

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

**Financial Statements and
Independent Auditor's Report**

**For the Fiscal Year Ended
June 30, 2017**

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

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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, 2017, 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, 2017, 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 17, 2017 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 17, 2017

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

This discussion and analysis of Riverside County Regional Park and Open-Space District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the current fiscal year by \$84,681,340.
- The District's financial position decreased overall as a result of this year's operations. Net position of governmental activities decreased by \$162,092, or 0.19% of the restated beginning Net Position.
- Governmental expenses were about \$18.9 million. Revenues were about \$21.2 million.
- The District spent about 3.6 million in new capital assets during the year. These expenses were incurred primarily from capital projects funds for capital improvement projects.
- The District decreased its outstanding long-term debt by \$1,361,208, and overall debt increased by \$3,184,762. This was due to changes in compensated absences and net pension liability.
- Unassigned fund balance in the District's General Fund represents 32.3% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

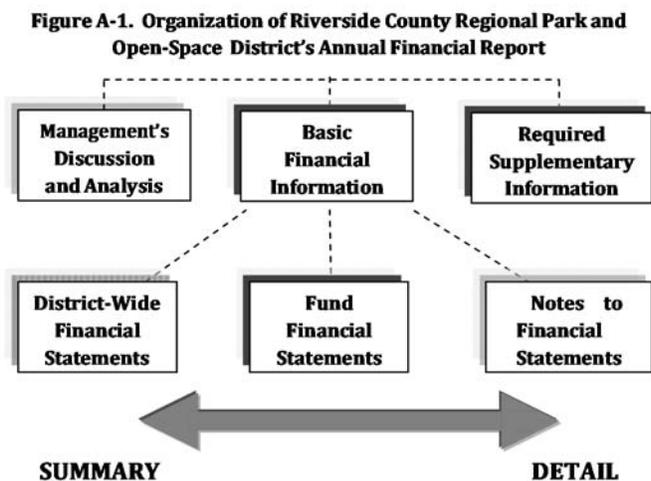
- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

The *governmental funds* statements tell how basic services like parks and recreation were financed in the short term as well as what remains for future spending.

The *fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017**

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, 2017

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, 2017

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was lower on June 30, 2017 than it was the year before, decreased 0.19% from the restated beginning net position to \$84.7 million.

Table A-1: Net Position

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2016	2017	
Current and other assets	\$ 19.7	\$ 18.8	\$ (0.9)
Capital assets	87.9	76.0	(11.9)
Total assets	107.6	94.8	(12.8)
Total deferred outflows of resources	1.8	3.3	1.5
Other liabilities	2.8	2.3	(0.5)
Long-term liabilities	8.9	10.8	1.9
Total liabilities	11.7	13.1	1.4
Total deferred inflows of resources	0.9	0.4	(0.5)
Net position			-
Net investment in Capital Assets	87.9	76.0	(11.9)
Restricted	8.3	8.5	0.2
Unrestricted	0.6	0.1	(0.5)
Total net position	\$ 96.8	\$ 84.6	\$ (12.2)

Changes in net position, governmental activities

The District's total revenues decreased 7.6% to \$21.2 million. The decrease is due primarily to decreased charges for services.

Table A-2: Changes in Net Position

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2016	2017	
Total Revenues	\$ 23.0	\$ 21.2	\$ (1.8)
Total Expenditures	22.4	18.9	(3.5)
Special Item: Transfer of Operations	-	(2.5)	(2.5)
Increase (decrease) in net position	\$ 0.6	\$ (0.2)	\$ (0.8)

The total cost of all programs and services decreased 15.6% to \$18.9 million. This decrease is due to the discontinuation of aquatics operations as of the end of the 2016 summer season, the discontinuation of CSA Park maintenance services as of June 30, 2016, and the discontinuation of Community Centers services as of January 1, 2017.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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 \$16.1 million, which is below last year's ending fund balance of \$16.4 million, as restated. The primary cause of the decreased fund balance is continuing costs associated with maintenance and operations within the District's open-space areas, particularly in Hidden Valley, without sufficient specific revenue sources to support such activities.

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 final budget for the General Fund anticipated that expenditures would exceed revenues by about \$1.9 million, the actual results for the year show that revenues exceeded expenditures by roughly \$1.3 million. Actual revenues were \$501,142 more than anticipated, and expenditures were \$2.2 million less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016-17 the District had invested \$3.6 million in new capital assets, related to the District's ongoing efforts towards constructing new regional trails and continued work on the Santa Ana River Trail. Total depreciation expense for the year was about \$1 million. A prior period adjustment for \$11.8 million was posted in order to account for unrecorded accumulated depreciation on buildings and infrastructure assets, and an additional \$2.5 million was restated due to the transfer of land and machinery assets to another County department. (More detailed information about capital assets can be found in Note 5 to the financial statements).

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

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2016	2017	
Land	\$ 29.4	\$ 28.4	\$ (1.0)
Construction in Progress	5.7	7.2	1.5
Buildings	39.3	36.4	(2.9)
Machinery & Equipment	0.4	0.4	0.0
Infrastructure	13.1	3.6	(9.5)
Total Net Capital Assets at Year-End	\$ 87.9	\$ 76.0	\$ (11.9)

Long-Term Debt

At year-end the District had \$10.8 million in compensated absences and net pension liability – an increase of 20.4% from the prior year balance – as shown in Table A-4. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements).

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Table A-4: Outstanding Debt at Year-End

	Governmental Activities (In millions)		Variance Increase (Decrease)
	2016	2017	
Compensated Absences	\$ 1.9	\$ 1.6	\$ (0.3)
Net Pension Liability	7.0	9.2	2.2
Total Outstanding Debt at Year-End	\$ 8.9	\$ 10.8	\$ 1.9

FACTORS BEARING ON THE DISTRICT'S FUTURE

In 2016-17, the District severed agreements to operate the County's Community Centers, two Waterparks, and several CSA Parks. Additionally, the District required each operating unit to cut their expenditure targets by 5-7%, coupled with staffing reductions through attrition and by absorbing staff into other programs that had current open positions. These key measures were necessary to ensure that the District was able to balance revenues with expenditures, in addition to shoring up the District general fund balance to minimum targets. Positive results were achieved with reserves climbing from 19.8% to 32.4% of operating expenditures at fiscal year-end.

