District Audits for Fiscal Years 2006-07, 2007-08, 2008-09

Attachment 2

Rim of the World Recreation and Park District

Report on Audit

June 30, 2007

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Rim of the World Recreation and Park District
Basic Financial Statements
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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of Rim of the World Recreation and Park District (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Rogers Anderson Malody & Scott, LLP

June 6, 2012

Rim of the World Recreation and Park District
Statement of Net Assets
June 30, 2007

ASSETS	
Cash	$ 125,258
Cash - restricted	236
Accounts receivable, net	60,222
Intergovernmental receivables	46,162
Prepaid expenses	4,435
Capital assets not being depreciated	1,177,667
Capital assets being depreciated, net	1,294,314
Total assets	2,708,294
LIABILITIES	
Accounts payable and accrued liabilities	124,433
Other current liabilities	57,860
Due to other governments	135,591
Unearned revenues	37,317
Noncurrent liabilities:	
Due within one year	20,108
Due in more than one year	591,169
Total liabilities	966,478
NET ASSETS	
Invested in capital assets, net of related debt	1,867,911
Unrestricted	(126,095)
Total net assets	$ 1,741,816

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

Rim of the World Recreation and Park District
Statement of Activities
For the year ended June 30, 2007

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental activities:					
Administration	$ 549,615	$ 490,735	$ -	$ 618,818	$ 559,938
Recreation	136,603	77,196	37	-	(59,370)
Childcare	276,697	274,050	2,793	-	146
Interest expense	38,863	-	-	-	(38,863)
Total governmental activities	$ 1,001,778	$ 841,981	$ 2,830	$ 618,818	461,851
General revenues:					
Unrestricted investment earnings					20
Other					14,036
Total general revenues					14,056
Change in net assets					475,907
Net assets, beginning of year, as restated					1,265,909
Net assets, end of year					$ 1,741,816

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

Rim of the World Recreation and Park District
Balance Sheet
Governmental Fund
June 30, 2007

ASSETS		
Cash	$	125,258
Cash - restricted		236
Accounts receivable, net		60,222
Intergovernmental receivable		46,162
Prepaid expenses		4,435
Total assets	$	236,313
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	$	124,433
Unearned revenues		37,317
Due to other governments		135,591
Other current liabilities		57,860
Total liabilities		355,201
Fund balance:		
Unreserved, reported in:		
General fund		(118,888)
Total fund balance		(118,888)
Total liabilities and fund balance	$	236,313

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

Rim of the World Recreation and Park District
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
Governmental Fund
June 30, 2007

Fund balance of governmental fund	$	(118,888)
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,471,981
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds.		
Notes payable - Union Bank and Bank of America		(604,070)
Compensated absences payable		(7,207)
Net assets of governmental activities	$	1,741,816

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

Rim of the World Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2007

REVENUES	
Special assessments	$ 402,578
Delinquent taxes and interest	28,561
Rents and concessions	59,596
Investment earnings	20
Intergovernmental	271,208
Charges for services:	
Recreation	77,196
Childcare	274,050
Contributions and donations	347,610
Other	16,866
Total revenues	1,477,685
EXPENDITURES	
Administration:	
Salaries and benefits	228,180
Services and supplies	217,388
Utilities	88,278
Recreation:	
Salaries and benefits	61,163
Services and supplies	41,835
Childcare:	
Salaries and benefits	226,896
Services and supplies	39,902
Utilities	3,042
Debt service:	
Principal	15,267
Interest	38,863
Capital outlay	398,441
Total expenditures	1,359,255
Excess of revenues over (under) expenditures	118,430
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of asset	500
Debt issued	20,100
Total other financing sources (uses)	20,600
Net change in fund balance	139,030
Fund balance, beginning of year, as restated	(257,918)
Fund balance, end of year	$ (118,888)

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

Rim of the World Recreation and Park District
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
For the year ended June 30, 2007

Net change in fund balance - total governmental fund	$	139,030
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized, less net book value of disposals		396,566
Depreciation expense		(49,873)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payment on loan		15,267
The issuance of debt provides current financial resources to governmental funds, but the issuing debt increases long-term liabilities in the statement of net assets.		(20,100)
Compensated absences expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(4,983)
Change in net assets of governmental activities	$	475,907

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of Rim of the World Recreation and Park District (the District) conform to generally accepted accounting principles.

Organization

The District was established on November 25, 1985 by a resolution of the Board of Supervisors. The District is governed by an elected Board of Directors, elected by District voters.

The District acquires and manages parks for public use, organizes and manages recreational activities, as well as assisting other groups and organizations with recreational endeavors. Childcare is also provided at various locations within the District to provide recreational activities for children as well as providing needed daytime child supervision for the individuals within the District.

The District's primary source of revenue comes from a $10 per parcel assessment for each non-exempt parcel (parcels located within Cedar Pines Park as well as government owned parcels are considered exempt) within the District boundaries. In addition, the District charges childcare fees, recreational fees for various programs as well as facilities use fees, including reimbursements for various costs such as ball field lighting. The District has no power to levy and collect taxes.

Basis of accounting and measurement focus

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole; except for any fiduciary activities (the District has no fiduciary activities). Those statements include separate columns for the governmental and business-type activities of the entity (including any blended component units), as well as it's discretely presented component units. The District has no business-type activities or component units.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting.* Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Note 1: Summary of Significant Accounting Policies (continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of debt issued are recorded as a liability in the government-wide financial statements, rather than as an *other financing source*. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund financial statements

The underlying account system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund equity, revenues and expenditures or expenses, as appropriate. Governmental 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.

Fund financial statements for the District's governmental fund are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Currently, the District has only one fund.

Governmental funds

In the fund financial statements, the governmental fund is presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria of the governmental fund in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services provided.) *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Note 1: Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus.* This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of debt issued are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Accounts receivable

Accounts receivable are reported at their estimated net realizable value. The allowance for doubtful accounts is estimated based on the District's historical losses and existing economic conditions. Because of the inherent uncertainty in estimating bad debts, it is reasonably possible that the estimates used to calculate the allowance will change in the near term. Currently, accounts receivable are reported in the financial statements as follows:

Accounts Receivable	$	78,224
Allowance for uncollectible accounts		(18,002)
Net realizable value	$	60,222

Fund classifications

The following fund is presented as a major fund in the accompanying basic financial statements:

The *General Fund* is used to account for all activity not required to be accounted for in another fund.

