

**WASCO RECREATION AND
PARKS DISTRICT**

FINANCIAL STATEMENTS

For The Year Ending June 30, 2008

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Wasco Recreation and Parks District

June 30, 2008

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Albert & Associates, LLP

Certified Public Accountants

Independent Auditor's Report

The Board of Directors of the Wasco Recreation
and Parks District, Wasco, California:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wasco Recreation and Parks District, California (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 District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 each major fund of the Wasco Recreation and Parks District, California, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of funding progress and budgetary comparison on pages 17 and 18 are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Albert & Associates, LLP

October 1, 2008
Wasco, California

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Wasco Recreation and Parks District

STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 1,015,593
Accrued Interest Receivable	4,060
Prepaid Insurance	6,457
Capital Assets:	
Land	24,824
Construction in Progress	5,841
Depreciable Buildings, Property and Equipment, net of accumulated depreciation	<u>854,427</u>
Total Assets	<u>1,911,202</u>
Liabilities:	
Accounts Payable	17,313
Accrued Payroll and Benefits	17,852
Accrued Compensated Absences	18,310
Other Current Liabilities	<u>7,305</u>
Total Liabilities	<u>60,780</u>
Net Assets:	
Invested in Capital Assets, net of related debt	885,092
Unrestricted	<u>965,330</u>
Net Assets	<u>\$ 1,850,422</u>

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



Wasco Recreation and Parks District
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

<u>Functions / Programs</u>	Program Revenues			<u>Net (Expenses) Revenues and Changes in Net Assets Governmental Activities</u>	
	Expenses	Charges for Services	Operating Contributions and Grants		Capital Contributions and Grants
Governmental Activities: Recreation and Parks	\$ 487,297	\$ 224,060	\$ -	\$ 57,596	\$ (205,641)
Total Governmental Activities	\$ 487,297	\$ 224,060	\$ -	\$ 57,596	\$ (205,641)
General Revenues:					
Property Tax					481,962
Unrestricted investment earnings					33,792
Total General Revenues					515,754
Changes in Net Assets					310,113
Net Assets, Beginning					1,540,309
Net Assets, Ending					\$ 1,850,422

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

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Wasco Recreation and Parks District
BALANCE SHEET – GOVERNMENTAL FUNDS
 June 30, 2008

	General
Assets:	
Cash	\$ 1,015,593
Accrued Interest Receivable	4,060
Prepaid Insurance	6,457
Total Assets	\$ 1,026,110
Liabilities:	
Accounts Payable	\$ 17,313
Accrued Payroll and Benefits	17,852
Other Current Liabilities	7,305
Total Liabilities	42,470
Fund Balances:	
Unreserved	983,640
Total Fund Balance	983,640
Total Liabilities & Fund Balance	\$ 1,026,110

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

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Wasco Recreation and Parks District
RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS
 June 30, 2008

Fund balances of governmental funds \$ 983,640

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the Governmental Funds Balance Sheet. However, the Statement of Net Assets includes those capital assets among the assets of the District as a whole.

Beginning Balance, net of depreciation	\$ 901,328	
Current Year Additions	51,655	
Current Year Depreciation	<u>(67,891)</u>	
Ending Balance, net of depreciation		885,092

Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the Governmental Funds Balance Sheet. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

Compensated Absences		<u>(18,310)</u>
Net assets of governmental activities	<u>\$ 1,850,422</u>	

ASESORADO NUNCA SIEMPRE

1. ¿Con qué frecuencia ha visitado a un médico o profesional de la salud por problemas de salud mental o emocional en los últimos 12 meses?

2. ¿Cuántas veces ha pasado una noche despierto debido a preocupaciones o problemas emocionales en los últimos 12 meses?

3. ¿Cuántas veces ha pensado en hacerse daño o en suicidarse en los últimos 12 meses?

4. ¿Cuántas veces ha intentado hacerse daño o suicidarse en los últimos 12 meses?

5. ¿Cuántas veces ha tomado medicamentos sin receta médica o de forma incorrecta en los últimos 12 meses?

6. ¿Cuántas veces ha utilizado alcohol o drogas ilegales para lidiar con problemas de salud mental o emocional en los últimos 12 meses?

7. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional interfieren con su vida diaria (trabajo, escuela, relaciones) en los últimos 12 meses?

8. ¿Cuántas veces ha estado tan preocupado o estresado que le haya costado dormir en los últimos 12 meses?

9. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional le afectan físicamente (dolor de cabeza, problemas digestivos, etc.) en los últimos 12 meses?

10. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional le afectan emocionalmente (tristeza, ansiedad, etc.) en los últimos 12 meses?

11. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional le afectan socialmente (dificultad para relacionarse, etc.) en los últimos 12 meses?

12. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional le afectan en su vida diaria (trabajo, escuela, relaciones) en los últimos 12 meses?

13. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional le afectan en su vida diaria (trabajo, escuela, relaciones) en los últimos 12 meses?

14. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional le afectan en su vida diaria (trabajo, escuela, relaciones) en los últimos 12 meses?

15. ¿Cuántas veces ha sentido que sus problemas de salud mental o emocional le afectan en su vida diaria (trabajo, escuela, relaciones) en los últimos 12 meses?

Wasco Recreation and Parks District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
Year ended June 30, 2008

	General
Revenues:	
Property Taxes	\$ 481,962
Programs and Concession	105,619
Contracts	133,700
Interest	33,792
Grants	57,596
Total Revenues	812,669
Expenditures:	
Salaries and Employee Benefits	212,138
Services and Supplies	215,739
Capital Outlay:	
Buildings and Improvements	51,654
Equipment	2,105
Total Expenditures	481,636
Revenues Over (Under) Expenditures	331,033
Fund Balance - Beginning	652,607
Fund Balance - Ending	\$ 983,640

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

1. Name of the institution: [Institution Name]
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4. State: [State]
5. ZIP: [ZIP]
6. Country: [Country]
7. Phone: [Phone]
8. Fax: [Fax]
9. E-mail: [E-mail]
10. Website: [Website]
11. Date of issue: [Date]
12. Validity: [Validity]
13. Issued by: [Signature]
14. Title: [Title]

Wasco Recreation and Parks District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2008

Net change in fund balance - total governmental funds	\$ 331,033
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which depreciation (\$67,891) exceeded capital expenditures (\$51,655) in the current period.	(16,236)
Long-term compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.	<u>(4,684)</u>
Change in net assets of governmental activities	<u><u>\$ 310,113</u></u>

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

Wasco Recreation and Parks District

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Wasco Recreation and Parks District (the "District") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the District's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

A - Reporting Entity

The District was established in 1948 and is governed by an appointed Board of Directors who serve without remuneration. The District covers the unincorporated and incorporated area of the Wasco Union Elementary School District.

The purpose of the District is to provide leisure time activities for the people residing in the District. This has been accomplished by the acquisition and development of park and recreation center areas, development of supervised programs, construction and maintenance of recreational facilities, and cooperative efforts with other agencies in the area which provide like services.

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all of the fund types and account groups of the District.

B - Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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Wasco Recreation and Parks District

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008

Note 1 – Summary of Significant Accounting Policies, (continued)

Fund Financial Statements

The accounting 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. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. The government has determined that a fund is important to the financial statement user.

The major funds are as follows:

Governmental Funds

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The revenues of the General Fund consist mostly of property tax and user fees.

Proprietary Funds

None

Fiduciary Fund

None

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Wasco Recreation and Parks District

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008

Note 1 – Summary of Significant Accounting Policies, (continued)

C - Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenues which are susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Charges for services and miscellaneous revenues are recorded as governmental fund type revenues when received in cash because they are not generally measurable until actually received. Grant funds and reimbursements of expenses under contractual agreements are reported in governmental fund types and are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, and then unrestricted resources as they are needed.

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Wasco Recreation and Parks District
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2008

Note 1 – Summary of Significant Accounting Policies, (continued)

D - Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items

Cash and Investments

Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances, repurchase agreements, money market funds and the State Treasurer's investment pool.

Receivables and Payables

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Assessed values are determined on an annual basis by the Kern County Assessor as of January 1. Taxes are levied annually and become a lien on real property at July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, irrigation and drainage systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 (\$5,000 for infrastructure) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements other than buildings	20
Machinery and Equipment	5 - 8
Infrastructure	20 - 75

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Wasco Recreation and Parks District

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

Note 1 – Summary of Significant Accounting Policies, (continued)

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Assets/Fund Equity

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested In Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents net assets of the District, not restricted for any project or other purpose.