The District has been focused upon building a sustainable system and adopted a new three-year strategic plan which will continue to serve as a guide to constantly improve in four key areas: Customer Service, Learning & Growth, Internal Business Support, and Finance. The District reorganized with a smaller management structure and continues to adapt to the needs of county residents and visitors with a goal of remaining efficient yet productive as staffing vacancies occur. Staff are working to improve the guest experience by developing a point-of-sale system that will make checking into District parks a much more efficient process. Funding was also set aside to deal with aging rolling stock, which will be addressed through implementation of a comprehensive fleet maintenance program. Finally, the District developed a partnership that resulted in the first ever Santa Ana River Trail family biking event, creating awareness for this extraordinary amenity.

Looking forward, attention will be placed on the District's infrastructure needs including both replacement and maintenance. It is imperative that the District provide sustained attention to closing the Capital Expenditure gap. Delaying investment in deteriorating infrastructure will impede the District's ability to compete with other park and camping facilities in the Region, and also escalates costs and risks which can be avoided by properly funding preventative and regularly-scheduled maintenance activities.

Other factors that are impacting the District financially include cost increases for County internal service charges and workers compensation, labor cost increases, retirement liabilities, and difficult State and Federal mandates and bureaucracy which have had a significant impact on project and program costs. District management is continually and 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, 2017**

	Governmental Activities
ASSETS	
Cash	\$ 17,146,761
Accounts receivable	144,114
Taxes receivable	88,739
Interest receivable	19,734
Due from other governments	746,811
Prepaid expenses	302,477
OPEB asset	319,584
Capital assets, not being depreciated	35,613,422
Capital assets, net of depreciation	<u>40,428,972</u>
 Total assets	 <u>94,810,614</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>3,334,453</u>
LIABILITIES	
Accounts payable	862,486
Accrued liabilities	547,168
Due to other governments	279,741
Customer deposits	7,600
Unearned revenue	597,863
Long-term liabilities:	
Due within one year:	
Compensated absences	266,675
Due in more than one year:	
Compensated absences	1,334,693
Net pension liability	<u>9,151,775</u>
 Total liabilities	 <u>13,048,001</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>415,726</u>
NET POSITION	
Net investment in capital assets	76,042,394
Restricted	8,531,055
Unrestricted	<u>107,891</u>
 Total net position	 <u><u>\$ 84,681,340</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, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Interpretive	\$ 1,304,785	\$ 407,631	\$ 3,411	\$ (893,743)
Natural resources	2,350,204	1,079,739	260,000	(1,010,465)
Regional parks	5,975,357	5,148,678	-	(826,679)
Community parks	271,072	30,497	-	(240,575)
Community centers	889,304	350,739	590,189	51,624
Planning and construction	4,052,241	1,555,512	2,065,681	(431,048)
Recreation	2,939,833	2,769,612	249,612	79,391
General government	1,128,546	653,760	-	(474,786)
Total governmental activities	<u>\$ 18,911,342</u>	<u>\$ 11,996,168</u>	<u>\$ 3,168,893</u>	<u>(3,746,281)</u>
General revenues:				
				6,002,184
				<u>82,611</u>
				<u>6,084,795</u>
Special item:				
				<u>(2,500,606)</u>
				(162,092)
				<u>84,843,432</u>
				<u>\$ 84,681,340</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, 2017**

	Special Revenue Funds			
	General Fund	Santa Ana River Mitigation	CSA Park Maintenance	Community Center Maintenance
ASSETS				
Cash	\$ 5,909,069	\$ 3,761,803	\$ 378,587	\$ 104,624
Accounts receivable	143,315	799	-	-
Taxes receivable	88,739	-	-	-
Interest receivable	6,145	4,944	476	318
Due from other governments	92,638	-	-	-
Due from other funds	1,500,048	-	2,500,236	2,838,416
Prepaid expenses	-	-	-	-
Total assets	\$ 7,739,954	\$ 3,767,546	\$ 2,879,299	\$ 2,943,358
LIABILITIES				
Accounts payable	\$ 261,152	\$ 2,997	\$ 9	\$ -
Accrued liabilities	477,652	-	-	-
Due to other governments	-	-	-	-
Due to other funds	1,402,213	2,775	2,968,748	2,467,739
Customer deposits	7,600	-	-	-
Unearned revenues	597,863	-	-	-
Total liabilities	2,746,480	5,772	2,968,757	2,467,739
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	50,473	-	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	-	3,761,774	(89,458)	475,619
Assigned	-	-	-	-
Unassigned	4,943,001	-	-	-
Total fund balance	4,943,001	3,761,774	(89,458)	475,619
Total liabilities and fund balance	\$ 7,739,954	\$ 3,767,546	\$ 2,879,299	\$ 2,943,358

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

(continued)

Capital Project Funds			
Capital Development Parks - Grants	Developer Impact Fees	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,350,335	\$ 2,253,147	\$ 2,389,196	\$ 17,146,761
-	-	-	144,114
-	-	-	88,739
3,012	1,669	3,170	19,734
557,613	-	96,560	746,811
-	116,048	3,537	6,958,285
302,477	-	-	302,477
<u>\$ 3,213,437</u>	<u>\$ 2,370,864</u>	<u>\$ 2,492,463</u>	<u>\$ 25,406,921</u>
\$ 81,917	\$ 435,967	\$ 80,444	\$ 862,486
-	-	69,516	547,168
-	279,741	-	279,741
-	116,048	762	6,958,285
-	-	-	7,600
-	-	-	597,863
<u>81,917</u>	<u>831,756</u>	<u>150,722</u>	<u>9,253,143</u>
-	-	-	50,473
302,477	-	-	302,477
2,829,043	1,539,108	14,969	8,531,055
-	-	2,327,442	2,327,442
-	-	(670)	4,942,331
<u>3,131,520</u>	<u>1,539,108</u>	<u>2,341,741</u>	<u>16,103,305</u>
<u>\$ 3,213,437</u>	<u>\$ 2,370,864</u>	<u>\$ 2,492,463</u>	<u>\$ 25,406,921</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, 2017

Fund balances of governmental funds \$ 16,103,305

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:

Nondepreciable	35,613,422	
Depreciable, net	<u>40,428,972</u>	
Total capital assets		76,042,394

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: 319,584

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.

