

CAMERON PARK COMMUNITY SERVICES DISTRICT
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2008

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cameron Park Community Services District
Cameron Park, California

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cameron Park Community Services 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 District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I 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 general purpose 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. I believe that my audit provides a reasonable basis for my opinion.

The District has not presented "Management's Discussion and Analysis" which is not a required part of the financial statements, but supplementary information required by accounting principles generally accepted in the United States of America.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining financial information of the Cameron Park Community Services District as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My examination was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 5, 2009 on my consideration of the Cameron Park Community Services District's internal control over financial

reporting and my tests of its compliance with certain provisions and laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Michael T. Doody, CPA

December 5, 2009

Michael T. Doody, CPA

CAMERON PARK COMMUNITY SERVICES DISTRICT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2008

	General Fund	AB 1600 Special Revenue Fund	Community Center Capital Projects Fund	Nonmajor Governmental Funds	Total	Adjustments	Statement of Net Assets
ASSETS							
Cash and investments (Note 2)	\$ 1,910,676	\$ 2,020,485	\$ 8,377,570	\$ 2,695,961	\$ 15,004,692	\$ -	\$ 15,004,692
Assessments receivable	-	-	-	17,349	17,349	-	17,349
Accounts receivable	87,572	-	-	-	87,572	-	87,572
Due from other governments	16,574	-	-	-	16,574	-	16,574
Due from other funds (Note 4)	55,075	60,032	-	136,315	251,422	(251,422)	-
Capital assets, net of accumulated depreciation (Note 3)	-	-	-	-	-	14,818,155	14,818,155
Bond issuance costs, net	-	-	-	-	-	243,169	243,169
TOTAL ASSETS	\$ 2,069,897	\$ 2,080,517	\$ 8,377,570	\$ 2,849,625	\$ 15,377,609	\$ 14,809,902	\$ 30,187,511
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 207,246	\$ -	\$ 1,399,410	\$ 230	\$ 1,606,886	\$ -	\$ 1,606,886
Retentions payable	-	-	158,228	-	158,228	-	158,228
Salaries and benefits payable	10,530	-	-	-	10,530	-	10,530
Accrued bond interest payable	-	-	-	-	-	152,551	152,551
Due to other funds (Note 4)	74,060	-	41,646	135,716	251,422	(251,422)	-
Compensated absences (Note 5)	-	-	-	-	-	105,613	105,613
G.O. Bond payable (Note 5)	-	-	-	-	-	8,441,742	8,441,742
Unamortized bond premium - G.O. Bonds (Note 5)	-	-	-	-	-	205,015	205,015
TOTAL LIABILITIES	291,836	-	1,599,284	135,946	2,027,066	8,653,499	10,680,565
FUND BALANCES							
Reserved for:							
Parks development and Community Center	-	2,080,517	6,778,286	61,800	8,920,603	(8,920,603)	-
Unreserved:							
Designated for fire prevention and suppression	-	-	-	1,442,963	1,442,963	(1,442,963)	-
Undesignated	1,778,061	-	-	1,208,916	2,986,977	(2,986,977)	-
TOTAL FUND BALANCES	1,778,061	2,080,517	6,778,286	2,713,679	13,350,543	(13,350,543)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,069,897	\$ 2,080,517	\$ 8,377,570	\$ 2,849,625	\$ 15,377,609		
NET ASSETS:							
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT						6,171,398	6,171,398
RESTRICTED FOR PARK DEVELOPMENT						2,142,317	2,142,317
RESTRICTED FOR DEBT SERVICE						283,814	283,814
RESTRICTED FOR COMMUNITY CENTER CAPITAL PROJECT						6,778,286	6,778,286
RESTRICTED FOR FIRE DEVELOPMENT, TRAINING AND PREVENTION						1,442,963	1,442,963
UNRESTRICTED						2,688,168	2,688,168
TOTAL NET ASSETS						\$ 19,506,946	\$ 19,506,946

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

CAMERON PARK COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
June 30, 2008

Fund balances - total governmental funds \$ 13,350,543

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets and bond issue costs used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 17,359,178	
Less: accumulated depreciation	<u>(2,541,023)</u>	14,818,155
 Bond issue costs related to the G.O. Bond	 274,250	
Less: accumulated amortization	<u>(31,081)</u>	243,169

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. In addition, interest on long-term debt is recorded in the funds when paid and not when incurred.

General obligation bonds	(8,441,742)	
Less: amortization of bond premium/bond accretion	<u>(205,015)</u>	(8,646,757)
 Accrued interest payable - G.O. Bonds		 (152,551)
Accrued compensated absences		<u>(105,613)</u>

