



Conejo Recreation & Park District

GENERAL MANAGER
Jim Friedl

BOARD OF DIRECTORS
Doug Nickles, Chair
Nellie Cusworth, Vice Chair
Chuck Huffer, Director
Marissa Buss, Director
Ashley Orozco, Director

DATE: December 4, 2025

TO: Board of Directors

FROM: Jim Friedl, General Manager 

SUBJECT: Annual Review and Adoption of Financial Reserves Policy and Authorization to Transfer Various Reserve Funds

RECOMMENDATION

1. Adopt the District's amended Financial Reserves Policy.
2. Authorize transfer of \$0.38 million from the District's unassigned fund balance to the Vested Leave Reserve.
3. Authorize the transfer of \$6.58 million to the District's Capital Facilities and Property Acquisition reserve as follows:
 - a. \$3.97 million from the Unassigned Fund balance
 - b. \$1.53 million from the Pension Stabilization Reserve
 - c. \$0.71 million from the Equipment Replacement Reserve
 - d. \$0.37 million from the Claims and Liability Reserve

BACKGROUND

In order to fulfill its mission, the Conejo Recreation and Park District must be financially stable. A well-worn path to financial stability is savings. Financial reserves are basically the District savings, which help to provide adequate funding to meet the District's short-term and long-term goals. In addition, reserve funds can serve as a buffer against both present and future uncertainties.

On January 9, 2014, the Board of Directors created and adopted the attached Financial Reserves Policy. This Policy was last reviewed by the Board in February of 2025. The Balance Sheet as of June 30, 2025 is part of the Audited Financial Statements and lists the balances of the funds within the General Fund which are committed or assigned for particular purposes. These collectively may be referred to as "reserves."

ADMINISTRATIVE OFFICES

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The following table is an excerpt from relevant portions of the FY 24/25 Balance Sheet.

| | |
|-----------------------|---------------|
| Committed for: | |
| Pension | \$ 7,292,987 |
| Claims | \$ 2,617,344 |
| Operating reserve | \$ 6,400,000 |
| Equipment replacement | \$ 5,242,040 |
| Assigned for: | |
| Vested leave | \$ 1,766,946 |
| Capital Facilities | \$ 9,022,582 |
| Unassigned: | \$ 9,213,058* |

*Note: On February 8, 2021, the District approved an interfund loan for the development of the Conejo Creek Southwest Park from the unassigned fund balance. Additionally, the unassigned fund balance also includes funds set-aside for employee housing improvements and repairs. As a result, the unassigned fund balance after those adjustments is approximately \$6.35 million.

These funds have been saved over the years to fulfill a particular need or to serve a particular purpose. The attached current Policy for Financial Reserves (aka "Reserve Policy") is intended to provide clear, concise and well-articulated reasons and guidance for the accumulation and management of the District's reserve funds.

The attached Reserve Policy provides for six distinct reserve funds:

1. The **Operating Reserve** is committed for unexpected operating expenses and contingencies.
2. The **Claims and Liability Reserve** is committed for workers' compensation expenses, claims and liabilities.
3. The **Equipment Replacement Reserve** is committed for vehicle and equipment replacement.
4. The **Vested Leave Reserve** is assigned for accrued leave (vacation/sick) payouts.
5. The **Pension Stabilization Reserve** is restricted for pension and OPEB obligations.
6. The **Capital Facilities and Property Acquisition Reserve** is assigned for costs associated with adding and replacing capital facilities.

Committed reserves cannot be used for anything but their intended purpose unless otherwise directed by the Board of Directors. Per the attached policy, these reserves and balances therein will be considered at least annually as part of the annual audit presented to the Board. Should circumstances require, the Board may consider potential utilization or adjustments to reserves at any time.

Funds remaining "Unassigned" could be utilized for a variety of purposes, such as reducing District long-term liabilities and providing funds for capital projects.

