

**CAMERON PARK CSD
CAMERON PARK, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

June 30, 2009

R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Cameron Park CSD
Cameron Park, Ca

In planning and performing our audit of the basic financial statements of the Cameron Park CSD for the fiscal year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of the Cameron Park CSD's internal control.

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

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

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

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

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

We thank the Cameron Park CSD's staff for its cooperation during our audit.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 11, 2010

Cameron Park CSD
STATEMENT OF NET ASSETS
 June 30, 2009

ASSETS:

Cash and investments	\$	8,679,237
Accounts receivable		262,254
Bond issuance costs, net		212,773
Capital assets, net		<u>21,035,977</u>
Total assets		<u>30,190,241</u>

LIABILITIES:

Accounts payable		646,074
Accrual payroll		1,608
Accrued interest		152,551
Long-term liabilities:		
Due within one year:		
General obligation bond		100,000
Due after one year:		
Unamortized bond premium, net		180,581
General obligation bond		8,510,000
Compensated absences		<u>119,159</u>
Total due after one year		<u>8,809,740</u>
Total liabilities		<u>9,709,973</u>

NET ASSETS:

Invested in capital assets, net of related debt		12,425,977
Unrestricted		<u>8,054,291</u>
Total net assets	\$	<u>20,480,268</u>

The accompanying notes are an integral part of these financial statements

Cameron Park CSD
STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
General Government	\$ 1,212,867	\$ -	\$ 846,367	\$ -	\$ 366,500
Recreation	356,302	264,152	-	-	92,150
Public safety	3,190,584	535,081	-	-	2,655,503
Parks	620,236	328,498	-	-	291,738
Maintenance	185,896	-	-	-	185,896
Interest and fees	364,810	-	-	-	364,810
Total Governmental Activities	<u>\$ 5,930,695</u>	<u>\$ 1,127,731</u>	<u>\$ 846,367</u>	<u>\$ -</u>	<u>3,956,597</u>
General revenues:					
Taxes					4,699,690
Use of money and property					<u>230,229</u>
Total general revenues					<u>4,929,919</u>
Change in net assets					<u>973,322</u>
Net assets beginning of period					<u>19,506,946</u>
Net assets ending of period					<u>\$ 20,480,268</u>

The accompanying notes are an integral part of these financial statements

Cameron Park CSD
 GOVERNMENTAL FUNDS
BALANCE SHEET
 June 30, 2009

	General	AB 1600 Fund	Community Center Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 2,348,202	\$ 2,381,452	\$ 609,852	\$ 3,339,731	\$ 8,679,237
Accounts receivable	223,255	-	-	38,999	262,254
Due from other funds	55,076	60,032	-	136,314	251,422
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 2,626,533</u>	<u>\$ 2,441,484</u>	<u>\$ 609,852</u>	<u>\$ 3,515,044</u>	<u>\$ 9,192,913</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ 645,844	\$ 230	\$ 646,074
Accrued expenses	1,427	-	-	181	1,608
Due to other funds	74,060	-	41,646	135,716	251,422
Total liabilities	<u>75,487</u>	<u>-</u>	<u>687,490</u>	<u>136,127</u>	<u>899,104</u>
<u>FUND BALANCES</u>					
Reserved for:					
Fire prevention	-	-	-	2,022,434	2,022,434
Unreserved, undesignated	2,551,046	2,441,484	(77,638)	1,356,483	6,271,375
Total fund balances	<u>2,551,046</u>	<u>2,441,484</u>	<u>(77,638)</u>	<u>3,378,917</u>	<u>8,293,809</u>
Total liabilities and fund balances	<u>\$ 2,626,533</u>	<u>\$ 2,441,484</u>	<u>\$ 609,852</u>	<u>\$ 3,515,044</u>	<u>\$ 9,192,913</u>

The accompanying notes are an integral part of these financial statements

Cameron Park CSD
 Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
 with the Governmental Activities
STATEMENT OF NET ASSETS
 For the year ended June 30, 2009

