SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

COUNTY OF SAN DIEGO

ESCONDIDO, CALIFORNIA

AUDIT REPORT

JUNE 30, 2011
SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

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JUNE 30, 2011
INTRODUCTORY SECTION

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</tr>
</thead>
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</tr>
<tr>
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</tr>
</tbody>
</table>
SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

FINANCIAL SECTION

JUNE 30, 2011
INDEPENDENT AUDITORS' REPORT

Board of Directors
San Dieguito River Valley Regional Open
Space Park Joint Powers Authority
Escondido, California

We have audited the accompanying financial statements of the governmental activities and major fund of San Dieguito River Valley Regional Open Space Park Joint Powers Authority as of and for the year ended June 30, 2011, which collectively comprise the San Dieguito River Valley Regional Open Space Park Joint Powers Authority’s basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of San Dieguito River Valley Regional Open Space Park Joint Powers Authority’s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and major fund, of San Dieguito River Valley Regional Open Space Park Joint Powers Authority as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.
INDEPENDENT AUDITORS' REPORT
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated February 10, 2012, on our consideration of San Dieguito River Valley Regional Open Space Park Joint Powers Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

The Management’s Discussion and Analysis on pages 4 through 9, and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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.

Hosaka, Rotherham & Company

San Diego, California
February 10, 2012
As management of the San Dieguito River Valley Regional Open Space Park Joint Powers Authority (the JPA), we offer readers of the JPA's financial statements this narrative overview and analysis of the financial activities of the JPA for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the JPA's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two main parts (1) Management's Discussion and Analysis and, (2) Basic Financial Statements.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB No. 34 established financial reporting standards for state and local governments, including cities, villages and special purpose governments.

FINANCIAL HIGHLIGHTS

- The JPA’s ending Total Net Asset balance was $49,856,617.

- The Change in Net Assets for the year was $926,370.

- The JPA had Revenues in excess of Expenses in the General Fund (before Transfers) in the amount of $313,589 in the current year compared to $(459,625) in the previous year.

- This year, the JPA had $1,446,727 worth of additions to Capital Assets compared to $1,894,309 last year.

- The JPA’s General Fund Budget for this year showed Excess Revenue over Expenditures (before Transfers) of $(120,770) compared to the actual amount of $313,589.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the JPA's basic financial statements. The JPA’s audit report is comprised of four components: 1) financial statements and notes, 2) supplementary information, 3) reports on compliance and internal control, and 4) findings and recommendations.

Basic financial statements. The basic financial statements include government-wide financial statements and fund statements. The two sets of statements are tied together by Reconciliations showing why they differ.

The JPA as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.
OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

More detailed information about the JPA's most significant funds — not the JPA as a whole is provided in the fund financial statements. Funds are accounting devices the JPA uses to keep track of specific sources of funding and spending on particular programs.

The Statement of Net Assets, a government-wide statement, presents information on all of the JPA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the JPA is improving or deteriorating.

The Statement of Activities, a government-wide statement, presents information showing how the JPA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Balance Sheet for governmental funds presents financial information by fund types showing money left at year-end available for spending.

The Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental fund types focuses on how money flows into and out of the various funds.

The Notes to the Basic Financial Statements are included to provide more detailed data and explain some of the information in the statements.

The Supplementary Information gives an overview of the operations of the JPA and the governing body and outlines assessed property valuation.

Reports on Compliance and Internal Control encompass the independent auditor's reports showing compliance with Government Auditing Standards and provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Findings and Recommendations section notes material weaknesses in the system and recommendations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

To begin our analysis, a summary of the JPA's Statement of Net Assets is presented in Table 1 below for the current year and the prior year.
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Net Assets (Continued)

Net assets may serve over time, as a useful indicator of a government’s financial position. In the case of the JPA, assets exceeded liabilities by $49,856,617 as of June 30, 2011. See Table 1.

The largest portion of the JPA’s net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The JPA uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending.

The JPA’s financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>Condensed Statement of Net Assets (thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and Other Assets</td>
<td>June 30, 2011</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$50,103,458</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$207,834</td>
</tr>
<tr>
<td>General Long-Term Debt</td>
<td>39,007</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$246,841</td>
</tr>
<tr>
<td>Net Assets:</td>
<td></td>
</tr>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>$49,078,145</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>778,472</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$49,856,617</td>
</tr>
</tbody>
</table>

Statement of Activities

- The JPA’s total revenues for the fiscal year ended June 30, 2011, excluding inter-fund transfers, decreased from $3,843,468 to $2,684,844.