The Finance and Audit Committee met on November 13th to review the reserve policy and reserve fund balances. With most reserve funds and liabilities nearing full funding, the Committee reviewed proposed changes to target balances for various reserve funds and transfers to the Vested Leave Reserve and the Capital Facilities and Property Acquisition Reserve. The target amounts for each reserve fund are described in the attached redline policy with supporting documentation.

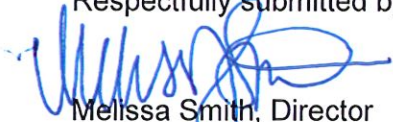
The target funding for the Vested Leave Reserve was increased to comply with GASB Statement No. 101, which requires recognition of a higher liability level for accrued sick leave. A transfer to the Vested Leave Reserve is recommended to ensure it reaches 100% funding. Additionally, with the potential acquisition of Fireworks Hill in the near future, the recommended transfers reserves remain funded at reasonable levels while providing sufficient cash in the Capital Facilities and Property Acquisition Reserve for the initial acquisition payment for Fireworks Hill. This approach retains \$2 million in both the Capital Facilities and Property Acquisition Reserve and the Unassigned Fund Balance, providing the District with flexibility to match potential funding sources, acquire property as opportunities arise, or address unforeseen needs.

After consultation with staff, and considering the District's mission, present financial conditions and strategic objectives, the Committee recommends changes to the current reserve funds as shown in the Attachments. Attachments include a redline strikeout of the Reserve Policy with proposed changes and additional supporting materials.

STRATEGIC PLAN COMPLIANCE

Meets Strategic Plan Vision Statement: In order to continue to serve our community and be recognized as a top recreation and park district in the nation, we must be financially stable.

Respectfully submitted by,



Melissa Smith, Director
Management Services

Attachments:

- Red-Line Financial Reserves Policy
- CRPD Fund Balances Spreadsheet
- Equipment Fund Replacement Summary (Fund 50)
- Retiree Liabilities Funding Status
- Capital Facilities and Property Acquisition Reserve Target Calculation

CONEJO RECREATION AND PARK DISTRICT

FINANCIAL RESERVES POLICY

Originally Created: January 9, 2014

Last Reviewed ~~and Adopted: February 6, 2024~~
February 20, 2025
Adopted: December 4, 2025

PURPOSE

This policy statement is intended to provide a framework and guidance for the Board of Directors in establishing, maintaining and utilizing the District's financial reserves.

BASIC POLICY AND OBJECTIVES

The Conejo Recreation and Park District reserve policy is an effort to provide clear and well-articulated reasons and guidance for the accumulation and management of the District's reserve funds. Financial reserves are intended to help the District remain financially stable and can serve as a buffer against present and future uncertainties. Financial reserves are a critical ingredient of financial planning and assist the District in achieving its short and long-term plans.

Reserve categories and balances are identified on the District's audited financial statements (Balance Sheet) under "Fund Balance." The adequacy of the target reserve balances will be reviewed annually during the annual audit and may be revised as necessary. A summary document showing the balances of each reserve as of June 30, ~~2024~~2025 is attached.

The following District reserve fund categories are hereby established:

Operating Reserve

Purpose: The Operating Reserve is committed for unexpected operating expenses and contingencies.

Use of Funds: The Operating Reserve is set aside for operating expense shortfalls due to unexpected expenses or revenue shortfalls. This fund may also be used for emergency cash-flow needs.

Funding: An ideal target reserve balance is between 3 - 6 months of operating expenses; approximately \$6 - \$12 million

Claims & Liability Reserve

Purpose: The Claims and Liability Reserve is committed for workers' compensation expenses, claims and liabilities.

Use of Funds: The Claims and Liability Reserve is for property, liability and workers' compensation claims. The District purchases excess insurance coverage for workers' compensation claims. The District obtains insurance through a joint powers authority, "California Association for Park and Recreation Indemnity" (CAPRI), and has a self-insured retention (SIR) of \$100,000 for liability claims and \$350,000 for workers' compensation claims.

