



Conejo Recreation & Park District

GENERAL MANAGER
Jim Friedl

BOARD OF DIRECTORS

Ed Jones, Chair
Chuck Huffer, Vice Chair
George Lange, Director
Susan L. Holt, Director
Joe Gibson, Director

GENERAL MANAGER EMERITUS
Tex Ward

DATE: February 5, 2015

TO: Board of Directors

FROM: Jim Friedl, General Manager

SUBJECT: Annual Audit Report

RECOMMENDATION

Board of Directors accept the financial statements for the year ending June 30, 2014, as prepared by the accounting firm of Moss, Levy and Hartzheim, CPAs.

DISCUSSION

Attached are the financial statements for the year ending June 30, 2014. The financial statements represent management's assertions concerning the government's financial position, results of operations and cash flows. The auditor's role is strictly limited to providing users of the financial statements with an independent basis for relying on management's assertions.

Consistent with prior years, the auditors have issued an unqualified or "clean" opinion, which means they can state, without reservation, that the financial statements are fairly presented in conformity with generally accepted accounting principles.

The auditors had the following findings and recommendations as a result of the FY13-14 audit:

Finding – Receipt timing of cash remittances:

Inquiry and testing of revenues noted that special event fees in fiscal year 2013-14 and paid in fiscal year 2014-15 were recorded in fiscal year 2013-14.

Effect: Significant over or under accrual of fees can misstate revenues and lead to budget misstatements.

Recommendation: We recommend that special event fees be recorded in the period in which they were earned.

Management's Response: Special event fees will be recorded in the period earned.

Finding – Capital asset reconciliation:

During our audit work we noted selected capital assets had not been inventoried and reconciled to the books and records.

Effect: Capital asset books and records may require adjustments to reflect the physical assets in existence.

Recommendation: We recommend that management analyze capital asset accounts and schedule physical asset verifications as needed to ensure the propriety of the account balances at fiscal year-end.

Management's Response: The capital asset accounts will be analyzed, and physical asset verifications will commence.

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,



Sheryl Lewanda, Administrator
Management Services

Attachment

CONEJO RECREATION AND PARK DISTRICT

**MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER**

June 30, 2014

CONEJO RECREATION AND PARK DISTRICT
June 30, 2014

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MOSS, LEVY & HARTZHEIM LLP

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December 30, 2014

To the Board of Directors
of the Conejo Recreation and Park District
Thousand Oaks, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District, California (District), as of and for the fiscal year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain other matters related to internal control.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit we noted certain other matters involving internal controls and their operations, and are submitting, for your consideration, related recommendations designed to help the District make improvements and achieve operational efficiencies. These recommendations are described in the current year recommendations section as Findings 2014-1 through 2014-2. Our comments reflect our desire to be of continuing assistance to the District.

We would be pleased to discuss the recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

We have included in this letter a summary of communication with the District Board of Directors as required by professional auditing standards. We would like to thank the District's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

The accompanying communications and recommendations are intended solely for the information and use of management, the members of the District, and others within the District, and is not intended to be and should not be used by anyone other these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California



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December 30, 2014

To the Board of Directors
of the Conejo Recreation and Park District
Thousand Oaks, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District (District) as of and for the fiscal year ended June 30, 2014. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 25, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The three accounting policies and pronouncements that were adopted during the fiscal year are also described in Note 1e. The new policies are Governmental Accounting Standards Board (GASB) Statements No. 66, 67, and 70. None of the new GASB Statements had an effect on the financial statements. We noted no transactions entered into by the District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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.

The most sensitive estimates affecting the financial statements were the estimates of investment fair market value, depreciation on capital assets, and claims payable. Management's estimate of the investment fair market value is based on information provided by the State of California for its investment in the Local Agency Investment Fund and the County of Ventura for its investment in the Ventura County Investment Pool. Depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups and claims payable is based on historical loss rates, claims paid and analysis of open claims. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 1 – Summary of Significant Accounting Policies, Note 8 – Pension Plans, Note 9 – Other Post-Employment Benefits ("OPEB") and Note 12 – Investment in Joint Venture.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be a significant to the financial statements or the auditor's 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 December 30, 2014.