- The JPA’s total expenses decreased from $3,096,450 to $1,758,474 due to completion of major trail construction projects in the prior year.
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities (Continued)

- The Changes in Net Assets was $926,370.

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2011:

### TABLE 2
Condensed Statement of Activities

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2011</th>
<th>June 30, 2010</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Grants and Contributions</td>
<td>$ 2,017,950</td>
<td>$ 40,001</td>
<td>$ 1,977,949</td>
</tr>
<tr>
<td>Capital Grants and Contributions</td>
<td>-</td>
<td>2,326,995</td>
<td>(2,326,995)</td>
</tr>
<tr>
<td>General Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment - Members</td>
<td>452,935</td>
<td>667,950</td>
<td>(215,015)</td>
</tr>
<tr>
<td>Off Track Betting</td>
<td>32,453</td>
<td>34,437</td>
<td>(1,984)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>28,729</td>
<td>69,078</td>
<td>(40,349)</td>
</tr>
<tr>
<td>Donations</td>
<td>9,735</td>
<td>443,134</td>
<td>(433,399)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>143,042</td>
<td>261,873</td>
<td>(118,831)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>2,684,844</td>
<td>3,843,468</td>
<td>(1,158,624)</td>
</tr>
<tr>
<td>Operations</td>
<td>861,363</td>
<td>1,894,309</td>
<td>(1,032,946)</td>
</tr>
<tr>
<td>General Administration</td>
<td>58,283</td>
<td>481,508</td>
<td>(423,225)</td>
</tr>
<tr>
<td>Unallocated Depreciation</td>
<td>838,828</td>
<td>720,633</td>
<td>118,195</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>1,758,474</td>
<td>3,096,450</td>
<td>(1,337,976)</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>$ 926,370</td>
<td>$ 747,018</td>
<td>$ 179,352</td>
</tr>
</tbody>
</table>

### Significant Changes in Individual Funds

### TABLE 3
Comparison of Fund Balances

<table>
<thead>
<tr>
<th>Fund</th>
<th>June 30, 2011</th>
<th>June 30, 2010</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$ 817,479</td>
<td>$ 859,810</td>
<td>(42,331)</td>
</tr>
</tbody>
</table>
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

The General fund did not have any Excess of Expenditures over Appropriations (instances where actual amounts exceeded budgeted amounts) in individual categories.

The JPA’s Total Budget for the General Fund for this year showed Excess Expenditures Over Revenues (after Transfers) of ($120,770) compared to the actual amount of $313,589. The JPA’s financial results met expectations for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2011</th>
<th>June 30, 2010</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$ 33,927,783</td>
<td>$ 33,927,783</td>
<td>$</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>-</td>
<td>992,146</td>
<td>(992,146)</td>
</tr>
<tr>
<td>Structures and Improvements</td>
<td>16,770,671</td>
<td>14,359,114</td>
<td>2,411,557</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>167,545</td>
<td>140,229</td>
<td>27,316</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(1,787,854)</td>
<td>(949,025)</td>
<td>(838,829)</td>
</tr>
</tbody>
</table>

The JPA has received grants to construct capital projects. At year end, all projects that had not been completed, and are included in “Construction in Progress.”

Long-Term Debt

Accumulated unpaid employee vacation benefits are recognized as liabilities of the JPA. The liabilities of $26,652 are recognized in the Liabilities section of the Statement of Net Assets under Long-Term liabilities. The San Diego Credit Union Note is for a vehicle purchased in 2007 and will be fully paid in 2014.
CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2011</th>
<th>June 30, 2010</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Credit Union Note</td>
<td>$ 12,355</td>
<td>$ 17,237</td>
<td>$(4,882)</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>26,652</td>
<td>26,652</td>
<td>-</td>
</tr>
<tr>
<td>Total Long-Term Debt</td>
<td>$ 39,007</td>
<td>$ 43,889</td>
<td>$(4,882)</td>
</tr>
</tbody>
</table>

FACTORS BEARING ON THE JPA’S FUTURE

The JPA’s Board of Directors and management considered many factors when setting the Fiscal Year 2010 budget. The Board appointed a Budget Committee which met to assess the available working capital, the operating and capital needs of the JPA, the impacts of the State’s fiscal condition on the JPA’s member agencies and on the JPA’s budget.