Funding: Claims are currently handled on a pay-as-you-go basis out of the General Fund. Factors that influence the target reserve amount include CRPD's property insurance, which has an earthquake exclusion, as well as a \$5,000,000 SIR for Wildland Fire insurance. CRPD's insurance pool CAPRI (CA Assn. for Park and Recreation Indemnity) uses 5x its self-insured layer as a guide for its reserves for both liability and worker's compensation claim. For CRPD this equates to $(5 \times \$100,000) + (5 \times \$350,000) = \$2,250,000$. The ideal target reserve balance is currently ~~\$2.25~~ \$2.5 million.

Equipment Replacement Reserve

Purpose: The Equipment Replacement Reserve is committed for vehicle and information technology and recreation equipment replacement.

Use of Funds: The Equipment Replacement Reserve is designed as a structured vehicle and equipment replacement program to keep necessary vehicles and equipment functional and effective. Equipment and vehicle replacements are made from this fund.

Funding: Annually, the estimated replacement cost is tracked by each division and is transferred from the General Fund to the Equipment Replacement Fund which maintains the fund at the ideal target balance. A summary tracker of the amounts set aside by each division is attached. The ideal target reserve balance is currently ~~\$5~~ \$4.53 million.

Vested Leave Reserve

Purpose: The Vested Leave Reserve is assigned for accrued leave (vacation/sick) payouts.

Use of Funds: The Vested Leave Fund is to be used to cover the estimated cost of the vested accrued vacation/sick leave of all District employees.

Funding: The ideal target balance is total projected liability. As of June 30, ~~2024~~ 2025 the total projected liability is ~~\$1.68~~ \$2.15 million.

Pension Stabilization Reserve

Purpose: The Pension Stabilization Reserve is committed for pension and OPEB obligations.

Use of Funds: The Pension Stabilization Reserve is set aside for funding of pension and OPEB costs and the associated unfunded accrued liabilities and may be used to supplement annual budgeted pension/OPEB expenses and for reduction in the unfunded accrued liabilities.

Funding: The ideal target balance is 85%-115% of retiree liabilities. The District has been transferring annual Salary and Benefits savings to the Pension Stabilization Reserve to reach this goal.. Knowing the turbulent history of retiree liabilities and markets; guideline recommendations for funding this reserve based on the percent of projected liabilities funded at the end of each fiscal year with Board review and direction to consider:

Below 85%: transfer annual Salary and Benefits savings and unassigned funds as determined by the annual Board review of the Reserve funds and Policy if available.

Between 85% and 100%: transfer annual Salary and Benefits savings.

Between 100% and 115%: do not transfer annual Salary and Benefits savings.

Over 115%: use reserve funds for normal cost annual contributions.

Over 130%: use reserve funds for normal const annual contributions and additional discretionary payments to CalPERS .

The District is scheduled to begin contributions to a new “fresh start” 10-year amortization schedule for CalPers contributions in fiscal year 2025/26. Subsequent CalPERS actuarial reports will affect these funding percentages in outyears and may result in changes to this funding target.

Capital Facilities and Property Acquisition Reserve

Purpose: The Capital Facilities and Property Acquisition Reserve is committed for the costs associated with adding and replacing capital facilities and acquiring new park properties for the purposes of Maintaining the District’s parks-per-person goals.

Use of Funds: The Capital Facilities and Property Acquisition Reserve is set aside to provide funding associated with the planning, design, funding options, acquisition and actual construction of capital facilities such as, but not limited to, buildings, parking lots, lighting, playgrounds, walkways, and irrigation systems.

Funding: –The ideal target balance is \$300.76 million
This target includes 3 components:

1. Identified, but unfunded projects in the ten-year Capital Improvements Plan (Year X)
2. Existing Park Deficiencies; the number of acres needed to achieve the District’s parks per person goals based on average costs for acquisition and development of an acre.
3. Future need based on anticipated additional housing units

The total reserve target calculation and related assumptions for acquisition and development is attached.