Compensated absences	(1,601,368)
Net pension liability	(9,151,775)

Deferred outflows and inflows of resources relating to pensions are not reported in the governmental funds because they are applicable to future periods.

Deferred outflows of resources related to pensions	3,334,453
Deferred inflows of resources related to pensions	(415,726)

Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity 50,473

Net position of governmental activities \$ 84,681,340

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, 2017**

	Special Revenue Funds			
	General Fund	Santa Ana River Mitigation	CSA Park Maintenance*	Community Center Maintenance
REVENUES				
Property taxes	\$ 5,842,569	\$ -	\$ -	\$ -
Use of money and property	18,287	21,187	2,095	819
Intergovernmental	678,645	-	(2,385,090)	2,988,256
Charges for services	8,644,812	-	(213,809)	455,295
Operating grants and contributions	155,373	-	(50)	800
Total revenues	<u>15,339,686</u>	<u>21,187</u>	<u>(2,596,854)</u>	<u>3,445,170</u>
EXPENDITURES				
Interpretive	948,812	-	-	-
Natural resources	845,742	92,199	-	-
Regional parks	5,269,128	-	-	-
Community parks	-	-	271,072	-
Planning and construction	319,923	-	-	-
Recreation	2,917,926	-	-	-
General government	4,983,648	-	-	-
Community centers	-	-	(2,512,223)	3,086,803
Total expenditures	<u>15,285,179</u>	<u>92,199</u>	<u>(2,241,151)</u>	<u>3,086,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,507</u>	<u>(71,012)</u>	<u>(355,703)</u>	<u>358,367</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	910,000	-	-	-
Transfers out	-	(10,000)	-	-
Total other financing sources (uses)	<u>910,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	964,507	(81,012)	(355,703)	358,367
Fund balance, beginning of year, as restated	<u>3,978,494</u>	<u>3,842,786</u>	<u>266,245</u>	<u>117,252</u>
Fund balance, end of year	<u>\$ 4,943,001</u>	<u>\$ 3,761,774</u>	<u>\$ (89,458)</u>	<u>\$ 475,619</u>

*See Note 12 for further information.

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

(continued)

Capital Projects Funds			
Capital Development Parks - Grants	Developer Impact Fees	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 159,615	\$ 6,002,184
12,171	8,723	19,179	82,461
-	2,065,681	1,184,673	4,532,165
-	-	258,130	9,144,428
<u>1,330,072</u>	<u>-</u>	<u>3,990</u>	<u>1,490,185</u>
<u>1,342,243</u>	<u>2,074,404</u>	<u>1,625,587</u>	<u>21,251,423</u>
-	-	116,556	1,065,368
-	-	1,184,922	2,122,863
-	-	-	5,269,128
-	-	-	271,072
826,001	2,332,739	573,578	4,052,241
-	-	-	2,917,926
-	-	1,000	4,984,648
<u>-</u>	<u>-</u>	<u>314,724</u>	<u>889,304</u>
<u>826,001</u>	<u>2,332,739</u>	<u>2,190,780</u>	<u>21,572,550</u>
<u>516,242</u>	<u>(258,335)</u>	<u>(565,193)</u>	<u>(321,127)</u>
-	-	97,375	1,007,375
<u>-</u>	<u>(97,375)</u>	<u>(900,000)</u>	<u>(1,007,375)</u>
<u>-</u>	<u>(97,375)</u>	<u>(802,625)</u>	<u>-</u>
516,242	(355,710)	(1,367,818)	(321,127)
<u>2,615,278</u>	<u>1,894,818</u>	<u>3,709,559</u>	<u>16,424,432</u>
<u>\$ 3,131,520</u>	<u>\$ 1,539,108</u>	<u>\$ 2,341,741</u>	<u>\$ 16,103,305</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, 2017

Net change in fund balance - governmental funds \$ (321,127)

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. 2,383,904

Capital assets related to the transfer of operations is included in the special item on the Statement of Activities. (2,500,606)

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. 299,439

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. (78,175)

Revenues reported as unavailable in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 50,473

Change in net position of governmental activities \$ (162,092)

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, 2017

	Trust Funds		Total
	Historical Commission Fund	Iodine Springs Funds	
ASSETS			
Cash	\$ 27,567	\$ 352,546	\$ 380,113
Interest receivable	36	460	496
Accounts receivable		100,000	100,000
Due from other governments	1,272	-	1,272
Total assets	<u>28,875</u>	<u>453,006</u>	<u>481,881</u>
LIABILITIES			
Due to other governments	<u>3,213</u>	<u>-</u>	<u>3,213</u>
NET POSITION			
Restricted	<u>\$ 25,662</u>	<u>\$ 453,006</u>	<u>\$ 478,668</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, 2017**

	<u>Trust Funds</u>		<u>Total</u>
	<u>Historical Commission Fund</u>	<u>Iodine Springs Funds</u>	
ADDITIONS			
Other local revenue	\$ 172	\$ -	\$ 172
Use of money and property	152	1,975	2,127
Total additions	<u>324</u>	<u>1,975</u>	<u>2,299</u>
DEDUCTIONS			
Administrative expenses	<u>565</u>	<u>6,526</u>	<u>7,091</u>
Change in net position	(241)	(4,551)	(4,792)
Net position, beginning of year, as restated	<u>25,903</u>	<u>457,557</u>	<u>483,460</u>
Net position, end of year	<u>\$ 25,662</u>	<u>\$ 453,006</u>	<u>\$ 478,668</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, 2017

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, 2017

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.

Community Center Maintenance Fund – This special revenue fund accounts for the District's activities in accordance with its service contract with the County of Riverside to perform programming, maintenance, and operations at several Community Centers throughout Riverside County.

Capital Development Parks – Grants Fund – 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, 2017

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.

Capital Funds:

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.