CONTACTING THE JPA

This financial report is designed to provide our citizens, member agencies, affiliated entities and creditors with a general overview of the JPA’s finances and to demonstrate the JPA’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the San Dieguito River Valley Regional Open Space Park Joint Powers Authority:

Address: 18372 Sycamore Creek Road, Escondido, California 92025.
Telephone 858 674-2270
Website www.sdp.org
### SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th></th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Revolving Fund</td>
<td>$</td>
<td>300</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td>852,791</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td></td>
<td>172,222</td>
</tr>
<tr>
<td>Capital Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td></td>
<td>33,927,783</td>
</tr>
<tr>
<td>Improvements of Sites</td>
<td></td>
<td>16,770,671</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td></td>
<td>167,545</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td></td>
<td>(1,787,854)</td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>50,103,458</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit Cash in County Treasury</td>
<td></td>
<td>181,517</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td></td>
<td>26,317</td>
</tr>
<tr>
<td>Noncurrent Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due Within One Year</td>
<td></td>
<td>5,181</td>
</tr>
<tr>
<td>Due in More Than One Year</td>
<td></td>
<td>33,826</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td>246,841</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td></td>
<td>49,078,145</td>
</tr>
<tr>
<td>Unrestricted</td>
<td></td>
<td>778,472</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td></td>
<td>$ 49,856,617</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this statement.
<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Operating Charges for Services</th>
<th>Operating Grants and Contributions</th>
<th>Capital Grants and Contributions</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>$ 861,363</td>
<td>$ -</td>
<td>$ 2,017,950</td>
<td>$ -</td>
<td>$ 1,156,587</td>
</tr>
<tr>
<td>General Administration</td>
<td>58,283</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(58,283)</td>
</tr>
<tr>
<td>Unallocated Depreciation</td>
<td>838,828</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(838,828)</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>$ 1,758,474</td>
<td>$ -</td>
<td>$ 2,017,950</td>
<td>$ -</td>
<td>259,476</td>
</tr>
</tbody>
</table>

General Revenues:
- Assessments - Members: $452,935
- Off Track Betting (Contracted): $32,453
- Investment Income: $28,729
- Donations: $9,735
- Miscellaneous: $143,042

Total General Revenues: $666,894

Changes in Net Assets: $926,370

Net Assets - Beginning: $49,286,168

Prior Period Adjustment: $(355,921)

Net Assets - Ending: $49,856,617

The accompanying notes are an integral part of this statement.
SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in Revolving Fund</td>
<td>$ 300</td>
</tr>
<tr>
<td>Investments</td>
<td>852,791</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>172,222</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 1,025,313</td>
</tr>
</tbody>
</table>

ASSETS:

LIABILITIES AND FUND BALANCE:

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$ 26,317</td>
</tr>
<tr>
<td>Deficit Cash in County Treasury</td>
<td>181,517</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>207,834</td>
</tr>
</tbody>
</table>

Fund Balance:

<table>
<thead>
<tr>
<th>Fund Balance:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreserved</td>
<td>817,479</td>
</tr>
<tr>
<td>Total Fund Balance</td>
<td>817,479</td>
</tr>
<tr>
<td>Total Liabilities and Fund Balances</td>
<td>$ 1,025,313</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this statement.
SAN DIEGUITO RIVER VALLEY REGIONAL OPEN
SPACE PARK JOINT POWERS AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Fund Balances - Governmental Fund Balance Sheet $ 817,479

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

Capital Assets used in governmental activities are not reported in
the funds. 49,078,145
Payable for San Diego Credit Union Note which is not due in the
current period is not reported in the funds. (12,355)
Payables for compensated absences which are not due in the
current period are not reported in the funds. (26,652)