Net assets - governmental activities \$ 19,506,946

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

CAMERON PARK COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2008

	General Fund	AB 1600 Special Revenue Fund	Community Center Capital Projects Fund	Nonmajor Governmental Funds	Total	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES							
Public safety - fire protection	\$ 2,973,868	\$ -	\$ -	\$ 74,946	\$ 3,048,814	\$ -	\$ 3,048,814
Parks	498,690	-	-	12,436	511,126	-	511,126
Recreation	357,201	-	-	-	357,201	-	357,201
CC & R enforcement	-	-	-	90,548	90,548	-	90,548
Lighting and landscaping districts	-	-	-	171,642	171,642	-	171,642
Administration	354,894	-	-	-	354,894	4,912	359,806
Depreciation	-	-	-	-	-	423,568	423,568
Capital outlay	172,561	-	2,866,146	16,342	3,055,049	(3,035,265)	19,784
Debt service:							
Principal	-	-	-	50,000	50,000	(50,000)	-
Interest and fiscal charges	-	-	-	368,298	368,298	11,970	380,268
TOTAL EXPENDITURES	<u>4,357,214</u>	<u>-</u>	<u>2,866,146</u>	<u>784,212</u>	<u>8,007,572</u>	<u>(2,644,815)</u>	<u>5,362,757</u>
PROGRAM REVENUES:							
Charges for current services	296,099	-	-	107,262	403,361	-	403,361
NET PROGRAM EXPENSE							<u>4,959,396</u>
GENERAL REVENUES:							
Property taxes	3,480,817	-	-	403,674	3,884,491	-	3,884,491
Intergovernmental	819,388	-	274,088	162,891	1,256,367	-	1,256,367
Direct benefits assessments	-	-	-	323,252	323,252	-	323,252
Development fees	-	92,142	-	306,676	398,818	-	398,818
Investment earnings	64,851	79,076	387,307	78,930	610,164	-	610,164
Other	185,639	-	8,475	92,572	286,686	-	286,686
TOTAL GENERAL REVENUES	<u>4,550,695</u>	<u>171,218</u>	<u>669,870</u>	<u>1,367,995</u>	<u>6,759,778</u>		<u>6,759,778</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENFITURES	489,580	171,218	(2,196,276)	691,045	(844,433)	2,644,815	1,800,382
OTHER FINANCING SOURCES (USES)							
Transfers - internal	21,612	(18,032)	-	(3,580)	-	-	-
Proceeds from the issuance of G.O. Bonds	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>21,612</u>	<u>(18,032)</u>	<u>-</u>	<u>(3,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES (USES)	<u>511,192</u>	<u>153,186</u>	<u>(2,196,276)</u>	<u>687,465</u>	<u>(844,433)</u>	<u>2,644,815</u>	<u>1,800,382</u>
CHANGE IN NET ASSETS	-	-	-	-	-	-	-
FUND BALANCE/NET ASSETS:							
BEGINNING OF YEAR	1,344,107	1,927,331	8,974,562	2,026,214	14,272,214	3,511,588	17,783,802
PRIOR PERIOD ADJUSTMENT (Note 11)	(77,238)	-	-	-	(77,238)	-	(77,238)
BEGINNING OF YEAR, AS RESTATED	<u>1,266,869</u>	<u>1,927,331</u>	<u>8,974,562</u>	<u>2,026,214</u>	<u>14,194,976</u>	<u>3,511,588</u>	<u>17,706,564</u>
END OF YEAR	<u>\$ 1,778,061</u>	<u>\$ 2,080,517</u>	<u>\$ 6,778,286</u>	<u>\$ 2,713,679</u>	<u>\$ 13,350,543</u>	<u>\$ 6,156,403</u>	<u>\$ 19,506,946</u>

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

CAMERON PARK COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

Net changes in fund balances - total governmental funds \$ (844,433)

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

Governmental funds report capital outlay as expenditures. In the Statement of Activities, however, the cost of those assets is allocated over their useful lives as depreciation expense.

Capital outlay	\$ 3,035,265	
Depreciation expense	<u>(423,568)</u>	2,611,697

Governmental funds report principal payments as expenditures in the Statement of Activities; however, principal payments serve to reduce the loan balance reported as a liability in the Statement of Net Assets.	50,000
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Some expenses are recorded in fund statements when due while, in the Statement of Activities, these expenses are accrued as a function of time.

Accrued interest expense and amortization	(11,970)
Compensated absences	<u>(4,912)</u>

Change in net assets - governmental activities	<u><u>\$ 1,800,382</u></u>
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The accompanying notes are an integral part of these financial statements.

CAMERON PARK COMMUNITY SERVICES DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,452,508	\$ 3,452,508	\$ 3,480,817	\$ 28,309
Intergovernmental	953,359	953,359	819,388	(133,971)
Interest and rent	-	-	64,851	64,851
Charges for current services	356,712	356,712	296,099	(60,613)
Other	4,201	4,201	185,639	181,438
TOTAL REVENUES	<u>4,766,780</u>	<u>4,766,780</u>	<u>4,846,794</u>	<u>80,014</u>
EXPENDITURES				
Current:				
General government	331,862	331,862	354,894	(23,032)
Fire protection	3,310,069	3,310,069	2,973,868	336,201
Parks	548,012	548,012	498,690	49,322
Recreation	326,326	326,326	357,201	(30,875)
Capital outlay	408,043	408,043	172,561	235,482
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>4,924,312</u>	<u>4,924,312</u>	<u>4,357,214</u>	<u>567,098</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(157,532)</u>	<u>(157,532)</u>	<u>489,580</u>	<u>647,112</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	364,860	364,860	21,612	(343,248)
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>364,860</u>	<u>364,860</u>	<u>21,612</u>	<u>(343,248)</u>
NET CHANGES IN FUND BALANCES	<u>207,328</u>	<u>207,328</u>	<u>511,192</u>	<u>303,864</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>126</u>	<u>126</u>	<u>1,266,869</u>	<u>1,266,743</u>
FUND BALANCES AT END OF YEAR	<u>\$ 207,454</u>	<u>\$ 207,454</u>	<u>\$ 1,778,061</u>	<u>\$ 1,570,607</u>

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

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the Cameron Park Community Services District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District was duly organized and formed on June 26, 1961, pursuant to the Community Services District Law of the State of California (Division 2 of Title 6 of the Government Code, Section 61000, et seq.). The District was primarily formed to provide fire protection and park and recreation services district but has the authority to provide many other services, including police protection, garbage collection and disposal, water, sewer, electric, street lighting, and mosquito abatement. The District is governed by a five-member elected Board of Directors.

The District has defined its reporting entity in accordance with GASB Statement No. 14, "The Financial Reporting Entity," which provides guidance for determining which governmental activities, organizations, and functions should be included in its reporting entity.