Conejo Recreation and Park District Reserve Funds Balances (in millions)

| | Operating Reserve | Claims & Liability Reserve | Equipment Reserve | Vested Leave Reserve | Pension Stabilization | Capital Facilities and Property Acquisition Reserve | Unassigned |
|--|-------------------|----------------------------|-------------------|----------------------|-----------------------|---|-------------|
| Balances Available as of June 30, 2024 (Financial Statement) | 6.40 | 2.53 | 5.31 | 1.68 | 6.98 | 5.00 | 8.68 |
| Other: Set Asides from Unassigned Fund Balance | | | | | | | |
| -Employee Housing Revolving Fund | | | | | | | -0.62 |
| -Interfund Loan for Conejo Creek Southwest | | | | | | | -2.11 |
| -Budgeted use of Fund Balance in FY 24/25 | | | | | | | -0.25 |
| Transfer from Unassigned to Capital Facilities & Property Acquisition Reserve | | | | | | 3.70 | -3.70 |
| FY 2024-25 Activities | | 0.09 | -0.07 | 0.09 | 0.31 | 0.32 | 7.21 |
| Balances Available as of June 30, 2025 (Financial Statement) | 6.40 | 2.62 | 5.24 | 1.77 | 7.29 | 9.02 | 9.21 |
| Other: Set Asides from Unassigned Fund Balance | | | | | | | |
| -Employee Housing Revolving Fund | | | | | | | -0.72 |
| -Interfund Loan for Conejo Creek Southwest | | | | | | | -2.14 |
| Balances Available for Proposed Actions | 6.40 | 2.62 | 5.24 | 1.77 | 7.29 | 9.02 | 6.35 |
| Transfer from Unassigned to Vested Leave for GASB 101 Liability Increase | | | | 0.38 | | | -0.38 |
| Transfer from Over Funded Reserves to Capital Facilities & Property Acquisition Reserve | | -0.37 | -0.71 | | -1.53 | 6.58 | -3.97 |
| Hillcrest Acquisition Down Payment | | | | | | -13.60 | |
| Projected Outyear Balances | 6.40 | 2.25 | 4.53 | 2.15 | 5.76 | 2.00 | 2.00 |
| <i>Target Funding</i> | 6-12 | 2.25 | 4.53 | 2.15 | 0.11 | 300.76 | 2.00 |
| <i>Net Reserve Fund Need</i> | 5.60 | 0.00 | 0.00 | 0.00 | (5.65) | 298.76 | 0.00 |

CRPD Replacement Fund Summary - Fund 50

| | IT Funded | IT RER | Fleet Funded | Fleet RER | Recreation | Recreation RER | Calculated Fund Balance | "Extra" Interest | Total Actual* |
|--|-------------------|------------------|---------------------|---------------------|-------------------|-------------------|----------------------------|---------------------|------------------|
| Balance to be on hand at: | | | | | | | | | |
| 7/1/2025 | \$ 225,759 | \$ 45,152 | \$ 2,769,731 | # \$ 553,946 | \$ 778,078 | \$ 155,616 | \$ 4,528,282 | \$ 713,758 | \$ 5,242,040 |
| FY 25/26 GF Depreciation Contribution | \$ 100,000 | | \$ 400,000 | | \$ 100,000 | | | | |
| FY 25/26 Budgeted Expenses | \$ (49,000) | | \$ (535,000) | | \$ (121,048) | | | | |
| 6/30/2025 | <u>\$ 276,759</u> | <u>\$ 45,152</u> | <u>\$ 2,634,731</u> | # <u>\$ 553,946</u> | <u>\$ 757,030</u> | <u>\$ 155,616</u> | <u>\$ 4,423,234</u> | | |
| 7/1/2026 | \$ 276,759 | \$ 45,152 | \$ 2,634,731 | \$ 553,946 | \$ 757,030 | \$ 155,616 | \$ 4,423,234 | \$ - | \$ - |
| FY 25/26 GF Depreciation Contribution | \$ 100,000 | | \$ 400,000 | | \$ 150,000 | | | | |
| FY 25/26 Budgeted Expenses | \$ (48,500) | | \$ (335,000) | | \$ (106,351) | | | | |
| 6/30/2027 | <u>\$ 328,259</u> | <u>\$ 45,152</u> | <u>\$ 2,699,731</u> | <u>\$ 553,946</u> | <u>\$ 800,679</u> | <u>\$ 155,616</u> | <u>\$ 4,583,383</u> | <u>\$ -</u> | <u>\$ -</u> |