Net Assets of Governmental Activities - Statement of Net Assets $ 49,856,617

The accompanying notes are an integral part of this statement.
SAN DIEGUITO RIVER VALLEY REGIONAL OPEN SPACE PARK JOINT POWERS AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues:</td>
<td></td>
</tr>
<tr>
<td>Assessments - Members</td>
<td>$452,935</td>
</tr>
<tr>
<td>Off Track Betting (Contracted)</td>
<td>32,453</td>
</tr>
<tr>
<td>Contracts and Grants</td>
<td>2,017,950</td>
</tr>
<tr>
<td>Investment Income</td>
<td>28,729</td>
</tr>
<tr>
<td>Donations</td>
<td>9,735</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>143,042</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>2,684,844</strong></td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>787,947</td>
</tr>
<tr>
<td>Auto and Travel Expense</td>
<td>5,577</td>
</tr>
<tr>
<td>Professional and Contracted Services</td>
<td>34,916</td>
</tr>
<tr>
<td>Special Department Expense</td>
<td>4,025</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>2,017</td>
</tr>
<tr>
<td>Non-Capitalized Expenses</td>
<td>58,283</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>25,893</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>1,446,727</td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>4,882</td>
</tr>
<tr>
<td>Interest</td>
<td>988</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>2,371,255</strong></td>
</tr>
</tbody>
</table>

Excess (Deficiency) of Revenues Over (Under) Expenditures | 313,589

Net Change in Fund Balance | 313,589

| Fund Balance - Beginning | 859,810 |
| Prior Period Adjustment | (355,920) |
| **Fund Balance - Ending** | **$817,479** |

The accompanying notes are an integral part of this statement.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

Net Change in Fund Balances - Total Governmental Funds $ 313,589

Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:

- Capital Outlays are not reported as expenses in the SOA. 1,446,727
- The depreciation of capital assets used in governmental activities is not reported in the funds. (838,828)
- Repayment of San Diego Credit Union Note principal is an expenditure in the funds, but is not an expense in the SOA. 4,882

Change in Net Assets of Governmental Activities - Statement of Activities $ 926,370

The accompanying notes are an integral part of this statement.
SAN DIEGUITO RIVER VALLEY REGIONAL OPEN
SPACE PARK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

A. Organization

The County of San Diego and the cities of Del Mar, San Diego, Escondido, Poway and Solana Beach formed the JPA on June 12, 1989. The JPA was created in order to provide a coordinated program to create, preserve and enhance the San Dieguito River Valley Regional Open Space Park for the benefit of the public. As mandated by the Joint Power Agreement, the JPA’s goal is to:

1. Preserve land within the focused planning area of the San Dieguito River Valley as a regional open space greenbelt and park system that protects the natural waterways and the natural and cultural resources and sensitive lands, and provides compatible recreational opportunities that do not damage sensitive lands.

2. Provide a continuous and coordinated system of preserved lands with a connecting corridor of walking, equestrian, and bicycle trails, encompassing the San Dieguito River Valley from the ocean to the river’s source.

The focused planning area of the San Dieguito River Park extends from the ocean at Del Mar to Volcan Mountain located north of Julian.

The Board of Directors consists of the following:

1. Two elected members of the governing bodies of the County of San Diego and the City of San Diego appointed by their respective councils.

2. One elected member of the City Council of the cities of Del Mar, Escondido, Poway and Solana Beach appointed by their respective councils.

3. Chairperson of the San Dieguito Citizens Advisory Committee.

B. Summary of Significant Accounting Policies

The accounting policies of the JPA conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The JPA’s combined financial statements include the accounts of all its operations. The JPA evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the JPA’s reporting entity, as set forth in GASB Statement No. 14, “The Financial Reporting Entity,” as amended by GASB Statement No. 39 “Determining Whether Certain Organizations are Component Units”, include whether:
B. Summary of Significant Accounting Policies (Continued)

- the organization is legally separate (can sue and be sued in its name)
- the JPA holds the corporate powers of the organization
- the JPA appoints a voting majority of the organization’s board
- the JPA is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the JPA
- there is fiscal dependency by the organization on the JPA
- it would be misleading or cause the financial statements to be incomplete to exclude another organization

Based on these criteria, the JPA has no component units. Additionally, the JPA is not a component unit of any other reporting entity as defined by the GASB statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the JPA. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the JPA’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The JPA does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the JPA’s funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major government funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.
B. Summary of Significant Accounting Policies (Continued)

The JPA reports the following major governmental fund:

General Fund. This is the JPA’s primary operating fund. It accounts for all financial resources of the JPA except those required to be accounted for in another fund.

Non-Major Governmental Funds:

The JPA does not have any Non-Major Governmental Funds.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the JPA gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The JPA does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.
B. Summary of Significant Accounting Policies (Continued)

When the JPA incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the JPA’s policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,” all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The JPA has chosen to apply future FASB standards.

3. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

4. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the JPA’s governing board must adopt a final budget no later than July 1.

These budgets are revised by the JPA’s governing board and JPA executive director during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The JPA employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. All appropriations lapse at year end.

5. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.
SAN DIEGUITO RIVER VALLEY REGIONAL OPEN
SPACE PARK JOINT POWERS AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

B. Summary of Significant Accounting Policies (Continued)

The JPA maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other JPAs 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.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury indicates the amount was less than 1% for the year ended June 30, 2011.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. A capitalization threshold of $5,000 is used.

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

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>25-50</td>
</tr>
<tr>
<td>Improvements of Sites</td>
<td>7-25</td>
</tr>
<tr>
<td>Equipment</td>
<td>5-20</td>
</tr>
</tbody>
</table>
B. Summary of Significant Accounting Policies (Continued)

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as long-term liabilities of the JPA.

Accumulated sick leave benefits are not recognized as liabilities of the JPA. The JPA’s policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

e. Deferred Revenue

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

f. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserve for revolving fund, reserve for stores inventory, and reserve for prepaid expenditures, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

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

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. Classification of Items

Certain items may have been classified differently from one year to another.
C. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<table>
<thead>
<tr>
<th>Violation</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>None Reported</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Deficit Amount</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>None Reported</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

D. Cash and Investments

1. Cash in County Treasury:

The JPA maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (a deficit of $181,517 as of June 30, 2011). This deficit balance is listed as a liability in the accompanying financial statements.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks ($0 as of June 30, 2011) and in the revolving fund ($300) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Analysis of Specific Deposits and Investments

Cash and Investments as of June 30, 2011, are classified in the accompanying financial statements as follows:
D. Cash and Investments (Continued)

Statement of Net Assets:

<table>
<thead>
<tr>
<th>Credit</th>
<th>Quality Rating</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Rated</td>
<td>$ (181,517)</td>
</tr>
<tr>
<td>Deficit Cash in County Treasury</td>
<td>Not Applicable</td>
<td>300</td>
</tr>
<tr>
<td>Cash in Revolving Fund</td>
<td>Not Applicable</td>
<td>852,791</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$ 671,574</td>
</tr>
</tbody>
</table>

Cash and Investments as of June 30, 2011, consist of the following:

<table>
<thead>
<tr>
<th>Credit</th>
<th>Quality Rating</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$ (181,517)</td>
</tr>
<tr>
<td>Deficit Cash in County Treasury</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>Deposits with Financial Institutions</td>
<td></td>
<td>853,091</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$ 671,574</td>
</tr>
</tbody>
</table>

Investments Authorized by the JPA’s Investment Policy

The JPA’s Board of Directors established an internally managed investment account at Fidelity Brokerage Services with two funds, a growth fund for long term reinvestment and a non-wasting income fund for land management purposes. At June 30, 2011, the principal balance of the JPA’s Fidelity ETF combined fund was $852,791.

Disclosures Relating to 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.

Disclosures Relating to 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.

Concentration of Credit Risk

The investment policy of the JPA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, which is investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total JPA investments.
D. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institute, 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 California Government Code and the JPA’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investment 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. The California Government Code and the JPA’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools.

Investment Accounting Policy

The JPA is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The JPA’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earnings investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investment are reported at fair value unless a legal contract exists which guarantees a higher value.
D. Cash and Investments (Continued)

The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The JPA's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

E. Accounts Receivable

Accounts Receivable as of June 30, 2011, consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Government</td>
<td></td>
</tr>
<tr>
<td>Contracts and Grants</td>
<td>$ 161,064</td>
</tr>
<tr>
<td>Local</td>
<td>11,158</td>
</tr>
<tr>
<td>Total Accounts Receivable</td>
<td>$ 172,222</td>
</tr>
</tbody>
</table>
F. Capital Assets

