

PLEASANT HILL RECREATION AND PARK DISTRICT

PLEASANT HILL, CALIFORNIA

**MEASURE E FUNDS
FINANCIAL STATEMENTS**

JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pleasant Hill Recreation
and Park District
Pleasant Hill, California

We have audited the accompanying financial statements of the Measure E Funds of the Pleasant Hill Recreation and Park District as of and for the fiscal year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Pleasant Hill Recreation and Park District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements of the Pleasant Hill Recreation and Park District's Measure E Funds, are intended to present the financial position of only that portion of the governmental activities of the Pleasant Hill Recreation and Park District that is attributable to the transactions related to the Measure E Funds of the Pleasant Hill Recreation and Park District as of June 30, 2011, and the changes in its financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure E Funds of the Pleasant Hill Recreation and Park District as of June 30, 2011, and the changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 12, 2011

Pleasant Hill Recreation and Park District
 GOVERNMENTAL FUNDS
BALANCE SHEET
 June 30, 2011

	Measure E Project Fund	Measure E Debt Service Fund	Totals
<u>ASSETS</u>			
Restricted cash and investments	\$ 18,276,729	\$ 471,006	\$ 18,747,735
Account receivable	-	2,964	2,964
Total assets	\$ 18,276,729	\$ 473,970	\$ 18,750,699
 <u>LIABILITIES</u>			
Accounts payable	\$ 198,790	\$ -	\$ 198,790
Due to other funds	18,720	-	18,720
Total liabilities	217,510	-	217,510
 <u>FUND BALANCES</u>			
Restricted	18,059,219	473,970	18,533,189
Total fund balances	18,059,219	473,970	18,533,189
 Total liabilities and fund balances	 \$ 18,276,729	 \$ 473,970	 \$ 18,750,699

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District
 GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
 For the year ended June 30, 2011

	Measure E Project Fund	Measure E Debt Service Fund	Totals
Revenues:			
Assessments	\$ -	\$ 1,237,507	\$ 1,237,507
Interest	93,089	-	93,089
Total revenues	93,089	1,237,507	1,330,596
Expenditures:			
Capital outlay	1,596,948	-	1,596,948
Other expenditures	-	4,349	4,349
Debt service:			
Interest	-	759,188	759,188
Total expenditures	1,596,948	763,537	2,360,485
Excess (deficit) of revenues over (under) expenditures	(1,503,859)	473,970	(1,029,889)
Fund balances, beginning of period	19,563,078	-	19,563,078
Fund balances, end of period	\$ 18,059,219	\$ 473,970	\$ 18,533,189

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District
Measure E Funds
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Measure E Funds of the Pleasant Hill Recreation and Park District (the Fund) are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Fund's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The Measure E Funds of the Pleasant Hill Recreation and Park District account for the transactions related to the acquisition, expansion, improvement and related financing of District facilities. The Fund also accounts for the tax assessment revenues and related debt service payments on the general obligation bond.

The financial statements of the Measure E Funds of the Pleasant Hill Recreation and Park District, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities of the Pleasant Hill Recreation and Park District that is attributable to the Measure E Funds. They do not purport to, and do not, present fairly the financial position of the Pleasant Hill Recreation and Park District as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements

GASB Statement No. 34 implemented an additional set of statements called the government-wide financial statements, consisting of the Statement of Net Assets and the Statement of Activities. It also implemented a section entitled "Management's Discussion and Analysis" (MD & A). Since these provisions of GASB Statement No. 34 apply to legally-created state and local governmental entities and not to reports on individual funds or departments such as this one, the MD & A, government-wide Statement of Net Assets and Statement of Activities have not been presented and included in these financial statements.

Fund Financial Statements

The accounts of the Pleasant Hill Recreation and Park District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Measure E Project Fund is a governmental fund specially categorized as a capital projects fund. A capital projects fund is a fund that accounts for financial resources to be used for the acquisition or construction of capital facilities. The total cost of a capital project is accumulated in a single expenditures account, which accumulates until the project is completed, at which time the fund ceases to exist.