The District levies assessments and provides services to eighteen Lighting and Landscaping Districts which are operated under the Lighting and Landscaping Act of 1972. All parcels within each Lighting and Landscaping District are assessed at varying rates depending upon the increased property values created by the installation of nearby public improvements.

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 non-fiduciary activities of the primary government and its component units. 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 District has no business-type activities.

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Presentation - Government-wide financial statements (continued)

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. Certain indirect costs are allocated from the general government activity to the recreation and park activity based on relative percentages or prior year actual operating expenditures. Program revenues include 1) charges to customers who purchase, use or directly benefit from the 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when reimbursable costs are incurred under the accrual basis of accounting.

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

C. Basis of presentation - Fund Financial Statements

The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into five generic fund types and two account groups as follows:

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of presentation - Fund Financial Statements (continued)

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures under the modified accrual basis of accounting are generally recognized when the related fund liability is incurred. An exception to this rule is principal and interest on general long-term debt which are recorded as fund liabilities when due.

The District reports the following major governmental fund types:

General Fund - this the District's primary operating fund. It is used to account for all activities, except those required to be accounted for in another fund.

AB 1600 Special Revenue Fund - this fund was established to account for impact fees charged to developers in connection with a new development.

Community Center Capital Projects Fund - this fund was established to account for the construction of a new community center.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted and amended as required for the General Fund, the CC & R Special Revenue Fund, the Impact Fee Special Revenue Fund and for active Lighting and Landscaping Special Revenue Funds. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called "Department" (e.g., Parks) or an entire fund (e.g., CC & R Special Revenue Fund). The general fund completed the year within its legally authorized budget as well as those special revenue funds with adopted budgets.

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

E. Cash and Investments

The District pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash and investment account is available to meet current operating requirements.

F. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate, and are referred to as either "due from/due to other funds."

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund and reduces its cost as a reimbursement. All other interfund transactions are treated as transfers.

G. Capital Assets

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as an expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets, owned by the District, are stated at historical cost or estimated historical cost, if actual historical cost is not available.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Structures and improvements	5 to 30 years
Equipment	3 to 20 years

It is the policy of the District to capitalize all land, structures and improvements, and equipment, except assets costing less than \$2,000.

H. Compensated Absences

An employee accumulates vacation time in accordance with the employee's respective "Memorandum of Understanding." The amount of vacation and sick time vested and accrued depends on years of service and date of hire. Vacation vested may be accumulated up to

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

H. Compensated Absences

various maximum hours and is paid in full upon termination or retirement. Sick leave time may be accumulated without limit and applied toward retirement. Upon termination, other than retirement from active service, sick leave is forfeited.

I. Property Taxes

All property taxes are collected and allocated by the County of El Dorado to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The District participates in the County "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year end.

J. Net Assets

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 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, 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.

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 1: Summary of Significant Accounting Policies (continued)

K. Fund Balance Reserves and Designations

In the fund financial statements, fund balance reserved are those portions of the fund balance that are not available for appropriation or expenditure and/or are legally segregated for a specific future use.

The reserved fund balance for Park Development is required to be segregated in accordance with provisions of the Government Code. In addition, financial resources for the construction of the Community Center have been segregated in accordance with the provisions of the bond agreement.

Designations of unreserved fund balances in governmental fund financial statements indicate District management's tentative plans for use of financial resources in a future period. Such plans or intent are subject to change and have not been legally mandated.

L. Use of Estimates

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

Note 2: Cash and Investments

The District follows the practice of pooling cash and investments of all funds. Cash and investments are maintained with the County of El Dorado Treasurer in a pooled investment portfolio (the "Pooled Investment Portfolio") and consist of the following:

	<u>Percent Holding</u>
•Local Agency Investment Fund	9.79%
•Treasury securities - coupon	6.78%
•Treasury securities - discount	17.30%
•Certificates of deposit - bank	55.01%
•Bank acceptances	5.01%
•Commercial paper - discount	6.11%
	<u>100.00%</u>

The annual effective rate of return on invested funds for the fiscal year ended June 30, 2008 was 4.23%.

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 2: Cash and Investments (continued)

A. Custodial Credit Risk

At June 30, 2008, the carrying amount of the deposits held at the County of El Dorado was \$13,612,381. Deposits held at financial institutions was \$2,090,686. Investments in external investment pools, such as the El Dorado County's Pooled Investment Portfolio, are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book form. The California Government Code (Code Section 53630) 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 pledge securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

B. Authorized Investments

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4- Financial Affairs. The Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Banker's Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Reverse Repurchase Agreements
- County Cash Pool

C. Fair Value Reporting - Investments

The District has adopted provisions of Governmental Accounting Standards Board (GASB) 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 establishes accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including change in fair market of investments, is recognized as revenue in the operating statement.

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 2: Cash and Investments (continued)

C. Fair Value Reporting - Investments (continued)

The County of El Dorado's Pooled Investment Portfolio is a governmental investment pool managed and directed by the County of El Dorado and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of County officials and various participants, provides oversight to the management of the fund. The District is a voluntary participant in the investment pool. The District reports its investment in the Investment Pool at the fair value provided by the County Treasurer, which is not materially different than cost. The balance available for withdrawal is based on the accounting records maintained by the County, which are on an amortized cost basis.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of the year end, the weighted average maturity of the investments contained in the County's Pooled Investment Portfolio was approximately forty-five days.

E. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Pool does not have a rating provided by a nationally recognized statistical rating organization.