Capital Assets activity for the year ended June 30, 2011, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balances*</th>
<th>Additions</th>
<th>Deletions</th>
<th>Ending Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Assets, Not</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 33,927,783</td>
<td>-</td>
<td>-</td>
<td>$ 33,927,783</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>992,146</td>
<td>-</td>
<td>(992,146)</td>
<td>-</td>
</tr>
<tr>
<td>Total Capital Assets,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Being Depreciated</td>
<td>34,919,929</td>
<td>-</td>
<td>(992,146)</td>
<td>33,927,783</td>
</tr>
<tr>
<td><strong>Capital Assets, Being</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of Sites</td>
<td>14,359,114</td>
<td>2,411,557</td>
<td>-</td>
<td>16,770,671</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>140,229</td>
<td>27,316</td>
<td>-</td>
<td>167,545</td>
</tr>
<tr>
<td>Total Capital Assets,</td>
<td>14,499,343</td>
<td>2,438,873</td>
<td>-</td>
<td>16,938,216</td>
</tr>
<tr>
<td>Being Depreciated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of Sites</td>
<td>(889,508)</td>
<td>(810,386)</td>
<td>-</td>
<td>(1,699,894)</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>(59,517)</td>
<td>(28,442)</td>
<td>(1)</td>
<td>(87,960)</td>
</tr>
<tr>
<td>Total Accumulated</td>
<td>(949,025)</td>
<td>(838,828)</td>
<td>(1)</td>
<td>(1,787,854)</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Capital Assets,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being Depreciated, Net</td>
<td>13,550,318</td>
<td>1,600,045</td>
<td>(1)</td>
<td>15,150,362</td>
</tr>
<tr>
<td>Capital Assets, Net of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$ 48,470,247</td>
<td>$ 1,600,045</td>
<td>(992,147)</td>
<td>$ 49,078,145</td>
</tr>
</tbody>
</table>

* Beginning Balances were restated to reflect actual ending balances at June 30, 2008. See Note N.

Depreciation was charged to functions as follows:

Unallocated Depreciation       $  838,828

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2011, are as follows:
G. Long-Term Obligations (Continued)

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
<th>Amounts Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego Credit</td>
<td></td>
<td></td>
<td></td>
<td>26,652</td>
<td></td>
</tr>
<tr>
<td>Union Note</td>
<td>$ 17,237</td>
<td>$ -</td>
<td>$ (4,882)</td>
<td>$ 12,355</td>
<td>$ 5,181</td>
</tr>
<tr>
<td>Compensated Absences*</td>
<td>26,652</td>
<td></td>
<td></td>
<td>26,652</td>
<td></td>
</tr>
<tr>
<td>Total Governmental</td>
<td>$ 43,889</td>
<td>$ -</td>
<td>$ (4,882)</td>
<td>$ 39,007</td>
<td>$ 5,181</td>
</tr>
</tbody>
</table>

* Because of the nature of compensated absences and uncertainty over when vacations will be taken, a statement of debt service requirements to maturity for compensated absences has not been presented.

2. San Diego Credit Union Note

On November 7, 2007, the JPA took out a note from San Diego Credit Union in the amount of $23,607. This note is secured by a 2008 Toyota Tacoma Truck. This note calls for 72 monthly principal payments of $482 with interest at 5.99%. The note matures in September 2013.

The annual requirements to amortize the San Diego Credit Union Note, outstanding as of June 30, 2011, are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30.</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$ 5,181</td>
<td>$ 603</td>
<td>$ 5,784</td>
</tr>
<tr>
<td>2013</td>
<td>5,501</td>
<td>277</td>
<td>5,778</td>
</tr>
<tr>
<td>2014</td>
<td>1,673</td>
<td>18</td>
<td>1,691</td>
</tr>
<tr>
<td></td>
<td>$ 12,355</td>
<td>$ 898</td>
<td>$ 13,253</td>
</tr>
</tbody>
</table>

H. Operating Leases

The JPA has entered into operating leases for office space and a copier with lease terms in excess of one year. These agreements contain a purchase option. Future minimum lease payments under these agreements are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$ 2,793</td>
</tr>
<tr>
<td>2013</td>
<td>937</td>
</tr>
<tr>
<td></td>
<td>$ 3,730</td>
</tr>
</tbody>
</table>

- 27 -
H. Operating Leases (Continued)

The JPA will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. Total lease payments for the year ended June 30, 2011, was $2,793.

I. Employee Retirement Systems

The JPA has entered into an agreement whereby all permanent employees who work twenty (20) or more hours per week are eligible to participate in the San Diego County Employees Retirement System (SDCERA).