Note 1: Summary of Significant Accounting Policies (continued)

Cash and investments

Cash and investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Capital assets

Capital assets of $2,500 or more are capitalized. Capital assets are recorded at cost for asset purchases where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful life
Buildings and improvements	10 – 50 years
Machinery and equipment	2 – 20 years

Compensated absences

Salaried full-time employees earn vacation and sick leave benefits, and can accumulate a balance from year to year. The amount payable in future years when used by the District employees amounted to $7,207 at June 30, 2007.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Property taxes

The County of San Bernardino (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year taxes are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes attach a lien on the property on March 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Note 2: Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash	$	125,258
Restricted Cash		236
Total cash and investments	$	125,494

Cash and investments as of June 30, 2007 consist of the following:

Bank deposits	$	125,466
Petty cash and undeposited funds		28
Total cash and investments	$	125,494

Equity in the cash and investment pool of the County of San Bernardino

Cash and investments includes the cash balance of monies deposited with the County of San Bernardino Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Fair value is reported monthly. The fair value of each participant's share is the same as the value of the pool share. Cash and cash equivalents are shown at the fair value as of June 30, 2007. The District's balance at the County cash and investment pool is an overdraft of $135,591 at year end. This amount is reported as due to other governments in the accompanying financial statements. The County pool is not rated.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

Disclosures relating to interest rate risk, credit risk and custodial credit risk

As of June 30, 2007, the District has not adopted an investment policy in accordance with the California Government Code; therefore the District has not addressed interest rate, credit or custodial credit risks. Currently the District has all of its cash with the County of San Bernardino investment pool and in bank deposits. At June 30, 2007, the District had deposits with bank balances of $136,910 of which $16,865 was not covered by the Federal Deposit Insurance Corporation which insures all accounts at each bank up to $100,000.

Since the District has not adopted an investment policy, it follows the California Government Code for allowable investments.

Fair value investments

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the District reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Note 2: Cash and Investments (continued)

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor.

Note 3: Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2007, were as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 464,257	$ 110,000	$ -	$ 574,257
Improvements to land	559,304	44,106	-	603,410
Total capital assets not being depreciated	1,023,561	154,106	-	1,177,667
Capital assets being depreciated:				
Structures and improvements	1,544,925	207,052	-	1,751,977
Equipment	53,124	25,283	(4,000)	74,407
Depreciable improvements to land	-	12,000	-	12,000
Total capital assets being depreciated	1,598,049	244,335	(4,000)	1,838,384
Less accumulated depreciation for:				
Structures and improvements	(452,269)	(44,968)	-	(497,237)
Equipment	(44,053)	(4,905)	2,125	(46,833)
Total accumulated depreciation	(496,322)	(49,873)	2,125	(544,070)
Total capital assets being depreciated, net	1,101,727	194,462	(1,875)	1,294,314
Total capital assets, net	$ 2,125,288	$ 348,568	$ (1,875)	$ 2,471,981

Depreciation expense has been charged to the following functions as follows:

Administration	$ 11,268
Recreation	33,605
Chilcare	5,000
Total depreciation expense	$ 49,873

Note 4: Long-Term Liabilities

Changes in long-term debt for the fiscal year ended June 30, 2007, were as follows:

	Beginning balance	Additions	Deletions	Ending balance	Current portion
Note payable - Union Bank	$ 599,237	$ -	$ (10,696)	$ 588,541	$ 11,397
Note payable - Bank of America	-	20,100	(4,571)	15,529	6,549
Compensated absences	2,224	4,983	-	7,207	2,162
Total long-term liabilities	$ 601,461	$ 25,083	$ (15,267)	$ 611,277	$ 20,108

	Outstanding at June 30, 2007
Note payable - Union Bank	
In November 2005, the District refinanced its $600,000 note payable (used to finance the purchase of the Districts office), which was due on March 3, 2006, for $606,000. The note requires monthly payments of $4,037 based on a 25 year amortization schedule at an interest rate of 6.35%. At the end of the tenth year, a balloon payment of the remaining balance is due and payable.	$ 588,541
Note payable - Bank of America	
On September 15, 2006, the District executed a note payable in the amount of $20,100 to purchase a truck. The note requires monthly payments of $632 with interest set at 8.25%. The final payment will include all principal and all accrued interest outstanding, and is due on September 15, 2009.	15,529
Total notes payable	$ 604,070

The annual requirements to amortize the Union Bank note payable outstanding as of June 30, 2007, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2008	$ 11,397	$ 37,044
2009	12,141	36,299
2010	12,934	35,506
2011	13,780	34,660
2012	14,681	33,759
2013 - 2016	523,608	107,711
Totals	$ 588,541	$ 284,979

Note 4: Long-Term Liabilities (continued)

The annual requirements to amortize the Bank of America note payable outstanding as of June 30, 2007, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2008	$ 6,549	$ 1,037
2009	7,110	476
2010	1,870	26
Totals	$ 15,529	$ 1,539

Note 5: Employees' Retirement Plan

Currently, the District participates in the San Bernardino County Employees' Retirement Association (SBCERA). Below is a description of that plan.

Plan description

The SBCERA is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees Retirement Act of 1937 (1937 Act). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD) and the South Coast Air Quality Management District (the AQMD), were later included, along with the County of San Bernardino (the County), and are collectively referred to as the "Participating Members." The Plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2007.

Funding policy

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). Members are required to contribute 8.97% - 12.84% for general members and 11.14% - 15.09% for safety members, of their annual covered salary of which the County pays approximately 7%. County of San Bernardino employer contribution rates are as follows: County General 12.03%, County Safety 24.84%. All employers combined are required to contribute 14.46% of the current year covered payroll. For 2007, the County's annual pension cost of $194,130,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Section 31453 of the 1937 Act.

Note 5: Employees' Retirement Plan (continued)

The County's annual pension cost and prepaid asset, computed in accordance with *GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2007, were as follows (in thousands):

Annual required contribution (County fiscal year basis)	$	194,130
Interest on pension assets		(33,738)
Adjustment to the annual required contribution		44,069
Annual pension cost		204,461
Annual contributions made		194,130
Increase/(decrease) in pension assets		(10,331)
Pension assets, beginning of year (as restated)		838,933
Pension assets, end of year	$	828,602

The following table shows the County's required contributions and percentage contributed, for the current year and two preceding years:

Year ended June 30,	Annual contributions made (in thousands) SBCERA	Annual contributions made (in thousands) County	Percentage contributed
2005	$ 161,906	$ 141,450	100%
2006	197,343	166,614	100%
2007	239,857	194,130	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of $420,527,000. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was $386,266,000. The current amount outstanding at June 30, 2007 is $438,668,000.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in respective aggregate principal amounts of $189,070,000, $149,825,000, and $125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. The current amount outstanding at June 30, 2007 is $459,930,000.

