-
Unassigned	3,976,971	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>3,976,971</u>	<u>3,845,561</u>	<u>383,497</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 6,036,111</u>	<u>\$ 3,850,960</u>	<u>\$ 985,551</u>

The accompanying notes are an integral part of these financial statements.

(continued)

<u>Park Acquisition and Development</u>	<u>Capital Development Parks - Grants</u>	<u>Developer Impact Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,926,994	\$ 2,218,357	\$ 2,242,210	\$ 2,205,416	\$ 18,492,896
-	-	-	-	95,219
-	-	-	-	95,036
2,729	2,970	3,348	2,197	21,353
36,303	53,945	-	85,167	309,815
-	-	-	27,440	665,379
-	416,981	-	-	416,981
<u>\$ 1,966,026</u>	<u>\$ 2,692,253</u>	<u>\$ 2,245,558</u>	<u>\$ 2,320,220</u>	<u>\$ 20,096,679</u>
\$ -	\$ 76,975	\$ 70,999	\$ 32,033	\$ 816,889
-	-	-	62,848	932,593
-	-	279,741	-	279,741
-	-	-	242,105	665,379
-	-	-	-	736,692
<u>-</u>	<u>76,975</u>	<u>350,740</u>	<u>336,986</u>	<u>3,431,294</u>
-	2,615,278	1,894,818	11,967	8,751,121
1,966,026	-	-	1,971,267	3,937,293
-	-	-	-	3,976,971
<u>1,966,026</u>	<u>2,615,278</u>	<u>1,894,818</u>	<u>1,983,234</u>	<u>16,665,385</u>
<u>\$ 1,966,026</u>	<u>\$ 2,692,253</u>	<u>\$ 2,245,558</u>	<u>\$ 2,320,220</u>	<u>\$ 20,096,679</u>

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016**

Fund balances of governmental funds		\$ 16,665,385
<p>Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet. Total capital assets are as follows:</p>		
Nondepreciable	35,061,559	
Depreciable, net	<u>52,871,317</u>	
Total capital assets		87,932,876
<p>In governmental funds, other postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period they are incurred. The net OPEB asset at the end of the period was:</p>		
		315,584
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Governmental Funds Balance Sheet.</p>		
Compensated absences		(1,900,807)
Net pension liability		(7,028,782)
<p>Deferred outflows and inflows of resources relating to pensions are not reported in the governmental funds because they are applicable to future periods.</p>		
Deferred outflows of resources related to pensions		1,755,653
Deferred inflows of resources related to pensions		<u>(881,744)</u>
Net position of governmental activities		<u><u>\$ 96,858,165</u></u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE COUNTY REGIONAL PARK AND-OPEN SPACE DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Santa Ana River Mitigation</u>	<u>CSA Park Maintenance</u>
REVENUES			
Property taxes	\$ 5,568,390	\$ -	\$ -
Use of money and property	16,129	18,448	2,663
Intergovernmental	1,746,969	227	2,657,992
Charges for services	9,934,484	-	218,095
Operating grants and contributions	10,630	-	50
	<u>17,276,602</u>	<u>18,675</u>	<u>2,878,800</u>
EXPENDITURES			
Interpretive	1,128,373	-	-
Natural resources	724,958	27,386	-
Regional parks	5,055,077	-	-
Community parks	-	-	3,063,378
Planning and construction	419,591	-	-
Recreation	5,152,338	-	-
General government	4,742,702	-	-
	<u>17,223,039</u>	<u>27,386</u>	<u>3,063,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,563</u>	<u>(8,711)</u>	<u>(184,578)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	404,133	-	-
Transfers out	-	(10,000)	-
	<u>404,133</u>	<u>(10,000)</u>	<u>-</u>
SPECIAL ITEM			
Transfer of operations	-	-	-
Net change in fund balance	457,696	(18,711)	(184,578)
Fund balance, beginning of year, as restated	<u>3,519,275</u>	<u>3,864,272</u>	<u>568,075</u>
Fund balance, end of year	<u>\$ 3,976,971</u>	<u>\$ 3,845,561</u>	<u>\$ 383,497</u>

The accompanying notes are an integral part of these financial statements.

(continued)

<u>Park Acquisition and Development</u>	<u>Capital Development Parks - Grants</u>	<u>Developer Impact Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 251,754	\$ 5,820,144
11,052	16,448	7,351	10,194	82,285
-	10,000	1,295,509	1,115,909	6,826,606
-	-	-	68,281	10,220,860
-	-	-	-	10,680
<u>11,052</u>	<u>26,448</u>	<u>1,302,860</u>	<u>1,446,138</u>	<u>22,960,575</u>
-	-	-	147,082	1,275,455
-	-	-	1,254,621	2,006,965
-	-	-	785,674	5,840,751
-	-	-	-	3,063,378
413,481	1,072,990	843,698	-	2,749,760
-	-	-	-	5,152,338
-	-	-	-	4,742,702
<u>413,481</u>	<u>1,072,990</u>	<u>843,698</u>	<u>2,187,377</u>	<u>24,831,349</u>
<u>(402,429)</u>	<u>(1,046,542)</u>	<u>459,162</u>	<u>(741,239)</u>	<u>(1,870,774)</u>
-	-	-	-	404,133
-	-	-	(394,133)	(404,133)
-	-	-	(394,133)	-
-	-	-	801,047	801,047
(402,429)	(1,046,542)	459,162	(334,325)	(1,069,727)
<u>2,368,455</u>	<u>3,661,820</u>	<u>1,435,656</u>	<u>2,317,559</u>	<u>17,735,112</u>
<u>\$ 1,966,026</u>	<u>\$ 2,615,278</u>	<u>\$ 1,894,818</u>	<u>\$ 1,983,234</u>	<u>\$ 16,665,385</u>

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities For the Fiscal Year Ended June 30, 2016

Net change in fund balance - governmental funds \$ (1,069,727)

Amounts reported for governmental activities in the Statement of Activities
are different because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the Statement of Activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 1,546,790