Plan Description

The SDCERA administers a single-employer defined benefit pension plan which provides retirement, disability, and death benefits for plan members and beneficiaries pursuant to the County Retirement Law of 1937 enacted and amended by the State legislature. The plan integrated with the Federal Social Security System. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the SDCERA Board of Retirement. SDCERA issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. The financial report may be obtained by writing to the San Diego County Employees Retirement Association, 1495 Pacific Highway, Suite 400, San Diego, California 92101 or by calling (619) 515-6800.

Funding Policy

State statutes require member contributions to be actuarially determined to provide a specific statutory level of benefit. Member contribution rates as a percentage of salary vary according to age at entry, benefit tier level, and certain negotiated contracts which provide for the County to pay a portion of the employees’ contribution. Participant’s contribution rates expressed as a percentage of salary varies from 9.03% to 14.05% based on the age at the time entry. The JPA is required to contribute at an actuarially determined rate; the current rate is 21.49% plus a negotiated off set of up to 3.5% of the annual covered payroll.

J. Risk Management

The JPA carries commercial insurance to cover various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters.

Health care coverage is provided to qualified employees through a plan with the County of San Diego. Workers Compensation coverage is provided to the JPA through the Special District Risk Management Authority.
K. Endowment Funds

At June 30, 2011, the JPA had four (4) endowment funds. The endowments were established at three different foundations whereby the JPA irrevocably donated funds to the foundations with the JPA to receive the net investment income. The principal of the endowments are the property of the foundations and are not reflected in the JPA's financial statements. The purpose of the endowments and the market value at June 30, 2011, including the amounts available for distribution to the JPA are as follows:

1. Rancho Santa Fe Foundation – Agreement dated September 9, 2003. The purpose of the fund is to provide funds for repair or replacement of the portion of the Coast to Crest Trail built by Crosby at Rancho Santa Fe within the 100-year floodplain. The balance of the fund at June 30, 2011, is $47,397.

2. Rancho Santa Fe Foundation – Agreement dated July 27, 2004. The purpose of the fund is to maintain and preserve certain parcels on Bernardo Mountain. The balance of the fund at June 30, 2011, is $548,578.

3. Del Mar Foundation – Agreement dated April 8, 2004. The purpose of the fund is to provide for the future physical maintenance and management of the San Dieguito Lagoon from the Pacific Ocean to El Camino Real. The balance of the fund at June 30, 2011, is $562,572.

4. San Diego Community Foundation - Agreement dated May 7, 1997. The purpose of the fund is to support the operations and programs of the San Dieguito River Park. The balance of the fund at June 30, 2011, is $599,876.

L. Federal and State Grants

The JPA has been awarded grants from the State of California and the Federal Government to fund land purchases in the San Dieguito River Valley. The State of California and the Federal Government both reserve certain rights with respect to all such land acquired using these funds.

M. Commitments and Contingencies

State and Federal Allowances, Awards, and Grants

The JPA has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grant, it is believed that any required reimbursement will not be material.
N. **Prior Period Adjustment**

A prior period adjustment of $355,921 in the statement of activities, is for net adjustments of an overstatement of $171,816 of capital assets and an overstatement of $184,105 of accounts receivable as of June 30, 2010.
SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION SECTION

JUNE 30, 2011
SAN DIEGUITO RIVER VALLEY REGIONAL OPEN
SPACE PARK JOINT POWERS AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessments - Members</td>
<td>$ 452,935</td>
<td>$ 452,935</td>
</tr>
<tr>
<td>Off Track Betting</td>
<td>43,000</td>
<td>43,000</td>
</tr>
<tr>
<td>Contracts and Grants</td>
<td>2,532,428</td>
<td>2,551,428</td>
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<tr>
<td>Investment Income</td>
<td>90,168</td>
<td>90,168</td>
</tr>
<tr>
<td>Donations</td>
<td>-</td>
<td>21,015</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>725,000</td>
<td>762,052</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>3,843,531</td>
<td>3,920,598</td>
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<tr>
<td>Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>748,259</td>
<td>798,180</td>
</tr>
<tr>
<td>Auto and Travel Expense</td>
<td>13,000</td>
<td>13,000</td>
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<tr>
<td>Professional and Contracted Services</td>
<td>552,537</td>
<td>552,537</td>
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<tr>
<td>Operating Expenses</td>
<td>55,651</td>
<td>60,651</td>
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<tr>
<td>Capital Outlay</td>
<td>2,589,000</td>
<td>2,608,000</td>
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<tr>
<td>Total Expenditures</td>
<td>3,958,447</td>
<td>4,041,368</td>
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Excess (Deficiency) of Revenues
Over (Under) Expenditures