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.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets and Budgetary Accounting (continued)

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

D. Encumbrances

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

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

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position

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

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

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

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

F. Minimum Fund Balance Policy

The District adopted a formal minimum fund balance policy in November, 2012. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

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

I. Compensated Absences

In accordance with generally accepted accounting principles, 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.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 2 – CASH

Cash at June 30, 2017, is reported at fair value and consisted of the following:

	<u>Governmental Activities/Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Pooled funds:			
Cash in County Treasury	<u>\$ 17,136,761</u>	<u>\$ 380,113</u>	<u>\$ 17,516,874</u>
Total pooled funds	<u>17,136,761</u>	<u>380,113</u>	<u>17,516,874</u>
Deposits:			
Cash in revolving fund	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total cash	<u>\$ 17,146,761</u>	<u>\$ 380,113</u>	<u>\$ 17,526,874</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, disclosure of the individual deposits and investments and related custodial credit risk classifications should be obtained from the County of Riverside Comprehensive Annual Financial Report at www.auditorcontroller.org. In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2017, 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, 2017, 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, 2017

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 \$17,516,874 as of June 30, 2017. 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, 2017 are as follows:

	Total	Level 1	Level 2	Level 3	Other
Money market funds	\$ 1,271,873	\$ -	\$ -	\$ -	\$ 1,271,873
Cal Trust Short Term Fund	145,203	-	-	-	145,203
UB Managed Rate	188,226	-	-	-	188,226
Local agency obligations	807	-	-	-	807
U.S. Treasury	1,148,581	1,148,581	-	-	-
Federal Home Loan Mortgage Corporation	3,395,042	3,395,042	-	-	-
Federal National Mortgage Association	1,755,911	1,755,911	-	-	-
Federal Home Loan Bank	3,203,986	1,069,668	2,134,318	-	-
Federal Farm Credit Banks	3,355,186	3,355,186	-	-	-
FAMCA Discount Note	641,781	641,781	-	-	-
Municipal bonds	866,615	-	866,615	-	-
Commercial paper	1,543,663	-	1,543,663	-	-
Total	<u>\$17,516,874</u>	<u>\$11,366,169</u>	<u>\$ 4,544,596</u>	<u>\$ -</u>	<u>\$ 1,606,109</u>

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2017, consisted of the following:

	General Fund	Santa Ana River Mitigation	CSA Park Maintenance	Community Center Maintenance	Capital Development Parks - Grants	Developer Impact Fees	Non-Major Governmental Funds	Total Governmental Funds
Operational revenue	\$ 143,315	\$ 799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,114
Property taxes	88,739	-	-	-	-	-	-	88,739
Interest	6,145	4,944	476	318	3,012	1,669	3,170	19,734
Due from other governments:								
State of California	79,000	-	-	-	557,613	-	-	636,613
County of Riverside	1,940	-	-	-	-	-	-	1,940
Metropolitan Water District	11,698	-	-	-	-	-	96,560	108,258
Total receivables	<u>\$ 330,837</u>	<u>\$ 5,743</u>	<u>\$ 476</u>	<u>\$ 318</u>	<u>\$ 560,625</u>	<u>\$ 1,669</u>	<u>\$ 99,730</u>	<u>\$ 999,398</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2017**

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2017 consisted of the following:

Transfers Out	Transfers in		
	General Fund	Non-Major Governmental Funds	Total
Santa Ana River Mitigation Bank Fund	\$ 10,000	\$ -	\$ 10,000
Developer Impact Fees	-	97,375	97,375
Non-Major Governmental Funds	900,000	-	900,000
Total	\$ 910,000	\$ 97,375	\$ 1,007,375

During the fiscal year ended June 30, 2017, the District made interfund transfers to the General Fund of \$10,000 from the Santa Ana Mitigation River Mitigation Fund to support Louis Rubidoux Nature Center operations, \$100,000 from the Off Highway Vehicle Management Fund and \$800,000 from the Park Acquisition & Development Fund to support general operations. The District transferred \$97,375 from the Developer Impact Fees to Multi-Species Reserve fund for a correction of error posted in a previous fiscal year and \$100,000 from the Off-Highway Vehicle Management Fund to the Habitat/Open Space Management-Parks Fund to support Ranger position in Open Space Management.

B. Due To/From Other Funds

Due to/from other funds for the fiscal year ended June 30, 2017 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,500,048	\$ (1,402,213)
Santa Ana River Mitigation	-	(2,775)
CSA Park Maintenance	2,500,236	(2,968,748)
Community Center Maintenance	2,838,416	(2,467,739)
Developer Impact Fees	116,048	(116,048)
Non-Major Governmental Funds	3,537	(762)
	\$ 6,958,285	\$ (6,958,285)

Due to/from other funds represented the corrections to program classifications amongst funds for the prior three fiscal years' revenue and expenditure activities related to CSA Park Maintenance and Operations, Community Center Maintenance and Operations and Lakeland Village Community Center.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance as of July 1, 2016	Restatement*	Additions	Deletions	Balance as of June 30, 2017
Capital assets, not being depreciated:					
Land	\$ 29,352,305	\$ (928,925)	\$ -	\$ (52,040)	\$ 28,371,340
Construction in progress	5,709,254	-	3,652,308	(2,119,480)	7,242,082
Total capital assets, not being depreciated	35,061,559	(928,925)	3,652,308	(2,171,520)	35,613,422
Capital assets, being depreciated:					
Buildings	48,814,456	(1,642,502)	-	-	47,171,954
Machinery and equipment	4,940,719	(164,255)	138,020	(39,486)	4,874,998
Infrastructure	17,138,883	-	1,724,394	-	18,863,277
Total capital assets, being depreciated	70,894,058	(1,806,757)	1,862,414	(39,486)	70,910,229
Accumulated depreciation					
Buildings	(9,481,027)	(747,988)	(529,588)	-	(10,758,603)
Machinery and equipment	(4,540,552)	142,792	(105,564)	39,486	(4,463,838)
Infrastructure	(4,001,162)	(10,933,508)	(324,146)	-	(15,258,816)
Total accumulated depreciation	(18,022,741)	(11,538,704)	(959,298)	39,486	(30,481,257)
Total capital assets, being depreciated, net	52,871,317	(13,345,461)	903,116	-	40,428,972
Total capital assets, net	\$ 87,932,876	\$ (14,274,386)	\$ 4,555,424	\$ (2,171,520)	\$ 76,042,394

*For additional information on restatement, see Note 13.