Note 6: Commitments and Contingencies

The District, from time to time, receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. District management believes such disallowances, if any, would not have a material effect on the District's financial position.

In August 2006, the District reimbursed the State of California Parks Department $7,882 of Proposition 12 funds for costs associated with the District Office rehabilitation which were deemed to be ineligible under the Proposition 12 program.

Note 7: Risk Management

Insurance Pooling - The District participates in an insurance pooling agreement with several other districts throughout California. Major loss risks are covered by umbrella policies, but several losses and multiple deductable losses to the group could result in additional assessments to the District. The pool has substantial reserves and has not requested additional assessments of members since the District began participation. Management considers the likelihood of such an assessment to be remote.

Note 8: County Advance Commitment

Special assessments are collected and paid to the District by the County of San Bernardino in accordance with its property tax calendar (as described in Note 1 of these financial statements). The majority of the assessments are paid to the District in December and April. Assessments received by the District are used to pay current costs of ongoing operations incurred by the District. Since a majority of the assessments are received during two months of the year, the District seeks approval each year to receive an advance from the County against these anticipated revenues in order to cover operating costs during the remaining months.

Note 9: Prior Period Adjustment

From 2001 to 2006 the County of San Bernardino overpaid the District $16,500 in special assessments.

Governmental activities	Amount
Net assets, beginning of year, as previously reported	$ 1,282,409
Prior period adjustment	(16,500)
Net assets, beginning of year, as restated	$ 1,265,909
Fund financial statements	
Fund balance, beginning of year, as previously reported	$ (241,418)
Prior period adjustment	(16,500)
Fund balance, beginning of year, as restated	$ (257,918)

Note 10: Rental Agreements

The District is currently the lessor of unused office space in its building as well as cell phone tower sites. The anticipated future revenues for the various leases are as follows:

Fiscal year ending June 30,	Amount
2008	$ 33,600
2009	33,600
2010	33,600
2011	33,600
Total	$ 134,400

Required Supplementary Information

Required Supplementary Information
Rim of the World Recreation and Park District
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2007

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
REVENUES				
Special assessments	$ 368,281	$ 368,281	$ 402,578	$ 34,297
Delinquent taxes and interest	21,719	21,719	28,561	6,842
Rents and concessions	78,300	82,800	59,596	(23,204)
Investment earnings	-	500	20	(480)
Intergovernmental	100,000	100,000	271,208	171,208
Charges for services:				
Recreation	76,155	78,270	77,196	(1,074)
Childcare	270,354	277,863	274,050	(3,813)
Contributions and donations	10,000	10,000	347,610	337,610
Other	13,492	63,466	16,866	(46,600)
Total revenues	938,301	1,002,899	1,477,685	474,786
EXPENDITURES				
Administration:				
Salaries and benefits	239,902	239,666	228,180	11,486
Services and supplies	170,131	157,777	217,388	(59,611)
Utilities	70,472	60,244	88,278	(28,034)
Recreation:				
Salaries and benefits	64,305	64,242	61,163	3,079
Services and supplies	32,741	30,363	41,835	(11,472)
Child care:				
Salaries and benefits	238,552	238,317	226,896	11,421
Services and supplies	31,228	28,960	39,902	(10,942)
Utilities	2,428	2,076	3,042	(966)
Debt service:				
Principal	13,679	13,679	15,267	(1,588)
Interest	34,821	34,821	38,863	(4,042)
Capital outlay	-	17,000	398,441	(381,441)
Total expenditures	898,259	887,145	1,359,255	(472,110)
Excess of revenues over (under) expenditures	40,042	115,754	118,430	2,676
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of asset	-	-	500	500
Debt issued	-	-	20,100	20,100
Total other financing sources (uses)	-	-	20,600	20,600
Net change in fund balance	40,042	115,754	139,030	23,276
Fund balance, beginning of year, as restated	(257,918)	(257,918)	(257,918)	-
Fund balance, end of year	$ (217,876)	$ (142,164)	$ (118,888)	$ 23,276

Note 1: Budgetary Control and Accounting

The District adopts an annual budget prepared on the modified accrual basis of accounting for its governmental fund types.

During the fiscal year, the District had expenditures in excess of appropriations of $472,110. However, these expenditures include capital outlay of $398,441, of which, $277,500 represents contributed assets (which is offset by $277,500 in contribution revenue). These assets were contributed by other governmental entities for use in the District's programs, and therefore, were recorded as intergovernmental revenue, contributions and donations, and capital outlay.

Rim of the World Recreation and Park District

Report on Audit

June 30, 2008

Rim of the World Recreation and Park District
Basic Financial Statements
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Board of Directors
Rim of the World Recreation and Park District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of the Rim of the World Recreation and Park District (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Rogers Anderson Malody & Scott, LLP

June 18, 2012

Rim of the World Recreation and Park District
Statement of Net Assets
June 30, 2008

	Governmental Activities
ASSETS	
Cash	$ 45,022
Accounts receivable, net	72,527
Intergovernmental receivables	28,883
Prepaid expenses	6,784
Capital assets not being depreciated	1,292,279
Capital assets being depreciated, net	1,334,414
Total assets	2,779,909
LIABILITIES	
Accounts payable and accrued liabilities	195,647
Unearned revenues	1,435
Other current liabilities	61,159
Due to other governments	128,067
Noncurrent liabilities:	
Due within one year	21,435
Due in more than one year	571,965
Total liabilities	979,708
NET ASSETS	
Invested in capital assets, net of related debt	2,040,568
Unrestricted	(240,367)
Total net assets	$ 1,800,201

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

Rim of the World Recreation and Park District
Statement of Activities
For the year ended June 30, 2008

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental activities:					
Administration	$ 589,087	$ 479,473	$ -	$ 172,560	$ 62,946
Recreation	106,414	73,053	3,949	54,890	25,478
Childcare	293,803	281,409	4,353	-	(8,041)
Interest expense	38,081	-	-	-	(38,081)
Total governmental activities	$ 1,027,385	$ 833,935	$ 8,302	$ 227,450	42,302
General revenues:					
Unrestricted investment earnings					4
Other					16,079
Total general revenues					16,083
Change in net assets					58,385
Net assets, beginning of year					1,741,816
Net assets, end of year					$ 1,800,201