Note 3: Capital Assets

A summary of changes in the District's capital assets is as follows:

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>June 30, 2008</u>
Land and land improvements	\$ 8,156,251	\$ 84,495	\$ --	\$ 141,655	\$ 8,382,401
Structures and improvements	3,029,529	28,005	--	--	3,057,534
Construction-in-progress	807,154	2,866,146	--	(141,655)	3,531,645
Equipment	<u>2,330,912</u>	<u>56,620</u>	<u>--</u>	<u>--</u>	<u>2,387,532</u>
Totals	\$ 14,323,912	\$3,035,266	\$ --	\$ --	\$ 17,359,178
Less: accumulated depreciation	<u>(2,117,455)</u>	<u>(423,568)</u>	<u>--</u>	<u>--</u>	<u>(2,541,023)</u>
Capital assets, net	<u>\$ 12,206,457</u>	<u>\$2,611,698</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,818,155</u>

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 4: Interfund Transactions

Interfund balances at June 30, 2008 are as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 55,076	\$ 74,060
Community Center - Capital Projects Fund - Major	--	41,646
CC & R Special Revenue Fund - Non major	20,000	--
Impact Fee Special Revenue Fund - Non major	60,032	--
Quimby Special Revenue Fund - Non-major	10,000	--
Fire Prevention - Non major	69	11,280
Lighting and landscaping districts	<u>106,245</u>	<u>124,436</u>
	<u>\$ 251,422</u>	<u>\$ 251,422</u>

These balances result from the time lags between the dates that goods and services are provided and from payments made between funds.

Note 5: Long-Term Debt

The following is a summary of debt transactions for the year ended June 30, 2008:

General Obligation Bonds, Series A

On August 24, 2005, the District issued \$8,499,458 in general obligation bonds. The bonds were issued at a premium of \$274,347 for a total of \$8,773,805 in bond proceeds. The bonds were issued for the purpose of constructing a new community center. The bonds were issued in two forms: the first are terms bonds issued in the amount of \$8,275,000 with maturities ranging from 1 to 25 years and carry interest that vary from 3.5% to 5.0%; the second form are capital appreciation bonds were issued at a discount. These bonds, amounting to \$224,458, accrete interest annually and are due in 2016 and 2017. Both forms are general obligation bonds and are payable solely from *ad valorem* property taxes. The bond premium will be amortized from the date of issuance to August 1, 2016, the date the bonds become subject to call. \$8,441,742

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 5: Long-Term Debt (continued)

The following is a summary of changes in the District's Long-Term Debt for the fiscal year ended June 30, 2008

	<u>7/1/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Premium</u>	<u>6/30/08</u>
General obligation bonds - term	\$ 8,215,000	\$ --	\$ (50,000)	\$ --	\$ 8,165,000
Capital appreciation bonds	<u>250,578</u>	<u>26,164</u>	<u>--</u>	<u>--</u>	<u>276,742</u>
Total General obligation	8,465,578	26,164	(50,000)	--	8,441,742
Bond premium - G.O. Bonds	229,449	--	--	(24,434)	205,015
Compensated absences	<u>100,701</u>	<u>4,912</u>	<u>--</u>	<u>--</u>	<u>105,613</u>
Totals	<u>\$ 8,795,728</u>	<u>\$ 31,076</u>	<u>\$ (50,000)</u>	<u>\$ (24,534)</u>	<u>\$ 8,752,370</u>

Interest expense was \$368,268 at June 30, 2008 and includes interest accretion on the capital appreciation bonds of \$26,164, amortization of bond premium of \$24,434 and bond issuance costs of \$10,970.

Principal payments on the term bonds are due August 1 and interest is due on August 1 and February 1 of every year. Debt service requirements for the next five years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008-2009	\$ 75,000	\$ 364,810	\$ 439,810
2009-2010	100,000	361,747	461,747
2010-2011	100,000	358,123	458,123
2011-2012	125,000	353,904	478,904
2012-2013	155,000	348,460	503,460
Thereafter	<u>7,710,000</u>	<u>4,220,192</u>	<u>11,830,192</u>
	<u>\$ 8,165,000</u>	<u>\$ 6,007,236</u>	<u>\$14,172,236</u>

The two Capital Appreciation Bonds, issued at a deep discount, accrete interest annually until the value of the bonds at maturity (2016 and 2017) are \$250,000 and \$270,000 or \$520,000. The value of the capital appreciation bonds at June 30, 2008 is as follows:

8/1/2016	\$ 138,408
8/1/2017	<u>138,334</u>
	<u>\$ 276,742</u>

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 6 : District Employee's Retirement Plan (Defined Benefit Pension Plan)

A. Plan Description

The District's defined benefit pension plan, the California Public Employees' Retirement System, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System 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 local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office in Sacramento, California.

B. Funding Policy

The District is required to contribute the actuarially determined 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 18.465%. The contribution requirements of the employer is established by State statute and may be amended by CalPERS.

C. Annual Pension Cost

For fiscal year 2007-2008, the District's annual pension cost of \$80,718 was equal to the District's required and actual contributions. The required contribution for fiscal year 2007-2008 was determined as part of the June 30, 2002 actuarial valuation using an entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% depending on age, service, and type of employment; (c) 3.75% overall payroll growth; and (d) an inflation rate of 3.50%. The actuarial value of the plan's assets was determined using a technique that smooths 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 losses. The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 6 : District Employee's Retirement Plan (Defined Benefit Pension Plan) (continued)

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage Contributed</u>
June 30, 2006	\$ 52,748	100%
June 30, 2007	\$ 69,079	100%
June 30, 2008	\$ 80,718	100%

Note 7: Deferred Compensation Plan

District employees may defer a portion of their compensation under the District's sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them.