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	8,293,809
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Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds		21,035,977
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LONG TERM ASSETS AND LIABILITIES

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

Unamortized bond premium, net		(180,581)
Accrued interest payable		(152,551)
General Obligation Bond		(8,610,000)
Unamortized bond issuance cost, net		212,773
Non-current portion of compensated absences		(119,159)
		(119,159)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	20,480,268
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The accompanying notes are an integral part of these financial statements

Cameron Park CSD
 GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
 For the year ended June 30, 2009

	General	AB 1600 Fund	Community Center Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 3,807,830	\$ -	\$ 3,896	\$ 887,964	\$ 4,699,690
Intergovernmental	840,426	-	-	5,941	846,367
Charges for services	260,077	328,498	4,075	535,081	1,127,731
Interest	69,325	32,470	87,162	41,272	230,229
Total revenues	<u>4,977,658</u>	<u>360,968</u>	<u>95,133</u>	<u>1,470,258</u>	<u>6,904,017</u>
Expenditures:					
General government	474,253	-	6,951,056	94,006	7,519,315
Recreation	342,756	-	-	-	342,756
Public safety	2,767,429	-	-	85,309	2,852,738
Parks	620,236	-	-	-	620,236
Maintenance	-	-	-	185,896	185,896
Debt service:					
Principal	-	-	-	75,000	75,000
Interest	-	-	-	364,810	364,810
Total expenditures	<u>4,204,674</u>	<u>-</u>	<u>6,951,056</u>	<u>805,021</u>	<u>11,960,751</u>
Excess (deficit) of revenues over (under) expenditures	<u>772,984</u>	<u>360,968</u>	<u>(6,855,923)</u>	<u>665,237</u>	<u>(5,056,734)</u>
Fund balances, beginning of period	<u>1,778,062</u>	<u>2,080,516</u>	<u>6,778,285</u>	<u>2,713,680</u>	<u>13,350,543</u>
Fund balances, end of period	<u>\$ 2,551,046</u>	<u>\$ 2,441,484</u>	<u>\$ (77,638)</u>	<u>\$ 3,378,917</u>	<u>\$ 8,293,809</u>

The accompanying notes are an integral part of these financial statements

Cameron Park CSD
RECONCILIATION OF THE NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

with the
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

For the year ended June 30, 2009

Total net change in fund balances - governmental funds	\$ (5,056,734)
 CAPITAL ASSETS TRANSACTIONS	
<p>Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>	
The capital outlay expenditures are therefore added back to the fund balance	6,555,668
Depreciation expense is deducted from the fund balance	(337,846)
 LONG TERM DEBT PROCEEDS AND PAYMENT	
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.</p>	
Repayment of debt principal is added back to the fund balance	75,000
Prior period adjustment to the general obligation bond liability amount	(243,258)
 ACCRUAL OF NON-CURRENT ITEMS	
<p>The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):</p>	
Amortization of bond issuance costs and premium	(5,962)
Long-term compensated absences	(13,546)
<hr/>	<hr/>
Changes in net assets of governmental activities	\$ <u>973,322</u>

The accompanying notes are an integral part of these financial statements

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 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 or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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.

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation - Government-wide Financial Statements (concluded)

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.

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.

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

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

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.

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Other Governmental Funds are comprised of several non-major funds that include funds for separate smaller landscaping districts, funds reserved for specific capital acquisitions, fire prevention and safety and other miscellaneous fund balances.

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.

General fund expenditures were over appropriations in the amount of \$673,618.

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 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.