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

Rim of the World Recreation and Park District
Balance Sheet
Governmental Fund
June 30, 2008

ASSETS		
Cash	$	45,022
Accounts receivable, net		72,527
Intergovernmental receivable		28,883
Prepaid expenses		6,784
Total assets	$	153,216
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	$	195,647
Unearned revenues		1,435
Due to other governments		128,067
Other current liabilities		61,159
Total liabilities		386,308
Fund balance:		
Unreserved, reported in:		
General fund		(233,092)
Total fund balance		(233,092)
Total liabilities and fund balance	$	153,216

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

Rim of the World Recreation and Park District
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Assets
Governmental Fund
June 30, 2008

Fund balance of governmental fund	$	(233,092)
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,626,693
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable - Union Bank and Bank of America		(586,125)
Compensated absences payable		(7,275)
Net assets of governmental activities	$	1,800,201

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

Rim of the World Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2008

REVENUES	
Special assessments	$ 378,470
Delinquent taxes and interest	25,116
Rents and concessions	75,887
Investment earnings	4
Intergovernmental	171,110
Charges for services:	
Recreation	73,053
Childcare	281,409
Contributions and donations	60,289
Other	20,432
Total revenues	1,085,770
EXPENDITURES	
Administration:	
Salaries and benefits	277,665
Services and supplies	220,242
Utilities	79,746
Recreation:	
Salaries and benefits	38,372
Services and supplies	22,287
Childcare:	
Salaries and benefits	248,143
Services and supplies	37,499
Utilities	3,384
Debt service:	
Principal	17,945
Interest	38,081
Capital outlay	216,610
Total expenditures	1,199,974
Excess of revenues over (under) expenditures	(114,204)
Fund balance, beginning of year	(118,888)
Fund balance, end of year	$ (233,092)

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

Rim of the World Recreation and Park District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the year ended June 30, 2008

Net change in fund balance - total governmental fund	$	(114,204)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized, less net book value of disposals		216,610
Depreciation expense		(61,898)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payment on notes		17,945
Compensated absences expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(68)
Change in net assets of governmental activities	$	58,385

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Rim of the World Recreation and Park District (the District) conform to generally accepted accounting principles.

Organization

The District was established on November 25, 1985 by a resolution of the Board of Supervisors. The District is governed by an elected Board of Directors, elected by District voters.

The District acquires and manages parks for public use, organizes and manages recreational activities, as well as assisting other groups and organizations with recreational endeavors. Childcare is also provided at various locations within the District to provide recreational activities for children as well as providing needed daytime child supervision for the individuals within the District.

The District's primary source of revenue comes from a $10 per parcel assessment for each non-exempt parcel (parcels located within Cedar Pines Park as well as government owned parcels are considered exempt) within the District boundaries. In addition, the District charges childcare fees, recreational fees for various programs as well as facilities use fees, including reimbursements for various costs such as ball field lighting. The District has no power to levy and collect taxes.

Basis of accounting and measurement focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole, except for any fiduciary activities (the District has no fiduciary activities). Those statements include separate columns for the governmental and business-type activities of the entity (including any blended component units), as well as its discretely presented component units. The District has no business-type activities or component units.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting.* Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Note 1: Summary of Significant Accounting Policies (continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds debt issued are recorded as a liability in the government-wide financial statements, rather than as *other financing source.* Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund financial statements

The underlying account system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund equity, revenues and expenditures or expenses, as appropriate. Governmental 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.

Fund financial statements for the District's governmental fund are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Currently, the District has only one fund.

Governmental funds

In the fund financial statements, the governmental fund is presented using the *modified-accrual basis of accounting.* Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental fund in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Note 1: Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus.* This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of debt issued are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Accounts receivable

Accounts receivable are reported at their estimated net realizable value. The allowance for doubtful accounts is estimated based on the District's historical losses and existing economic conditions. Because of the inherent uncertainty in estimating bad debts, it is reasonably possible that the estimates used to calculate the allowance will change in the near term. Currently, accounts receivable are reported in the financial statements as follows:

Accounts receivable	$	95,985
Allowance for uncollectible accounts		(23,458)
Net realizable value	$	72,527

Fund classifications

The following fund is presented as a major fund in the accompanying basic financial statements:

The *General Fund* is used to account for all activity not required to be accounted for in another fund.

Note 1: Summary of Significant Accounting Policies (continued)

Cash and investments

Cash and investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Capital assets

Capital assets of $2,500 or more are capitalized. Capital assets are recorded at cost for asset purchases where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful life
Buildings and improvements	10 – 50 years
Machinery and equipment	2 – 20 years

Compensated absences

Salaried full-time employees earn vacation and sick leave benefits, and can accumulate a balance from year to year. The amount payable in future years when used by the District employees amounted to $7,275 at June 30, 2008.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Property taxes

The County of San Bernardino (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year taxes are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes attach a lien on the property on March 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Note 2: Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash	$	45,022
Total cash and investments	$	45,022

Cash and investments as of June 30, 2008 consist of the following:

Bank deposits	$	32,711
Petty cash and undeposited funds		12,311
Total cash and investments	$	45,022

Equity in the cash and investment pool of the County of San Bernardino

Cash and investments includes the cash balance of monies deposited with the County of San Bernardino Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2008. The District's balance at the County cash and investment pool is an overdraft of $128,067 at year end. This amount is reported as due to other governments in the accompanying financial statements.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

Disclosures relating to interest rate risk, credit risk and custodial credit risk

As of June 30, 2008, the District has not adopted an investment policy in accordance with the California Government Code; therefore the District has not addressed interest rate, credit or custodial credit risks. Currently the District has all of its cash with the County of San Bernardino investment pool and in bank deposits. The Federal Deposit Insurance Corporation insures all accounts at each bank up to $100,000. At June 30, 2008, the District had aggregate deposits of $48,954 with Bank of America and Union Bank of California.

Since the District has not adopted an investment policy, it follows the California Government Code for allowable investments.