Capital assets related to the transfer of operations is included in the special item on the Statement of Activities. 2,689,485

In governmental funds, other postemployment benefits (OPEB) costs are recognized as expenditures in the period they are paid. In the government-wide statements, OPEB costs are recognized in the period they are incurred. The increase in the net OPEB asset at the end of the period was. 4,000

Compensated absences expense was reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, the changes in compensated absences is not reported as an expenditure in governmental funds. (242,412)

Pension obligation expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 1,120,651

Change in net position of governmental activities \$ 4,048,787

The accompanying notes are an integral part of these financial statements.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Statement of Fiduciary Net Position
June 30, 2016

	Trust Funds		Total
	Historical Commission Fund	Iodine Springs Funds	
ASSETS			
Cash	\$ 27,392	\$ 357,114	\$ 384,506
Interest receivable	34	444	478
Total assets	<u>27,426</u>	<u>357,558</u>	<u>384,984</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted	<u>\$ 27,426</u>	<u>\$ 357,558</u>	<u>\$ 384,984</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016**

	Trust Funds		Total
	Historical Commission Fund	Iodine Springs Funds	
ADDITIONS			
Other local revenue	\$ 441	\$ -	\$ 441
Use of money and property	131	1,709	1,840
Total additions	<u>572</u>	<u>1,709</u>	<u>2,281</u>
DEDUCTIONS			
Administrative expenses	<u>207</u>	<u>35</u>	<u>242</u>
Change in net position	365	1,674	2,039
Net position, beginning of year	<u>27,061</u>	<u>355,884</u>	<u>382,945</u>
Net position, end of year	<u><u>\$ 27,426</u></u>	<u><u>\$ 357,558</u></u>	<u><u>\$ 384,984</u></u>

The accompanying notes are an integral part of these financial statements.

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The District was formed July 1, 1991 for the purpose of preserving, protecting and maintaining open space and wildlife habitat and providing and maintaining regional parks and public recreation facilities under Public Resources Code 5506.7 et seq. District Directors consist of the Board of Supervisors of the County of Riverside. The District is a component unit of the County of Riverside.

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

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

B. Basis of Presentation, Basis of Accounting

Government-Wide Financial Statements

These statements are presented on the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, these statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Major Governmental Funds:

The District maintains the following major governmental funds:

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund. Under GASB 54 the following funds do not meet the criteria to be considered special revenue funds as they are not composed primarily of restricted or committed revenue sources. These funds are the Recreation, Park Resident Utility, Habitat/Open Space Management, and Natural Resources Education Funds, and the activity in those funds is being reported in the General Fund.

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

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

Park Acquisition and Development Fund – This capital projects fund is to account for capital improvements for major parks and open space areas countywide as designated by the Board of Supervisors.

Capital Development Parks – Grants – This capital projects fund is used to account for proceeds and expenditures related to Proposition 40 for the expansion of park facilities.

Capital Development Parks – Developer Impact Fees (DIF) Fund – This capital projects fund is to account for developer impact fees and expansion of parks and trails throughout the County.

Non-Major Governmental Funds:

The District maintains the following non-major governmental funds:

Special Revenue Funds:

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

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Multi-Species Reserve Fund – To account for activities performed under contract with Municipal Water District to provide reserve management services.

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

Lakeland Village/Perret Park Fund – This fund receives property tax increment collected from the Lakeland Village area of Lake Elsinore. Revenues are used to support operations and programming at Lakeland Village Community Center and Perret Park.

Fiduciary Funds:

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

Historical Commission Fund – This private purpose trust fund accounts for revenues and expenditures related to discovering and identifying persons, events and places of historical significance in Riverside County.

Iodine Springs Mitigation Fund – This private purpose trust fund is used to account for activities related to Iodine Springs.

C. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The final adopted and revised budgets are presented for the General Fund and the Santa Ana River Mitigation Fund in the required supplementary information section. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

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

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

Cash and Cash Equivalents

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

Capital Assets

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	27.5 years
Public domain infrastructure	27.5 years
System infrastructure	27.5 years
Furniture and equipment	5-7 years
Vehicles	5-10 years
Field equipment	3-20 years

Unavailable and Unearned Revenue

Unavailable revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue arises when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the amount for unavailable or unearned revenue is removed from the balance sheet and revenue is recognized. Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period (generally 60 days after year-end) are recorded as unavailable revenue.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions, which includes the recognition of contributions made to the pension plan after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows of resources related to pensions, which includes the recognition of the District's proportionate share of the deferred inflows of resources related to its pension plan as more fully described in the footnote entitled "Pension Plan".

Compensated Absences

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

Pensions

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

Fund Balances

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements

June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balances (continued)

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

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

Committed – Amounts considered to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

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

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

Net Position

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

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position (continued)

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted". When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The District adopted a formal minimum fund balance policy in November, 2012, as recommended by GASB Statement No. 54. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1. The District recognizes as revenue only those taxes which are received within 60 days after year end.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

In accordance with GASB Statement No. 16, an employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances. The employee's entitlements to these balances are attributable to services already rendered and it is probably that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

J. Relationship to the County of Riverside

The Riverside County Regional Park and Open-Space District is an integral part of the reporting entity of the County of Riverside. The funds and account groups of the District have been blended within the financial statements of the County because the County Board of Supervisors is the governing board of the District and exercises control over the operations of the District.

Only the funds of the District are included herein, therefore, these financial statements do not purport to represent the financial position of operations of the County of Riverside, California.