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

Note 8: Post Employment Benefits Other Than Pensions

The District provides health care benefits through PERS to eligible retired employees. Benefits provided during the year ended June 30, 2008 amounted to \$7,200 and covered one retired employee.

Note 9: Risk Management

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Special District Risk Management Authority (SDRMA), an intergovernmental risk-sharing, joint powers authority (risk-sharing pool) established to provide an independently managed, self-insurance program for members. The purpose of SDRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense.

**CAMERON PARK COMMUNITY
SERVICES DISTRICT**

Notes to Financial Statements
June 30, 2008

Note 9: Risk Management (continued)

The District contributes its pro-rata share of anticipated losses to a pool administered by SDRMA. Should actual losses among participants be greater than the anticipated losses, the District will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the District will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial excess liability coverage in any of the past three fiscal years.

Note 10: Designations of Fund Equity

The District has established “designations” of fund equity to segregate fund balances for future replacement of fire suppression equipment, fire development projects, fire prevention and fire safety.

Note 11: Prior Period Adjustment

The beginning fund balance of the general fund has been restated to account for a State grant payment received in the 2006/2007 fiscal year that should have reduced the Grants receivable balance outstanding at that date.

Note 12: Contingent Liabilities

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

The District is also a plaintiff in an action against the County of El Dorado asserting that the County did not correctly account for and disburse the District’s portion of the ad valorem property taxes administered by the County. The matter is still pending and no estimate of the outcome can be made.

SUPPLEMENTARY INFORMATION

**COMBINING FUND STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

CAMERON PARK COMMUNITY SERVICES DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2008

	Special Revenue Funds									Debt	Capital	Total
	CC & R	Quimby Act	Fire Development and Training	Fire Safe Project	Fire Prevention	Fire Equipment Replacement	Per Capita Grant	Promotional Grant	Lighting and Landscaping	Service Fund General Obligation Bonds	Projects Fund Lagoon Upgrade	Nonmajor Governmental Funds
ASSETS												
Cash and investments	\$ 165,451	\$ 51,800	\$ 1,204,461	\$ -	\$ 111,809	\$ 127,040	\$ 137,853	\$ 12,602	\$ 611,131	\$ 283,814	\$ (10,000)	\$ 2,695,961
Assessments/ Accounts receivable	1,828	-	-	11,094	-	-	-	-	4,427	-	-	17,349
Due from other funds	20,000	10,000	-	-	69	-	-	-	106,246	-	-	136,315
TOTAL ASSETS	<u>\$ 187,279</u>	<u>\$ 61,800</u>	<u>\$ 1,204,461</u>	<u>\$ 11,094</u>	<u>\$ 111,878</u>	<u>\$ 127,040</u>	<u>\$ 137,853</u>	<u>\$ 12,602</u>	<u>\$ 721,804</u>	<u>\$ 283,814</u>	<u>\$ (10,000)</u>	<u>\$ 2,849,625</u>
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ -	\$ 230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230
Salaries and benefits payable	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	11,280	-	-	-	124,436	-	-	135,716
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>230</u>	<u>11,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,436</u>	<u>-</u>	<u>-</u>	<u>135,946</u>
FUND BALANCES												
Undesignated	187,279	61,800	1,204,461	10,864	100,598	127,040	137,853	12,602	597,368	283,814	(10,000)	2,713,679
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 187,279</u>	<u>\$ 61,800</u>	<u>\$ 1,204,461</u>	<u>\$ 11,094</u>	<u>\$ 111,878</u>	<u>\$ 127,040</u>	<u>\$ 137,853</u>	<u>\$ 12,602</u>	<u>\$ 721,804</u>	<u>\$ 283,814</u>	<u>\$ (10,000)</u>	<u>\$ 2,849,625</u>

CAMERON PARK COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	Special Revenue Funds								Debt Service	Capital	Total	
	CC & R	Quimby Act	Fire Development and Training	Fire Safe Project	Fire Prevention	Fire Equipment Replacement	Per Capita Grant	Promotional Grant	Lighting and Landscape Districts	General Obligation Bonds	Projects Fund Lagoon Upgrade	Nonmajor Governmental Funds
REVENUES												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,674	\$ -	\$ 403,674
Intergovernmental	-	-	-	-	-	-	137,891	25,000	-	-	-	162,891
Direct Assessments	83,531	-	-	-	-	-	-	-	239,721	-	-	323,252
Development fees	-	-	306,676	-	-	-	-	-	-	-	-	306,676
Investment earnings	5,254	2,078	36,071	-	2,513	3,030	-	-	24,287	5,697	-	78,930
Charges for current services	13,956	-	51,304	-	42,002	-	-	-	-	-	-	107,262
Other	-	-	-	29,359	-	56,104	-	-	1,617	5,492	-	92,572
TOTAL REVENUES	102,741	2,078	394,051	29,359	44,515	59,134	137,891	25,000	265,625	414,863	-	1,475,257
EXPENDITURES												
General government	90,548	-	-	-	-	-	38	12,398	171,642	1,300	-	275,926
Public safety - fire protection	-	-	18,612	43,646	12,688	-	-	-	-	-	-	74,946
Capital outlay	-	-	-	-	6,342	-	-	-	-	-	10,000	16,342
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	50,000	-	50,000
Interest	-	-	-	-	-	-	-	-	-	366,998	-	366,998
TOTAL EXPENDITURES	90,548	-	18,612	43,646	19,030	-	38	12,398	171,642	418,298	10,000	784,212
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	12,193	2,078	375,439	(14,287)	25,485	59,134	137,853	12,602	93,983	(3,435)	(10,000)	691,045
OTHER FINANCING SOURCES AND USES												
Transfers in	-	-	-	2,571	-	-	-	-	106,246	-	-	108,817
Transfers out	-	-	-	-	(2,571)	(3,580)	-	-	(106,246)	-	-	(112,397)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	2,571	(2,571)	(3,580)	-	-	-	-	-	(3,580)
NET CHANGES IN FUND BALANCES	12,193	2,078	375,439	(11,716)	22,914	55,554	137,853	12,602	93,983	(3,435)	(10,000)	687,465
Fund balances (deficit) at beginning of year	175,086	59,722	829,022	22,580	77,684	71,486	-	-	503,385	287,249	-	2,026,214
Fund balances (deficit) at end of year	\$ 187,279	\$ 61,800	\$ 1,204,461	\$ 10,864	\$ 100,598	\$ 127,040	\$ 137,853	\$ 12,602	\$ 597,368	\$ 283,814	\$ (10,000)	\$ 2,713,679