Fair value investments

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the District reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Note 3: Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2008, were as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 574,257	$ -	$ -	$ 574,257
Improvements to land	603,410	114,612	-	718,022
Total capital assets not being depreciated	1,177,667	114,612	-	1,292,279
Capital assets being depreciated:				
Structures and improvements	1,751,977	49,236	-	1,801,213
Equipment	74,407	35,882	-	110,289
Depreciable improvements to land	12,000	16,880	-	28,880
Total capital assets being depreciated	1,838,384	101,998	-	1,940,382
Less accumulated depreciation for:				
Structures and improvements	(497,237)	(55,755)	-	(552,992)
Equipment	(46,833)	(6,143)	-	(52,976)
Total accumulated depreciation	(544,070)	(61,898)	-	(605,968)
Total capital assets being depreciated, net	1,294,314	40,100	-	1,334,414
Total capital assets, net	$ 2,471,981	$ 154,712	$ -	$ 2,626,693

Depreciation expense has been charged to the following functions as follows:

Administration	$ 11,143
Recreation	45,755
Childcare	5,000
Total depreciation expense	$ 61,898

Note 4: Long-Term Liabilities

Changes in long-term debt for the fiscal year ended June 30, 2008, were as follows:

	Beginning balance	Additions	Deletions	Ending balance	Current portion
Note payable - Union Bank	$ 588,541	$ -	$ (11,396)	$ 577,145	$ 12,142
Note payable - Bank of America	15,529	-	(6,549)	8,980	7,110
Compensated absences	7,207	68	-	7,275	2,183
Total long-term liabilities	$ 611,277	$ 68	$ (17,945)	$ 593,400	$ 21,435

	Outstanding at June 30, 2008
Note payable - Union Bank	
In November 2005, the District refinanced its $600,000 note payable, which was due on March 3, 2006, for $606,000. The note requires monthly payments of $4,037 based on a 25 year amortization schedule at an interest rate of 6.35%. At the end of the tenth year, a balloon payment of the remaining balance is due and payable.	$ 577,145
Note payable - Bank of America	
On September 15, 2006, the District executed a note payable in the amount of $20,100 to purchase a truck. The note requires monthly payments of $632 with interest set at 8.25%. The final payment will include all principal and all accrued interest outstanding, and is due on September 15, 2009.	8,980
Total notes payable	$ 586,125

The annual requirements to amortize the Union Bank note payable outstanding as of June 30, 2008, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2009	$ 12,141	$ 36,299
2010	12,934	35,506
2011	13,780	34,660
2012	14,681	33,759
2013	15,641	32,799
2014 - 2016	507,968	74,912
Totals	$ 577,145	$ 247,935

Note 4: Long-Term Liabilities (continued)

The annual requirements to amortize the Bank of America note payable outstanding as of June 30, 2008, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2009	$ 7,110	$ 476
2010	1,870	26
Totals	$ 8,980	$ 502

Note 5: Employees' Retirement Plan

Currently, the District participates in the San Bernardino County Employees' Retirement Association (SBCERA). Below is a description of that plan.

Plan description

The SBCERA is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees Retirement Act of 1937 (1937 Act). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD), and the South Coast Air Quality Management District (the AQMD), were later included, along with the County of San Bernardino (the County), and are collectively referred to as the "Participating Members." The Plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2008.

Funding policy

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 8.97% - 12.84% and safety members 11.14% - 15.09% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are 12.03% for general members and 24.84% for safety members. All employers combined are required to contribute 14.46% of the current year covered payroll. For 2008, the County's annual pension cost of $203,712,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

Note 5: Employees' Retirement Plan (continued)

The County's annual pension cost and prepaid asset, computed in accordance with *GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2008, were as follows (in thousands):

Annual required contribution (County fiscal year basis)	$	203,712
Interest on pension assets		(32,917)
Adjustment to the annual required contribution		47,803
Annual pension cost		218,598
Annual contributions made		203,712
Increase/(decrease) in pension assets		(14,886)
Pension assets, beginning of year (as restated)		828,602
Pension assets, end of year	$	813,716

The following table shows the County's required contributions and percentage contributed, for the current year and two preceding years:

Year ended June 30,	Annual contributions made (in thousands) SBCERA	County	Percentage contributed
2006	$ 197,343	$ 166,614	100%
2007	239,857	194,130	100%
2008	241,721	203,712	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of $420,527,000. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was $386,266,000. The current amount outstanding at June 30, 2008 is $432,767,000.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in respective aggregate principal amounts of $189,070,000, $149,825,000, and $125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. The current amount outstanding at June 30, 2008 is $301,595,000.

In April 2008, the County of San Bernardino issued its $160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the "Series 2008 Bonds"). The current amount outstanding at June 30, 2008 is $160,900,000.

Note 6: Commitments and Contingencies

The District, from time to time, receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. District management believes such disallowances, if any, would not have a material effect on the District's financial position.

Note 7: Risk Management

Insurance Pooling - The District participates in an insurance pooling agreement with several other districts throughout California. Major loss risks are covered by umbrella policies, but several losses and multiple deductable losses to the group could result in additional assessments to the District. The pool has substantial reserves and has not requested additional assessments of members since the District began participation. Management considers the likelihood of such an assessment to be remote.

Note 8: County Advance Commitment

Special assessments are collected and paid to the District by the County of San Bernardino in accordance with its property tax calendar (as described in Note 1 of these financial statements). The majority of the assessments are paid to the District in December and April. Assessments received by the District are used to pay current costs of ongoing operations incurred by the District. Since a majority of the assessments are received during two months of the year, the District seeks approval each year to receive an advance from the County against these anticipated revenues in order to cover operating costs during the remaining months.

Note 9: Rental Agreements

The District is currently the lessor of unused office space in its building, as well as cell phone tower sites. The anticipated future revenues for the various leases are as follows:

Fiscal year ending June 30,	Amount
2009	$ 33,600
2010	33,600
2011	33,600
2012	33,600
Total	$ 134,400

Required Supplementary Information

Required Supplementary Information
Rim of the World Recreation and Park District
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2008