K. Implementation of New Pronouncements

The District has adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District implemented GASB Statement No. 82, *Pension Issues*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. The statement addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 2 – CASH

Cash at June 30, 2016, is reported at fair value and consisted of the following:

	<u>Governmental Activities/Funds</u>	<u>Fiduciary Funds</u>
Pooled funds:		
Cash in County Treasury	\$ 18,472,896	\$ 384,506
Total pooled funds	<u>18,472,896</u>	<u>384,506</u>
Deposits:		
Cash in revolving fund	<u>20,000</u>	<u>-</u>
Total cash	<u>\$ 18,492,896</u>	<u>\$ 384,506</u>

Pooled Funds

The District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2016, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2016, none of the District's bank balance was exposed to custodial credit risk.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 2 – CASH (continued)

Fair Value Measurements

The District relies upon information provided by the County Treasury in estimating the fair value position of its holdings in it. The District's holdings in the pool had a value of \$18,857,402 as of June 30, 2016. The allocated totals for each investment type is derived from the percentage of the District's investment balance in relation to the pool's investment balance applied to the pool's total balance for each investment category.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, either directly or indirectly; Level 3 inputs have the lowest priority and consist of unobservable inputs.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2016 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Other</u>
Money market funds	\$ 1,369,207	\$ -	\$ -	\$ -	\$ 1,369,207
Cal Trust Short Term Fund	156,315	-	-	-	156,315
UB Managed Rate	202,631	-	-	-	202,631
Local agency obligations	868	-	-	-	868
U.S. Treasury	1,236,479	1,236,479	-	-	-
Federal Home Loan Mortgage Corporation	3,654,858	3,654,858	-	-	-
Federal National Mortgage Association	1,890,287	1,890,287	-	-	-
Federal Home Loan Bank	3,449,180	1,151,527	2,297,653	-	-
Federal Farm Credit Banks	3,611,951	3,611,951	-	-	-
FAMCA Discount Note	690,895	690,895	-	-	-
Municipal bonds	932,935	-	932,935	-	-
Commercial paper	1,661,796	-	1,661,796	-	-
Total	<u>\$18,857,402</u>	<u>\$12,235,997</u>	<u>\$ 4,892,384</u>	<u>\$ -</u>	<u>\$ 1,729,021</u>

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2016, consisted of the following:

	<u>General Fund</u>	<u>Santa Ana River Mitigation</u>	<u>CSA Park Maintenance</u>	<u>Park Acquisition and Development</u>	<u>Capital Development Parks - Grants</u>	<u>Developer Impact Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Operational revenue	\$ 95,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,219
Property taxes	95,036	-	-	-	-	-	-	95,036
Interest	4,804	4,777	528	2,729	2,970	3,348	2,197	21,353
Due from other governments:								
State of California	-	-	-	-	53,945	-	-	53,945
County of Riverside	20,000	-	-	-	-	-	-	20,000
Jurupa Unified SD	114,400	-	-	-	-	-	-	114,400
Metropolitan Water District	-	-	-	36,303	-	-	85,167	121,470
Total receivables	<u>\$ 329,459</u>	<u>\$ 4,777</u>	<u>\$ 528</u>	<u>\$ 39,032</u>	<u>\$ 56,915</u>	<u>\$ 3,348</u>	<u>\$ 87,364</u>	<u>\$ 521,423</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2016**

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2016, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In General Fund</u>
Santa Ana River Mitigation Bank Fund	\$ 10,000
Non-Major Governmental Funds	<u>394,133</u>
Total	<u>\$ 404,133</u>

During the 2016 fiscal year, the District made interfund transfers to the General Fund of \$10,000 from the Santa Ana Mitigation River Mitigation Fund to support education programs at interpretive centers; \$39,445 from the Multi-Species Reserve Fund and \$354,688 from the MSHCP Reserve Management Fund for accumulated administrative overhead reimbursement revenues. As described in Note 1 and in accordance with GASB statement No. 54, the Recreation and Natural Resource Education Funds are reported within the General Fund in these financial statements, therefore, all interfund activity has been removed from the fund financial statements.

B. Due To/From Other Funds

Due to/from other funds for the fiscal year ended June 30, 2016, consisted of the following:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>CSA Park Maintenance Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ 26,766	\$ 26,766
CSA Park Maintenance Fund	396,508	-	-	396,508
Non-Major Governmental Funds	<u>3,996</u>	<u>237,435</u>	<u>674</u>	<u>242,105</u>
Total	<u>\$ 400,504</u>	<u>\$ 237,435</u>	<u>\$ 27,440</u>	<u>\$ 665,379</u>

Due to/from other funds represented the corrections to program classifications amongst funds.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2016**

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance as of July 1, 2015	Restatement	Additions	Deletions	Balance as of June 30, 2016
Capital assets, not being depreciated:					
Land	\$ 28,263,385	\$ 1,088,920	\$ -	\$ -	\$ 29,352,305
Construction in progress	4,863,145	-	2,423,929	(1,577,820)	5,709,254
Total capital assets, not being depreciated	33,126,530	1,088,920	2,423,929	(1,577,820)	35,061,559
Capital assets, being depreciated:					
Buildings	47,171,954	1,621,633	20,869	-	48,814,456
Machinery and equipment	4,729,664	20,018	199,549	(8,512)	4,940,719
Infrastructure	15,561,063	-	1,577,820	-	17,138,883
Total capital assets, being depreciated	67,462,681	1,641,651	1,798,238	(8,512)	70,894,058
Accumulated depreciation					
Buildings	(8,852,422)	(21,622)	(606,983)	-	(9,481,027)
Machinery and equipment	(4,378,230)	(19,464)	(151,370)	8,512	(4,540,552)
Infrastructure	(3,661,958)	-	(339,204)	-	(4,001,162)
Total accumulated depreciation	(16,892,610)	(41,086)	(1,097,557)	8,512	(18,022,741)
Total capital assets, being depreciated, net	50,570,071	1,600,565	700,681	-	52,871,317
Total capital assets, net	\$ 83,696,601	\$ 2,689,485	\$ 3,124,610	\$ (1,577,820)	\$ 87,932,876

Depreciation expense for the year ended June 30, 2016 was \$1,097,557, and was charged to the following functions in the Statement of Activities:

Interpretive	\$ 238,121
Natural resources	212,266
Regional parks	339,687
Community parks	74,104
Recreation	16,733
General government	216,646
Total depreciation expense	\$ 1,097,557

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 6 – GENERAL LONG-TERM DEBT

The change in long-term debt for the year ended June 30, 2016, was as follows:

	Balance as of July 1, 2015	Additions	Deletions	Balance as of June 30, 2016	Due within one year
Compensated absences	\$ 1,658,395	\$ 242,412	\$ -	\$ 1,900,807	\$ 259,950
Net pension liability	6,188,861	1,789,977	950,056	7,028,782	-
Total	<u>\$ 7,847,256</u>	<u>\$ 2,032,389</u>	<u>\$ 950,056</u>	<u>\$ 8,929,589</u>	<u>\$ 259,950</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Construction Commitments

As of June 30, 2016, the District did not have any commitments with respect to unfinished capital projects.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2016.