GENERAL FUND SCHEDULES

CAMERON PARK COMMUNITY SERVICES DISTRICT

GENERAL FUND
SCHEDULE OF REVENUES

For the Year Ended June 30, 2008

	<u>Administration</u>	<u>Fire Protection</u>	<u>Parks</u>	<u>Recreation</u>	<u>Total</u>
Taxes:					
Property taxes	\$ 110,840	\$ 2,591,380	\$ 675,022	\$ 103,575	\$ 3,480,817
Intergovernmental:					
Homeowner's property tax relief	-	27,306	9,460	-	36,766
State/JPA	-	769,162	-	-	769,162
Grant revenues - Title 3	-	13,460	-	-	13,460
Total intergovernmental	-	809,928	9,460	-	819,388
Charges for current services:					
Fees	-	-	17,935	222,800	240,735
Special events - Summer Spectacular	-	-	-	55,364	55,364
Total charges for current services	-	-	17,935	278,164	296,099
Use of money and property:					
Interest	64,851	-	-	-	64,851
Other:					
Franchise fees	60,324	-	-	-	60,324
Insurance proceeds - Station 89	108,348	-	-	-	108,348
Miscellaneous	8,892	745	6,600	730	16,967
Total other	177,564	745	6,600	730	185,639
Total revenues	\$ 353,255	\$ 3,402,053	\$ 709,017	\$ 382,469	\$ 4,846,794

CAMERON PARK COMMUNITY SERVICES DISTRICT

GENERAL FUND
SCHEDULE OF EXPENDITURES

For the Year Ended June 30, 2008

Expenditures	Fire				Total
	Administration	Protection	Parks	Recreation	
Salaries and wages	\$ 138,606	\$ 19,742	\$ 143,790	\$ 108,884	\$ 411,022
Payroll taxes and employee benefits	55,538	46,309	84,948	38,947	225,742
Total salaries and employee benefits	<u>194,144</u>	<u>66,051</u>	<u>228,738</u>	<u>147,831</u>	<u>636,764</u>
Services and supplies:					
Agency administration fee	1,428	1,273	1,188	1,368	5,257
Agricultural	-	114	45,418	76	45,608
Bank service charges	767	-	-	1,418	2,185
Clothing and uniforms	211	4,440	1,052	10,087	15,790
Computer software	9,393	856	1,077	9,406	20,732
Contractual services	24,674	2,588,753	48,260	44,467	2,706,154
Director compensation	11,230	3,100	800	700	15,830
Fire and safety supplies	-	3,590	-	-	3,590
Fire turnouts	-	19,477	-	-	19,477
Food expense	-	1,274	257	4,333	5,864
Fuel	-	58,105	8,908	-	67,013
Government fees and permits	-	-	5,348	-	5,348
Household expense	142	3,226	6,803	104	10,275
Insurance	3,114	21,576	21,674	14,104	60,468
Legal	64,805	27,783	1,900	2,320	96,808
Maintenance - buildings and equipment	3,462	50,620	46,561	2,851	103,494
Memberships	2,811	280	620	145	3,856
Mileage reimbursements	547	-	-	-	547
Office	3,323	4,170	443	845	8,781
Other	1,004	840	467	3,713	6,024
Printing and postage	860	160	59	3,253	4,332
Professional services	18,525	16,513	7,188	5,005	47,231
Publications and legal notices	40	788	-	75	903
Rents and leases	2,728	48,417	2,430	24,130	77,705
Small tools	4,249	5,909	9,668	2,251	22,077
Special projects - Summer Spectacular	-	-	-	72,430	72,430
Staff development	249	5,584	340	3,495	9,668
Telephone	2,046	12,088	2,119	2,281	18,534
Transportation and travel	521	1,786	20	-	2,327
Utilities	4,621	27,095	57,352	513	89,581
Total services and supplies	<u>160,750</u>	<u>2,907,817</u>	<u>269,952</u>	<u>209,370</u>	<u>3,547,889</u>
Capital outlay:					
Structures and land improvements	-	-	74,495	-	74,495
Equipment	2,077	13,211	67,746	15,032	98,066
Total capital outlay	<u>2,077</u>	<u>13,211</u>	<u>142,241</u>	<u>15,032</u>	<u>172,561</u>
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>\$ 356,971</u>	<u>\$ 2,987,079</u>	<u>\$ 640,931</u>	<u>\$ 372,233</u>	<u>\$ 4,357,214</u>

**SCHEDULES OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL**

CAMERON PARK COMMUNITY SERVICES DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CC & R