Depreciation expense for the year ended June 30, 2017 was \$959,298, and was charged to the following functions in the Statement of Activities:

Interpretive	\$ 233,784
Natural resources	214,397
Regional parks	287,256
Recreation	7,951
General government	215,910
Total depreciation expense	\$ 959,298

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 6 – GENERAL LONG-TERM DEBT

The change in long-term debt for the year ended June 30, 2017, was as follows:

	Balance as of July 1, 2016	Additions	Deletions	Balance as of June 30, 2017	Due within one year
Compensated absences	\$ 1,900,807	\$ -	\$ 299,439	\$ 1,601,368	\$ 266,675
Net pension liability	7,028,782	3,184,762	1,061,769	9,151,775	-
Total	<u>\$ 8,929,589</u>	<u>\$ 3,184,762</u>	<u>\$ 1,361,208</u>	<u>\$ 10,753,143</u>	<u>\$ 266,675</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, 2017, 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, 2017.

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, 2017

NOTE 8 – RISK MANAGEMENT (continued)

Claims Liability

During the year ended June 30, 2017, 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, 2017

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

The Plan's provisions and benefits in effect at June 30, 2017 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 employer contribution rates	13.504%	7.809%	6.930%

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, 2017 were \$1,094,243. The actual employer payments of \$1,061,769 made to CalPERS by the District during the measurement period ended June 30, 2016 differed from the District's proportionate share of the employer's contributions of \$1,073,334 by \$11,565, 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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2017

NOTE 9 – PENSION PLAN (continued)

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases ⁽¹⁾	3.3% - 14.2%
Investment Rate of Return ⁽²⁾	7.65%
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, 2015 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 at www.calpers.ca.gov.

Change of Assumptions

There were no changes of assumptions.

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

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2017**

NOTE 9 – PENSION PLAN (continued)

B. Net Pension Liability (continued)

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 (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 equal 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. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55%)	(1.05%)
Total	100%		

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, 2017**

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 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: 6/30/2015 (Valuation Date)	\$ 35,492,715	\$ 28,463,933	\$ 7,028,782
Balance at: 6/30/2016 (Measurement Date)	37,974,460	28,822,685	9,151,775
Net Changes During 2015-2016	2,481,745	358,752	2,122,993

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, 2016, 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, 2015 rolled forward to June 30, 2016 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 at www.calpers.ca.gov. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

Proportionate Share - June 30, 2015	0.25620%
Proportionate Share - June 30, 2016	0.26345%
Change - Increase (Decrease)	0.00725%

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2017**

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%)
Plan's Net Pension Liability	\$ 14,264,320	\$ 9,151,775	\$ 4,926,510

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, 2017

NOTE 9 – PENSION PLAN (continued)

C. Proportionate Share of Net Pension Liability (continued)

Recognition of Gains and Losses (continued)

The EARSL for the Plan for the 2015-16 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (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, 2015), the District's net pension liability is \$7,028,782. For the measurement period ending June 30, 2016 (the measurement date), the District incurred pension expense of \$1,172,419.

As of June 30, 2017, 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	\$ 37,923	\$ (8,689)
Changes of Assumptions	-	(358,791)
Difference Between Projected and Investment Earnings	1,867,390	-
Difference between Employer's Contribution and Proportionate Share of Contributions	334,897	(48,246)
Measurement Date	1,094,243	-
Total	<u>\$ 3,334,453</u>	<u>\$ (415,726)</u>

These amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense. Contributions subsequent to the measurement date of \$1,094,243 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year ended. Other 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, 2017

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
2018	\$ 205,998
2019	257,577
2020	877,232
2021	483,677

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, 2017.

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, 2017**

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	17,000
Annual OPEB cost	<u>(4,000)</u>
Contributions made	-
Increase (decrease) in net OPEB obligation	(4,000)
Net OPEB obligation (asset) - beginning of year	<u>(315,584)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (319,584)</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 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)
2015	\$ (4,000)	\$ 8,612	215%	\$ (311,584)
2016	(4,000)	-	0%	(315,584)
2017	(4,000)	-	0%	(319,584)

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, 2017

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, 2017

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.
- D.** On February 7, the District entered into an agreement with Pyramid Enterprises, Inc. d.b.a Rocky Mountain Recreation Company of Piru, California (the "Company") to lease the Rancho Jurupa Regional Park Gopher Hole camp store. Under the provisions of the agreement, the Company is permitted to engage in the operation of the store, office, storage 107 and storage 102. The Company will also provide the following services to park guest: bike rentals, miniatures and disc golf, supply rentals, beer and wine sales, and special event coordination/cooperation. All remaining areas will remain under the control and responsibility of the District. The term of the agreement is 3 years, renewable 2 years.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 12 – SPECIAL ITEM (TRANSFER OF OPERATIONS)

In 2012 the District began operations at The Cove Waterpark, and in 2015 DropZone Waterpark was added. Due to the lack of available funding to support continued operation of these waterparks, the District collaborated 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. Responsibility for these facilities was transferred to EDA as of December 2016 along with any related capital assets.

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, and operations were transferred back to EDA along with any related capital assets. A closing analysis encompassing all three years of operations showed many transactions had been posted to the incorrect fund(s). Corrections were made in FY16-17 to revenues and expenditures in funds 25600, 25610, and 33200 to ensure the cumulative transactional history is correct.

In FY 2014-15, the District entered into an annually-renewable agreement with the County of Riverside to maintain five existing Community Centers throughout the County, and in FY2015-16 the District was directed to manage the renovation of Lake Elsinore Butterfield Elementary School into the new Lakeland Village Community Center. As of January 1, 2017, the County and District mutually agreed to discontinue these agreements, and all six Community Center operations were transferred to EDA along with any related capital assets.

Related to transfer of operations	\$ 2,467,335
Related to transfer of assets from other County department	<u>33,271</u>
Total special item	<u>\$ 2,500,606</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Financial Statements June 30, 2017

NOTE 13 – PRIOR PERIOD RESTATEMENT

During the fiscal year ended June 30, 2017, 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.