*Fund Balance on 6/30/25 Financial Statements

Retiree Liabilities Funding Status - September 2025

| Most Recent Info | Pension Liability (CALPERS) ¹ | Retirement Enhancement ² | OPEB ^{3,4} | Total |
|-------------------------------|---|--|---------------------|--------------|
| | CRPD Employee Pensions – all eligible employees | (formerly Retiree Medical Stipend) ² IRC §401(a) | IRC §115 Trust | |
| Total Liability | \$84,848,295 | \$3,495,472 | \$4,534,436 | \$92,878,203 |
| Assets @ Calpers | \$67,269,806 | | | \$67,269,806 |
| Assets @ Schwab | \$17,468,452 | \$3,495,868 | \$7,786,346 | \$28,750,666 |
| Assets in Pension Reserve | \$5,760,000 | | | \$5,760,000 |
| Net Pension Liability (Asset) | -\$5,649,963 | -\$396 | -\$3,251,910 | -\$8,902,269 |
| Funded Status | 107% | 100% | 172% | 110% |

1. CRPD does not participate in Social Security.
2. Closed pool – Benefit not available to employees hired after July 2009.
3. Retiree Medical Benefit for managers not available to employees hired after July 2009.
4. Funds Public Employees' Medical & Hospital Care Act (PEMCHA) minimum agency contribution for Retired Employees PERS Medical Plans.

CRPD Reserve Target Calculation

| | |
|---|-----------------------|
| "Year X" Capital Projects Identified | \$ 60,950,000 |
| -Existing Park Deficiencies (104 acres to acquire and develop)* | \$ 191,360,000 |
| -Future Need based on Additional Housing Units | \$ 48,450,000 |
| Total Current and Future Capital Need (Reserve Target): | \$ 300,760,000 |

Calculation Details Below

| CRPD 10 Year Capital Improvement Plan | |
|--|---------------|
| "Year X" Capital Projects Identified: | \$ 60,950,000 |

| Existing Park Deficiencies: | |
|--|-------------------|
| # of Acres Deficient | 104 |
| Total Acquisition price (estimated \$1.34M/acre) | \$ 139,360,000.00 |
| Total Development cost (\$500,000/acre) | \$ 52,000,000.00 |
| Existing Park Deficiencies | \$ 191,360,000.00 |

* Estimate based on neighborhood playfield and community parks only

| Additional Housing Units Anticipated Through 2050 | 2,000 | 5,000 | 7,500 | 10,000 |
|--|----------------------|----------------------|----------------------|----------------------|
| Density Factor (people per housing unit) | 2.05 | 2.05 | 2.05 | 2.05 |
| Additional Population | 4,100 | 10,250 | 15,375 | 20,500 |
| Acres needed for each additional 1,000 people | 5 | 5 | 5 | 5 |
| Total acres needed | 21 | 51 | 77 | 103 |
| Total Acquisition price (estimated \$1.34M/acre) | \$ 27,470,000 | \$ 68,675,000 | \$ 103,012,500 | \$ 137,350,000 |
| Total Development cost (\$500,000/acre) | \$ 10,250,000 | \$ 25,625,000 | \$ 38,437,500 | \$ 51,250,000 |
| Developer Fees (\$12,400/unit) | \$ (24,800,000) | \$ (62,000,000) | \$ (93,000,000) | \$ (124,000,000) |
| Net need for parks-per-person ratio | \$ 12,920,000 | \$ 32,300,000 | \$ 48,450,000 | \$ 64,600,000 |