



## **MEMORANDUM**

TO: Board of Directors

FROM: General Manager

DATE: January 31, 2013

RE: Agenda Item #4 – February 14, 2013 Board Meeting

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### **To Set a Date to Tour the Community Center Site**

Now that the Community Center slab has been poured and the contractor D.L. Faulk is starting to go vertical, we would like to schedule a tour for the Board to visit the new Community Center site.

We could plan to have it before the February 28 Board Meeting at 5:00 p.m. It is starting to stay lighter longer and all we would need is about 20 – 30 minutes to walk the site.



## MEMORANDUM

TO: Board of Directors

FROM: General Manager

DATE: January 31, 2013

RE: Agenda Item #5 – February 14, 2013 Board Meeting

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### **Update on Bond Projects**

- **Senior Center**
- **Teen Center**
- **Community Center**
- **Pleasant Oaks Park**

The General Manager and District staff will give an update on the various bond projects.

<u>Check</u>	<u>Date</u>	<u>Vendor No</u>	<u>Vendor Name</u>	<u>Amount</u>	<u>Voucher</u>
17922	02/14/2013	AEC	Architectural Energy Coporatio	11,220.59	000000
17923	02/14/2013	Aflac	Aflac	88.40	000000
17924	02/14/2013	AllWast	Allied Waste Services #210	915.56	000000
17925	02/14/2013	AmerSta	American Stage Tours	1,269.00	000000
17926	02/14/2013	AmFid	American Fidelity	2,442.80	000000
17927	02/14/2013	Anderson	Anderson Carpet	15,698.00	000000
17928	02/14/2013	Antai	Antai Solutions LLC	6,859.00	000000
17929	02/14/2013	ARC	ARC	35.34	000000
17930	02/14/2013	BayAlar	Bay Alarm Company	799.05	000000
17931	02/14/2013	BerBob	Robert B. Berggren	350.00	000000
17932	02/14/2013	BillAce	Bill's Ace Hardware	328.98	000000
17933	02/14/2013	BonaSan	Sandra Bonato	200.00	000000
17934	02/14/2013	CaliBan	California Bank of Commerce	88,988.37	000000
17935	02/14/2013	CassGen	Genesis Cassidy	10.00	000000
17936	02/14/2013	CaSt	California State Disbursement	297.00	000000
17937	02/14/2013	CCWat	Contra Costa Water District	119.11	000000
17938	02/14/2013	Cleansou	Cleansource	212.29	000000
17939	02/14/2013	CoAsph	County Asphalt, L.i.c.	3,398.21	000000
17940	02/14/2013	Cole	Cole Supply Co., Inc.	92.88	000000
17941	02/14/2013	CommPool	Commercial Pool Systems, Inc.	57.96	000000
17942	02/14/2013	CopySt	Copy Station	331.80	000000
17943	02/14/2013	CoQuar	County Quarry Products	364.62	000000
17944	02/14/2013	Cresco	Cresco Equipment Rentals	911.85	000000
17945	02/14/2013	Critical	Critical Solutions, Inc	57,604.72	000000
17946	02/14/2013	Dahlin	Dahlin Group	27,336.60	000000
17947	02/14/2013	Denelect	Denalect Alarm Company	253.20	000000
17948	02/14/2013	DepJus3	Department Of Justice	96.00	000000
17949	02/14/2013	DigThis	Dig This Inc	1,870.00	000000
17950	02/14/2013	DLFalk	DL Falk	598,578.71	000000
17951	02/14/2013	DonDen	Dennis A. Donaghu	200.00	000000
17952	02/14/2013	Eames	Eames Hardware & Supply	652.11	000000
17953	02/14/2013	EBMUD	East Bay Mud	287.08	000000
17954	02/14/2013	Ed2go	Education To Go	126.75	000000
17955	02/14/2013	Ellis&E1	Ellis & Ellis	81,795.00	000000
17956	02/14/2013	Ewing	Ewing Irrigation	171.47	000000
17957	02/14/2013	FirsDig	First Digital Solutions	2,639.75	000000
17958	02/14/2013	FranTx	Franchise Tax Board	90.00	000000
17959	02/14/2013	Furber	Furber Saw, Inc.	70.52	000000
17960	02/14/2013	GlovBob	Bobby Glover	200.00	000000
17961	02/14/2013	Grainger	Grainger	32.96	000000
17962	02/14/2013	HaagJer	Jerry Haag	625.00	000000
17963	02/14/2013	HamTree	Hamilton Tree Service	3,500.00	000000
17964	02/14/2013	HolmBas	Holm Base	875.00	000000
17965	02/14/2013	LeadingE	Leading Edge Pest Management	710.00	000000
17966	02/14/2013	Leslie	Leslie's Pool Supplies Inc.	485.00	000000
17967	02/14/2013	LincEqu	Lincoln Equipment, Inc.	1,649.58	000000
17968	02/14/2013	LukeDes	Luke Design Associates	893.06	000000
17969	02/14/2013	Matrisc	Matriscope Engineering Labs	15,123.49	000000
17970	02/14/2013	McFadden	McFadden Construction	49,818.56	000000
17971	02/14/2013	McFadden	McFadden Construction	26,710.44	000000
17972	02/14/2013	MDUSD	Mt. Diablo Unified School Dist	2,077.00	000000
17973	02/14/2013	Milani	Milani & Associates	814.00	000000
17974	02/14/2013	MJStudio	Bruce Jackson MJ Studios	289.24	000000
17975	02/14/2013	MobiMod	Mobile Modular Mngmnt Corp	303.81	000000
17976	02/14/2013	MtDiablo	Mt Diablo Landscape Centers	178.94	000000
17977	02/14/2013	Muir	Muir/Diablo Occupational Medic	77.00	000000

<u>Check</u>	<u>Date</u>	<u>Vendor No</u>	<u>Vendor Name</u>	<u>Amount</u>	<u>Voucher</u>
17978	02/14/2013	MurdDeb	Debbie Murdock	1,438.45	000000
17979	02/14/2013	Nextel	Nextel Communications/Sprint	792.71	000000
17980	02/14/2013	PaciGen	Pacific General Engineering	6,350.66	000000
17981	02/14/2013	PCCI	PCCI	4,233.75	000000
17982	02/14/2013	PERS	PERS	14,045.26	000000
17983	02/14/2013	PG&E	Pacific Gas & Electric Co	12,140.05	000000
17984	02/14/2013	PhSen	Pleasant Hill Seniors Club	3,554.00	000000
17985	02/14/2013	PleaHill	Pleasant Hill Rec & Park Distr	95,289.72	000000
17986	02/14/2013	PreAll	Preferred Alliance Inc	63.00	000000
17987	02/14/2013	PurcRh	PRA Group	6,120.00	000000
17988	02/14/2013	R-Comput	R-Computer	318.99	000000
17989	02/14/2013	RJRic	R.J.Ricciardi, Inc	1,023.06	000000
17990	02/14/2013	RotoRoot	Roto-Rooter Sewer Service	274.69	000000
17991	02/14/2013	ShessZac	Zac Shess	100.00	000000
17992	02/14/2013	SiePac	Sierra Pacific Tours	2,750.62	000000
17993	02/14/2013	Spinitar	Spinitar	12,471.99	000000
17994	02/14/2013	ST BOE	CA St Bd of Equilazation	291.00	000000
17995	02/14/2013	StAndrew	St Andrews Presbyterian Church	270.00	000000
17996	02/14/2013	SterSher	Sherry Sterrett	200.00	000000
17997	02/14/2013	Td Comm	Td Communications Inc	599.05	000000
17998	02/14/2013	ThomWest	Thompson Reuters	40.05	000000
17999	02/14/2013	Unisourc	Unisource Solutions	95.39	000000
18000	02/14/2013	USBank	U.S. Bank	1,678.72	000000
18001	02/14/2013	USBankP	U.S. Bank Corporate Payment	12,737.42	000000
18002	02/14/2013	USPost	United States Post Office	10,200.00	000000
18003	02/14/2013	Vagabond	Vagabond Players	200.00	000000
18004	02/14/2013	Valic	Valic	1,350.00	000000
18005	02/14/2013	WRA	WRA	445.00	000000
18006	02/14/2013	Xerox	Xerox Corporation	538.48	000000

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**CHECK TOTAL:        \$1,200,737.86**



## **Board of Directors Meeting Minutes December 19, 2012 DRAFT**

The December 19, 2012 Board Meeting of the Pleasant Hill Recreation & Park District Board of Directors was called to order by Board Chair Glover at 6:57 p.m. in the Conference Room at the Administration Office. Glover announced that the Board met in closed session but no action was taken.

### **PLEDGE OF ALLEGIANCE**

Board Chair Glover led the Pledge of Allegiance.

### **ROLL CALL**

**BOARD PRESENT:** Glover, Bonato, Sterrett, Donaghu

**STAFF PRESENT:** Berggren, Lischeske, Kubota, Luke, Hunn, Miller, Young, Spatz, Blair

*Board Member Bonato asked for a moment of silence for the Connecticut school tragedy*

### **PUBLIC COMMENT**

None

### **UPDATE ON FUNDRAISING**

The General Manager reviewed the updated fundraising summary. He reported to the Board that the District is continually adding money to the Capital Campaign, and as of December 6, 2012 the pledges that have been committed total \$679,974.84. Board member Bonato questioned where the sale of the Little House property was listed in the report. The General Manager explained that it could be moved on the report, but he has not done this because the Board has not committed to selling the Little House property.

The General Manager reviewed the update from Accounting Supervisor Mark Blair on the fundraising procedures and the current capital campaign balances. Board member Bonato questioned if the funds collected shown on Blair's schedule had been reconciled to the total of funds on deposit with the Pleasant Hill Foundation. Blair explained that he was given a total for funds on hand at the Foundation for the Capital Campaign, by the Foundation Treasurer, Suzanne Salter. Blair stated that the total given was slightly higher than the total shown on Blair's schedule. He further stated that this difference could be attributable to funds collected directly by the Foundation or any earnings on collected funds held by the Foundation. Bonato requested that Blair follow-up with the Foundation to obtain a complete reconciliation between their two respective reports

Board member Sterrett asked if the Pleasant Hill Foundation is holding funds from the Senior Summit Event. The General Manager explained that the funds collected from that event are earmarked for the new Senior Center, but he will look into this in more detail.

### **UPDATES ON BOND PROJECTS**

The General Manager made the following comments:

### **SENIOR CENTER**

- The City inspections will be completed tomorrow.
- The furniture arrived today, and the remainder will arrive tomorrow.

### **TEEN CENTER**

- The signs for the exterior of the building were installed.
- The District applied for an award from CPRS for the Teen Center.

### **COMMUNITY CENTER**

- The slab preparation has begun.
- The electrical work has been completed.

### **PLEASANT OAKS PARK**

- Staff was very pleased with the bids that came in for the tree removal work.
- The District had a meeting with the City of Pleasant Hill and the noise consultants to come up with other solutions to the fencing issue.

Board Member Bonato commented that she appreciated the monthly attendance reports for the Teen Center, and would like the report to include the monthly rentals for the center.

Bonato also questioned where things stood with the Senior Center landscaping and the concerns of the Patricia Drive neighbors. The General Manager has sent the neighbors the plans and to date has not heard back from them.

Board Chair Glover started the regular meeting at 7:27 p.m.