The government fund financial statements utilize a fund balance presentation. Fund balance is categorized as reserved and unreserved. Reserved fund balance represents external restrictions and unreserved fund balance has no restrictions. At June 20, 2008 there were no reserved funds.

Appropriated Budget and Budgetary Control

The Board of Directors is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund. The budget is presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America.

The level of appropriated budgetary control is at the functional departmental level. The District Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the Board of Directors by a majority vote. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

Use of Estimates

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

Wasco Recreation and Parks District

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008

Note 2 – Cash and Investments

The following is a summary of the District's cash, cash equivalents, and investments with fiscal agents at June 30, 2008:

Cash on Hand	\$	1,143
Demand Deposits		95,038
External Cash Pool - County of Kern		<u>919,412</u>
Total	\$	<u>1,015,593</u>

Deposits:

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. As of June 30, 2008, the District entire demand deposit balance was covered by FDIC insurance.

Investments:

The District had \$919,412 held by the County of Kern at June 30, 2008.

Interest rate risk – The District has no investment policy for interest rate risk.

Credit quality rating – The District has no investments in debt securities and therefore there is no credit quality rating to disclose. The District has no investment policy for credit quality ratings.

Concentration of credit risk – The District has no investment policy for concentration of credit risk.

Custodial credit risk – The District has no investment policy for custodial credit risk.

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25	Scalability
26	Performance
27	Reliability
28	Availability
29	Confidentiality
30	Integrity
31	Authenticity
32	Accountability
33	Non-repudiation
34	Information Security
35	Cybersecurity
36	Digital Security
37	Network Security
38	System Security
39	Application Security
40	Mobile Security
41	Cloud Security
42	IoT Security
43	Blockchain Security
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45	AR Security
46	VR Security
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Wasco Recreation and Parks District

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008

Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2008 is as follows:

	Balance June 30, 2007	Additions	Deletions	Transfers	Balance June 30, 2008
Capital assets, not being depreciated					
Land	\$ 24,824	\$ -	\$ -	\$ -	\$ 24,824
Construction in Progress	2,904	5,841	-	(2,904)	5,841
Total Capital assets, not being depreciated	27,728	5,841	-	(2,904)	30,665
Capital assets, being depreciated					
Buildings and Park Improvements	1,869,354	45,814	-	2,904	1,918,072
Machinery and Equipment	313,992	-	-	-	313,992
Total Capital assets, being depreciated	2,183,346	45,814	-	2,904	2,232,064
Less accumulated depreciation for:					
Buildings and Park Improvements	1,013,612	63,808	-	-	1,077,420
Machinery and Equipment	296,134	4,083	-	-	300,217
Total accumulated depreciation	1,309,746	67,891	-	-	1,377,637
Total capital assets, being depreciated, net	873,600	(22,077)	-	2,904	854,427
Governmental activities capital assets, net	\$ 901,328	\$ (16,236)	\$ -	\$ -	\$ 885,092

Depreciation charged to Recreation and Park Services on the Statement of Activities during the year was \$67,891.

Note 4 – Public Entity Risk Pools

The District maintains self-insurance programs for workers' compensation, general public liability and auto liability.

For general liability the District is a member of California Association for Park & Recreation Insurance (CAPRI). For workers' compensation the District is a member of Park and Recreation District Employee Compensation (PARDEC). Both CAPRI and PARDEC are comprised of member districts and are organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of CAPRI and PARDEC is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each is governed by a board consisting of representatives from member districts. The board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation.

General Liability – Comprehensive General Liability, Automobile Liability, and Public Officials and Employee Liability coverage has a \$10,000,000 limit per occurrence for personal injury and property damage to which coverage applies. There is no deductible for the member district. There is a \$25,000 deductible for any covered claim for wrongful termination payable by the District. All-Risks Property Loss coverage including Boiler & Machinery coverage is subject to a \$2,000 deductible per occurrence payable by the District. Flood and Earthquake coverage with an annual aggregate limit of \$5,000,000 for all member districts. The deductible for all loss or damage arising from the risk of flood and/or earthquake is \$50,000 per occurrence or 5% of the value of the building, contents and/or structure damage, whichever is greater.