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (concluded)

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

- o Structures and improvements: 5 to 30 years
- o 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 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

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

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

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

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

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

J. Net Assets (concluded)

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

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

K. Fund Balance Reserves and Designations

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

L. Reserves

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity that provided the funds. The District cannot modify or remove these restrictions or reserves. At June 30, 2009, reservations included:

- o Reserves for prepaid items, the arts, project funding and building fund are the portions of fund balance set aside to indicate these items do not represent available, spendable resources.
- o Reserve for debt service is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

Unreserved fund balance in the General Fund represents the resources available at June 30, 2009 to meet the financial needs of the District through approximately December 10, 2009 when the next property tax payment is due from the County. Unreserved fund balance in the special revenue and capital projects funds are not available for general expenditures as they are reserved for the particular purposes of the funds in which they reside.

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

M. Use of Estimates

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

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 2 - CASH AND INVESTMENTS

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

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

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

Cash balances from all funds are combined and invested to the extent possible pursuant to the District Board Approved Investment Policy and Guidelines and State Government Code.

<u>Deposits and Investments</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Investment Risk</u>
Cash in County Treasury	\$ 2,180,465	\$ 2,180,465	AA
Cash in bank	<u>6,498,772</u>	<u>6,498,772</u>	N/A
Total cash and investments	<u>\$ 8,679,237</u>	<u>\$ 8,679,237</u>	

A. Custodial Credit Risk

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

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

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (concluded)

B. Authorized Investments

California statutes authorizes 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:

- o Securities of the United States Government, or its agencies
- o Small Business Administration loans
- o Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- o Negotiable Certificates of Deposit
- o Banker's Acceptances
- o Commercial paper and medium-term corporate notes
- o Local Agency Investment Fund (State Pool and County Pool) Demand Deposits - Repurchase Agreements (Repos)
- o Passbook Savings Account Demand Deposits - Reverse Repurchase Agreements
- o 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, 2009

NOTE 3 - CAPITAL ASSETS

An analysis of capital assets as of June 30, 2009, is as follows:

<u>Governmental Activities</u>	<u>Balance</u> 07/01/08	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> 06/30/09
Capital assets, not being depreciated:				
Land	\$ 8,113,000	\$ -	\$ 20,000	\$ 8,093,000
Construction in progress	<u>3,531,645</u>	<u>6,555,267</u>	<u>-</u>	<u>10,086,912</u>
Total capital assets, not being depreciated	<u>11,644,645</u>	<u>6,555,267</u>	<u>20,000</u>	<u>18,179,912</u>
Capital assets, being depreciated:				
Land improvement	269,401	354	-	269,755
Building and structure	3,057,534	2,250	-	3,059,784
Furniture and equipment	<u>2,387,532</u>	<u>17,863</u>	<u>-</u>	<u>2,405,395</u>
Total capital assets, being depreciated	<u>5,714,467</u>	<u>20,467</u>	<u>-</u>	<u>5,734,934</u>
Less accumulated depreciation for:				
Land improvement	12,275	15,587	-	27,862
Building and structure	787,247	151,627	-	938,874
Furniture and equipment	<u>1,741,501</u>	<u>170,632</u>	<u>-</u>	<u>1,912,133</u>
Total accumulated depreciation	<u>2,541,023</u>	<u>337,846</u>	<u>-</u>	<u>2,878,869</u>
Total capital assets being depreciated – net	<u>3,173,444</u>	<u>(317,379)</u>	<u>-</u>	<u>2,856,065</u>
Capital assets – net	<u>\$ 17,359,112</u>	<u>\$ 6,237,888</u>	<u>\$ -</u>	<u>\$ 21,035,977</u>
<u>Depreciation allocation:</u>				
Public safety				<u>\$ 337,846</u>
Total depreciation expense				<u>\$ 337,846</u>

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

NOTE 4 - INTER-FUND RECEIVABLES AND PAYABLES

Current inter-fund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2009, inter-fund balances comprised the following:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General fund	\$ 55,076	\$ 74,060
AB 1600 fund	60,032	-
Community Center	-	41,646
Special revenue funds:		
CC & R	20,000	-
Quimby Act	10,000	-
Maintenance	106,245	124,436
Fire prevention	69	11,280
Total interfund receivable/payable	<u>\$ 251,422</u>	<u>\$ 251,422</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of debt transactions for the year ended June 30, 2009:

General Obligation Bonds, Series A

On August 24, 2005, the District issued \$8,685,000 in general obligation bonds. The bonds were issued at a premium of \$274,347. The bonds were issued for the purpose of constructing a new community center. The bonds were issued with maturities ranging from 1 to 25 years and carry interest that vary from 3.5% to 5.0%.