### **EX-OFFICIO MEMBER REPORT, GENESIS CASSIDY – COLLEGE PARK HIGH SCHOOL**

Ex-Officio Cassidy gave the following report:

- The Teen Council had their meeting on Monday. They went over to the City Council Chambers to view the swearing in of the new Council members.
- College Park High School tested out "food day" where outside food is brought in to sell.
- Winter break is the next two weeks, and finals will be at the end of January.

### **CONSENT CALENDAR (ACTION)**

#### **a. TO APPROVE BILLS TO BE PAID**

#### **b. TO APPROVE MINUTES OF OCTOBER 24, 2012**

Upon motion of Board Members Donaghu & Bonato, the Board approved the Consent Calendar.

### **TO CONSIDER BOARD MEMBER SELECTION PROCESS (ACTION)**

As of November 30, 2012, Board Member Cecile Shepard resigned from her position on the Board. The District has contacted the County Elections Office to report the vacancy. The General Manager reported to the Board that there are two options open to the Board for filling the vacancy: 1) To call for a special election or 2) To make a selection by the Board of Directors through an interview process from interested applicants.

Since calling for a special election would be expensive for the District, the General Manager recommended that the Board select a new Board Member through an interview process. If the Board approves the process, applicants will need to submit letters of interest to the Board by Wednesday, January 9<sup>th</sup>. Then the Board will interview and make their selection of the new Board Member at the January 24, 2013 board meeting.

Board Member Sterrett questioned if the deadline could be pushed back to January 16, 2013. She and Board Member Bonato were concerned that people would not see the announcement due to the Holidays. The General Manager said that January 16, 2013 would be fine for the applicant deadline date.

The Board agreed on the dates of January 16, 2013 as the application deadline and January 24, 2013 as the Board meeting date at which the new member would be interviewed and selected.

Board Member Bonato asked how the interview questions are formulated. The General Manager explained that the questions are very general, and that he will give Board Chair Glover the questions to review ahead of time.

Upon motion of Board Members Donaghu & Bonato, the Board approved the appointment selection process.

### **TO CONSIDER NOMINATIONS FOR 2012 COMMUNITY SERVICE AWARD AND BOARD APPRECIATION AWARD (ACTION)**

The Annual Community Awards night will take place on January 17, 2013 at Back Forty BBQ. The District traditionally gives two awards; the Community Service Award, and the Board Appreciation Award. Staff is recommending Principal Cheryl Kolano of Gregory Gardens Elementary School, Steve Wallace, and The Chateaus and Aegis organizations. These were selected by the staff because of their support during the District's building construction projects.

Board Member Bonato would like to recognize the School District as a whole next year, and Marion Woodward and John Matheson.

Upon motion of Board Members Bonato & Donaghu, the Board approved Principal Cheryl Kolano of Gregory Gardens Elementary for the Board Appreciation Award and Chateau & Aegis for the Community Service Award.

### **REVIEW OF SEPTEMBER 30, 2012 QUARTERLY REPORT**

#### **a. REVIEW OF INVESTMENT REPORT**

#### **b. REVIEW OF PUBLIC AGENCY RETIREMENT SERVICES**

Accounting Supervisor Mark Blair was present to review the financial quarterly report ending September 30, 2012. The main change to the report is the separation of Building Maintenance into its own department.

Blair reported that overall the bottom line results for the General Fund show a slight improvement over last year. The District will not receive our first Secured Tax payment until December 2012. The District has received our first Unsecured Tax payment which was down 2.3% compared to last year. Overall the District's total program revenue is down by 1.4% compared to last year, but total program expenses are also lower than last year by \$86,000. The Capital Expenditures account shows an increase compared to last year which is due to the new Bocce Courts, and non-bond covered expenses for the new Teen & Senior Centers.

Board Member Bonato questioned why Special Events were included in the Preschool/Youth category of the budget. Blair responded that the Blues & Brews event was moved from the Teen Department to the Preschool/Youth Department after a Board request to have all special events reflected in one department. Bonato would like the Budget Committee to look into isolating the District's Special Events into their own category. Board Chair Glover liked the idea of the Budget Committee looking into placing Special Events in their own category in the budget.

The General Manager reported to the Board that the new Bocce courts are in full use, and Board Chair Glover felt this venue may be a good photo opportunity for the new Board photo.

### **TO ANNOUNCE BOARD COMMITTEE ASSIGNMENTS FOR 2013**

Board Chair Glover will be contacting the Board members individually regarding their assignments. The formal list will be finalized at the first Board meeting in January. Donaghu will continue as the Pleasant Hill Chamber of Commerce liaison.

### **TO CONSIDER DATES FOR BOARD STUDY SESSION**

The General Manger requested the Board to set a date for their Annual Board Study Session. The date was set for Monday February 11, 2013 from 9:00 AM – 3:00 PM. The General Manager will check with RJM Strategic Planning to make sure this date works for them. Board Chair Glover would like to meet with the General Manager to come up with a timeline for RJM.

### **BOARD ANNOUNCEMENTS AND REQUESTS TO STAFF**

**Sterrett** made the following announcements/questions:

- Complimented the staff on the very successful Breakfast with Santa event.

**Bonato** made the following announcements/questions:

- The Legislative office has a document out regarding ERAF, and she would like to meet with the General Manager and Board Chair Glover to share the information with them
- She would like the Board to get a confidential report regarding security for our Preschool Programs. She is requesting this in light of the Sandy Hook Elementary tragedy.
- She will not be able to make the District Holiday Brunch.

**Donaghu** made the following announcements/questions:

- Attended the swearing in of the new Pleasant Hill City Council.
- Asked the General Manager to follow up with Mark DeSaulnier's Office about the ERAF monies. The General Manager said he would.

**Glover** made the following announcements/questions:

- Attended the Senior Holiday Luncheon. He thought it was a great event. He complimented Teen Supervisor Katrina Hunn on her quick response to a safety incident at the event.
- He has contacted staff regarding needs for donations for the upcoming District Holiday Brunch. He will stay in touch with Supervisor Hunn as to the Board involvement in the Brunch.

### **STAFF ANNOUNCEMENTS**

The General Manager made the following announcements:

- He reminded the Board about the R.S.V.P. date for the VIP open house at the Senior Center. He reported that over 150 people have sent in R.S.V.P's so far.

### **ADJOURNMENT**

Board Chair Glover adjourned the meeting at 9:20 p.m.

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Robert B. Berggren, Clerk of the Board



## **Board of Directors Meeting Minutes January 10, 2013 DRAFT**

The January 10, 2013 Board Meeting of the Pleasant Hill Recreation & Park District Board of Directors was called to order by Board Chair Glover at 6:05 p.m. in the Conference Room at the Administration Office. Glover announced that the Board met in closed session but no action was taken.

### **PLEDGE OF ALLEGIANCE**

Board Chair Glover led the Pledge of Allegiance.

### **ROLL CALL**

**BOARD PRESENT:** Glover, Bonato, Sterrett, Donaghu

**STAFF PRESENT:** Berggren, Lischeske, Kubota, Luke, Hunn, Miller, Young, Spatz, Riley

### **PUBLIC COMMENT**

None

### **TO DISCUSS PROCESS OF SALE OF LITTLE HOUSE AT 249 GREGORY LANE**

The General Manager reported that the District purchased 249 Gregory Lane in 1991 for a total price of \$170,000. He said that the Little House was an extension of the former Senior Center complex and was utilized for a number of programs for the seniors. He continued to explain that with the completion of the new Senior Center, this building is no longer necessary for District programs. The General Manager would like the Board to consider selling the property with the proceeds of the sale going into the Capital Campaign program. He indicated that a recent estimate from a local realtor estimates the property to be worth \$250,000-\$275,000. The intent would be to sell the property "as is" without too many costs in upgrading the property.

The General Manager reported that the District would be required to declare the Little House as surplus property and follow the procedures as outlined by Attorney Mark Cornelius. The General Manager explained that the first action from the Board at a future date would be to declare the property as surplus and then announce the notification of intent to sell the property. He said that once the property has been declared as surplus it would then be offered to various non-profit agencies for moderate to low income housing. These agencies would have 60 days to respond to the District's intent to sell. If no notice of intent to purchase or lease from these agencies is received within this 60 day period, the District may proceed with the sale or lease of the property on the open market. To date, the General Manager has had some inquires regarding the property from the Pleasant Hill Martinez Soccer Association as well as the Contra Costa Humane Society.

Board member Sterrett asked if the parking lot would be included in the sale. The General Manager explained that it would not be included.

Board member Bonato asked how the property is zoned. The General Manager explained that this would need to be researched further. Bonato would like to see additional analytical information from Cornelius regarding the sale of the property. Bonato has received a question from a community member about how the funds from the sale of the Little House will be used by the District. She feels that the zoning of the property is an important issue to find out about to see who could buy the

property and for what uses. Bonato asked if the District has any loans on the property. The General Manager explained that the District does not.

The Board would like to have more explanation regarding the property before they take action on the sale of the property. The feeling of the Board was that it was best to bring this information back to a future Board meeting as a non-action item.

Jeff McClure from the Pleasant Hill Martinez Soccer Association was present at the meeting. He said he was present for informational reasons only as any final decision regarding the purchase of the property would need to come from the national soccer level. He stated that the Association would be interested in potentially buying the property, but if that did not work out they might be interested in leasing the property from the District.

### **TO CONSIDER CLAIM FROM MCFADDEN CONSTRUCTION COMPANY (ACTION)**

Upon motion of Board Members Donaghu & Bonato, the Board unanimously rejected the claim from McFadden Construction Company.

### **UPDATES ON BOND PROJECTS**

The General Manager made the following comments:

#### **SENIOR CENTER**

- The punch list items are being completed.
- Had a terrific VIP Opening and Grand Opening. Staff estimated that there were over 3,000 people in attendance at the Grand Opening. Board Member Sterrett commented that the Grand Opening was wonderful. She said the photo booth was her favorite part: She felt parking was an issue but that it had been resolved quickly.
- The Senior Center received 368 new memberships the day of the Grand Opening.
- The General Manager will be looking into the number of handicap parking spots at the new center, and if any more can be added.

The General Manager and the Board complimented all the staff on the wonderful job that was done with the Grand Opening. The building was full of people all having a great time.

Board Member Bonato asked about the status of the landscaping in back of the Senior Center. The General Manager explained that no firm date has been set for the "in-house" work to be completed. Bonato asked the General Manager to send her a time line on the work to be completed so that she may share this with members of the public who are interested.

Bonato also asked for the status of the rental fees for the Co-Sponsored groups. The General Manager said that staff has been talking with some Co-Sponsored groups and informing them that they will receive a 10% discount off the non profit rates.

Board Member Sterrett commented that she would like to see the costs of the Teen Center grand opening, and also the December attendance report for the Teen Center. The General Manager said he would get that information to the Board.

### **TEEN CENTER**

- The punch list items are close to completion.

### **COMMUNITY CENTER**

- The first pour of the slab is scheduled for Wednesday; the second pour is scheduled for Friday.
- The completion date for the Community Center is still on track.
- Substantial completion should be some time in November, hoping to have the Center open in December.

### **PLEASANT OAKS PARK**

- The tree work was completed last week.
- Should be receiving the 50% completed documents for the project.
- This project is within the budget at this time.
- The General Manager has set up a meeting with the noise consultants to analyze the sound issue further.