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 the District'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 the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of management, the audit committee, the members of District, and others within the District, and is not intended to be, and should not be, used by anyone other these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California



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INDEPENDENT AUDITOR'S 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

To the Board of Directors
of the Conejo Recreation and Park District
Thousand Oaks, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District, California (District), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Compliance and Other Matters (continued)

During our audit we also noted certain other matters involving internal controls and their operations, and are submitting, for your consideration, these recommendations designed to help the District make improvements and achieve operational efficiencies. These recommendations are described in the current year recommendations section as Findings 2014-1 through 2014-2. Our comments reflect our desire to be of continuing assistance to the District.

Conejo Recreation and Park District, California's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying current year recommendations section. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 30, 2014

CURRENT YEAR RECOMMENDATIONS

Other Matters

2014-1 Finding – Receipt timing of cash remittances:
Inquiry and testing of revenues noted that special event fees in fiscal year 2013 – 2014 and paid in fiscal year 2014 – 2015 were recorded in fiscal year 2014-2015.

Effect:

Significant over or under accrual of fees can misstate revenues and lead to budget misstatements.

Recommendation:

We recommend that special event fees be recorded in the period in which they were earned.

Management's Response:

Special event fees will be recorded in the period earned.

2014-2 Finding – Capital asset reconciliation:
During our audit work we noted selected capital assets had not been inventoried and reconciled to the books and records.

Effect:

Capital asset books and records may require adjustments to reflect the physical assets in existence.

Recommendation:

We recommend that management analyze capital asset accounts and schedule physical asset verifications as needed to ensure the propriety of the account balances at fiscal year-end.

Management's Response:

The capital asset accounts will be analyzed, and physical asset verifications will commence.

STATUS OF PRIOR YEAR RECOMMENDATIONS

2013-01

No prior year recommendations.

**CONEJO RECREATION AND PARK DISTRICT
THOUSAND OAKS, CALIFORNIA
BASIC FINANCIAL STATEMENTS
June 30, 2014**

Conejo Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
the Conejo Recreation and Park District
Thousand Oaks, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District (the "District"), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Conejo Open Space Conservation Agency ("COSCA"), which represents 25.4 percent, 26.5 percent, and 0.1 percent, respectively, of the assets, net position, and revenues of the District. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Investment in Joint Venture for COSCA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in note 1 of the notes to the basic financial statements effective July 1, 2013, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and Schedules of Funding Progress on pages 5 through 11 and page 55 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Financial Statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on the audit procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Conejo Recreation and Park District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

Government-wide

- On June 30, 2014, District assets exceeded its liabilities by \$142.0 million (net position). Of this amount, \$24.8 million may be used to meet the District's ongoing obligations to citizens and creditors. The District's net position increased \$1.4 million during the fiscal year, \$0.4 million of which is a prior period adjustment related to former redevelopment agency revenues.

Fund Basis

- At the close of fiscal year 2013-14, District governmental funds reports a combined ending fund balance of \$31.6 million, an increase of \$2.8 million in comparison with the prior year. Approximately \$26.9 million or 85.1 percent is in the General Fund. Of this amount, \$5.3 million is unassigned general fund balance.
- At the close of fiscal year 2013-14, the General Fund budget to actual report shows a \$0.5 million increase in appropriation from original to final budget. Fund balance increased by \$2.1 million rather than the budgeted \$0.1 million increase. Actual revenues were more than budgeted by \$0.8 million and actual expenditures and transfers were less than budgeted by \$1.2 million.
- As of June 30, 2014, the District's other governmental funds, excluding the general fund, reported combined ending fund balances of \$4.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District'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 District is improving or deteriorating.

The statement of activities presents information showing how the District'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, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., earned but unused vacation leave or uncollected taxes).

Fund financial statements

Fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. District funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains several individual governmental funds organized by their type (special revenue, debt service, and capital projects funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Districtwide Assessment Special Revenue Fund, Dos Vientos Assessment District Special Revenue Fund, Rancho Conejo Assessment District Special Revenue Fund, and Capital Projects Fund, which are considered to be major funds.