NOTE 8 – RISK MANAGEMENT

Property and Liability

The District is part of the County of Riverside's insurance programs including coverage for property, general liability and auto liability. The County's insurance programs for property, general liability, and auto liability are a combination of self insurance and excess insurance providing limits of liability of \$25,000,000 per occurrence.

Workers' Compensation

The employees of the District are considered to be employees of the County of Riverside and are covered by the County's workers' compensation program. The County's workers' compensation program is a combination of self-insurance and excess insurance providing statutory limits of coverage as required by the State of California.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 8 – RISK MANAGEMENT (continued)

Claims Liability

During the year ended June 30, 2016, the District had no settlements exceeding insurance coverage for these categories of risk. For the past three years, settlements or judgment amounts have not exceeded insurance provided for the District.

NOTE 9 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors three rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2016**

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

The Plan’s provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Tier I	Tier II	Tier III
Hire date	Prior to August 23, 2012	August 23, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 60	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-60	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.5%
Required employer contribution rates	12.764%	7.510%	6.730%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Employer contributions for the fiscal year ended June 30, 2016 were \$1,061,769. The actual employer payments of \$900,555 made to CalPERS by the District during the measurement period ended June 30, 2015 differed from the District’s proportionate share of the employer’s contributions of \$984,591 by \$84,036, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The District’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 9 – PENSION PLAN (continued)

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%. For measurement date June 30, 2014, 7.50%.
Inflation	2.75%
Salary Increases ⁽¹⁾	3.3% - 14.2%
Investment Rate of Return ⁽²⁾	7.65%. For measurement date June 30, 2014, 7.50%.
Mortality Rate Table ⁽³⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 9 – PENSION PLAN (continued)

B. Net Pension Liability (continued)

Discount Rate (continued)

are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2016**

NOTE 9 – PENSION PLAN (continued)

B. Net Pension Liability (continued)

Pension Plan Fiduciary Net Position

Information about the pension plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS’ audited financial statements, which are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications, at www.calpers.ca.gov. The plan’s fiduciary net position and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the District’s GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

C. Proportionate Share of Net Pension Liability

The following table shows the Plan’s proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2014 (Valuation Date)	\$ 34,039,194	\$ 27,850,333	\$ 6,188,861
Balance at: 6/30/2015 (Measurement Date)	35,492,715	28,463,933	7,028,782
Net Changes During 2014-2015	1,453,521	613,600	839,921

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District’s proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS’ website under Forms and Publications, at www.calpers.ca.gov. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportionate Share - June 30, 2014	0.25041%
Proportionate Share - June 30, 2015	0.25620%
Change - Increase (Decrease)	0.00579%

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 9 – PENSION PLAN (continued)

C. Proportionate Share of Net Pension Liability (continued)

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

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
\$ 11,862,417	\$ 7,028,782	\$ 3,038,055

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2016**

NOTE 9 – PENSION PLAN (continued)

C. Proportionate Share of Net Pension Liability (continued)

Recognition of Gains and Losses (continued)

The EARSL for the PERF C for the June 30, 2015 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2014), the net pension liability for the plan was \$6,188,861. For the measurement period ending June 30, 2015 (the measurement date), the District incurred a pension expense of \$334,638 for the Plan.

As of June 30, 2016, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 57,719	\$ -
Changes of Assumptions	-	(546,071)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(273,752)
Change in Employer's Proportion	636,165	-
Difference in Actual vs Projected Contributions	-	(61,921)
Pension Contributions Subsequent to Measurement Date	1,061,769	-
Total	<u>\$ 1,755,653</u>	<u>\$ (881,744)</u>

These amounts above are net of outflows and inflows recognized in the 2014-15 measurement period expense. The \$1,061,769 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 9 – PENSION PLAN (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (297,121)
2017	(261,772)
2018	206,159
2019	164,874
2020	-
Remaining	-

E. Payable to the Pension Plan

The District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

Background

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

District Contributions

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

Implicit Subsidy

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2016**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB asset:

Annual required contribution	\$	-
Interest on net OPEB obligation		(21,000)
Adjustment to annual required contribution		<u>17,000</u>
Annual OPEB cost		(4,000)
Contributions made		<u>-</u>
Increase (decrease) in net OPEB obligation		(4,000)
Net OPEB obligation (asset) - beginning of year		<u>(311,584)</u>
Net OPEB obligation (asset) - end of year	\$	<u><u>(315,584)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years are as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	\$ (4,000)	\$ 9,430	236%	\$ (298,972)
2015	(4,000)	8,612	215%	(303,584)
2016	(4,000)	-	0%	(299,584)

Funded Status and Funding Progress – OPEB Plans

As of July 1, 2015, the most recent actuarial valuation date, the District's actuarial accrued liability (AAL) for benefits was \$113,000 and the funding excess was \$193,000. As of July 1, 2015, the District had \$306,000 in plan assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designated to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Straight line
Remaining amortization period	Open, 30 years
Asset valuation	Fair value
Actuarial assumptions:	
Discount rate	7.28%
Payroll increases	3.00%
Inflation	2.75%