Board member Bonato asked about the potential grant for Pleasant Oaks Park. The General Manager went to a seminar on the grant process and he feels that there is a possibility that Pleasant Oaks Park could qualify for the grant based on the "green" aspects of the project.

Board Chair Glover started the regular meeting at 7:02 p.m.

### **EX-OFFICIO MEMBER REPORT, GENESIS CASSIDY – COLLEGE PARK HIGH SCHOOL**

Ex-Officio Cassidy was unable to attend this meeting.

### **CONSENT CALENDAR (ACTION)**

- TO APPROVE BILLS TO BE PAID**
- TO APPROVE MINUTES OF NOVEMBER 14, 2012, AND NOVEMBER 29, 2012**
- TO APPROVE RESOLUTION 2013-01-10A HONORING THE CHATEAUS, AND RESOLUTION 2013-01-10B HONORING AEGIS OF PLEASANT HILL FOR 2012 COMMUNITY SERVICE AWARD**
- TO APPROVE RESOLUTION 2013-01-10C HONORING GREGORY GARDENS ELEMENTARY SCHOOL PRINCIPAL CHERYL KOLANO FOR BOARD APPRECIATION AWARD**
- TO CONFIRM FEBRUARY 11, 2013 FOR BOARD STUDY SESSION**

Upon motion of Board Members Donaghu & Sterrett, the Board approved the Consent Calendar with the changes to the November 14<sup>th</sup> minutes.

### **TO REVIEW BOARD MEMBER SELECTION PROCESS**

As of today, the General Manager as of today has received applications packets from John Crawford, Dawn Block, and Matt Rinn. The final filling date is January 16, 2013. He distributed the applications to the Board members. Board Member Bonato will not be able to make the January 24, 2013 meeting so the Board decided to have a Special Board meeting on January 28, 2013 for the appointment of the new Board member.

The General Manager distributed the list of potential questions for the Board to ask the applicants. The Board then discussed how best to proceed with the process of appointing a new member at the Special meeting on January 28, 2013. It was decided that the best approach, if there are over five applicants, would be to have each applicant draw numbers for speaking order, and then speak

for five minutes to discuss the questions that will be given to them in advance. Once the applicants have all had their five minutes of speaking time, each Board member would vote for two applicants. Then if needed they would have a second vote, then make a motion for an appointment of the new Board member.

**TO CONSIDER AWARDING POOL CHEMICAL BIDS (ACTION)**

The General Manager reviewed the bids that were received for pool chemicals for the Pleasant Hill Aquatic Center and Pleasant Hill Education Center Pool. Staff was very pleased with the bid results, and is recommending awarding Lincoln Equipment the bid.

Board member Bonato commented that she was impressed that each year the bids prices are getting lower instead of higher.

Aquatic Supervisor Korey Riley was present and explained that the low pricing is due in part to the fact that for chemical deliveries in the fiscal year 2013/2014, the District will be joining with the Bay Area Chemical Consortium. The bids received were from February 1, 2013 – June 30, 2013.

Upon motion of Board Members Bonato & Donaghu, the Board approved awarding the pool chemical bid to Lincoln Equipment.

**TO ANNOUNCE BOARD COMMITTEE ASSIGNMENTS FOR 2013**

Board Chair Glover announced the following Board Committee Assignments for 2013:

Budget & Finance	Bonato, Chair	Glover, Member
Land/Facility Development	Donaghu, Chair	<i>New Board Member</i> , Member
Personnel	Sterrett, Co-Chair	Bonato, Co-Chair
Program	Sterrett, Chair	<i>New Board Member</i> , Member
City/District Liaisons	Glover, Chair	
Chamber Representative	Donaghu	
Flood Zone Task Force	Bonato	
Fundraising Liaison	Glover	
CSDA Representative	Sterrett	
CAPRI Representative	Bob Berggren, General Manager	

**BOARD ANNOUNCEMENTS AND REQUESTS TO STAFF**

**Sterrett** made the following announcements/questions:

- The agenda came out today for the January 28, 2013 Sanitary District Meeting. She will be attending the meeting. Board Member Bonato will try to attend.

**Bonato** made the following announcements/questions:

- She had spoken with someone from the Pleasant Hill Historical Society who suggested that they might be interested in partnering with the Senior Center for decorations of the new facility.
- She was glad to see former Board Member Shepard at the Senior Center VIP opening, and she would still like to see her honored at a future Board Meeting.
- She would like to see more research into the ERAF issue. She would like to see this as a goal for the upcoming year.

**Donaghu** made the following announcements/questions:

- He asked about information on the Ethics training, and the Sexual Harassment training requirements. The General Manager said he will have Susie Kubota follow up with the Board members on this.

**Glover** made the following announcements/questions:

- He stated that as the newest Board Member it was great to be a part of the Grand Opening of the Senior Center. He stated that he was proud to be a part of the District and the Board. He congratulated the staff on the success of the event.

### **STAFF ANNOUNCEMENTS**

The General Manager made the following announcements:

- Next Thursday is the Community Awards night.
- The Mayor's Breakfast will be held on February 7, 2013 at Back Forty BBQ. The event will begin at 7:30. Board Chair Glover said he would like a Power Point presentation for his speech at the event.

### **ADJOURNMENT**

Board Chair Glover adjourned the meeting at 8:18 p.m.

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Robert B. Berggren, Clerk of the Board



## **MEMORANDUM**

TO: Board of Directors

FROM: General Manager

DATE: January 31, 2013

RE: Agenda Item #9 – February 14, 2013 Board Meeting

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### **Presentation and Approval of Audit and Management Letter (ACTION)**

- a. Review District Annual Audit**
- b. Review Measure E Annual Audit**
- c. Review Pleasant Hill Seniors Club Annual Audit**

Michael O'Connor with R.J. Ricciardi will be on hand to present the District's annual audit along with Measure E and the Pleasant Hill Senior Club's Annual Audit and Management Letters. The Board will receive the three individual audits prior to the Board Meeting along with the management letters. After review and presentation from Michael O'Connor, the Board needs to make a motion to accept the annual audit as presented for the Recreation and Park District, Measure E and the Pleasant Hill Seniors Club.

This year is the 7<sup>th</sup> year of R.J. Ricciardi. As stated in the District's policy manual, "The District Board of Directors will grant the audit by one accounting firm up to a period of five (5) years, with review on an annual basis. The Board of Directors may extend an auditor agreement for an additional two (2) years."

The Districts appreciate the efforts at R.J. Ricciardi and we will proceed to call for proposals for a new accounting firm.

**PLEASANT HILL RECREATION AND PARK DISTRICT**

**PLEASANT HILL, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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Pleasant Hill Recreation and Park District

BOARD OF DIRECTORS

June 30, 2012

<u>NAME</u>	<u>TITLE</u>
Dennis Donaghu	Chair
Bobby Glover	Vice Chair
Sherry Sterrett	Secretary
Cccile Shepard	Member
Sandra Bonato	Member

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Hill Recreation and Park District as of and for the fiscal year ended June 30, 2012. These basic financial statements are the responsibility of Pleasant Hill Recreation and Park District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the State Controller's Minimum Audit Requirements for California Special Districts. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pleasant Hill Recreation and Park District's internal control over financial reporting. Accordingly, we express no such opinion. 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pleasant Hill Recreation and Park District as of June 30, 2012, and the results of its operations for the fiscal year then ended in conformity with U.S. generally accepted accounting principles, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 3-7) and the required supplementary information (page 31), as listed in the table of contents, 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.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
November 2, 2012

Pleasant Hill Recreation and Park District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2012

Pleasant Hill Recreation and Park District's (the "District") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements.

## **OVERVIEW OF 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 government-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 operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements which tell how basic services were financed in the short term, as well as what remains for future spending.

### **The Statement of Net Assets and the Statement of Activities**

The Statement of Net Assets and Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets as well as changes to those net assets. Net assets are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's buildings and other facilities.

## **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statement**

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 for District use to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

Pleasant Hill Recreation and Park District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
 For the Year Ended June 30, 2012

**Governmental Funds**

The District's basic services are reported in governmental funds, which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of fund information, which helps 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 government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship (or differences) between them.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The following table summarizes the District's net assets as of June 30,

Table 1  
Net Assets

	2012	2011
Assets:		
Current and other assets	\$ 20,316,104	\$ 20,618,588
Capital assets	21,687,444	12,292,103
Total assets	42,003,548	32,910,691
Liabilities:		
Other liabilities	2,648,137	2,143,704
Long-term liabilities	30,661,696	22,371,272
Total liabilities	33,309,833	24,514,976
Net Assets:		
Invested in capital assets, net of related debt	(8,696,666)	(10,080,950)
Restricted	17,537,357	18,748,378
Unrestricted	(146,976)	(271,713)
Total net assets	\$ 8,693,715	\$ 8,395,715

The District's net assets were \$8,693,715 for the fiscal year ended June 30, 2012. Of this amount, \$(146,976) was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the board's ability to use those net assets for day-to-day operations.

Pleasant Hill Recreation and Park District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2012

The following table summarizes the District's change in net assets for the year ended June 30,

Table 2  
Changes in Net Assets

	2012	2011
Expenses		
Recreation and parks	\$ 5,860,413	\$ 6,059,188
Interest expense	1,044,636	1,274,977
Total expenses	6,905,049	7,334,165
Revenues		
Program revenues:		
Charges for services	2,402,649	2,554,626
Total program revenues	2,402,649	2,554,626
General revenues		
Property taxes	4,735,543	4,515,360
Interest and other income	64,854	93,897
Total general revenues	4,800,397	4,609,257
Total revenue	7,203,046	7,163,883
Change in net assets	\$ 297,997	\$ (170,282)

Government Activities

For the 2012 fiscal year, the total District revenues were \$7,203,046 and the total District expenses were \$6,905,049. The difference of \$297,997 is the change in net assets bringing the total net assets to \$8,693,715 on June 30, 2012. The main sources of revenue for the District are charges for services and property taxes. The cost of all governmental activities was \$6,905,049 this year. District taxpayers ultimately financed \$4,735,543 for these activities through local taxes and assessments. The increase in property tax revenues and interest expense are due to the Measure E property tax and related debt service.

Capital Assets

At June 30, 2012, the District had \$21,687,444 in a broad range of capital assets, including land, buildings and furniture and equipment. The District uses \$5,000 as its capitalization threshold.