The general obligation bonds 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.

The following is a summary of changes in long-term debt as of June 30, 2009:

	June 30, 2008	Additions	Retirements	June 30, 2009	Current
General Obligation	\$ 8,685,000	\$ -	\$ 75,000	\$ 8,610,000	\$ 100,000
Compensated absences	105,613	-	13,546	119,159	-
Total	<u>\$ 8,790,613</u>	<u>\$ -</u>	<u>\$ 88,546</u>	<u>\$ 8,729,159</u>	<u>\$ 100,000</u>
Unamortized issuance costs	\$ 243,169		\$ 30,396	\$ 212,773	
Unamortized premium	\$ 205,015		\$ 24,434	\$ 180,581	

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

NOTE 5 - LONG-TERM DEBT (concluded)

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:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 100,000	\$ 361,748	\$ 461,748
2011	100,000	358,123	458,123
2012	125,000	353,904	478,904
2013	155,000	348,460	503,460
2014	175,000	341,860	516,860
2015	200,000	334,360	534,360
2016	225,000	325,579	550,579
2017	155,485	458,460	613,945
2018	159,478	478,678	638,156
2019	290,000	315,179	605,179
2020	325,000	303,060	628,060
2021	360,000	289,360	649,360
2022	400,000	273,960	673,960
2023	430,000	256,945	686,945
2024	475,000	238,155	713,155
2025	515,000	217,365	732,365
2026	560,000	194,650	754,650
2027	610,000	167,500	777,500
2028	665,000	135,625	800,625
2029	730,000	100,750	830,750
2030	790,000	62,750	852,750
2031	<u>1,065,037</u>	<u>21,500</u>	<u>1,086,537</u>
Total	<u>\$ 8,610,000</u>	<u>\$ 5,937,971</u>	<u>\$ 14,547,971</u>

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description:

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

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2009

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Funding Policy:

Participants 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 at an actuarially determined rate; the current rate is 11.169% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost:

For 2009, the District's annual pension cost of \$101,269 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method.

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

- Actuarial Cost Method Entry Age Actuarial Cost Method
- Amortization Method Level Percent of Payroll
- Average Remaining Period 31 Years as of the Valuation Date
- Asset Valuation Method 15-Year Smoothed Market
- Actuarial Assumptions:
- Investment Rate of Return 7.75% (net of administrative expenses)
- Projected Salary Increase 3.25% to 14.45% depending on age, service, and type of employment
- Inflation 3.00%
- Payroll Growth 3.25%
- Individual Salary Growth - A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%

Three-Year Trend Information for PERS:

Fiscal Year	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation
6/30/2009	\$ 101,269	100%	\$ -
6/30/2008	80,718	100%	-
6/30/2007	69,079	100%	-

Cameron Park Community Services District
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 6 - DEFINED BENEFIT PENSION PLAN (concluded)

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll (dollar amount in hundreds).

Valuation Date	(A) Entry Age Normal Accrued Liability	(B) Actuarial Value of Assets	(C) Unfunded Liability/ (Excess Assets) [(A)-(B)]	(D) Funded Status [(B)/(A)]	(E) Annual Covered Payroll	(F) UAAL as a % Of Payroll {[(A) - (B)] / (E) }
6/30/2008	\$2,780,280,768	\$2,547,323,278	\$232,957,490	91.6%	\$688,606,681	33.8%
6/30/2007	\$2,611,746,790	\$2,391,434,447	\$220,312,343	91.6%	\$665,522,859	33.1%
6/30/2006	\$2,754,396,608	\$2,492,226,176	\$262,170,432	90.5%	\$699,897,835	37.5%

NOTE 7 - DEFERRED COMPENSATION PLAN

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

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

NOTE 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 2009, 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, 2009

NOTE 9 - RISK MANAGEMENT (concluded)

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 - 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.