NOTE 11 – SERVICE CONCESSION ARRANGEMENTS

- A. On October 15, 1985, and as later amended, the District entered into an agreement with California East Coast, Inc. (the “Company”), under which the Company will operate and collect user fees from a campground, camp store, boat launch and recovery ramp, day-use area and marina fuel station through a lease with the District at McIntyre County Park through the year 2047. The Company will pay the District between ten and seventeen percent of the revenues it earns from the operation of the campground. The Company is required to operate and maintain the campground in accordance with the lease contract. The District reports the campground as a capital asset with a carrying amount of \$51,640 at year-end. The District has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The District also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2016

NOTE 11 – SERVICE CONCESSION ARRANGEMENTS (continued)

- B.** On or about January 1, 1970, and as later amended, the County of Riverside and later the District entered into an agreement with Cavan Inc., now Destiny RV, LLC who assigned its lease rights to Riviera-Reynolds (the "Company"). Under the terms of the agreement, the Company is permitted to engage in the operation of a travel trailer park, rental of spaces in the park, food service operations including a grocery store, boat launching ramp, and other associated camping functions through a lease that is proposed to expire in June 2044. The Company will pay the District the greater of \$300 or seven percent of gross receipts earned from operation of the RV park. The District reports the RV park as a capital asset with a carrying amount of \$131,420 at year-end. The District has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The District also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability.
- C.** In November 2007, the District entered into an agreement with Pyramid Enterprises, Inc. d.b.a Rocky Mountain Recreation Company of Piru, California (the "Company") to sublease its rights to Lake Skinner Recreation Area Concessionaire. Under the provisions of the agreement, the Company is permitted to engage in the operation of a marina, camp store, cafe, parking lots, laundry facility, fueling station, and bike shop. The monthly payment from the Company to the District will be the greater of the combination of 7% of all retail gross sales, 9% of all rental gross sales, and 2% of all fuel gross sales or \$2,500. The District has received no upfront payments or installment payments that are required to be reported as a deferred inflow of resources on the financial statements. The District also has no contractual obligations to sacrifice financial resources that meet the criteria to be recognized as a liability. The term of the agreement is 10 years, renewable in 5 year increments.

NOTE 12 – SPECIAL ITEM (TRANSFER OF OPERATIONS)

On July 28, 1999, the Ortega Trail Recreation Park District (OTRPD) submitted an application to the Local Agency Formation Commission (LAFCO) requesting the dissolution of OTRPD. On November 23, 1999, the County Board of Supervisors approved Item 3.5 to dissolve OTRPD into the County, approving Resolution No. 99-433, which established the exchange of property tax revenue and assets from OTRPD to the County as the successor in interest.

Assets were distributed to County agencies, and property tax revenue was placed into Fund 33200, in support of managing former OTRPD sites.

On June 17, 2014, the Board of Supervisors approved Item 3.18 to contract County Service Area park operations, which included Perret Park, from the County of Riverside/EDA to the District.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements

June 30, 2016

NOTE 12 – SPECIAL ITEM (TRANSFER OF OPERATIONS) (continued)

In March 2015, the Board of Supervisors approved Resolution 2015-042 authorizing purchase of the Butterfield Elementary School site in the Lakeland Village area, for the purpose of converting it into a community center, to fulfill the long-held desire for such a facility since the Village was part of the OTRPD. The property was under the control of the County Parks Department who was to work in conjunction with the 1st District Supervisor's office for future development, maintenance and operations as the Butterfield Community Center. The County Parks Department properties are managed by the District.

In order to facilitate the development, future maintenance and operation of Perret Park and Butterfield Community Center, and because the District had already assumed, by contract, the responsibility for park and community center maintenance and operations in the Lakeland Village area, it was determined that full transfer of Fund 33200 to the District would best serve the citizens of the County and District. The final transfer was approved August 18, 2015.

The District recognized the carrying values of assets and liabilities of the Lakeland Village/Perret Park fund as of August 18, 2015 and a special item of \$3,490,532 is reported in the government-wide Statement of Activities, and a special item of \$801,047 is reported in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds, representing the inflow of resources for the net position/fund balance received.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2016**

NOTE 13 – PRIOR PERIOD RESTATEMENT

During the fiscal year ended June 30, 2016, the District discovered various department numbers were linked to the incorrect fund. Therefore, an adjustment to beginning fund balance and net position has been recorded to account for these variances.

Fund Name	Beginning Fund Balance, as previously reported	Restatement	Beginning Fund Balance, as restated
<i>Major Funds:</i>			
Operating	\$ 2,106,171	\$ (336,173)	\$ 1,769,998
Recreation	(238,947)	335,920	96,973
Habitat & Open Space Management	1,521,786	(239,873)	1,281,913
Residence Utilities	370,422	(31)	370,391
<i>Total reported General Fund</i>	3,759,432	(240,157)	3,519,275
Santa Ana River Mitigation Bank	3,861,816	2,456	3,864,272
CSA Parks & Community Centers	568,166	(91)	568,075
Park Acquisition & Development	2,368,651	(196)	2,368,455
Capital Development Parks - Grants ¹	3,156,453	505,367	3,661,820
Santa Ana River Trail	2,214	(2,214)	-
Capital Development Parks - DIF ²	1,435,829	(173)	1,435,656
West Parks DIF	144	(144)	-
East Parks DIF	737	(737)	-
West Trails DIF	2,108	(2,108)	-
East Trails DIF	379	(379)	-
<i>Non-Major Funds:</i>			
Off-Highway Vehicle Management	548,673	(286,206)	262,467
Fish & Game Commission	9,754	-	9,754
Arundo Removal	701,522	523,096	1,224,618
Multi-Species Reserve	207,963	(8)	207,955
MSHCP Reserve Management	612,820	(55)	612,765
	\$ 17,236,661	\$ 498,451	\$ 17,735,112
	Beginning Net Position, as previously reported	Restatement	Beginning Net Position, as restated
Governmental Activities	\$ 92,310,927	\$ 498,451	\$ 92,809,378

¹ The Santa Ana River Trail Fund activity was closed to the Capital Development Parks - Grants Fund.