Table 3  
Capital Assets at Year End

	2012	2011
Land	\$ 6,638,913	\$ 6,638,913
Construction in progress	12,041,139	2,140,184
Land and park improvement	5,647,363	5,647,363
Building and structure	1,899,097	3,642,010
Swimming pool	1,585,804	1,573,336
Furniture and equipment	940,849	940,849
Accumulated depreciation	(7,065,721)	(8,290,552)
Net capital assets	\$ 21,687,444	\$ 12,292,103

Pleasant Hill Recreation and Park District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2012

**Debt Administration**

The District made all scheduled repayments of existing debt. Each of the District's debt issues is discussed in detail in Note 4 to the basic financial statements. As of June 30, 2012, the District's debt comprised:

General Obligation Bond – Measure E	\$ 28,000,000
Certificates of Participation	<u>2,305,000</u>
Total	<u>\$ 30,305,000</u>

**General Fund Budgetary Highlights**

The Pleasant Hill Recreation and Park District Board of Directors met on a number of occasions to review and analyze District revenue and expenditures. The meetings generated a list of projects, needed repairs to District facilities, and future program ideas. The Board agreed upon the following as District priorities and directed the General Manager to incorporate the priorities into FY 2011-2012 budget:

1. Employees – The Board of Directors listed the District Staff as the number one priority. The Board recognized the efforts and extra efforts of staff during the challenging times now facing the District. The Board acknowledges that the staff has not received a salary increase for two years and agreed to a 1% cost-of-living increase for this fiscal year.
2. Increased Efforts in Marketing, Promotions, and District Website – The Board of Directors emphasized the importance of marketing District programs and directed staff to investigate new ways to promote the District. The Board agreed to add \$15,000 to the Communications budget for this next fiscal year.
3. Establishment of the Land and Facility Fund – The Board agreed to add a line item to the Budget for the establishment of a fund to use for parks and facility repairs. The Board agreed to designate \$59,000 for the Land & Facility Fund and include \$1 per registration for this designated fund.
4. Update the Master Plan – The Board agreed to update the master plan due to the changes that have taken place since the last plan was completed in 2004. The Board agreed to add \$25,000 to Professional Services to retain the services of a consultant to update the District's Master Plan.

Other budget items that are new for this fiscal year include: the addition of fundraising activities for both revenue and expenditures for furniture and equipment for the Senior Center, Teen Center, and Community Center; the addition of separate budget accounts for Rodgers Ranch and the Teen Program; and the installation of the Bocce Courts and Horseshoe Pits at Pleasant Hill Park using Parkland Dedication Funds.

Personnel and employee issues include the addition of a full-time Sports/Park Maintenance position; the addition of a two-tiered benefit program for new hires after July 1, 2011; and salary and benefit concessions from full-time employees. Full-time employee concessions include: contributing 1.5% to their retirement portion, contributing 5% to their premium costs for health insurance coverage, paying higher co-pay amounts for hospital visits and medications, and taking two mandatory furlough days. All part-time employees had their participation in the retirement program increased from 3.75% to a 5% contribution. This change went into effect on July 1, 2011.

This budget reflects the lack of Senior Center and Community Center facilities to house programs resulting in District programs being held at the Winslow Center and other sites throughout the District. The District very much appreciates the use of: St. Andrews Presbyterian Church, Hillcrest Congregational Church, Faith Lutheran Church, Chateau Living Communities, Aegis Assisted Living, the City of Pleasant Hill, Pacheco Community Center, Village Music School, VFW Building, Rodgers Ranch, and Mt. Diablo Unified School District school sites. The new senior and Teen Centers will be opened in the fall of 2012 and the new Community Center will start construction in the spring of 2013.

Pleasant Hill Recreation and Park District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
For the Year Ended June 30, 2012

The budget remains extremely tight, however, the District was able to end the fiscal year on a positive balance bucking the trend from the last couple of fiscal years.

**Contacting the District Financial Management**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the General Manager, Pleasant Hill Recreation and Park District, 147 Gregory Lane, Pleasant Hill, California 94523.

Pleasant Hill Recreation and Park District

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS:

Cash and investments	\$ 631,190
Restricted cash	18,459,617
Accounts receivable	387,562
Prepaid items	6,611
Bond issuance costs, net	831,124
Non-depreciable capital assets	18,680,052
Depreciable capital assets, net	<u>3,007,392</u>
Total assets	<u>42,003,548</u>

LIABILITIES:

Accounts payable	1,033,105
Accrual payroll	2,618
Deferred revenue	409,403
Accrued interest	399,978
Other liabilities	13,033
Long-term liabilities:	
Due within one year:	
Certificate of participation payable	90,000
General obligation bonds	700,000
Due after one year:	
Measure E general obligation bond	27,300,000
Measure E general obligation bond premium	910,234
Certificate of participation payable	2,215,000
Compensated absences	<u>236,462</u>
Total due after one year	<u>30,661,696</u>
Total liabilities	<u>33,309,833</u>

NET ASSETS:

Invested in capital assets, net of related debt	(8,696,666)
Restricted for:	
Debt service	1,344,897
Measure E	16,192,460
Unrestricted	<u>(146,976)</u>
Total net assets	<u>\$ 8,693,715</u>

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2012

<u>Functions/Programs</u>	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in Net Assets
					Total Governmental Activities
<b>Governmental Activities:</b>					
Administration	\$ 423,517	\$ 273,390	\$ -	\$ -	\$ (150,127)
Recreation	408,853	-	-	-	(408,853)
Senior citizens	551,985	277,374	-	-	(274,611)
Winslow center	101,525	37,774	-	-	(63,751)
Community center rental	635,255	(66)	-	-	(635,321)
Adult activities	222,838	182,813	-	-	(40,025)
Athletics & teens	606,717	543,595	-	-	(63,122)
Preschool, youth, & special	398,888	442,926	-	-	44,038
Child care	292,599	306,697	-	-	14,098
Aquatics	661,691	338,146	-	-	(323,545)
Communications	227,558	-	-	-	(227,558)
Parks	1,253,039	-	-	-	(1,253,039)
Maintenance	75,948	-	-	-	(75,948)
Interest and fees	1,044,636	-	-	-	(1,044,636)
Total Governmental Activities	\$ 6,905,049	\$ 2,402,649	\$ -	\$ -	(4,502,400)
 <b>General revenues:</b>					
Taxes					4,735,543
Use of money					64,854
Total general revenues					4,800,397
 <b>Change in net assets</b>					
					297,997
 <b>Net assets beginning of period</b>					
					8,395,718
<b>Net assets ending of period</b>					
					\$ 8,693,715

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District  
 GOVERNMENTAL FUNDS  
BALANCE SHEET  
 June 30, 2012

	General	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and investments	\$ -	\$ 169,082	\$ -	\$ -	\$ 462,108	\$ 631,190
Restricted cash	215,189	-	17,114,720	1,129,708	-	18,459,617
Accounts receivable	387,562	-	-	-	-	387,562
Due from other funds	906,746	537,393	-	-	44,317	1,488,456
Prepaid items	6,611	-	-	-	-	6,611
Total assets	<u>\$ 1,516,108</u>	<u>\$ 706,475</u>	<u>\$ 17,114,720</u>	<u>\$ 1,129,708</u>	<u>\$ 506,425</u>	<u>\$ 20,973,436</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 345,062	\$ -	\$ 687,681	\$ -	\$ 362	\$ 1,033,105
Accrued payroll	2,618	-	-	-	-	2,618
Deferred revenue	409,403	-	-	-	-	409,403
Due to other funds	560,257	649,497	234,579	-	44,123	1,488,456
Other liabilities	13,033	-	-	-	-	13,033
Total liabilities	<u>1,330,373</u>	<u>649,497</u>	<u>922,260</u>	<u>-</u>	<u>44,485</u>	<u>2,946,615</u>
<u>FUND BALANCES</u>						
Restricted	215,189	-	16,192,460	1,129,708	-	17,537,357
Nonspendable for prepaid items	6,611	-	-	-	-	6,611
Assigned for:						
Project funding	100,000	-	-	-	108,854	208,854
Special revenue funds	-	56,978	-	-	353,086	410,064
Unassigned	(136,065)	-	-	-	-	(136,065)
Total fund balances	<u>185,735</u>	<u>56,978</u>	<u>16,192,460</u>	<u>1,129,708</u>	<u>461,940</u>	<u>18,026,821</u>
Total liabilities and fund balances	<u>\$ 1,516,108</u>	<u>\$ 706,475</u>	<u>\$ 17,114,720</u>	<u>\$ 1,129,708</u>	<u>\$ 506,425</u>	<u>\$ 20,973,436</u>

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District  
 Reconciliation of the  
GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the Governmental Activities  
STATEMENT OF NET ASSETS  
 For the year ended June 30, 2012

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	18,026,821
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Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		21,687,444
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LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Accrued interest payable		(399,978)
2000 Certificate of Participation		(1,000,000)
1998 Certificate of Participation		(1,305,000)
Measure E General Obligation Bond		(28,000,000)
Measure E bond premium		(910,234)
Measure E issuance cost, net		831,124
Non-current portion of compensated absences		<u>(236,462)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>8,693,715</u>
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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, 2012

	General	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 3,216,664	\$ -	\$ -	\$ 1,470,763	\$ 48,116	\$ 4,735,543
Non-recreation	273,390	-	-	-	-	273,390
Senior citizens	277,374	-	-	-	-	277,374
Winslow center	37,774	-	-	-	-	37,774
Community center rental	(66)	-	-	-	-	(66)
Adult activities	182,813	-	-	-	-	182,813
Athletics & teens	543,595	-	-	-	-	543,595
Preschool, youth, & special	442,926	-	-	-	-	442,926
Child care	306,697	-	-	-	-	306,697
Aquatics	338,146	-	-	-	-	338,146
Interest	4,583	-	58,898	-	1,373	64,854
Total revenues	<u>5,623,896</u>	<u>-</u>	<u>58,898</u>	<u>1,470,763</u>	<u>49,489</u>	<u>7,203,046</u>
<b>Expenditures:</b>						
Administration	376,444	-	-	-	-	376,444
Recreation	325,608	-	-	-	-	325,608
Senior citizens	504,912	-	-	-	-	504,912
Winslow center	54,452	-	-	-	-	54,452
Community center rental	476,673	-	-	-	-	476,673
Adult activities	175,765	-	-	-	-	175,765
Athletics & teens	559,644	-	-	-	-	559,644
Preschool, youth, & special	351,815	-	-	-	-	351,815
Child care	245,526	-	-	-	-	245,526
Aquatics	614,618	-	-	-	-	614,618
Communications	180,485	-	-	-	-	180,485
Parks	1,205,966	-	-	-	-	1,205,966
Maintenance	-	-	-	-	28,875	28,875
Capital outlay	193,141	-	9,925,657	-	-	10,118,798
<b>Debt service:</b>						
Bond issuance costs	-	-	387,848	-	-	387,848
Interest	133,611	-	-	911,025	-	1,044,636
Principal	110,000	-	-	-	-	110,000
Total expenditures	<u>5,508,660</u>	<u>-</u>	<u>10,313,505</u>	<u>911,025</u>	<u>28,875</u>	<u>16,762,065</u>
Excess (deficit) of revenues over (under) expenditures	<u>115,236</u>	<u>-</u>	<u>(10,254,607)</u>	<u>559,738</u>	<u>20,614</u>	<u>(9,559,019)</u>
<b>Other Financing Sources (Uses):</b>						
Issuance of debt	-	-	8,000,000	-	-	8,000,000
Debt premium	-	-	483,848	-	-	483,848
Transfers in	-	-	-	96,000	59,000	155,000
Transfers out	(59,000)	-	(96,000)	-	-	(155,000)
Total Other Financing Sources (Uses)	<u>(59,000)</u>	<u>-</u>	<u>8,387,848</u>	<u>96,000</u>	<u>59,000</u>	<u>8,483,848</u>
Net change in Fund Balances	<u>56,236</u>	<u>-</u>	<u>(1,866,759)</u>	<u>655,738</u>	<u>79,614</u>	<u>(1,075,171)</u>
Fund balances, beginning of period	129,499	56,978	18,059,219	473,970	382,326	19,101,992
Fund balances, end of period	<u>\$ 185,735</u>	<u>\$ 56,978</u>	<u>\$ 16,192,460</u>	<u>\$ 1,129,708</u>	<u>\$ 461,940</u>	<u>\$ 18,026,821</u>

The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District  
RECONCILIATION OF THE NET CHANGE IN FUND BALANCES -  
TOTAL GOVERNMENTAL FUNDS  
with the  
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES  
For the year ended June 30, 2012

Total net change in fund balances - governmental funds	\$ (1,075,171)
--	----------------

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The net capital outlay expenditures are therefore added back to the fund balance	10,007,293
Depreciation expense is deducted from the fund balance	(611,953)

LONG-TERM DEBT PROCEEDS AND PAYMENT

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to the fund balance	110,000
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):

Bond issuance cost amortization	(15,285)
Bond premium amortization	15,228
Accrued interest payable	689
Long-term compensated absences	<u>(36,804)</u>

Changes in net assets of governmental activities	\$ <u>297,997</u>
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The accompanying notes are an integral part of these financial statements

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description

The Pleasant Hill Recreation and Park District (the "District") was formed January 22, 1951, under the laws of the State of California Public Resources Division 5, Chapter 4, Section 5780. The District is governed by a board of five elected directors who hold regularly scheduled meetings twice a month.