This is the restatement to beginning fund balances:

Fund	Fund Name	Beginning Fund Balance, as previously reported	Restatement	Beginning Fund Balance, as restated
<i>Major Funds:</i>				
25400	Operating	\$ 2,414,364	\$ 1,523	\$ 2,415,887
25420	Recreation	114,927		114,927
25430	Habitat & Open Space Management	1,054,577		1,054,577
25510	Residence Utilities	393,103		393,103
25521	Habitat/Open Space	-	-	-
25535	Natural Resource Education	-	-	-
	<i>Total reported General Fund</i>	<u>3,976,971</u>	<u>1,523</u>	<u>3,978,494</u>
25550	Santa Ana River Mitigation Bank	3,845,561	(2,775)	3,842,786
25600	CSA Parks & Community Centers	383,497	(117,252)	266,245
25610	Community Center Maint & Ops	-	117,252	117,252
33110	Capital Development Parks - Grants ¹	2,615,278		2,615,278
33120	Capital Development Parks - DIF ²	1,894,818		1,894,818
<i>Non-Major Funds:</i>				
33100	Park Acquisition & Development	1,966,026		1,966,026
33200	Lakeland Village/Perret Park	270,179	(242,476)	27,703
25440	Off-Highway Vehicle Management	360,709		360,709
25500	Fish & Game Commission	11,967	2,775	14,742
25520	Arundo Removal	980,562		980,562
25530	Environmental Education Grant	-		-
25540	Multi-Species Reserve	154,537		154,537
25590	MSHCP Reserve Management	205,280		205,280
		<u>\$ 16,665,385</u>	<u>\$ (240,953)</u>	<u>\$ 16,424,432</u>

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.

During the fiscal year ended June 30, 2017, it was discovered that accumulated depreciation for certain infrastructure and building assets had not been reported in the District's financial statements for a period of seven fiscal years. This is the restatement to Governmental Activities beginning net position:

	Governmental Activities
Beginning net position, as previously reported	\$ 96,858,165
Restatements:	
Fund level adjustments	(240,953)
Accumulated depreciation	(11,773,780)
Beginning net position, as restated	<u>\$ 84,843,432</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Notes to the Financial Statements
June 30, 2017**

NOTE 13 – PRIOR PERIOD RESTATEMENT (continued)

This is the restatement to Fiduciary beginning net position:

	Beginning Net Position, as previously reported	Restatement	Beginning Net Position, as restated
Fiduciary Funds:			
Historical Comission	\$ 27,426	\$ (1,523)	\$ 25,903
Iodine Springs	357,557	100,000	457,557
	<u>\$ 384,983</u>	<u>\$ 98,477</u>	<u>\$ 483,460</u>

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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, 2017**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 5,715,328	\$ 5,715,745	\$ 5,842,569	\$ 126,824
Use of money and property	3,012	3,012	7,163	4,151
Intergovernmental	652,135	652,135	6,629	(645,506)
Charges for services	5,099,260	5,099,260	5,962,967	863,707
Operating grants and contributions	-	-	151,966	151,966
Total revenues	<u>11,469,735</u>	<u>11,470,152</u>	<u>11,971,294</u>	<u>501,142</u>
EXPENDITURES				
Salaries and benefits	7,233,893	7,233,893	6,710,742	523,151
Services and supplies	5,715,745	5,715,745	4,169,796	1,545,949
Interfund expenditures	774,762	774,762	624,134	150,628
Capital outlay	20,500	20,500	10,775	9,725
Total expenditures	<u>13,744,900</u>	<u>13,744,900</u>	<u>11,515,447</u>	<u>2,229,453</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,275,165)</u>	<u>(2,274,748)</u>	<u>455,847</u>	<u>2,730,595</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	585,573	585,573	910,000	324,427
Transfers out	<u>(286,795)</u>	<u>(286,795)</u>	<u>-</u>	<u>(286,795)</u>
Total other financing sources (uses)	<u>298,778</u>	<u>298,778</u>	<u>910,000</u>	<u>37,632</u>
Net change in fund balance	(1,976,387)	(1,975,970)	1,365,847	2,768,227
Fund balance, beginning of year, as restated	<u>3,978,494</u>	<u>3,978,494</u>	<u>3,978,494</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,002,107</u>	<u>\$ 2,002,524</u>	<u>\$ 5,344,341</u>	<u>\$ 2,768,227</u>

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, 2017

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	\$ 11,971,294
Revenues from other general funds are combined with the general fund, as required under generally accepted accounting principles	<u>3,368,392</u>
Total revenues as areported on the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund (GAAP Basis)	<u>15,339,686</u>
Actual expenditures from budgetary comparison schedule	11,515,447
Expenditures from other general funds are combined with the general fund, as required under generally accepted accounting principles	<u>3,769,732</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund (GAAP Basis)	<u>15,285,179</u>
Actual other financing sources (uses) from budgetary comparison schedule	
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>910,000</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)	964,507
Fund balance, beginning of year, as restated (GAAP Basis)	<u>3,978,494</u>
Fund balance, end of year (GAAP Basis)	<u>\$ 4,943,001</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).

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Budgetary Comparison Schedule – Santa Ana River Mitigation Fund
For the Fiscal Year Ended June 30, 2017**

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 8,000	\$ 8,000	\$ 21,187	\$ 13,187
Total revenues	8,000	8,000	21,187	13,187
EXPENDITURES				
Salaries and benefits	84,601	84,601	80,886	3,715
Services and supplies	985,900	985,900	11,313	974,587
Total expenditures	1,070,501	1,070,501	92,199	978,302
Excess (deficiency) of revenues over (under) expenditures	(1,062,501)	(1,062,501)	(71,012)	991,489
OTHER FINANCING SOURCES (USES)				
Transfers out	(510,000)	(510,000)	(10,000)	500,000
Total other financing sources (uses)	(510,000)	(510,000)	(10,000)	500,000
Net change in fund balance	(1,572,501)	(1,572,501)	(81,012)	1,491,489
Fund balance, beginning of year, as restated	3,842,786	3,842,786	3,842,786	-
Fund balance, end of year	<u>\$ 2,270,285</u>	<u>\$ 2,270,285</u>	<u>\$ 3,761,774</u>	<u>\$ 1,491,489</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, 2017**

	Budget		Actual Amounts*	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 1,500	\$ 1,500	\$ 2,095	\$ 595
Intergovernmental	1,668,016	1,668,016	(2,385,090)	(4,053,106)
Charges for services	40,800	40,800	(213,809)	(254,609)
Operating grants and contributions	-	-	(50)	(50)
Total revenues	1,710,316	1,710,316	(2,596,854)	(4,307,170)
EXPENDITURES				
Salaries and benefits	645,449	645,449	(773,634)	1,419,083
Services and supplies	1,050,837	1,050,837	(1,449,985)	2,500,822
Interfund expenditures	14,224	14,224	(17,532)	31,756
Total expenditures	1,710,510	1,710,510	(2,241,151)	3,951,661
Excess (deficiency) of revenues over (under) expenditures	(194)	(194)	(355,703)	(355,509)
Fund balance, beginning of year, as restated	266,245	266,245	266,245	-
Fund balance, end of year	\$ 266,051	\$ 266,051	\$ (89,458)	\$ (355,509)