² The West/East Parks and Trails DIF Funds were closed to the Capital Development Parks - DIF fund.

Required Supplementary Information

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Budgetary Comparison Schedule – General Fund – Budgetary Basis
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 5,123,234	\$ 5,123,234	\$ 5,568,390	\$ 445,156
Use of money and property	2,040	2,040	7,764	5,724
Intergovernmental	186,422	186,422	751,435	565,013
Charges for services	6,297,443	6,592,362	5,978,455	(613,907)
Operating grants and contributions	-	-	21	21
Total revenues	11,609,139	11,904,058	12,306,065	402,007
EXPENDITURES				
Salaries and benefits	6,443,611	6,782,663	6,633,175	149,488
Services and supplies	5,128,991	5,138,991	4,152,363	986,628
Interfund expenditures	532,677	532,677	525,933	6,744
Capital outlay	268,500	608,500	67,566	540,934
Total expenditures	12,373,779	13,062,831	11,379,037	1,683,794
Excess (deficiency) of revenues over (under) expenditures	(764,640)	(1,158,773)	927,028	2,085,801
OTHER FINANCING SOURCES (USES)				
Transfers in	498,488	892,621	404,133	(488,488)
Transfers out	(286,795)	(686,795)	(686,795)	-
Total other financing sources (uses)	211,693	205,826	(282,662)	(488,488)
Net change in fund balance	(552,947)	(952,947)	644,366	1,597,313
Fund balance, beginning of year, as restated	3,519,275	3,519,275	3,519,275	-
Fund balance, end of year	\$ 2,966,328	\$ 2,566,328	\$ 4,163,641	\$ 1,597,313

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Budgetary Comparison Schedule – General Fund – Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2016**

**Reconciliation of the Budgetary Comparison Schedule - General Fund to the
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds (GAAP Basis)**

Actual revenues from budgetary comparison schedule	\$ 12,306,065
Revenues from other general funds are combined with the general fund, as required under generally accepted accounting principles	<u>4,970,537</u>
Total revenues as areported on the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund (GAAP Basis)	<u>17,276,602</u>
Actual expenditures from budgetary comparison schedule	11,379,037
Expenditures from other general funds are combined with the general fund, as required under generally accepted accounting principles	<u>5,844,002</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund (GAAP Basis)	<u>17,223,039</u>
Actual other financing sources (uses) from budgetary comparison schedule	(282,662)
Actual other financing sources (uses) from other general funds are combined with the general fund, as required under generally accepted accounting principles	<u>686,795</u>
Total other financing sources (uses) as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund (GAAP Basis)	<u>404,133</u>
Net change in fund balance as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund (GAAP Basis)	457,696
Fund balance, beginning of year, as restated (GAAP Basis)	<u>3,519,275</u>
Fund balance, end of year (GAAP Basis)	<u>\$ 3,976,971</u>

Certain funds, including the Recreation, Habitat & Open Space Management and Park Resident Employee Utility Funds, are combined into the General Fund for reporting purposes under generally accepted accounting principles (GAAP).

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Budgetary Comparison Schedule – Santa Ana River Mitigation Fund
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 6,000	\$ 6,000	\$ 18,448	\$ 12,448
Intergovernmental	-	-	227	227
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>18,675</u>	<u>12,675</u>
EXPENDITURES				
Salaries and benefits	17,601	17,601	16,336	1,265
Services and supplies	64,228	64,228	11,050	53,178
Total expenditures	<u>81,829</u>	<u>81,829</u>	<u>27,386</u>	<u>54,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,829)</u>	<u>(75,829)</u>	<u>(8,711)</u>	<u>67,118</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(510,000)</u>	<u>(510,000)</u>	<u>(10,000)</u>	<u>500,000</u>
Total other financing sources (uses)	<u>(510,000)</u>	<u>(510,000)</u>	<u>(10,000)</u>	<u>500,000</u>
Net change in fund balance	(585,829)	(585,829)	(18,711)	567,118
Fund balance, beginning of year, as restated	<u>3,864,272</u>	<u>3,864,272</u>	<u>3,864,272</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,278,443</u>	<u>\$ 3,278,443</u>	<u>\$ 3,845,561</u>	<u>\$ 567,118</u>

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Budgetary Comparison Schedule – CSA Parks & Maintenance Fund
For the Fiscal Year Ended June 30, 2016**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 2,000	\$ 2,000	\$ 2,663	\$ 663
Intergovernmental	2,316,612	3,541,624	2,657,992	(883,632)
Charges for services	275,150	287,685	218,095	(69,590)
Operating grants and contributions	-	-	50	50
Total revenues	2,593,762	3,831,309	2,878,800	(952,509)
EXPENDITURES				
Salaries and benefits	1,087,358	1,192,358	1,030,273	162,085
Services and supplies	1,784,253	2,113,513	1,836,737	276,776
Interfund expenditures	6,200	34,700	24,081	10,619
Capital outlay	100,000	259,607	172,287	87,320
Total expenditures	2,977,811	3,600,178	3,063,378	536,800
Excess (deficiency) of revenues over (under) expenditures	(384,049)	231,131	(184,578)	(415,709)
Fund balance, beginning of year, as restated	568,075	568,075	568,075	-
Fund balance, end of year	\$ 184,026	\$ 799,206	\$ 383,497	\$ (415,709)

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Schedule of Proportionate Share of the Plan's Net Pension Liability and
Related Ratios as of the Measurement Date – Last 10 Years*
For the Fiscal Year Ended June 30, 2016**

	Measurement Date	
	6/30/2014	6/30/2015
Employer's Proportion of the Collective Net Pension Liability ¹	0.09950%	0.25620%
Employer's Proportionate Share of the Collective Net Pension Liability	\$6,188,861	\$7,028,782
Employer's Covered Payroll ²	\$5,073,752	\$5,930,138
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	121.98%	118.53%
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.82%	80.20%

¹ Proportion of the collective net pension liability represents the Plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

² Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Measurement period 2013-14 (fiscal year 2014-2015) was the first year of implementation, therefore, only two years are shown.