Cameron Park CSD
GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

Budget and Actual

For the year ended June 30, 2009

(Unaudited)

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,572,508	\$ 3,572,508	\$ 3,807,830	\$ 235,322
Intergovernmental	71,166	71,166	840,426	769,260
Charges for services	215,874	215,874	260,077	44,203
Interest	-	-	69,325	69,325
Total revenues	<u>3,859,548</u>	<u>3,859,548</u>	<u>4,977,658</u>	<u>1,118,110</u>
Expenditures:				
General government	324,190	324,190	474,253	(150,063)
Recreation	296,012	296,012	342,756	(46,744)
Public safety	2,329,065	2,329,065	2,767,429	(438,364)
Parks	581,789	581,789	620,236	(38,447)
Total expenditures	<u>3,531,056</u>	<u>3,531,056</u>	<u>4,204,674</u>	<u>(673,618)</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 328,492</u>	<u>\$ 328,492</u>	<u>\$ 772,984</u>	<u>\$ 444,492</u>
Fund balances, beginning of period			<u>1,778,062</u>	
Fund balances, end of period			<u>\$ 2,551,046</u>	

**CAMERON PARK CSD
MANAGEMENT REPORT**

**For the Year Ended
JUNE 30, 2009**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic 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, 2009 which collectively comprise the District's basic financial statements as listed in the table 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 my audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cameron Park Community Services District as of June 30, 2009, and the results of its operations for the fiscal year then ended in conformity with U.S. generally accepted accounting principles, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

The District has not presented the management's discussion and analysis that U.S. generally accepted accounting principals have determined is necessary to supplement, although not required to be part of, the basic financial statements. The Budgetary Comparison Information (page 21), as listed in the table of contents, is not a required part of the basic financial statements but comprise supplementary information required by the Governmental Accounting Standards Board. 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.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 11, 2010

Cameron Park CSD
MANAGEMENT REPORT
For the Year Ended June 30, 2009

We have audited the basic financial statements of Cameron Park CSD for the year ended June 30, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 30, 2009, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Cameron Park CSD. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Cameron Park CSD
MANAGEMENT REPORT
For the Year Ended June 30, 2009

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 15, 2010.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Cameron Park CSD
MANAGEMENT REPORT
For the Year Ended June 30, 2009

Current Year Observations

1) Other Post Employment Benefits Actuarial Study

Observation:

Cameron Park CSD (the "District") should consider consulting an actuarial consulting firm for calculating the liability for future retiree health insurance benefits.

Recommendation:

We recommend the District consult with an actuarial consulting firm for compliance with GASB 45.

2) Electronic Payments

Observation:

During the course of our audit we noted the District does not have a written policy regarding written approval of two check signers for electronic payments.

Recommendation:

We recommend the District develop a written policy regarding written approval of two approved check signers prior to initiating any electronic payments of District funds.

3) Bank Reconciliations

Observation:

During the course of our audit we noted that the review of the monthly bank reconciliation is not documented. In addition, we noted an irreconcilable difference on the June 20, 2009 bank reconciliation of approximately \$25,000.

Recommendation:

We recommend that the review process of the bank reconciliation be documented by initialing the reconciliation. We also recommend all irreconcilable differences be reviewed, identified, approved and corrected each month.

4) Journal Entries

Observation:

During the course of our audit we noted the District does not require written approval of nonrecurring journal entries.

Recommendation:

We recommend the District the review process of the nonrecurring journal entries be documented by initialing the journal entry.