*Refer to Note 12 of the basic financial statements for information regarding deficit revenues and expenditures.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Budgetary Comparison Schedule – Community Center Maintenance Fund
For the Fiscal Year Ended June 30, 2017**

	Budget		Actual Amounts*	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 819	\$ 819
Intergovernmental	1,181,434	1,181,434	2,988,256	1,806,822
Charges for services	131,250	131,250	455,295	324,045
Operating grants and contributions	-	-	800	800
Total revenues	1,312,684	1,312,684	3,445,170	2,132,486
EXPENDITURES				
Salaries and benefits	645,449	645,449	1,116,972	(471,523)
Services and supplies	1,050,837	1,050,837	1,942,028	(891,191)
Interfund expenditures	14,224	14,224	27,803	(13,579)
Total expenditures	1,710,510	1,710,510	3,086,803	(1,376,293)
Excess (deficiency) of revenues over (under) expenditures	(397,826)	(397,826)	358,367	756,193
Fund balance, beginning of year, as restated	117,252	117,252	117,252	-
Fund balance, end of year	<u>\$ (280,574)</u>	<u>\$ (280,574)</u>	<u>\$ 475,619</u>	<u>\$ 756,193</u>

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, 2017**

	Measurement Date		
	6/30/2014	6/30/2015	6/30/2016
Employer's Proportion of the Collective Net Pension Liability ¹	0.09942%	0.25620%	0.26345%
Employer's Proportionate Share of the Collective Net Pension Liability	\$6,188,861	\$7,028,782	\$9,151,775
Employer's Covered Payroll	\$4,992,076	\$5,799,186	\$6,790,996
Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	123.97%	121.20%	134.76%
Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	80.20%	75.90%

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.

*Measurement period 2013-2014 (fiscal year 2014-2015) was the first year of implementation.

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, 2017**

	Fiscal Year		
	6/30/2015	6/30/2016	6/30/2017
Actuarially Determined Contribution	\$ 950,056	\$ 1,061,769	\$ 1,094,243
Contributions in Relation to the Actuarially Determined Contribution	(950,056)	(1,061,769)	(1,094,243)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,799,186	\$ 6,790,996	\$ 6,200,874
Contributions as a Percentage of Covered Payroll	16.38%	15.63%	17.65%

*Measurement period 2013-2014 (fiscal year 2014-2015) was the first year of implementation.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

See notes to the required supplementary information.

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Schedule of Funding Progress – Other Post Employment Benefits
For the Fiscal Year Ended June 30, 2017**

<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.

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2017

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

These schedules are required by generally accepted accounting principles 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 generally accepted accounting principles 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 generally accepted accounting principles 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 generally accepted accounting principles 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, 2017**

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2017, the District did not actually incur any expenditures in excess of appropriations in the individual major funds presented in the Budgetary Comparison Schedules. The expenditures in excess of appropriations reported in the Community Center Maintenance Fund is due to the transfer of operations discussed in Note 12 to the financial statements.

Supplementary Information

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2017**

	Off Hwy Vehicle Mgmt	Fish and Game Commission	Arundo Removal	Multi-Species Reserve
ASSETS				
Cash	\$ 359,363	\$ 12,177	\$ 829,513	\$ 95,890
Interest receivable	175	17	1,117	189
Due from other governments	-	-	-	96,560
Due from other funds	-	2,775	92	-
Total assets	<u>\$ 359,538</u>	<u>\$ 14,969</u>	<u>\$ 830,722</u>	<u>\$ 192,639</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 2,301	\$ 2,202
Accrued liabilities	-	-	12,216	13,858
Due to other funds	-	-	92	-
Total liabilities	<u>-</u>	<u>-</u>	<u>14,609</u>	<u>16,060</u>
FUND BALANCE				
Restricted	-	14,969	-	-
Assigned	359,538	-	816,113	176,579
Unassigned	-	-	-	-
Total fund balance	<u>359,538</u>	<u>14,969</u>	<u>816,113</u>	<u>176,579</u>
Total liabilities and fund balance	<u>\$ 359,538</u>	<u>\$ 14,969</u>	<u>\$ 830,722</u>	<u>\$ 192,639</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Combining Balance Sheet – Non-Major Governmental Funds (continued)
June 30, 2017**

	MSHCP Reserve Management	Lakeland Village/ Perret Park	Park Acquisition and Development	Total Non-Major Funds
ASSETS				
Cash	\$ 222,746	\$ -	\$ 869,507	\$ 2,389,196
Interest receivable	99	-	1,573	3,170
Due from other governments	-	-	-	96,560
Due from other funds	670	-	-	3,537
	<u>223,515</u>	<u>-</u>	<u>871,080</u>	<u>2,492,463</u>
Total assets	<u>\$ 223,515</u>	<u>\$ -</u>	<u>\$ 871,080</u>	<u>\$ 2,492,463</u>
LIABILITIES				
Accounts payable	\$ 8,107	\$ -	\$ 67,834	\$ 80,444
Accrued liabilities	43,442	-	-	69,516
Due to other funds	-	670	-	762
	<u>51,549</u>	<u>670</u>	<u>67,834</u>	<u>150,722</u>
Total liabilities	<u>51,549</u>	<u>670</u>	<u>67,834</u>	<u>150,722</u>
FUND BALANCE				
Restricted	-	-	-	14,969
Assigned	171,966	-	803,246	2,327,442
Unassigned	-	(670)	-	(670)
	<u>171,966</u>	<u>(670)</u>	<u>803,246</u>	<u>2,341,741</u>
Total fund balance (deficit)	<u>171,966</u>	<u>(670)</u>	<u>803,246</u>	<u>2,341,741</u>
Total liabilities and fund balance	<u>\$ 223,515</u>	<u>\$ -</u>	<u>\$ 871,080</u>	<u>\$ 2,492,463</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, 2017**