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
REVENUES				
Special assessments	$ 410,000	$ 390,000	$ 378,470	$ (11,530)
Delinquent taxes and interest	-	-	25,116	25,116
Rents and concessions	85,200	87,800	75,887	(11,913)
Investment earnings	-	500	4	(496)
Intergovernmental	195,170	158,045	171,110	13,065
Charges for services:				
Recreation	69,372	69,371	73,053	3,682
Childcare	267,226	267,226	281,409	14,183
Contributions and donations	21,600	21,600	60,289	38,689
Other	19,402	19,402	20,432	1,030
Total revenues	1,067,970	1,013,944	1,085,770	71,826
EXPENDITURES				
Administration:				
Salaries and benefits	270,686	272,165	277,665	(5,500)
Services and supplies	230,417	208,871	220,242	(11,371)
Utilities	75,257	75,257	79,746	(4,489)
Recreation:				
Salaries and benefits	37,408	37,612	38,372	(760)
Services and supplies	23,317	21,136	22,287	(1,151)
Child care:				
Salaries and benefits	241,906	243,227	248,143	(4,916)
Services and supplies	39,231	35,563	37,499	(1,936)
Utilities	3,193	3,193	3,384	(191)
Debt service:				
Principal	15,534	15,534	17,945	(2,411)
Interest	32,966	32,966	38,081	(5,115)
Capital outlay	97,200	67,500	216,610	(149,110)
Total expenditures	1,067,115	1,013,024	1,199,974	(186,950)
Excess of revenues over (under) expenditures	855	920	(114,204)	(115,124)
Fund balance, beginning of year	(118,888)	(118,888)	(118,888)	-
Fund balance, end of year	$ (118,033)	$ (117,968)	$ (233,092)	$ (115,124)

Note 1: Budgetary Control and Accounting

The District adopts an annual budget prepared on the modified accrual basis of accounting for its governmental fund types.

During the fiscal year, the District had expenditures in excess of appropriations of $186,950.

Rim of the World Recreation and Park District

Report on Audit

June 30, 2009

Rim of the World Recreation and Park District
Basic Financial Statements
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Board of Directors
Rim of the World Recreation and Park District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of the Rim of the World Recreation and Park District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2009, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Rogers Anderson Malody & Scott, LLP

July 16, 2012

Rim of the World Recreation and Park District
Statement of Net Assets
June 30, 2009

	Governmental Activities
ASSETS	
Cash	$ 19,037
Accounts receivable, net	70,297
Intergovernmental receivables	44,000
Capital assets not being depreciated	1,312,849
Capital assets being depreciated, net	1,272,952
Total assets	2,719,135
LIABILITIES	
Accounts payable and accrued liabilities	209,224
Other current liabilities	64,460
Due to other governments	145,740
Noncurrent liabilities:	
Due within one year	16,987
Due in more than one year	554,086
Total liabilities	990,497
NET ASSETS	
Invested in capital assets, net of related debt	2,018,927
Unrestricted	(290,289)
Total net assets	$ 1,728,638

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

Rim of the World Recreation and Park District
Statement of Activities
For the year ended June 30, 2009

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental activities:					
Administration	$ 420,294	$ 427,800	$ -	$ 34,781	$ 42,287
Recreation	124,351	71,891	1,233	-	(51,227)
Childcare	281,394	234,156	318	-	(46,920)
Interest expense	36,785	-	-	-	(36,785)
Total governmental activities	$ 862,824	$ 733,847	$ 1,551	$ 34,781	(92,645)
General revenues:					
Other					21,082
Total general revenues					21,082
Change in net assets					(71,563)
Net assets, beginning of year					1,800,201
Net assets, end of year					$ 1,728,638

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

Rim of the World Recreation and Park District
Balance Sheet
Governmental Fund
June 30, 2009

ASSETS		
Cash	$	19,037
Accounts receivable, net		70,297
Intergovernmental receivable		44,000
Total assets	$	133,334
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	$	209,224
Due to other governments		145,740
Other current liabilities		64,460
Total liabilities		419,424
Fund balance:		
Unreserved, reported in:		
General fund		(286,090)
Total fund balance		(286,090)
Total liabilities and fund balance	$	133,334

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

Rim of the World Recreation and Park District
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Assets
Governmental Fund
June 30, 2009

Fund balance of governmental fund	$ (286,090)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,585,801
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds.	
Notes payable - Union Bank and Bank of America	(566,874)
Compensated absences payable	(4,199)
Net assets of governmental activities	$ 1,728,638

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

Rim of the World Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2009

REVENUES	
Special assessments	$ 348,623
Delinquent taxes and interest	11,799
Rents and concessions	67,378
Intergovernmental	16,552
Charges for services:	
Recreation	71,891
Childcare	234,156
Contributions and donations	18,229
Other	22,633
Total revenues	791,261
EXPENDITURES	
Administration:	
Salaries and benefits	218,592
Services and supplies	118,998
Utilities	74,190
Recreation:	
Salaries and benefits	56,447
Services and supplies	21,309
Childcare:	
Salaries and benefits	240,926
Services and supplies	33,122
Utilities	2,793
Debt service:	
Principal	19,251
Interest	36,785
Capital outlay	21,846
Total expenditures	844,259
Excess of revenues over (under) expenditures	(52,998)
Fund balance, beginning of year	(233,092)
Fund balance, end of year	$ (286,090)

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

Rim of the World Recreation and Park District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the year ended June 30, 2009

Net change in fund balance - total governmental fund	$	(52,998)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized, less net book value of disposals		21,846
Depreciation expense		(62,738)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payment on notes		19,251
Compensated absences expense reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		3,076
Change in net assets of governmental activities	$	(71,563)

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

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Rim of the World Recreation and Park District (the District) conform to generally accepted accounting principles.

Organization

The District was established on December 5, 1985 by a resolution of the Board of Supervisors. The District is governed by an elected Board of Directors, elected by District voters.

The District acquires and manages parks for public use, organizes and manages recreational activities, as well as assisting other groups and organizations with recreational endeavors. Childcare is also provided at various locations within the District to provide recreational activities for children as well as providing needed daytime child supervision for the individuals within the District.

The District's primary source of revenue comes from a $10 per parcel assessment for each non-exempt parcel (parcels located within Cedar Pines Park as well as government owned parcels are considered exempt) within the District boundaries. In addition, the District charges childcare fees, recreational fees for various programs as well as facilities use fees, including reimbursements for various costs such as ball field lighting. The District has no power to levy and collect taxes.

Basis of accounting and measurement focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole; except for any fiduciary activities (the District has no fiduciary activities). Those statements include separate columns for the governmental and business-type activities of the entity (including any blended component units), as well as it's discretely presented component units. The District has no business-type activities or component units.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting.* Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Note 1: Summary of Significant Accounting Policies (continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds debt issued are recorded as a liability in the government-wide financial statements, rather than as *other financing source.* Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund financial statements

The underlying account system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund equity, revenues and expenditures or expenses, as appropriate. Governmental 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.

Fund financial statements for the District's governmental fund are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Currently, the District has only one fund.