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Schedule of Plan Contributions – Last 10 Years*
For the Fiscal Year Ended June 30, 2016**

	Fiscal Year	
	6/30/2015	6/30/2016
Actuarially Determined Contribution	\$ 950,056	\$ 1,061,769
Contributions in Relation to the Actuarially Determined Contribution	(950,056)	(1,061,769)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,930,138	\$ 6,836,357
Contributions as a Percentage of Covered Payroll ¹	16.02%	15.53%

¹ Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Fiscal year 2014-15 was the first year of implementation, therefore, only two years are shown.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2016**

<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded/ (Funded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2011	\$ 232,000	\$ 139,000	\$ (93,000)	166.9%	\$ 4,871,000	-1.9%
7/1/2013	259,000	132,000	(127,000)	196.2%	4,607,000	-2.8%
7/1/2015	306,000	113,000	(193,000)	270.8%	7,090,000	-2.7%

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2016

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

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

Schedule of Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date

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

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

Schedule of Contributions

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

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

Schedule of Funding Progress

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2016**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2016, the District did not incur any expenditures in excess of appropriations in the individual major funds presented in the Budgetary Comparison Schedules.

Supplementary Information

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2016

	Off Hwy Vehicle Mgmt	Fish and Game Commission	Arundo Removal	Multi-Species Reserve	MSHCP Reserve Management	Lakeland Village/ Perret Park	Total Non-Major Funds
ASSETS							
Cash	\$ 360,196	\$ 11,953	\$ 994,539	\$ 52,847	\$ 251,358	\$ 534,523	\$ 2,205,416
Interest receivable	513	14	899	60	140	571	2,197
Due from other governments	-	-	-	85,167	-	-	85,167
Due from other funds	-	-	-	26,766	674	-	27,440
Total assets	<u>\$ 360,709</u>	<u>\$ 11,967</u>	<u>\$ 995,438</u>	<u>\$ 164,840</u>	<u>\$ 252,172</u>	<u>\$ 535,094</u>	<u>\$ 2,320,220</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 3,160	\$ 207	\$ 5,856	\$ 22,810	\$ 32,033
Accrued liabilities	-	-	11,716	10,096	41,036	-	62,848
Due to other funds	-	-	-	-	-	242,105	242,105
Total liabilities	<u>-</u>	<u>-</u>	<u>14,876</u>	<u>10,303</u>	<u>46,892</u>	<u>264,915</u>	<u>336,986</u>
FUND BALANCE							
Restricted	-	11,967	-	-	-	-	11,967
Assigned	<u>360,709</u>	<u>-</u>	<u>980,562</u>	<u>154,537</u>	<u>205,280</u>	<u>270,179</u>	<u>1,971,267</u>
Total fund balance	<u>360,709</u>	<u>11,967</u>	<u>980,562</u>	<u>154,537</u>	<u>205,280</u>	<u>270,179</u>	<u>1,983,234</u>
Total liabilities and fund balance	<u>\$ 360,709</u>	<u>\$ 11,967</u>	<u>\$ 995,438</u>	<u>\$ 164,840</u>	<u>\$ 252,172</u>	<u>\$ 535,094</u>	<u>\$ 2,320,220</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2016**

	<u>Off Hwy Vehicle Mgmt</u>	<u>Fish and Game Commission</u>	<u>Arundo Removal</u>	<u>Multi-Species Reserve</u>	<u>MSHCP Reserve Management</u>	<u>Lakeland Village/ Perret Park</u>	<u>Total Non-Major Funds</u>
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,754	\$ 251,754
Use of money and property	3,009	53	2,653	302	1,125	3,052	10,194
Intergovernmental	98,642	2,160	21,329	263,604	730,174	-	1,115,909
Charges for services	-	-	68,281	-	-	-	68,281
Total revenues	<u>101,651</u>	<u>2,213</u>	<u>92,263</u>	<u>263,906</u>	<u>731,299</u>	<u>254,806</u>	<u>1,446,138</u>
EXPENDITURES							
Interpretive	-	-	147,082	-	-	-	147,082
Natural resources	3,409	-	189,237	277,879	784,096	-	1,254,621
Regional parks	-	-	-	-	-	785,674	785,674
Total expenditures	<u>3,409</u>	<u>-</u>	<u>336,319</u>	<u>277,879</u>	<u>784,096</u>	<u>785,674</u>	<u>2,187,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>98,242</u>	<u>2,213</u>	<u>(244,056)</u>	<u>(13,973)</u>	<u>(52,797)</u>	<u>(530,868)</u>	<u>(741,239)</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	(39,445)	(354,688)	-	(394,133)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,445)</u>	<u>(354,688)</u>	<u>-</u>	<u>(394,133)</u>
SPECIAL ITEM							
Transfer of operations	-	-	-	-	-	801,047	801,047
Net change in fund balance	98,242	2,213	(244,056)	(53,418)	(407,485)	270,179	(334,325)
Fund balance, beginning of year, as restated	262,467	9,754	1,224,618	207,955	612,765	-	2,317,559
Fund balance, end of year	<u>\$ 360,709</u>	<u>\$ 11,967</u>	<u>\$ 980,562</u>	<u>\$ 154,537</u>	<u>\$ 205,280</u>	<u>\$ 270,179</u>	<u>\$ 1,983,234</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Combining Balance Sheet – General Fund
June 30, 2016