The District offers a wide variety of recreational activities for persons of all ages, from preschoolers through senior citizens. Some of the major activities include: a wide range of aquatic programs, varied cooking classes, adult and youth sports programs, dance classes, special events, excursions, fitness classes, special interest classes, many other types of classes and activities for one's leisure time. Along with these activities, the District also sponsors over fifteen special clubs and organizations, such as the Camera Club, Garden Club, Hiking Club, Las Juntas Artists, Tennis Club and others for public participation and enjoyment.

To facilitate this wide range of recreational activities, the District has over 250 acres of park-lands including: thirteen park sites, three pools, a community center facility, a senior citizens' complex, a cultural center, and many joint efforts with the local school district at various local school sites.

B. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2012, the District does not have any component units and is not a component unit of any other reporting entity.

C. Accounting Principles

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Accounting Principles (continued)

(a) Government-wide and Fund Financial Statements:

The government-wide financial statements (the statement of net assets and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses of the District's functions are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the District's functions. *Program revenues* include charges for services, which are mainly from park and recreation fees. Other items not properly included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for the governmental fund of the District (balance sheet and the statement of revenues, expenditures and changes in fund balances).

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Government-wide Financial Statements

The statement of net assets and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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.

The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds in a single column, regardless of their fund type. Major funds are those that have assets, liabilities, revenue or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Accounting Principles (concluded)

The government reports the following major governmental funds:

*General Fund:* The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

*Landscape Fund:* The Landscape Fund is used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for landscape purposes.

*Measure E Project Fund:* The Measure E Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

*Measure E Debt Service Fund:* The Measure E Debt Service Fund is used to account for financial resources to be used to pay the annual borrowing costs of long term debt.

Other Governmental Funds are comprised of several non-major funds that include funds for separate smaller landscaping districts not included in the main Lighting and Landscape Fund, funds reserved for specific capital acquisitions and other miscellaneous fund balances.

(c) Use of Estimates:

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

D. Budget and Budgetary Accounting

During the month of April, the District staff prepares an annual budget. The full Board is presented the budget in May to be adopted in June as a preliminary budget and as a final budget by the last meeting in July. The preliminary budget is published in a newspaper thirty days prior to acceptance as a final budget.

Budget amounts in the combined financial statements reflect the annual budget and revisions approved during the year. Budgets are based upon the District's estimate of expenditures for each year and their proposed means of financing.

Expenditures are controlled on the major object level within the Funds. Any amendments of appropriations are approved by the Board. Budgeted amounts are reported as amended. All appropriations lapse at year-end. General fund expenditures exceeded appropriations (budget) in the amount of \$97,330. General fund revenues exceeded budgeted amounts by \$18,816.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

The District participates in the Contra Costa County Treasury. Contra Costa County (the County) pools its funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

F. Prepaid Items

The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

G. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Land improvements	20
Building and structures	50
Portable classrooms	25
Kitchen equipment	15
Copiers	5
Musical instruments	10
Vehicles	5
Grounds equipment	5

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

Deferred revenue consists primarily of class registration fees and senior trip funds received during the current year for programs or trips to be conducted subsequent to June 30, 2012. As of June 30, 2012, the deferred revenue balance was \$409,403.

I. Compensated Absences

The District grants employees vacation and sick leave in varying amounts. In the event of retirement or termination, an employee is reimbursed at full salary rates for accumulated vacation days and at one-quarter of salary rates for sick leave days in excess of 30 days. The current portion of accumulated vacation and sick leave is recognized in the general fund. All compensated absences are accrued when incurred in the government-wide financial statements.

As of June 30, 2012, the liability for accrued vacation, administrative and compensatory time off leave was \$236,462. This liability is paid from funds related to the accrued personnel costs.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Premiums, discounts and issuance costs are deferred and amortized over the life of the debt using the effective-interest method.

In the fund financial statements, governmental funds recognize premiums, discounts and issuance costs during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

Designations for the ending fund balance indicate tentative plans for financial resource utilization in a future period.

K. Restricted Cash

Restricted cash represents assets either held by bond trustees or the District, which are governed by a trust indenture specifying their uses. These assets all relate to various debt issuances.

L. Revenue Limit/Property Tax

The County is responsible for assessing, collecting, and apportioning property taxes on behalf of the District. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on January 1 and become delinquent if unpaid by August 31.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Revenue Limit/Property Tax (concluded)

The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

M. Interfund Transactions

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when a fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 2 - CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent possible pursuant to the District Board Approved Investment Policy and Guidelines and State Government Code. Cash on deposit as of June 30, 2012, amounted to \$19,090,807 and was deposited in the following depositories:

<u>Deposits and Investments</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Investment Risk</u>
Cash in County Treasury	\$ (805,745)	\$ (805,745)	AA
Cash in bank	208,458	208,458	N/A
Cash with fiscal agent (restricted)	1,344,896	1,344,896	N/A
Investment in LAIF	1,228,478	1,228,478	Not Rated
Investment in LAIF (restricted)	<u>17,114,720</u>	<u>17,114,720</u>	Not Rated
Total cash and investments	<u>\$ 19,090,807</u>	<u>\$ 19,090,807</u>	

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 2 - CASH AND INVESTMENTS (concluded)

B. Investments

The District's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The management of the State of California Pooled Money Investment Account has indicated to the District that as of June 30, 2012 the carrying amount of the pool was \$60,502,186,417 and the estimated market value of the pool (including accrued interest) was \$66,515,727,874. The District's proportionate share of that value is \$18,343,198. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling \$800,000,000 and asset-backed securities totaling \$1,297,405,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours notice. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

C. Restricted and Designated Cash and Equivalents

The District segregates certain cash and equivalents that have legal or Board of Directors' designated restrictions as to their uses. The District is required under the terms of certain long-term debt covenants to segregate and maintain \$1,344,896 restricted for debt service and \$17,114,720 restricted for Measure E capital projects as of June 30, 2012.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 3 - CAPITAL ASSETS

An analysis of fixed assets at June 30, 2012, is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>6/30/11</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/12</u>
Capital assets, not being depreciated:				
Land	\$ 6,638,913	\$ -	\$ -	\$ 6,638,913
Construction in progress	<u>2,140,184</u>	<u>9,997,353</u>	<u>96,398</u>	<u>12,041,139</u>
Total capital assets, not being depreciated	<u>8,779,097</u>	<u>9,997,353</u>	<u>96,398</u>	<u>18,680,052</u>
Capital assets, being depreciated:				
Land and park improvements	5,647,363	-	-	5,647,363
Building and structure	3,642,010	93,871	1,836,784	1,899,097
Swimming pool	1,573,336	12,468	-	1,585,804
Furniture and equipment	<u>940,849</u>	<u>-</u>	<u>-</u>	<u>940,849</u>
Total capital assets, being depreciated	<u>11,803,558</u>	<u>106,339</u>	<u>1,836,784</u>	<u>10,073,113</u>
Less accumulated depreciation for:				
Land and park improvements	(4,481,024)	(103,889)	-	(4,584,913)
Building and structure	(2,260,632)	(418,208)	(1,836,784)	(842,056)
Swimming pool	(784,103)	(30,415)	-	(814,518)
Furniture and equipment	<u>(764,793)</u>	<u>(59,441)</u>	<u>-</u>	<u>(824,234)</u>
Total accumulated depreciation	<u>(8,290,552)</u>	<u>(611,953)</u>	<u>(1,836,784)</u>	<u>(7,065,721)</u>
Total capital assets being depreciated – net	<u>3,513,006</u>	<u>(505,614)</u>	<u>-</u>	<u>3,007,392</u>
Capital assets – net	<u>\$ 12,292,103</u>	<u>\$ 9,491,739</u>	<u>\$ 96,398</u>	<u>\$ 21,687,444</u>
<u>Depreciation allocation:</u>				
Administration				\$ 47,073
Recreation				47,073
Senior citizens				47,073
Winslow Center				47,073
Community center rental				47,077
Adult activities				47,073
Athletic and teens				47,073
Preschool and youth				47,073
Child care				47,073
Aquatics				47,073
Communications				47,073
Parks				47,073
Maintenance				<u>47,073</u>
Total depreciation expense				<u>\$ 611,953</u>

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 4 - LONG-TERM DEBT

A. Change in Long-Term Debt

The following is a summary of changes in long-term debt as of June 30, 2012:

	June 30, 2011	Additions	Retirements	June 30, 2012	Current
Certificates of Participation	\$ 2,390,000	\$ -	\$ 85,000	\$ 2,305,000	\$ 90,000
General obligation	20,000,000	8,000,000	-	28,000,000	700,000
Issuance/premiums, net	(16,947)	(62,163)	-	(79,110)	-
Loan payable	25,000	-	25,000	-	-
Loan payable	-	-	-	-	-
Compensated absences	<u>199,658</u>	<u>36,804</u>	<u>-</u>	<u>236,462</u>	<u>-</u>
Total	<u>\$ 22,597,711</u>	<u>\$ 7,974,641</u>	<u>\$ 110,000</u>	<u>\$ 30,462,352</u>	<u>\$ 790,000</u>

B. Certificates of Participation ("COP")

1998 COP

The District issued certifications of participation in January of 1998 to finance the acquisition of Pleasant Oaks Park. The total amount of the issue was \$1,895,000 with an average interest rate of 5.56%. The certificates mature through 2027 as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2013	\$ 60,000	\$ 73,215	\$ 133,215
2014	60,000	69,885	129,885
2015	65,000	66,555	131,555
2016	70,000	62,948	132,948
2017	70,000	59,063	129,063
2018	75,000	55,125	130,125
2019	80,000	50,906	130,906
2020	85,000	46,406	131,406
2021	90,000	41,625	131,625
2022	95,000	36,563	131,563
2023	100,000	31,219	131,219
2024	105,000	25,594	130,594
2025	110,000	19,688	129,688
2026	115,000	13,500	128,500
2027	<u>125,000</u>	<u>7,031</u>	<u>132,031</u>
Total Debt Service	<u>\$ 1,305,000</u>	<u>\$ 659,323</u>	<u>\$ 1,964,323</u>

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 4 - LONG-TERM DEBT (continued)

B. Certificates of Participation ("COP") (concluded)

2000 COP

The District entered into a purchase agreement with the City of Pleasant Hill for 2.25 acres of land beneath and surrounding the community center. The purchase price was \$953,000, including a promissory note in the amount of \$650,000. The note was refinanced in May 2000 with Certificates of Participation in the amount of \$1,285,000. The additional money was used for repairs and upgrades to the community center. The note will be amortized over 30 years at a simple interest rate of 5.80% with monthly installments commencing May 1, 2000.