Governmental funds

In the fund financial statements, the governmental fund is presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental fund in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services provided.) *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Note 1: Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus.* This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of debt issued are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Accounts receivable

Accounts receivable are reported at their estimated net realizable value. The allowance for doubtful accounts is estimated based on the District's historical losses and existing economic conditions. Because of the inherent uncertainty in estimating bad debts, it is reasonably possible that the estimates used to calculate the allowance will change in the near term. Currently, accounts receivable are reported in the financial statements as follows:

Accounts receivable	$	92,915
Allowance for uncollectible accounts		(22,618)
Net realizable value	$	70,297

Fund classifications

The following fund is presented as a major fund in the accompanying basic financial statements:

The *General Fund* is used to account for all activity not required to be accounted for in another fund.

Note 1: Summary of Significant Accounting Policies (continued)

Cash and investments

Cash and investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Capital assets

Capital assets of $2,500 or more are capitalized. Capital assets are recorded at cost for asset purchases where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful life
Buildings and improvements	10 – 50 years
Machinery and equipment	2 – 20 years

Compensated absences

Salaried full-time employees earn vacation and sick leave benefits, and can accumulate a balance from year to year. The amount payable in future years when used by the District employees amounted to $4,199 at June 30, 2009.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Property taxes

The County of San Bernardino (County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year taxes are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes attach a lien on the property on March 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Note 2: Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash	$	19,037
Total cash and investments	$	19,037

Cash and investments as of June 30, 2009 consist of the following:

Bank deposits	$	12,438
Petty cash and undeposited funds		6,599
Total cash and investments	$	19,037

Equity in the cash and investment pool of the County of San Bernardino

Cash and investments includes the cash balance of monies deposited with the County of San Bernardino Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2009. The District's balance at the County cash and investment pool is an overdraft of $145,740 at year end. This amount is reported as due to other governments in the accompanying financial statements.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

Disclosures relating to interest rate risk, credit risk and custodial credit risk

As of June 30, 2009, the District has not adopted an investment policy in accordance with the California Government Code; therefore the District has not addressed interest rate, credit or custodial credit risks. Currently the District has all of its cash with the County of San Bernardino investment pool and in bank deposits. The Federal Deposit Insurance Corporation insures all accounts at each bank up to $100,000. At June 30, 2009, the District had aggregate deposits of $46,071 with Bank of America and Union Bank of California.

Since the District has not adopted an investment policy, it follows the California Government Code for allowable investments.

Fair value investments

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the District reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Note 3: Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2009, were as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 574,257	$ -	$ -	$ 574,257
Improvements to land	718,022	20,570	-	738,592
Total capital assets not being depreciated	1,292,279	20,570	-	1,312,849
Capital assets being depreciated:				
Structures and improvements	1,801,213	-	-	1,801,213
Equipment	110,289	1,276	-	111,565
Depreciable improvements to land	28,880	-	-	28,880
Total capital assets being depreciated	1,940,382	1,276	-	1,941,658
Less accumulated depreciation for:				
Structures and improvements	(552,992)	(55,301)	-	(608,293)
Equipment	(52,976)	(7,437)	-	(60,413)
Total accumulated depreciation	(605,968)	(62,738)	-	(668,706)
Total capital assets being depreciated, net	1,334,414	(61,462)	-	1,272,952
Total capital assets, net	$ 2,626,693	$ (40,892)	$ -	$ 2,585,801

Depreciation expense has been charged to the following functions as follows:

Administration	$ 11,143
Recreation	46,595
Childcare	5,000
Total depreciation expense	$ 62,738

Note 4: Long-Term Liabilities

Changes in long-term debt for the fiscal year ended June 30, 2009, were as follows:

	Beginning balance	Additions	Deletions	Ending balance	Current portion
Note payable - Union Bank	$ 577,145	$ -	$ (12,141)	$ 565,004	$ 12,934
Note payable - Bank of America	8,980	-	(7,110)	1,870	1,870
Compensated absences	7,275	-	(3,076)	4,199	2,183
Total long-term liabilities	$ 593,400	$ -	$ (22,327)	$ 571,073	$ 16,987

	Outstanding at June 30, 2009
Note payable - Union Bank	
In November 2005, the District refinanced its $600,000 note payable, which was due on March 3, 2006, for $606,000. The note requires monthly payments of $4,037 based on a 25 year amortization schedule at an interest rate of 6.35%. At the end of the tenth year, a balloon payment of the remaining balance is due and payable.	$ 565,004
Note payable - Bank of America	
On September 15, 2006, the District executed a note payable in the amount of $20,100 to purchase a truck. The note requires monthly payments of $632 with interest set at 8.25%. The final payment will include all principal and all accrued interest outstanding, and is due on September 15, 2009.	1,870
Total notes payable	$ 566,874

The annual requirements to amortize the Union Bank note payable outstanding as of June 30, 2009, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2010	$ 12,934	$ 35,506
2011	13,780	34,660
2012	14,681	33,759
2013	15,641	32,799
2014	16,664	31,776
2015 - 2016	491,304	43,136
Totals	$ 565,004	$ 211,636

Note 4: Long-Term Liabilities (continued)

The annual requirements to amortize the Bank of America note payable outstanding as of June 30, 2009, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2010	$ 1,870	$ 26
Totals	$ 1,870	$ 26

Note 5: Employees' Retirement Plan

Currently, the District participates in the San Bernardino County Employees' Retirement Association (SBCERA). Below is a description of that plan.

Plan description

The SBCERA is a cost-sharing multiple-employer defined benefit pension plan (the Plan) operating under the California County Employees Retirement Act of 1937 (1937 Act). It provides retirement, death, and disability benefits to members. Although legally established as a single employer plan, the City of Big Bear Lake, the City of Chino Hills, the California State Association of Counties, the San Bernardino County Law Library, Crest Forest Fire Protection District, Mojave Desert Air Quality Management District (MDAQMD), and the South Coast Air Quality Management District (the AQMD), were later included, along with the County of San Bernardino (the County), and are collectively referred to as the "Participating Members." The Plan is governed by the San Bernardino Board of Retirement under the 1937 Act. Employees become eligible for membership on their first day of regular employment and become fully vested after 5 years. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane - 3rd floor, San Bernardino, California 92415-0014.