	<u>General Fund Operating</u>	<u>Recreation</u>	<u>Habitat & Open Space Management</u>	<u>Park Resident Emp Utility</u>	<u>Reported General Fund</u>
ASSETS					
Cash	\$ 2,993,199	\$ 807,380	\$ 1,105,037	\$ 400,532	\$ 5,306,148
Accounts receivable	59,902	35,317	-	-	95,219
Taxes receivable	95,036	-	-	-	95,036
Interest receivable	2,677	-	1,634	493	4,804
Due from other governments	-	134,400	-	-	134,400
Due from other funds	400,504	-	-	-	400,504
	<u>400,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,504</u>
Total assets	<u>\$ 3,551,318</u>	<u>\$ 977,097</u>	<u>\$ 1,106,671</u>	<u>\$ 401,025</u>	<u>\$ 6,036,111</u>
LIABILITIES					
Accounts payable	\$ 215,836	\$ 284,731	\$ 22,497	\$ 892	\$ 523,956
Accrued liabilities	390,133	363,358	29,597	730	783,818
Due to other funds	26,766	-	-	-	26,766
Customer deposits	504,219	214,081	-	6,300	724,600
	<u>504,219</u>	<u>214,081</u>	<u>-</u>	<u>6,300</u>	<u>724,600</u>
Total liabilities	<u>1,136,954</u>	<u>862,170</u>	<u>52,094</u>	<u>7,922</u>	<u>2,059,140</u>
FUND BALANCE					
Unassigned	<u>2,414,364</u>	<u>114,927</u>	<u>1,054,577</u>	<u>393,103</u>	<u>3,976,971</u>
Total fund balance	<u>2,414,364</u>	<u>114,927</u>	<u>1,054,577</u>	<u>393,103</u>	<u>3,976,971</u>
Total liabilities and fund balance	<u>\$ 3,551,318</u>	<u>\$ 977,097</u>	<u>\$ 1,106,671</u>	<u>\$ 401,025</u>	<u>\$ 6,036,111</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Combining Statement of Revenues and Expenditures – General Fund
For the Fiscal Year Ended June 30, 2016**

	General Fund Operating	Recreation	Habitat & Open Space Management	Park Resident Emp Utility	Eliminations	Reported General Fund
REVENUES						
Property taxes	\$ 5,568,390	\$ -	\$ -	\$ -	\$ -	\$ 5,568,390
Use of money and property	7,764	-	6,505	1,860	-	16,129
Intergovernmental	751,435	586,351	409,183	-	-	1,746,969
Charges for services	5,978,455	3,886,537	18,520	50,972	-	9,934,484
Operating grants and contributions	21	10,609	-	-	-	10,630
Total revenues	<u>12,306,065</u>	<u>4,483,497</u>	<u>434,208</u>	<u>52,832</u>	<u>-</u>	<u>17,276,602</u>
EXPENDITURES						
Interpretive	1,128,373	-	-	-	-	1,128,373
Natural resources	63,414	-	661,544	-	-	724,958
Regional parks	5,024,957	-	-	30,120	-	5,055,077
Planning and construction	419,591	-	-	-	-	419,591
Recreation	-	5,152,338	-	-	-	5,152,338
General government	4,742,702	-	-	-	-	4,742,702
Total expenditures	<u>11,379,037</u>	<u>5,152,338</u>	<u>661,544</u>	<u>30,120</u>	<u>-</u>	<u>17,223,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>927,028</u>	<u>(668,841)</u>	<u>(227,336)</u>	<u>22,712</u>	<u>-</u>	<u>53,563</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	404,133	686,795	-	-	(686,795)	404,133
Transfers out	(686,795)	-	-	-	686,795	-
Total other financing sources (uses)	<u>(282,662)</u>	<u>686,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,133</u>
Net change in fund balance	644,366	17,954	(227,336)	22,712	-	457,696
Fund balance, beginning of year, as restated	1,769,998	96,973	1,281,913	370,391	-	3,519,275
Fund balance, end of year	<u>\$ 2,414,364</u>	<u>\$ 114,927</u>	<u>\$ 1,054,577</u>	<u>\$ 393,103</u>	<u>\$ -</u>	<u>\$ 3,976,971</u>

Other Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside County Regional Park and Open-Space District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

MEMBERS

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Quality Center

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Certified Public Accountants

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Finding 2016-1 that we consider to be a significant deficiency.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
November 4, 2016

Findings and Responses

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Current Year Audit Findings and Responses For the Fiscal Year Ended June 30, 2016

SECTION I - FINANCIAL STATEMENT FINDINGS

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

Finding 2016-1: Cash Receipts and Deposits (previously included in Finding 2015-1)

Observation: During our testing of cash receipts and deposits procedures at the various District sites as well as at the District office, we noted several instances of control weaknesses. At Idyllwild Nature Center, there is no clear audit trail from the point of collection to deposit at the bank. The Nature Center is commingling its cash collections with the funds of a local not-for-profit organization, which operates a gift shop onsite, and clear segregation of the rights to revenues and cash is difficult to discern.

Recommendation: The activities of the Idyllwild Nature Center should be completely segregated from the activities of associated organizations in order to maintain the integrity of cash controls.

District Response: On July 12, 2016, the District entered into a revenue-sharing Concessionaire Agreement with the Friends of the San Jacinto Mountain County Parks (Friends) whereby the Friends would maintain the Idyllwild Nature Center Gift Shop inventory, the District would control all cash and financial activities of the Gift Shop, and the District would retain 10% of gross sales revenue. This agreement was created in order to fully resolve the issue of commingling of funds at that location. On the agreement's effective date, the District implemented its standard cash handling procedures and has subsequently controlled all cash at that location. According to the agreement, the District's responsibility was to control all cash, reconcile monthly gift shop sales, and remit 90% of total sales revenue to the Friends for that month. The Friends' responsibility was to purchase inventory and keep the gift shop clean and stocked. However, on July 24, 2016, less than two weeks after the agreement became effective, the Friends' president contacted the District and expressed a desire to cancel the agreement and donate all existing gift shop fixtures and inventory to the District. District staff performed a full inventory count and valuation in order to accept the donation, and as of October 1, 2016 the Concessionaire Agreement was cancelled and the Friends relinquished all control of the gift shop.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016**

<u>Original Finding</u>	<u>Status</u>
2015-2 – Expenditures	Implemented
2015-3 – Inventory	Implemented

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