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 84,611	\$ 84,611	\$ 83,531	\$ (1,080)
Interest and rent	-	-	5,254	5,254
Architural control fees	33,933	33,933	13,956	(19,977)
TOTAL REVENUES	<u>118,544</u>	<u>118,544</u>	<u>102,741</u>	<u>(15,803)</u>
EXPENDITURES				
Current:				
General government	117,544	117,544	90,548	26,996
Capital outlay	1,000	1,000	-	1,000
TOTAL EXPENDITURES	<u>118,544</u>	<u>118,544</u>	<u>90,548</u>	<u>27,996</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>12,193</u>	<u>12,193</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>12,193</u>	<u>12,193</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>175,086</u>	<u>175,086</u>	<u>175,086</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 175,086</u>	<u>\$ 175,086</u>	<u>\$ 187,279</u>	<u>\$ 12,193</u>

CAMERON PARK COMMUNITY SERVICES DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - FIRE SAFETY

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State grant	\$ 31,093	\$ 31,093	\$ 29,359	\$ (1,734)
Interest and rent	-	-	-	-
TOTAL REVENUES	<u>31,093</u>	<u>31,093</u>	<u>29,359</u>	<u>(1,734)</u>
EXPENDITURES				
Current:				
Public safety - fire protection	30,649	30,649	43,646	(12,997)
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>30,649</u>	<u>30,649</u>	<u>43,646</u>	<u>(12,997)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>444</u>	<u>444</u>	<u>(14,287)</u>	<u>(14,731)</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	2,571	2,571
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>2,571</u>	<u>2,571</u>
NET CHANGES IN FUND BALANCES	444	444	(11,716)	(12,160)
FUND BALANCES AT BEGINNING OF YEAR	22,580	22,580	22,580	-
FUND BALANCES AT END OF YEAR	<u>\$ 23,024</u>	<u>\$ 23,024</u>	<u>\$ 10,864</u>	<u>\$ (12,160)</u>

CAMERON PARK COMMUNITY SERVICES DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

SPECIAL REVENUE FUND - FIRE PREVENTION

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services - plan review fees	\$ 41,905	\$ 41,905	\$ 42,002	\$ 97
Interest and rent	-	-	2,514	2,514
TOTAL REVENUES	<u>41,905</u>	<u>41,905</u>	<u>44,516</u>	<u>2,611</u>
EXPENDITURES				
Current:				
Public safety - fire protection	37,905	37,905	12,688	25,217
Capital outlay	4,500	4,500	6,342	(1,842)
TOTAL EXPENDITURES	<u>42,405</u>	<u>42,405</u>	<u>19,030</u>	<u>23,375</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(500)</u>	<u>(500)</u>	<u>25,486</u>	<u>25,986</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	-	-
Transfers out	-	-	(2,572)	(2,572)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(2,572)</u>	<u>(2,572)</u>
NET CHANGES IN FUND BALANCES	(500)	(500)	22,914	23,414
FUND BALANCES AT BEGINNING OF YEAR	77,684	77,864	77,684	(180)
FUND BALANCES AT END OF YEAR	<u>\$ 77,184</u>	<u>\$ 77,364</u>	<u>\$ 100,598</u>	<u>\$ 23,234</u>

CAMERON PARK COMMUNITY SERVICES DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND - COMMUNITY CENTER

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - Community enhancement funds	\$ -	\$ -	\$ 274,088	274,088
Interest and rent	-	-	387,307	387,307
Other	-	-	8,475	8,475
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>669,870</u>	<u>669,870</u>
EXPENDITURES				
Current:				
Capital outlay	-	2,423,075	2,866,146	(443,071)
TOTAL EXPENDITURES	<u>-</u>	<u>2,423,075</u>	<u>2,866,146</u>	<u>(443,071)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(2,423,075)</u>	<u>(2,196,276)</u>	<u>226,799</u>
OTHER FINANCING SOURCES AND USES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	(2,423,075)	(2,196,276)	226,799
FUND BALANCES AT BEGINNING OF YEAR	-	8,974,562	8,974,562	-
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ 6,551,487</u>	<u>\$ 6,778,286</u>	<u>\$ 226,799</u>

OTHER REPORTS

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Institute

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Cameron Park Community Services District
Cameron Park, California

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cameron Park Community Services District (the "District") as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued my report dated December 5, 2009. I conducted my 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 my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not to purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My 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 weakness. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I 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. I considered the deficiencies in internal control described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

Preparation and Completeness of Financial Statements

The financial statements proffered from the District for examination were incomplete and were materially misstated. There were numerous funds of the District that were either absent altogether or had missing account balances. Cash held at the County, amounting to \$13,612,381 was not included in the District's financial statements. In addition, the Balance Sheet initially provided was out of balance. A proper close-out was not effected. Because the financial statements of the District were incomplete, the examination had to be suspended. The engagement was transitioned into a bookkeeping engagement in order to create complete financial statements that could be subjected to audit procedures. This is a non-attest service that in many cases impairs the auditors independence. In those cases where independence is impaired, the auditor is prohibited from expressing an opinion on the financial statements.

The financial statements are the responsibility of the District's management. It is the auditor's responsibility to express an opinion on the financial statements based on the audit Management is responsible for the adequate design of internal controls over the preparation of financial statements.

I recommend that the District develop adequate controls over the preparation of financial statements. At a minimum, controls should include:

- 1) Procedures to insure that all funds of the District are included in the financial statements.
- 2) Procedures to insure that all accounts have been reconciled, including, but no limited to, cash held with the County, accounts receivable, grants receivable, fixed assets, accounts payable, payroll, fund balances, revenues and expenditures.
- 3) The use of an outsourced CPA possessing the knowledge and skills to assist in the preparation of governmental financial statements is essential.
- 4) Procedures for final review and approval of the financial statements from those having final responsibility for the completeness and accuracy of the financial statements. This would include the Finance Committee and the Board. Such approval should be documented in the Minutes.