Fiduciary responsibility

The Retirement Association is controlled by its own board, the Retirement Board, which acts as a fiduciary agent for the accounting and control of member and employee contributions and investment income. The Retirement Association publishes its own Comprehensive Annual Financial Report and receives a separate independent audit. The Retirement Association is also a legally separate entity from the County and not a component unit. For these reasons, the County's Comprehensive Annual Financial Report excludes the Retirement Association pension trust fund as of June 30, 2009.

Funding policy

Participating members are required by statute (Sections 31621, 31621.2 and 31639.25 of the California Government Code) to contribute a percentage of covered salary based on certain actuarial assumptions and their age at entry to the Plan. Employee contribution rates vary according to age and classification (general or safety). General members are required to contribute 8.97% - 12.84% and safety members 11.14% - 15.09% of their annual covered salaries, of which the County pays approximately 7%. County of San Bernardino employer contribution rates are 12.03% for general members and 24.84% for safety members. All employers combined are required to contribute 14.46% of the current year covered payroll. For 2008, the County's annual pension cost of $203,712,000 was equal to the County's required and actual contributions. Employee contribution rates are established and may be amended pursuant to Articles 6 and 6.8 of the 1937 Act. Employer rates are determined pursuant to Sections 31453 of the 1937 Act.

Note 5: Employees' Retirement Plan (continued)

The County's annual pension cost and prepaid asset, computed in accordance with *GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2009, were as follows (in thousands):

Annual required contribution (County fiscal year basis)	$	200,300
Interest on pension assets		(7,834)
Adjustment to the annual required contribution		51,805
Annual pension cost		244,271
Annual contributions made		200,300
Increase/(decrease) in pension assets		(43,971)
Pension assets, beginning of year (as restated)		813,716
Pension assets, end of year	$	769,745

The following table shows the County's required contributions and percentage contributed, for the current year and two preceding years:

Year ended June 30,	Annual contributions made (in thousands) SBCERA	County	Percentage contributed
2007	$ 239,857	$ 194,130	100%
2008	241,721	203,712	100%
2009	246,232	200,300	100%

The County, along with the AQMD, issued Pension Refunding Bonds (the Bonds) in November 1995 with an aggregate amount of $420,527,000. These Bonds were issued to allow the County and the AQMD to refinance each of their unfunded accrued actuarial liabilities with respect to retirement benefits for their respective employees. The Bonds are the obligations of the employers participating in the Plan and the assets of the Plan do not secure the Bonds. The County's portion of the bond issuance was $386,266,000. The current amount outstanding at June 30, 2009 is $430,784,000.

On June 24, 2004, the County issued its County of San Bernardino Pension Obligation Bonds, Series 2004 A (Fixed Rate Bonds), its County of San Bernardino Pension Obligation Bonds, Series 2004 B (Auction Rate Bonds), and its County of San Bernardino Pension Obligation Bonds, Series 2004 C (Index Bonds) in respective aggregate principal amounts of $189,070,000, $149,825,000, and $125,000,000. The Bonds were issued to finance the County's share of the unfunded accrued actuarial liability of the SBCERA. The current amount outstanding at June 30, 2009 is $301,595,000.

In April 2008, the County of San Bernardino issued its $160,900,000 in Pension Obligation Refunding Bonds (POB), Series 2008 (the "Series 2008 Bonds"). The current amount outstanding at June 30, 2009 is $158,889,000.

Note 6: Commitments and Contingencies

The District, from time to time, receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. District management believes such disallowances, if any, would not have a material effect on the District's financial position.

Note 7: Risk Management

Insurance Pooling - The District participates in an insurance pooling agreement with several other districts throughout California. Major loss risks are covered by umbrella policies, but several losses and multiple deductable losses to the group could result in additional assessments to the District. The pool has substantial reserves and has not requested additional assessments of members since the District began participation. Management considers the likelihood of such an assessment to be remote.

Note 8: County Advance Commitment

Special assessments are collected and paid to the District by the County of San Bernardino in accordance with its property tax calendar (as described in Note 1 of these financial statements). The majority of the assessments are paid to the District in December and April. Assessments received by the District are used to pay current costs of ongoing operations incurred by the District. Since a majority of the assessments are received during two months of the year, the District seeks approval each year to receive an advance from the County against these anticipated revenues in order to cover operating costs during the remaining months.

Note 9: Rental Agreements

The District is currently the lessor of unused office space in its building, as well as cell phone tower sites. The anticipated future revenues for the various leases are as follows:

Fiscal year ending June 30,	Amount
2010	$ 33,600
2011	33,600
2012	33,600
2013	33,600
Total	$ 134,400

Required Supplementary Information

Required Supplementary Information
Rim of the World Recreation and Park District
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2009

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
REVENUES				
Special assessments	$ 400,000	$ 400,000	$ 348,623	$ (51,377)
Delinquent taxes and interest	3,500	3,500	11,799	8,299
Rents and concessions	87,800	87,800	67,378	(20,422)
Intergovernmental	6,750	6,750	16,552	9,802
Charges for services:				
Recreation	80,929	80,929	71,891	(9,038)
Childcare	263,593	263,593	234,156	(29,437)
Contributions and donations	20,000	20,000	18,229	(1,771)
Other	25,478	25,478	22,633	(2,845)
Total revenues	888,050	888,050	791,261	(96,789)
EXPENDITURES				
Administration:				
Salaries and benefits	228,775	228,775	218,592	10,183
Services and supplies	169,923	169,923	118,998	50,925
Utilities	82,302	82,302	74,190	8,112
Recreation:				
Salaries and benefits	59,076	59,076	56,447	2,629
Services and supplies	30,428	30,428	21,309	9,119
Child care:				
Salaries and benefits	252,149	252,149	240,926	11,223
Services and supplies	47,297	47,297	33,122	14,175
Utilities	3,098	3,098	2,793	305
Debt service:				
Principal	16,645	16,645	19,251	(2,606)
Interest	31,805	31,805	36,785	(4,980)
Capital outlay	5,400	5,400	21,846	(16,446)
Total expenditures	926,898	926,898	844,259	82,639
Excess of revenues over (under) expenditures	(38,848)	(38,848)	(52,998)	(14,150)
Fund balance, beginning of year	(233,092)	(233,092)	(233,092)	-
Fund balance, end of year	$ (271,940)	$ (271,940)	$ (286,090)	$ (14,150)

Note 1: Budgetary Control and Accounting

The District adopts an annual budget prepared on the modified accrual basis of accounting for its governmental fund types.

During the fiscal year, the District expenditures were not in excess of appropriations.