Annual principal and interest amount through 2030 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2013	\$ 30,000	\$ 57,130	\$ 87,130
2014	35,000	55,245	90,245
2015	35,000	53,215	88,215
2016	40,000	51,040	91,040
2017	40,000	48,720	88,720
2018	45,000	46,255	91,255
2019	45,000	43,645	88,645
2020	50,000	40,890	90,890
2021	50,000	37,990	87,990
2022	55,000	34,945	89,945
2023	60,000	31,610	91,610
2024	60,000	28,130	88,130
2025	65,000	24,505	89,505
2026	70,000	20,590	90,590
2027	75,000	16,385	91,385
2028	80,000	11,890	91,890
2029	80,000	7,250	87,250
2030	<u>85,000</u>	<u>2,465</u>	<u>87,465</u>
Total Debt Service	<u>\$ 1,000,000</u>	<u>\$ 611,900</u>	<u>\$ 1,611,900</u>

C. 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 4.78%.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 4 - LONG-TERM DEBT (continued)

C. Measure E General Obligation Bond (continued)

The Series A certificates mature through 2041 as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 575,000	\$ 911,025	\$ 1,486,025
2014	180,000	888,025	1,068,025
2015	405,000	880,825	1,285,825
2016	420,000	864,625	1,284,625
2017	435,000	852,025	1,287,025
2018	445,000	838,975	1,283,975
2019	460,000	825,625	1,285,625
2020	475,000	811,825	1,286,825
2021	490,000	795,200	1,285,200
2022	505,000	778,050	1,283,050
2023	525,000	757,850	1,282,850
2024	550,000	736,850	1,286,850
2025	570,000	714,850	1,284,850
2026	595,000	692,050	1,287,050
2027	625,000	662,300	1,287,300
2028	655,000	631,050	1,286,050
2029	685,000	598,300	1,283,300
2030	720,000	564,050	1,284,050
2031	755,000	528,050	1,283,050
2032	795,000	490,300	1,285,300
2033	830,000	452,935	1,282,935
2034	870,000	413,510	1,283,510
2035	915,000	371,750	1,286,750
2036	960,000	326,000	1,286,000
2037	1,005,000	278,000	1,283,000
2038	1,055,000	227,750	1,282,750
2039	1,110,000	175,000	1,285,000
2040	1,165,000	119,500	1,284,500
2041	<u>1,225,000</u>	<u>61,250</u>	<u>1,286,250</u>
Total	<u>\$ 20,000,000</u>	<u>\$ 17,247,545</u>	<u>\$ 37,247,545</u>

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 4 - LONG-TERM DEBT (concluded)

C. Measure E General Obligation Bond (concluded)

The Series B certificates mature through 2042 as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 125,000	\$ 431,888	\$ 556,888
2014	50,000	341,760	391,760
2015	90,000	340,260	430,260
2016	125,000	337,560	462,560
2017	160,000	333,810	493,810
2018	165,000	327,410	492,410
2019	175,000	320,810	495,810
2020	180,000	313,810	493,810
2021	190,000	306,610	496,610
2022	200,000	299,010	499,010
2023	210,000	291,010	501,010
2024	220,000	280,510	500,510
2025	230,000	269,510	499,510
2026	240,000	258,010	498,010
2027	250,000	246,010	496,010
2028	260,000	233,510	493,510
2029	270,000	220,510	490,510
2030	280,000	207,010	487,010
2031	295,000	193,010	488,010
2032	305,000	178,260	483,260
2033	320,000	166,060	486,060
2034	335,000	153,260	488,260
2035	350,000	139,860	489,860
2036	365,000	125,860	490,860
2037	385,000	110,530	495,530
2038	405,000	94,360	499,360
2039	425,000	77,350	502,350
2040	445,000	59,288	504,288
2041	465,000	40,375	505,375
2042	485,000	20,613	505,613
Total	<u>\$ 8,000,000</u>	<u>\$ 6,717,834</u>	<u>\$ 14,717,834</u>

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 5 - INTER-FUND RECEIVABLES AND PAYABLES

Current inter-fund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012, inter-fund balances comprised the following:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General fund	\$ 906,746	\$ 560,257
Measure E	-	234,579
Special revenue funds:	-	-
Parkland	29,878	-
Reserves	14,439	5,214
Maintenance	-	38,909
Landscape	<u>537,393</u>	<u>649,497</u>
Total interfund receivable/payable	<u>\$ 1,488,456</u>	<u>\$ 1,488,456</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description:

The District contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy:

Participants are required to contribute 7% of their annual covered salary. The District makes 5.5% of the contributions required of District employees on their behalf and for their account and the employees contribute 1.5%. The District is required to contribute at an actuarially determined rate; the current rate is 11.169% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost:

For 2012, the District's annual pension cost of \$314,823 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method.

A summary of principle assumptions and methods used to determine the Annual Required Contribution (ARC) is shown below.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 6 - DEFINED BENEFIT PENSION PLAN (concluded)

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	18 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increase	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%

Three-Year Trend Information for PERS:

Fiscal Year	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
6/30/2010	\$394,101	100%	\$ -0-
6/30/2011	\$362,993	100%	-0-
6/30/2012	\$314,823	100%	-0-

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfounded actuarial accrued liability to payroll:

Valuation Date	(A) Accrued Liabilities (AL)	(B) Actuarial Value of Assets (AVA)	(C) Unfunded Liabilities [UL]	(D) Funded Ratio (AVA/AL)	(E) Annual Covered Payroll	(F) UL as a % Of Payroll
6/30/2006	\$2,754,396,608	\$2,492,226,176	\$262,170,432	90.5%	\$699,897,835	37.5%
6/30/2007	\$2,611,746,790	\$2,391,434,447	\$220,312,343	91.6%	\$665,522,859	33.1%
6/30/2008	\$2,780,280,768	\$2,547,323,278	\$232,957,490	91.6%	\$688,606,681	33.8%
6/30/2009	\$3,104,798,222	\$2,758,511,101	\$346,287,121	88.9%	\$742,981,488	46.6%
6/30/2010	\$3,309,064,934	\$2,946,408,106	\$362,656,828	89.0%	\$748,401,352	48.5%

NOTE 7 - RISK MANAGEMENT

The District manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 7 - RISK MANAGEMENT (concluded)

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

The District is a member of a program through which certain specified and limited self-insured general liability, property loss and automobile liability are administered by the California Association for Park and Recreation Insurance (CAPRI) and shared by its participating members.

Complete audited financial statements for CAPRI can be obtained from CAPRI's office at 6341 Auburn Boulevard, Suite A, Citrus Heights, CA 95621.

CAPRI provides comprehensive general liability coverage with a \$10,000,000 limit per occurrence for personal injury and property damage to which the coverage applies. There is no deductible to the District.

CAPRI also provides public officials and employee liability coverage with a \$10,000,000 annual aggregate limit per member district because of a wrongful act(s) which occurs during the coverage period for which the coverage applies. There is a \$25,000 deductible for any covered claim for wrongful termination payable by the District.

All-Risk Property Loss coverage including Boiler & Machinery coverage is subject to a \$2,000 deductible per occurrence payable by the District.

CAPRI provides flood and earthquake coverage with an annual aggregate limit of \$5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is \$50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

NOTE 8 - CONTINGENCIES

The District is involved in various claims and litigation arising in the ordinary course of business. District management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the District's financial position or results of operations.

NOTE 9 - PART-TIME AND SEASONAL EMPLOYEE RETIREMENT PLAN

The District uses a FICA alternative (457) plan for the District's seasonal and part-time employees. This plan satisfies the requirements of Internal Revenue Code Section 3121, which requires the District to either include these employees under the Social Security System or a qualified pension plan. The District contributed \$17,372 during the year ended June 30, 2012.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE 10 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time and permanent part-time employees, permits them to defer a portion of their salary until future years. Under this plan, participants are not taxed on the deferred portion of the compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

NOTE 11 - NET ASSETS AND FUND BALANCES

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Assets

Net assets are the excess of all the District's assets over all its liabilities, regardless of fund. Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital, net of related debt* describes the portion of net assets that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of net assets that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter. These include amounts for debt service requirements.

*Unrestricted* describes the portion of net assets that is not restricted to use.

B. Fund Equity

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.

Pleasant Hill Recreation and Park District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 11 - NET ASSETS AND FUND BALANCES (concluded)

B. Fund Equity (concluded)

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.

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 District'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 District 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 District's policy 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 District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

NOTE 12 - TRANSFERS

Transactions which constitute reimbursement of a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed. The funds below were combined with the general fund in previous years. The following schedule summarizes the transfers in and out for the fiscal year ended June 30, 2012:

	Transfers in	Transfers out
Major Funds:		
General fund	\$ -	\$ 59,000
Measure E fund	-	96,000
Capital projects fund	59,000	-
Measure E Debt Service fund	96,000	-
Totals	\$ 155,000	\$ 155,000

NOTE 13 - SUBSEQUENT EVENTS

The District passed a resolution dated October 24, 2012 to obtain financing of \$300,000 from Municipal Financing Corporation. The funds will be used to obtain furniture and equipment for the District's new Senior Center Facility. The installment agreement will be for a seven year period at an interest rate of 4.25%.