Proper Cutoffs

While applying audit procedures to cash, it was determined that many outstanding deposits and checks outstanding did not meet the definition of "outstanding." Outstanding checks and deposits are those deposits received and checks issued on or before the end of the fiscal year. They appear as outstanding on the bank reconciliation because they have not at June 30, cleared the bank. The majority of checks and deposits that were listed in the outstanding lists at June 30, 2008, were only dated as of June 30, 2008. They were actually deposited or the check issued well after the June 30, 2008 cutoff. I recommend that all deposits and checks be subject to the June 30 cutoff. Any deposits received after June 30 do not constitute an increase in cash and any checks issued do not constitute a reduction in cash. They may, however, constitute accounts receivable or accounts payable.

To the Board of Directors
Cameron Park Community Services District

Accounts Receivable

There were no accounts receivable recorded in the financial statements of the District at June 30, 2008. Generally Accepted Accounting Principles and those applied to governmental entities require that all revenues susceptible to accrual (measurable and available) be recorded in the financial statements. Based upon a search for possible unrecorded receivables, we found approximately \$94,000 in accounts receivable that should have been recorded at June 30, 2008. I recommend that the District include in their closeout procedures a search for unrecorded accounts and grant receivables at year-end and properly record those that meet the criteria. Note: many of the receivables found in the search were included in the deposits outstanding (see "Proper cutoffs" above).

Fixed Assets

The District does not currently maintain a fixed asset data base where additions and deletions are accounted for and depreciation is calculated. Fixed assets constitute 50% of the District's total assets, as reported in the entity-wide Statement of Net Assets. I recommend that the District maintain a fixed assets data base that incorporates the cost of the assets, dates of acquisition, location and depreciation.

Accounts Payable and Contractor Retentions

It was determined, by a search for unrecorded accounts payable, that \$659,593 of contractor payments made in the 2008-2009 fiscal year were for 2007-2008 goods/services and were not recorded in the financial statements. In addition, it was determined that \$158,228 in contract payment retentions withheld were not recorded in the financial statements. I recommend that procedures be developed to insure that all obligations of the District be included in the financial statements.

Suspense Accounts

It was noted that several transaction were recorded in a "Suspense" account. The use of suspense accounts to record transactions is a significant deficiency in internal controls. If the nature of the transaction is at issue, outside expert assistance should be obtained.

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. I believe that controls over the preparation of financial statements (missing account balances and funds) is a material weakness.

Payroll Files

Out of a 16 employees selected for testing, 4 had no documentation to support the pay rate in effect at June 30, 2008. Documentation for those with approved rates consisted of hand written notes signed by the General Manager. I recommend that the District formulate a strict policy on documenting approved pay rates. A schedule tracking such approvals should be maintained in each file.

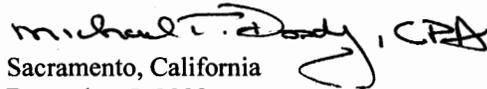
To the Board of Directors
Cameron Park Community Services District

My 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 described above as a material weakness. However, of the significant deficiencies described above, I consider "The Preparation and Completeness of the Financial Statements" to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and the State Controller's Office of the State of California and is not intended to be and should not be sued by anyone other than these specified parties.


Sacramento, California
December 5, 2009

CAMERON PARK COMMUNITY SERVICES DISTRICT

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2008

Recommendation

The District should consider the following actions:

- Hire additional staff and provide training to have procedures in place to insure that all District funds are included in the financial statements. Accounts receivable, accounts payable and payroll accounts have been reconciled, including, but not limited to, cash held at the County.
- The use of an outsourced CPA to provide services including but not limited to, recording balances held at the County. To review the District's financial statements for completeness and accuracy including, but not limited to, final review of year end close out procedures.
- The District should maintain a fixed asset data base that incorporates the cost of the assets, date, location and depreciation.
- Formulate a procedure to maintain employee files including, but not limited to, tracking of proper documentation and approvals.

Management Response

During the 2007/2008 Fiscal period covered, the District went through several major changes in its internal accounting operations and procedures. In January of 2006 the District started the transition of moving its accounting functions to include payroll, to an in-house system rather than have the process out sourced through the county. By January 2007 the payroll process was completed successfully and staff received the direction to begin transitioning the accounts payable and accounts receivable functions. While the transition moved along smoothly, the mid-year date of the move combined with the new software, created certain challenges when performing year end procedures including, but not limited to, recording cash held at the county, accounts receivable, accounts payable, AP year end functions, reconciling accounts and preparing financial statements for the auditor. Other challenges included the loss of the Districts CPA, lack of staffing and experience with the new software.

To perform and complete the auditor's recommended changes, management has:

- Hired and provided training for a part time payroll clerk who performs all aspects of payroll including, but not limited to, processing bi-weekly payroll, preparing and filing quarterly payroll reports, reconciles all banking statements.
- Provided training for a staff member to perform the accounts payable and accounts receivable functions.
- Hired an experienced qualified CPA to review the District's financial statements for completeness and accuracy including, but not limited to, final review of year end close out procedures and make journal adjustments are needed.

- The staff will add the 3rd module of its accounting software, Main Trac to maintain a fixed asset data base that incorporates the cost of the assets, date, location and depreciation.
- Management has reviewed and made the recommended changes that bring all employee files to compliance. New HR forms including, but not limited to, hiring checklist, payroll communication to record and track all required documentation.
- Provided additional and ongoing training to the financial staff to ensure that that all District funds are being properly recorded and included in the financial statements.

The in-house transition has been a very positive move for the District towards strengthening fiscal accountability and transparency in which the Board should be commended for that commitment.

At no time was the financial strength of the District in jeopardy, or the cash flow compromised. The auditor's consideration is solely one of a material reporting methods weakness