<table>
<thead>
<tr>
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<th>Original</th>
<th>Final</th>
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<tbody>
<tr>
<td></td>
<td>(114,916)</td>
<td>(120,770)</td>
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</table>

Net Change in Fund Balance

<table>
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<tr>
<th></th>
<th>Original</th>
<th>Final</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(114,916)</td>
<td>(120,770)</td>
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</table>

Fund Balance - Beginning

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
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<tbody>
<tr>
<td></td>
<td>859,810</td>
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Prior Period Adjustment

<table>
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<tr>
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</thead>
<tbody>
<tr>
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<td>-</td>
<td>-</td>
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Fund Balance - Ending

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<thead>
<tr>
<th></th>
<th>Original</th>
<th>Final</th>
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<tbody>
<tr>
<td></td>
<td>$ 744,894</td>
<td>$ 739,040</td>
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<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>$ 817,479</td>
<td>$ 78,439</td>
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<td></td>
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</table>
SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

OTHER SUPPLEMENTARY INFORMATION SECTION

JUNE 30, 2011
The Board of Directors for the year ended June 30, 2011, was comprised of the following members:

**Governing Board**

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Earnest</td>
<td>Chair</td>
<td>Del Mar City Council</td>
</tr>
<tr>
<td>Sherri Lightner</td>
<td>Vice-Chair</td>
<td>San Diego City Council</td>
</tr>
<tr>
<td>Olga Diaz</td>
<td>Director</td>
<td>Escondido City Council</td>
</tr>
<tr>
<td>Jim Cunningham</td>
<td>Director</td>
<td>Poway City Council</td>
</tr>
<tr>
<td>Carl DeMaio</td>
<td>Director</td>
<td>San Diego City Council</td>
</tr>
<tr>
<td>Dianne Jacob</td>
<td>Director</td>
<td>County of San Diego</td>
</tr>
<tr>
<td>Pam Slater-Price</td>
<td>Director</td>
<td>County of San Diego</td>
</tr>
<tr>
<td>David W. Roberts</td>
<td>Director</td>
<td>Solana Beach City</td>
</tr>
<tr>
<td>Tom Golich</td>
<td>Director</td>
<td>Citizens Advisory Committee</td>
</tr>
<tr>
<td>Becky Bartling</td>
<td>Ex Officio</td>
<td>22nd District Ag. Association</td>
</tr>
</tbody>
</table>

**Administration**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Bobertz</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Susan Carter</td>
<td>Deputy Director</td>
</tr>
</tbody>
</table>
SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

OTHER INDEPENDENT AUDITORS' REPORTS SECTION

JUNE 30, 2011
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
San Dieguito River Valley Regional Open Space Park Joint Powers Authority
Escondido, California

We have audited the financial statements of the governmental activities, and major fund of San Dieguito River Valley Regional Open Space Park Joint Powers Authority (the JPA) as of and for the year ended June 30, 2011, which collectively comprise the JPA's basic financial statements and have issued our report thereon dated February 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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, to detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.
Compliance and Other Matters

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

This report is intended solely for the information and use of the Audit/Finance Committee, Management, Board of Directors, and federal awarding agencies and pass-through entities, if applicable, and is not intended to be and should not be used by anyone other than these specified parties.

Hosaka, Rotherham & Company

San Diego, California
February 10, 2012
SAN DIEGUITO RIVER VALLEY
REGIONAL OPEN SPACE PARK
JOINT POWERS AUTHORITY

FINDINGS AND RECOMMENDATIONS SECTION

JUNE 30, 2011
A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: ________________ Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? ____ Yes  X  No

One or more significant deficiencies identified that are not considered to be material weaknesses? ____ Yes  X  None Reported

Noncompliance material to financial statements noted? ____ Yes  X  No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? N/A

One or more significant deficiencies identified that are not considered to be material weaknesses? N/A

Type of auditors' report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? N/A

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? N/A
B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE
<table>
<thead>
<tr>
<th>Finding/Recommendation</th>
<th>Current Status</th>
<th>Management's Explanation If Not Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>