Pleasant Hill Recreation and Park District  
GENERAL FUND  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES

Budget and Actual

For the year ended June 30, 2012

(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues:</b>				
Property taxes	\$ 3,254,000	\$ 3,307,830	\$ 3,216,664	\$ (91,166)
Non-recreation	292,500	275,000	273,390	(1,610)
Senior citizens	337,000	240,000	277,374	37,374
Winslow center	21,000	38,000	37,774	(226)
Community center rental	-	-	(66)	(66)
Redgers ranch	4,500	-	-	-
Adult activities	178,000	177,000	182,813	5,813
Athletics & teens	576,000	516,750	543,595	26,845
Preschool, youth, & special	438,500	401,800	442,926	41,126
Child care	280,000	312,000	306,697	(5,303)
Aquatics	349,000	332,700	338,146	5,446
Interest	10,000	4,000	4,583	583
Total revenues	<u>5,740,500</u>	<u>5,605,080</u>	<u>5,623,896</u>	<u>18,816</u>
<b>Expenditures:</b>				
Administration	363,130	358,910	376,444	(17,534)
Recreation	291,000	323,230	325,608	(2,378)
Senior citizens	591,720	459,840	504,912	(45,072)
Winslow center	84,250	47,520	54,452	(6,932)
Community center rental	467,530	465,810	476,673	(10,863)
Adult activities	205,930	195,390	175,765	19,625
Athletics & teens	566,500	541,090	559,644	(18,554)
Preschool, youth, & special	343,410	310,950	351,815	(40,865)
Child care	261,280	236,660	245,526	(8,866)
Aquatics	645,160	598,000	614,618	(16,618)
Communications	154,680	179,730	180,485	(755)
Parks	1,240,740	1,184,150	1,205,966	(21,816)
Capital outlay	211,000	233,850	193,141	40,709
Debt service:				
Principal	116,800	129,300	133,611	(4,311)
Interest	146,900	146,900	110,000	36,900
Total expenditures	<u>5,690,030</u>	<u>5,411,330</u>	<u>5,508,660</u>	<u>(97,330)</u>
Excess (deficit) of revenues over (under) expenditures	<u>50,470</u>	<u>193,750</u>	<u>115,236</u>	<u>(78,514)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(59,000)</u>	<u>(59,000)</u>	<u>(59,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(59,000)</u>	<u>(59,000)</u>	<u>(59,000)</u>	<u>-</u>
Net change in Fund Balances	<u>\$ (8,530)</u>	<u>\$ 134,750</u>	56,236	<u>\$ (78,514)</u>
Fund balances, beginning of period			129,499	
Fund balances, end of period			<u>\$ 185,735</u>	

**PLEASANT HILL RECREATION AND PARK DISTRICT**

**PLEASANT HILL, CALIFORNIA**

**MEASURE E FUNDS  
FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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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, 2012, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pleasant Hill Recreation and Park District's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2012, 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, 2012, 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 21, 2012

Pleasant Hill Recreation and Park District  
 GOVERNMENTAL FUNDS  
BALANCE SHEET  
 June 30, 2012

	Measure E Project Fund	Measure E Debt Service Fund	Totals
<u>ASSETS</u>			
Restricted cash and investments	\$ 17,114,720	\$ 1,129,708	\$ 18,244,428
Total assets	\$ 17,114,720	\$ 1,129,708	\$ 18,244,428
<u>LIABILITIES</u>			
Accounts payable	\$ 687,681	\$ -	\$ 687,681
Due to other funds	234,579	-	234,579
Total liabilities	922,260	-	922,260
<u>FUND BALANCES</u>			
Restricted	16,192,460	1,129,708	17,322,168
Total fund balances	16,192,460	1,129,708	17,322,168
Total liabilities and fund balances	\$ 17,114,720	\$ 1,129,708	\$ 18,244,428

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, 2012

	Measure E Project Fund	Measure E Debt Service Fund	Totals
Revenues:			
Property tax	\$ -	\$ 1,470,763	\$ 1,470,763
Interest	58,898	-	58,898
Total revenues	<u>58,898</u>	<u>1,470,763</u>	<u>1,529,661</u>
Expenditures:			
Capital outlay	9,925,657	-	9,925,657
Debt service:			
Bond issuance costs	387,848	-	387,848
Interest	-	911,025	911,025
Total expenditures	<u>10,313,505</u>	<u>911,025</u>	<u>11,224,530</u>
Excess (deficit) of revenues over (under) expenditures	<u>(10,254,607)</u>	<u>559,738</u>	<u>(9,694,869)</u>
Other Financing Sources (Uses):			
Issuance of debt	8,000,000	-	8,000,000
Debt premium	483,848	-	483,848
Transfers in	-	96,000	96,000
Transfers out	(96,000)	-	(96,000)
Total Other Financing Sources (Uses)	<u>8,387,848</u>	<u>96,000</u>	<u>8,483,848</u>
Net change in Fund Balances	<u>(1,866,759)</u>	<u>655,738</u>	<u>(1,211,021)</u>
Fund balances, beginning of period	<u>18,059,219</u>	<u>473,970</u>	<u>18,533,189</u>
Fund balances, end of period	<u>\$ 16,192,460</u>	<u>\$ 1,129,708</u>	<u>\$ 17,322,168</u>

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, 2012

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, 2012, 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, 2012

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, 2012

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, 2012, 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, 2012

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 fund is required under the terms of certain long-term debt covenants to segregate and maintain \$18,244,428 restricted for Measure E projects and related financing as of June 30, 2012.

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.

G. Property Tax

The County is responsible for assessing, collecting, and apportioning property taxes on behalf of the fund. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on January 1 and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioning; in the fiscal year of the levy the County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

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 Series A issue was \$20,000,000 with an average interest rate of 4.78%. The total amount of the Series B issue was \$8,000,000.

Pleasant Hill Recreation and Park District  
Measure E Funds  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012

NOTE 2 - LONG-TERM DEBT

Measure E General Obligation Bond

The Series A certificates mature through 2041 as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 575,000	\$ 911,025	\$ 1,486,025
2014	180,000	888,025	1,068,025
2015	405,000	880,825	1,285,825
2016	420,000	864,625	1,284,625
2017	435,000	852,025	1,287,025
2018	445,000	838,975	1,283,975
2019	460,000	825,625	1,285,625
2020	475,000	811,825	1,286,825
2021	490,000	795,200	1,285,200
2022	505,000	778,050	1,283,050
2023	525,000	757,850	1,282,850
2024	550,000	736,850	1,286,850
2025	570,000	714,850	1,284,850
2026	595,000	692,050	1,287,050
2027	625,000	662,300	1,287,300
2028	655,000	631,050	1,286,050
2029	685,000	598,300	1,283,300
2030	720,000	564,050	1,284,050
2031	755,000	528,050	1,283,050
2032	795,000	490,300	1,285,300
2033	830,000	452,935	1,282,935
2034	870,000	413,510	1,283,510
2035	915,000	371,750	1,286,750
2036	960,000	326,000	1,286,000
2037	1,005,000	278,000	1,283,000
2038	1,055,000	227,750	1,282,750
2039	1,110,000	175,000	1,285,000
2040	1,165,000	119,500	1,284,500
2041	<u>1,225,000</u>	<u>61,250</u>	<u>1,286,250</u>
Total	<u>\$ 20,000,000</u>	<u>\$ 17,247,545</u>	<u>\$ 7,247,545</u>

Pleasant Hill Recreation and Park District  
Measure E Funds  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012

NOTE 2 - LONG-TERM DEBT (concluded)

Measure E General Obligation Bond (concluded)

The Series B certificates mature through 2042 as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 125,000	\$ 431,888	\$ 556,888
2014	50,000	341,760	391,760
2015	90,000	340,260	430,260
2016	125,000	337,560	462,560
2017	160,000	333,810	493,810
2018	165,000	327,410	492,410
2019	175,000	320,810	495,810
2020	180,000	313,810	493,810
2021	190,000	306,610	496,610
2022	200,000	299,010	499,010
2023	210,000	291,010	501,010
2024	220,000	280,510	500,510
2025	230,000	269,510	499,510
2026	240,000	258,010	498,010
2027	250,000	246,010	496,010
2028	260,000	233,510	493,510
2029	270,000	220,510	490,510
2030	280,000	207,010	487,010
2031	295,000	193,010	488,010
2032	305,000	178,260	483,260
2033	320,000	166,060	486,060
2034	335,000	153,260	488,260
2035	350,000	139,860	489,860
2036	365,000	125,860	490,860
2037	385,000	110,530	495,530
2038	405,000	94,360	499,360
2039	425,000	77,350	502,350
2040	445,000	59,288	504,288
2041	465,000	40,375	505,375
2042	485,000	20,613	505,613
Total	<u>\$ 8,000,000</u>	<u>\$ 6,717,834</u>	<u>\$ 14,717,834</u>

Pleasant Hill Recreation and Park District  
Measure E Funds  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012

NOTE 3 - TRANSFERS

Transactions which constitute reimbursement of a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed. The following schedule summarizes the transfers in and out for the fiscal year ended June 30, 2012:

	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
Measure E Project fund	\$ -	\$ 96,000
Measure E Debt Service fund	96,000	-
Totals	\$ 96,000	\$ 96,000

NOTE 4 - INTER-FUND RECEIVABLES AND PAYABLES

Current inter-fund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012, inter-fund balances comprised the following:

	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
Fund:		
District General fund	\$ 234,579	\$ -
Measure E Project fund	-	234,579
Total inter-fund receivable/payable	\$ 96,000	\$ 96,000

**PLEASANT HILL SENIOR'S CLUB**

**PLEASANT HILL, CALIFORNIA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pleasant Hill Senior's Club  
Pleasant Hill, California

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Pleasant Hill Senior's Club (an unincorporated nonprofit organization) as of June 30, 2012, and the related statement of revenues, expenses, and changes in net assets – modified cash basis, statement of operating revenues – modified cash basis, and statement of operating expenses – modified cash basis for the fiscal year then ended. These financial statements are the responsibility of Pleasant Hill Senior's Club 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pleasant Hill Senior's Club's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than 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 Pleasant Hill Senior's Club as of June 30, 2012, and the results of its operations and changes in net assets for the fiscal year then ended, on the basis of accounting described in Note 2.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
January 3, 2013

Pleasant Hill Senior's Club  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -  
MODIFIED CASH BASIS  
June 30, 2012

ASSETS

Current assets:

Cash and investments	\$ 483,224
Total assets	<u>483,224</u>

NET ASSETS

Unrestricted	\$ 440,762
Permanently restricted	<u>42,462</u>
Total net assets	<u>\$ 483,224</u>

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

Pleasant Hill Senior's Club  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
MODIFIED CASH BASIS

For the Fiscal Year Ended June 30, 2012

	Unrestricted	Permanently Restricted	Total
Revenues:			
Operating revenues	\$ 93,396	\$ -	\$ 93,396
Total revenues	93,396	-	93,396
Expenses:			
Operating expenses	145,722	1,047	146,769
Total expenses	145,722	1,047	146,769
Changes in net assets	(52,326)	(1,047)	(53,373)
Net assets, beginning of period	493,088	43,509	536,597
Net assets, end of period	\$ 440,762	\$ 42,462	\$ 483,224

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

Pleasant Hill Senior's Club  
STATEMENT OF OPERATING REVENUES - MODIFIED CASH BASIS  
For the Fiscal Year Ended June 30, 2012

Operating revenues:		
Active Sports	\$	9,037
Bingo		7,454
Boutique		1,952
Care management		797
Special events		4,616
Donations		7,017
Interest		4,934
Senior club		24,721
Transportation		17,136
Trips		15,640
Miscellaneous		<u>92</u>
Total operating revenues	\$	<u>93,396</u>

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

Pleasant Hill Senior's Club  
STATEMENT OF OPERATING EXPENSES - MODIFIED CASH BASIS  
For the Fiscal Year Ended June 30, 2012

Operating expenses:		
Active Sports	\$	6,364
Bingo		8,037
Building & equipment		4,176
Boutique		611
Care management		200
Special events		7,310
Center supplies		4,542
Depreciation		36,368
Donations		430
Senior Club		24,586
Bank service charges		5,189
Transportation		18,764
Trips		24,537
Miscellaneous		5,655
Total operating expenditures	\$	<u>146,769</u>

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

Pleasant Hill Senior's Club  
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS  
June 30, 2012

NOTE 1 - ORGANIZATIONS AND NATURE OF ACTIVITIES

Pleasant Hill Senior's Club was established in 1956 as an unincorporated nonprofit organization sponsored by the Pleasant Hill Recreation and Park District. Its purpose is to provide friendship, fellowship, recreation, education, and social activities for its members. Membership is open to all adults 50 years and over, regardless of race or creed.