The Measure E Debt Service Fund is a governmental fund that accounts for the financial resources to be used to pay the annual borrowing costs of long term debt.

Pleasant Hill Recreation and Park District
Measure E Funds
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty-day availability period is used for revenue recognition for governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Revenues treated as susceptible to accrual include interest and aid from other governments. Nonexchange transactions, in which the Pleasant Hill Recreation and Park District gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, grants and donations. On a modified accrual basis, revenues from sales taxes are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants, including intergovernmental allocations, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied.

Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

D. Fund Balances

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Pleasant Hill Recreation and Park District
Measure E Funds
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Balances (concluded)

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the Fund's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the Fund for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the Fund specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the Fund's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

E. Cash in District Treasury

Cash is held by the Pleasant Hill Recreation and Park District in an investment pool. Information regarding categorization of investments and risk can be found in the Pleasant Hill Recreation and Park District's financial statements. On a quarterly basis, investment earnings are allocated to participating funds based upon their average cash balances. A copy of the District's financial statements can be obtained by contacting the District's finance department at 147 Gregory Lane, Pleasant Hill, CA 94523.

GASB Statement No. 40 requires additional disclosure about a government's deposits and investment risk that includes credit risk, custodial risk, concentration of risk and interest rate risk. The Fund adheres to the deposit and investment policy of the Pleasant Hill Recreation and Park District.

Required risk disclosures for the Fund's investment in the Pleasant Hill Recreation and Park District Investment Pool at June 30, 2011, were as follows:

Credit risk	Not rated Custodial risk
Not applicable Concentration of credit risk	Not applicable
Interest rate risk	Not available

Pleasant Hill Recreation and Park District
Measure E Funds
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Cash in District Treasury (concluded)

Restricted and Designated Cash and Equivalents

The Fund segregates certain cash and equivalents that have legal restrictions as to their uses. The District is required under the terms of certain long-term debt covenants to segregate and maintain \$18,747,735 restricted for Measure E projects and related financing as of June 30, 2011.

F. Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - LONG-TERM DEBT

Measure E General Obligation Bond

The District issued general obligation bonds in August of 2009 to finance the acquisition, expansion and improvement of District facilities. Measure E was authorized by an election of registered voters of the District. The total amount of the issue was \$20,000,000 with an average interest rate of 7.4%.

Pleasant Hill Recreation and Park District
Measure E Funds
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

NOTE 2 - LONG-TERM DEBT (concluded)

Measure E General Obligation Bond (concluded)

The certificates mature through 2040 as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 575,000	\$ 911,025	\$ 1,486,025
2013	180,000	888,025	1,068,025
2014	405,000	880,825	1,285,825
2015	420,000	864,625	1,284,625
2016	435,000	852,025	1,287,025
2017	445,000	838,975	1,283,975
2018	460,000	825,625	1,285,625
2019	475,000	811,825	1,286,825
2020	490,000	795,200	1,285,200
2021	505,000	778,050	1,283,050
2022	525,000	757,850	1,282,850
2023	550,000	736,850	1,286,850
2024	570,000	714,850	1,284,850
2025	595,000	692,050	1,287,050
2026	625,000	662,300	1,287,300
2027	655,000	631,050	1,286,050
2028	685,000	598,300	1,283,300
2029	720,000	564,050	1,284,050
2030	755,000	528,050	1,283,050
2031	795,000	490,300	1,285,300
2032	830,000	452,935	1,282,935
2033	870,000	413,510	1,283,510
2034	915,000	371,750	1,286,750
2035	960,000	326,000	1,286,000
2036	1,005,000	278,000	1,283,000
2037	1,055,000	227,750	1,282,750
2038	1,110,000	175,000	1,285,000
2039	1,165,000	119,500	1,284,500
2040	1,225,000	61,250	1,286,250
Total	<u>\$ 20,000,000</u>	<u>\$ 17,247,545</u>	<u>\$ 37,247,545</u>