Cameron Park CSD
MANAGEMENT REPORT
For the Year Ended June 30, 2009

5) Accounting and Fraud Prevention Procedures

Observation:

During the course of our audit it was noted that Cameron Park CSD has not formalized its accounting and fraud prevention procedures.

Recommendation:

We recommend the District consider formalizing its accounting and fraud prevention procedures.

6) Capitalization Threshold

Observation:

During the course of our audit it was noted Cameron Park CSD's formal capitalization threshold is \$2,000.

Recommendation:

We recommend Cameron Park CSD consider capitalizing capital purchases of \$5,000 or greater. Items under \$5,000 would be classified as current expenditures.

7) Disaster Recovery

Observation:

During the course of our audit it was noted that Cameron Park CSD does not have offsite backup of its computer files.

Recommendation:

We recommend the District keep copies of computer back up tapes offsite for potential recovery in the event of a disaster.

8) Monthly Financial Statements

Observation:

During the course of our audit it was noted that Cameron Park CSD monthly financial statements provided to the governing board does not contain schedules comparing actual amounts to budget and prior year amounts.

Recommendation:

We recommend the District adding budgetary and prior year comparison schedules to its monthly reporting to the governing board.

CAMERON PARK COMMUNITY SERVICES DISTRICT

Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2009

Recommendation

The District should consider the following actions:

- **Other Post Employment Benefits (OPEB) Actuarial Study:** The district should consult with an actuarial consulting firm for calculating the liability for future retiree health insurance benefits and to comply with GASB 45.
- **Electronic Payments:** The district should develop a written policy regarding written approval of two approved check signers prior to initiating any electronic payments of District Funds.
- **Bank Reconciliation:** The review process of the bank reconciliation should be documented by initialing the reconciliation and that all irreconcilable differences be reviewed, identified, approved and corrected each month.
- **Journal Entries:** The review process of the nonrecurring journal entries is documented by initialing the journal entry.
- **Accounting and Fraud prevention Procedures:** The district should consider formalizing its accounting and fraud prevention procedures.
- **Capitalization Threshold:** The CSD should consider capitalizing capital purchases of \$5,000 or greater. Items under \$5,000 would be classified as current expenditures.
- **Disaster Recovery:** The district should keep copies of computer backup tapes offsite for potential recovery in the event of a disaster.
- **Monthly Financial Statements:** The district should add budgetary and prior year comparison schedules to its monthly reporting to the governing board.

Management Response

During the 2008/2009 fiscal period, the District operated under unique circumstances including management changes and the opening/continued construction of the Community Center resulting in a shared work load between staff.

The Finance Department continues to enhance and stream-line the functions of day-to-day operations 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 and board of directors.

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

- **Other Post Employment Benefits (OPEB) Actuarial Study:** Staff has attended necessary training, gathered appropriate documentation to be presented to the Budget & Administration Committee for fiscal assessment affecting FY 2011/2012.
- **Electronic Payments:** Staff will be proposing a new CSD policy addressing check and electronic payment authorizations by the end of the current fiscal year. (Recommended by CSDA)
- **Bank Reconciliation:** Staff implemented the initially of all bank reconciliation documentation by the District CPA in November of 2010.
- **Journal Entries:** Staff implemented the initially of all nonrecurring journal entries in July of 2010.
- **Accounting and Fraud prevention Procedures:** Staff has received appropriate training in fraud and prevention (whistle blowers) through SDRMA. Staff will also be proposing a new CSD policy addressing asset protection by the end of the current fiscal year. (Recommended by CSDA)
- **Capitalization Threshold:** Staff will be proposing an amended CSD policy raising the current threshold by the end of the current fiscal year. (Recommended by CSDA)
- **Disaster Recovery:** The District is currently storing all data backups in the electric room of the Community Center.
- **Monthly Financial Statements:** Staff has diligently been communicating with the District's current software developers (VSI) to increase the flexibility of reporting.

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.