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Wasco Recreation and Parks District

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2008

Note 5 – Retirement Plan

Plan Description. The District's defined benefit pension plan, Miscellaneous Plan Of The Wasco Recreation and Park District (the Plan), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

Funding Policy. Active plan members are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2007/2008 was 8.1%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost. For the fiscal year 2007/2008, the District's annual pension cost of \$15,303 for the Plan was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and (c) 3.25% per year of cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of CalPERS' assets was determined using techniques that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. CalPERS' unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for the Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 14,692	100%	-
6/30/2007	14,821	100%	-
6/30/2008	15,303	100%	-

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REQUIRED SUPPLEMENTARY INFORMATION

Wasco Recreation and Parks District

REQUIRED SUPPLEMENTARY INFORMATION CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM RISK POOL'S SCHEDULE OF FUNDING PROGRESS Year ended June 30, 2008

Required Supplementary Information Risk Pool's History of Funded Status and Funding Progress

<u>Valuation Date</u>	<u>Accrued Liabilities</u>	<u>Actuarial Assets</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
6/30/2004	\$ 437,494,341	\$ 428,025,075	\$ 9,469,266	97.8%	\$ 159,135,314	5.950%
6/30/2005	484,351,523	459,996,995	24,354,528	95.0%	174,127,476	13.987%
6/30/2006	478,122,215	454,602,459	23,519,756	95.1%	170,458,082	13.798%

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Wasco Recreation and Parks District
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
GENERAL FUND
Year ended June 30, 2008

	General Fund		
	Original & Final Budget	Actual	Actual Over (Under) Budget
Revenues:			
Property Taxes	\$ 294,824	\$ 481,962	\$ 187,138
Programs and Concession	82,500	105,619	23,119
Contracts	122,982	133,700	10,718
Interest	4,500	33,792	29,292
Grants	-	57,596	57,596
Total Revenues	504,806	812,669	307,863
Expenditures:			
Salaries and Employee Benefits	206,841	212,138	5,297
Services and Supplies	218,350	215,739	(2,611)
Capital Outlay:			
Buildings and Improvements	2,500	51,654	49,154
Equipment	18,000	2,105	(15,895)
Total Expenditures	445,691	481,636	35,945
Revenues Over (Under) Expenditures	<u>59,115</u>	331,033	<u>271,918</u>
		<u>652,607</u>	
Fund Balance - Beginning			
		<u>\$ 983,640</u>	

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29	Project Management
30	Risk Management
31	Quality Management
32	Stakeholder Management
33	Communication Management
34	Resource Management
35	Procurement Management
36	Contract Management
37	Vendor Management
38	Supplier Management
39	Customer Management
40	Partner Management
41	Community Management
42	Employee Management
43	Contractor Management
44	Subcontractor Management
45	Outsourcing Management
46	Offshoring Management
47	Globalization Management
48	Localization Management
49	Internationalization Management
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**ADDITIONAL REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Albert & Associates, LLP

Certified Public Accountants

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

The Board of Directors of the Wasco Recreation
and Parks District, Wasco, California:

We have audited the financial statements of the governmental activities and each major fund of the Wasco Recreation and Parks District, California (District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Responses (items 1 through 5e) to be significant deficiencies in internal control over financial reporting.

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

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 5a to 5c to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, Board of Directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Albert & Associates, LLP

October 1, 2008
Wasco, California

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Wasco Recreation and Park District

SCHEDULE OF FINDINGS AND RESPONSES

Year ended June 30, 2008

1. Management is not able to produce its own financial statements in conformity with U.S. generally accepted accounting principles.
2. Internal controls are not documented.
3. Inadequate segregation of duties.
4. Inadequate monitoring on internal controls.
5. Inadequate design of internal control over the following significant processes:
 - a. The District does not properly classify Grant Revenues and Expenditures.
 - b. The District does not properly classify Tax Revenues collected by the County.
 - c. The District does not properly classify Contract Revenues.
 - d. At year end, the District does not adjust Accrued Payroll payable to the actual calculated balance.
 - e. At year end, the District does not adjust Deposits Collected to the actual calculated balance.