	Off Hwy Vehicle Mgmt	Fish and Game Commission	Arundo Removal	Multi-Species Reserve
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	2,258	70	4,637	711
Intergovernmental	96,571	1,157	-	217,915
Charges for services	-	-	49,836	-
Operating grants and contributions	-	-	3,240	-
Total revenues	98,829	1,227	57,713	218,626
EXPENDITURES				
Interpretive	-	-	116,556	-
Natural resources	-	-	105,606	293,959
Planning and construction	-	-	-	-
General government	-	1,000	-	-
Community centers	-	-	-	-
Total expenditures	-	1,000	222,162	293,959
Excess (deficiency) of revenues over (under) expenditures	98,829	227	(164,449)	(75,333)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	97,375
Transfers out	(100,000)	-	-	-
Total other financing sources (uses)	(100,000)	-	-	97,375
Net change in fund balance	(1,171)	227	(164,449)	22,042
Fund balance, beginning of year, as restated	360,709	14,742	980,562	154,537
Fund balance, end of year	<u>\$ 359,538</u>	<u>\$ 14,969</u>	<u>\$ 816,113</u>	<u>\$ 176,579</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
Non-Major Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2017**

	MSHCP Reserve Management	Lakeland Village/ Perret Park	Park Acquisition and Development	Total Non-Major Funds
REVENUES				
Property taxes	\$ -	\$ 159,615	\$ -	\$ 159,615
Use of money and property	262	712	10,529	19,179
Intergovernmental	751,781	117,249	-	1,184,673
Charges for services	-	8,025	200,269	258,130
Operating grants and contributions	-	750	-	3,990
Total revenues	<u>752,043</u>	<u>286,351</u>	<u>210,798</u>	<u>1,625,587</u>
EXPENDITURES				
Interpretive	-	-	-	116,556
Natural resources	785,357	-	-	1,184,922
Planning and construction	-	-	573,578	573,578
General government	-	-	-	1,000
Community centers	-	314,724	-	314,724
Total expenditures	<u>785,357</u>	<u>314,724</u>	<u>573,578</u>	<u>2,190,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,314)</u>	<u>(28,373)</u>	<u>(362,780)</u>	<u>(565,193)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	97,375
Transfers out	-	-	(800,000)	(900,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(800,000)</u>	<u>(802,625)</u>
Net change in fund balance	(33,314)	(28,373)	(1,162,780)	(1,367,818)
Fund balance, beginning of year, as restated	<u>205,280</u>	<u>27,703</u>	<u>1,966,026</u>	<u>3,709,559</u>
Fund balance (deficit), end of year	<u>\$ 171,966</u>	<u>\$ (670)</u>	<u>\$ 803,246</u>	<u>\$ 2,341,741</u>

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Combining Balance Sheet – General Fund
June 30, 2017**

	General Fund Operating	Recreation	Habitat & Open Space Management	Park Resident Emp Utility	Reported General Fund
ASSETS					
Cash	\$ 4,449,508	\$ 354,144	\$ 692,872	\$ 412,545	\$ 5,909,069
Accounts receivable	71,650	71,665	-	-	143,315
Taxes receivable	88,739	-	-	-	88,739
Interest receivable	3,977	622	999	547	6,145
Due from other governments	92,638	-	-	-	92,638
Due from other funds	1,500,048	-	-	-	1,500,048
Total assets	\$ 6,206,560	\$ 426,431	\$ 693,871	\$ 413,092	\$ 7,739,954
LIABILITIES					
Accounts payable	\$ 207,886	\$ 45,970	\$ 5,805	\$ 1,491	\$ 261,152
Accrued liabilities	412,957	48,173	15,950	572	477,652
Due to other funds	1,366,307	-	35,906	-	1,402,213
Customer deposits	-	-	-	7,600	7,600
Unearned revenue	537,676	60,187	-	-	597,863
Total liabilities	2,524,826	154,330	57,661	9,663	2,746,480
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	50,473	-	-	50,473
FUND BALANCE					
Unassigned	3,681,734	221,628	636,210	403,429	4,943,001
Total fund balance	3,681,734	221,628	636,210	403,429	4,943,001
Total liabilities and fund balance	\$ 6,206,560	\$ 426,431	\$ 693,871	\$ 413,092	\$ 7,739,954

RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Combining Statement of Revenues and Expenditures – General Fund
For the Fiscal Year Ended June 30, 2017**

	<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>
REVENUES					
Property taxes	\$ 5,842,569	\$ -	\$ -	\$ -	\$ 5,842,569
Use of money and property	7,163	3,515	5,310	2,299	18,287
Intergovernmental	6,629	412,016	260,000	-	678,645
Charges for services	5,962,967	2,605,689	13,473	62,683	8,644,812
Operating grants and contributions	151,966	3,407	-	-	155,373
Total revenues	<u>11,971,294</u>	<u>3,024,627</u>	<u>278,783</u>	<u>64,982</u>	<u>15,339,686</u>
EXPENDITURES					
Interpretive	948,812	-	-	-	948,812
Natural resources	48,592	-	797,150	-	845,742
Regional parks	5,214,472	-	-	54,656	5,269,128
Planning and construction	319,923	-	-	-	319,923
Recreation	-	2,917,926	-	-	2,917,926
General government	4,983,648	-	-	-	4,983,648
Total expenditures	<u>11,515,447</u>	<u>2,917,926</u>	<u>797,150</u>	<u>54,656</u>	<u>15,285,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>455,847</u>	<u>106,701</u>	<u>(518,367)</u>	<u>10,326</u>	<u>54,507</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	810,000	-	100,000	-	910,000
Total other financing sources (uses)	<u>810,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>910,000</u>
Net change in fund balance	1,265,847	106,701	(418,367)	10,326	964,507
Fund balance, beginning of year, as restated	2,415,887	114,927	1,054,577	393,103	3,978,494
Fund balance, end of year	<u>\$ 3,681,734</u>	<u>\$ 221,628</u>	<u>\$ 636,210</u>	<u>\$ 403,429</u>	<u>\$ 4,943,001</u>

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Other Independent Auditor's Report

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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*

Independent Auditor's Report

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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, 2017, 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 17, 2017.

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.

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Quality Center*

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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.

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 17, 2017

Findings and Responses

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RIVERSIDE COUNTY REGIONAL PARK AND OPEN-SPACE DISTRICT

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2017**

<u>Original Finding</u>	<u>Status</u>
2016-001: Cash Receipts and Deposits	Implemented

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