Pleasant Hill Senior's Club is governed by a board of thirteen Directors who hold regularly scheduled meetings once a month. A general business meeting is also held once a month. The Directors are elected by a majority vote of the general membership for a one-year term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. That basis differs from U.S. generally accepted accounting principles primarily because Pleasant Hill Senior's Club does not recognize dues receivable from members, accounts payable to vendors, and their related effects on the change in net assets.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organizations*. Under SFAS No. 117, Pleasant Hill Senior's Club is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Unrestricted Net Assets

Unrestricted net assets generally result from revenues obtained by providing services, receiving unrestricted contributions, and receiving interest and dividends from income-producing assets. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of Pleasant Hill Senior's Club and the purposes specified in its Articles of Incorporation or Bylaws and limits resulting from contractual agreements entered into by Pleasant Hill Senior's Club in the course of its operations.

D. Property and Equipment

Property and equipment have been recorded at cost and depreciated using the straight-line method over their estimated useful lives. Building improvements have a useful life of 7-15 years and equipment and furniture have a useful life of 3-7 years. Pleasant Hill Senior's Club capitalizes all expenses for property and equipment in excess of \$5,000 and a useful life of more than one year. Depreciation expense for June 30, 2012 was \$36,368

E. Income Taxes

Pleasant Hill Senior's Club is exempt under the Pleasant Hill Recreation and Park District tax exempt status and therefore, no provision for income tax has been made.

Pleasant Hill Senior's Club  
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS  
 June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

F. Restrictions on Net Assets

Permanently restricted net assets consist of donations to Pleasant Hill Foundation Senior Center Endowment Fund. The fund's investments are to be held indefinitely, the income from which is expendable to support the Senior Center activities.

G. Use of Estimates

The financial statements include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

H. Risk Management

Pleasant Hill Senior's Club is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions for which Pleasant Hill Recreation and Park District carries insurance.

I. Donations

Donations represent contributions to the program from private organizations and individuals and are recognized as support when received.

NOTE 3 - CASH AND INVESTMENTS

A. Cash

Cash and investments as of June 30, 2012, amounted to \$483,224 and were deposited in the following depositories:

	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Investment Risk</u>
Cash in Bank	\$ 299,348	\$ 299,348	N/A
East Bay Community Foundation Investment Pool	42,462	42,462	N/A
Funds Invested – Local Agency Investment Fund (LAIF)	141,414	141,414	Not Rated
Totals	<u>\$ 483,224</u>	<u>\$ 483,224</u>	

The bank balance as of June 30, 2012 was \$493,278 held at different banks and the entire amount was covered by the Federal Deposit Insurance Corporation (FDIC). The difference between the bank balance and the carrying amount is due to reconciling items such as deposits in transit and outstanding checks.

Pleasant Hill Senior's Club  
NOTES TO FINANCIAL STATEMENTS - MODIFIED CASH BASIS  
June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (concluded)

B. Investments

At June 30, 2012, Pleasant Hill Senior's Club had no investments other than pooled cash of \$141,414 in the State of California's Local Agency Investment Fund. The Local Agency Investment Fund through the State Treasurer's Office invests State and local agency funds in a Pooled Money Investment Account. The State Treasurer is responsible for the control and safekeeping of all securities purchased. Of the \$60.5 billion invested by all public entities involved in the pool, 98.67% is invested in non-derivative financial products and 2.1% is in structured notes and asset backed securities.

C. Restricted Cash and Investments

Restricted cash and investments consist of donations to the Pleasant Hill Foundation Senior Center Endowment Fund. As of June 30, 2012, the amount of \$42,462 was recorded as restricted cash and investments.

D. Summary of Fair Value Exposure

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. Pleasant Hill Senior's Club has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3: Significant unobservable inputs (including the organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing Pleasant Hill Senior's Club's financial assets and liabilities are not indicators of the risks associated with those investments.

As of June 30, 2012, the investment balance of \$42,462 was all classified to be Level 1.

NOTE 4 - CAPITAL ASSETS AND SUBSEQUENT EVENT

During the year ended June 30, 2012 the Pleasant Hill Recreation and Park District demolished the Senior Center Building and various other facilities as authorized by Measure E. The building of a new Senior Center is in process. Subsequent to June 30, 2012, the Pleasant Hill Senior's Club has made commitments to purchase furniture and equipment for the new Senior Center for approximately \$110,000.

**PLEASANT HILL RECREATION AND PARK DISTRICT  
AND  
PLEASANT HILL SENIORS' CLUB**

**MANAGEMENT REPORT**

**For the Year Ended  
JUNE 30, 2012**

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**R. J. RICCIARDI, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

In planning and performing our audit of the basic financial statements of Pleasant Hill Recreation and Park District and Pleasant Hill Seniors' Club for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Pleasant Hill Recreation and Park District's and Pleasant Hill Seniors' Club's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Pleasant Hill Recreation and Park District and Pleasant Hill Seniors' Club in implementing the recommendations.

This report is intended solely for the information and use of the management of Pleasant Hill Recreation and Park District, Pleasant Hill Seniors' Club and others within the organizations, and is not to be and should not be used by anyone other than these specified parties.

We thank Pleasant Hill Recreation and Park District's and Pleasant Hill Seniors' Club's staff for its cooperation during our audit.

*R.J. Ricciardi, Inc.*

R.J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
November 2, 2012

Pleasant Hill Recreation and Park District  
and Pleasant Hill Seniors' Club  
MANAGEMENT REPORT  
For the Year Ended June 30, 2012

We have audited the basic financial statements of Pleasant Hill Recreation and Park District and Pleasant Hill Seniors' Club for the year ended June 30, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 21, 2012, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Pleasant Hill Recreation and Park District and Pleasant Hill Seniors' Club. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Pleasant Hill Recreation and Park District and Pleasant Hill Seniors' Club are described in Note 1 and Note 2 to the financial statements, respectively. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Pleasant Hill Recreation and Park District and Pleasant Hill Seniors' Club during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The most sensitive estimate(s) affecting the financial statements were:

- Accrual and disclosure of compensated absences
- Capital asset lives and depreciation expense
- Pension plan actuarial assumptions

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Of the misstatements detected as a result of audit procedures and corrected by management most were immaterial, either individually or in the aggregate, to the financial statements taken as a whole.

Pleasant Hill Recreation and Park District  
and Pleasant Hill Seniors' Club  
MANAGEMENT REPORT  
For the Year Ended June 30, 2012

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated September 28, 2012.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Pleasant Hill Recreation and Park District's and Pleasant Hill Seniors' Club's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Pleasant Hill Recreation and Park District's and Pleasant Hill Seniors' Club's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Pleasant Hill Recreation and Park District  
and Pleasant Hill Seniors' Club  
MANAGEMENT REPORT  
For the Year Ended June 30, 2012

Current Year Observations

1) Bank Statements and Non Recurring Journal Entries

Observation:

During the course of the audit it was noted that the review of the monthly bank statements and non recurring journal entries, by someone outside of Pleasant Hill Recreation and Park District's accounting department, was not documented. Bank statements should be reviewed for any unusual electronic transactions.

Status:

The District's General Manager began documenting his review by initialing the reconciliation and non-recurring journal entries in the month of June 2012.

Prior Year Observations

There were no prior year observations.



## **MEMORANDUM**

TO: Board of Directors

FROM: General Manager

DATE: January 31, 2013

RE: Agenda Item #10 – February 14, 2013 Board Meeting

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### **Program Committee Report**

- a. To Consider Updated District Refund Policy (ACTION)**
- b. Review of the Spring/Summer 2013 Spotlight and Cover**

Board Member Sherry Sterrett and Board Chair Bobby Glover, who will be the substitute for new Board Member Zac Shess due to the meeting being such short notice for Zac to reschedule some work conflicts, will meet to review the Spring/Summer Spotlight. The Program Committee Meeting will be on Thursday, February 7 at 10:00 a.m.

The Program Committee will also be reviewing an updated refund policy that is enclosed for your review. Agenda is attached.

# DRAFT

January 18, 2013

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## **Refund Policy**

Prior to first class/activity, if circumstances beyond your control impact your ability to participate in our programs and/or it becomes necessary for you to transfer to another date/time, transfers or credits on account will be assessed a \$5 processing fee and a refund (by check or to your credit card) will be assessed a \$10 processing fee, (unless the activity is changed or canceled by the District.) With the exception of medical emergencies, all requests for transfers/credits on account or refunds must be received two weeks prior to the first class meeting. Credits/refunds for medical emergencies require a doctor's/health plan documentation and will be pro-rated from receipt of notification.

## **Satisfaction Guarantee**

Pleasant Hill Recreation & Park District strives to provide the highest quality in programs and services. For any concerns regarding the quality of our programs or instructors, please contact us immediately at 682-0896, so that we may work to resolve your concerns. All requests for credits/refunds must be received before the third class meeting.

## **Exceptions**

See individual program information for specific refund policies.

- Facility, Parks and Pool Rentals
  - Adult/Senior Trips and Travel Programs
  - Youth and Adult Sport Leagues
  - Special Events
- No Refunds for Special Events



# Board of Directors AGENDA

PLEASANT HILL RECREATION & PARK DISTRICT

147 Gregory Lane  
Pleasant Hill, CA 94523  
(925) 682-0896  
(925) 682-1633 fax  
pleasanthillrec.com

## MISSION STATEMENT

*In order to serve the diverse recreational needs of individuals and families and to enrich the quality of life for all residents, the Pleasant Hill Recreation & Park District is committed to providing park facilities, open space, and programs and activities for all ages.*

**Pleasant Hill Recreation & Park District  
Board of Directors  
Program Committee  
Thursday, February 7, 2013  
10:00 a.m.  
Administration Office  
147 Gregory Lane, Pleasant Hill**

**Chair: Sherry Sterrett**

**Member: Zac Shess**

1. Public Comment

### **Spring/Summer Spotlight 2013 Review**

- |   |             |
|---|-------------|
| 2. Senior Activities and Adult Activities         | Luke/Frates |
| 3. Aquatics                                       | Riley       |
| 4. Youth Camps, Activities and KIDSTOP            | Lischeske   |
| 5. Teen Camps, Activities and Special Events      | Hunn        |
| 6. Youth and Adult Sports                         | Hurtado     |
| 7. Preschool Camps Activities; Front/Back Cover   | Young       |
| 8. Consider update to Refund Policy               | Young       |
| 9. Discuss Co-sponsored room rates for club mtgs. | Young       |

*Documents that are disclosable public records required to be made available under California Government Code Section 54957.5 (b) (1) and (2) are available to the public for inspection at no charge during business hours at our administrative office located at 147 Gregory Lane, Pleasant Hill, California.*

*The Pleasant Hill Recreation & Park District will provide reasonable disability-related modification or accommodation to a person with a disability who requires a modification or accommodation in order to participate in the meeting of the Board of Directors. Please contact Susie Kubota (925) 682-0896 at least 48 hours before the meeting if you require such modification or accommodation.*



## **MEMORANDUM**

TO: Board of Directors

FROM: General Manager

DATE: January 31, 2013

RE: Agenda Item #11 – February 14, 2013 Board Meeting

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### **Report from Contra Costa Special District Quarterly Meeting**

Board Member Sherry Sterrett will report on the Contra Costa Special Districts Quarterly Meeting that was held on January 21, 2013.