The District adopts a biennial appropriated budget. Budgetary comparison statements have been provided to demonstrate compliance with the General Fund, Districtwide Assessment District Special Revenue Fund, Dos Vientos Assessment District Special Revenue Funds, and Rancho Conejo Assessment District Special Revenue Fund, pages 51 to 54 of this report.

The governmental funds financial statements can be found on pages 21 - 24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement, because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the basic financial statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 - 48 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which can be found on pages 50 - 55.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. District assets exceed liabilities by \$142.0 million at June 30, 2014, as summarized below:

Statement of Net Position June 30,

| | 2014 | 2013 |
|--------------------------------------|-----------------------|-----------------------|
| Assets: | | |
| Cash and investments | \$ 32,237,764 | \$ 29,823,636 |
| Receivables | 490,282 | 509,424 |
| Contributions receivable | 1,024,070 | 1,024,824 |
| Other assets | 14,510 | 13,671 |
| Investment in Joint Venture | 37,622,227 | 37,590,304 |
| Capital assets (net of depreciation) | 76,903,050 | 77,353,150 |
| Total assets | \$ 148,291,904 | \$ 146,315,009 |
| Liabilities: | | |
| Accounts payable | \$ 670,980 | \$ 735,707 |
| Other current liabilities | 1,205,566 | 1,040,050 |
| Noncurrent liabilities | 4,423,324 | 3,945,010 |
| Total liabilities | \$ 6,299,870 | \$ 5,720,767 |
| Net position: | | |
| Invested in capital assets | \$ 76,903,050 | \$ 77,353,150 |
| Restricted – Joint Venture | 37,622,227 | 37,590,304 |
| Restricted – Assessment Districts | 2,676,084 | 2,735,579 |
| Unrestricted – | 24,790,673 | 22,915,209 |
| | \$ 141,992,034 | \$ 140,594,242 |

The largest portion (54.2 percent) of the District's net position reflects its investment of \$76.9 million in capital assets (land, buildings, improvements, equipment, infrastructure and construction in progress, net of accumulated depreciation); less any related outstanding debt used to acquire those assets. The District has no debt related to asset acquisition. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

\$37.6 million (26.5 percent) in restricted net position reflects the District's investment in its joint venture with the City of Thousand Oaks - Conejo Open Space Conservation Authority (COSCA). The District's share of COSCA's capital assets totals \$37.6 million. These assets are not available for future spending. Another portion of the District's net position, \$2.7 million (1.9 percent) represents resources available in the District's three assessment districts. The remaining balance \$24.8 million (17.4 percent) may be used to meet the District's ongoing obligation to citizens, employees and creditors and to meet District imposed designations for post-employment benefits other than pensions, and operating reserves.

The increase in noncurrent liabilities consists of recognition of the fiscal year 2013-14 Other Post Employment Benefit (OPEB) liability of \$0.6 million. The District has committed \$8.8 million of general fund balance for OPEB costs.

Statement of Activities

As shown in the table below, the District's net assets increased \$1.4 million, \$1.0 million due to FY 13-14 activity and \$0.4 million prior period adjustment, which reflects proceeds resulting from dissolution of the redevelopment agencies during the fiscal year ended June 30, 2014 and \$4.6 million during the fiscal year ending June 30, 2013. \$3.4 million of the change in FY 12-13 is attributable to the District's investment in the joint venture, Conejo Open Space Conservation Agency (COSCA), whose net position increase is primarily due to open space property acquisitions. The remaining \$0.6 million and \$1.2 million in increases in FY 13-14 and FY 12-13, respectively, are due to revenues exceeding expenses.

| | Statement of Activities June 30, | |
|------------------------------------|-------------------------------------|-----------------------|
| | 2014 | 2013 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 4,620,200 | \$ 4,283,577 |
| Operating Grants & Contributions | 2,252,676 | 1,965,331 |
| Capital Grants & Contributions | 1,375,896 | 3,508,055 |
| General Revenues: | | |
| Property Taxes | 14,146,949 | 11,893,088 |
| Investment Income | 117,079 | 3,409,114 |
| Other | 657,668 | 398,277 |
| Total Revenues | <u>\$ 23,170,468</u> | <u>\$ 25,457,442</u> |
| Expenses: | | |
| Parks & Recreation | <u>\$ 22,185,238</u> | <u>\$ 20,864,874</u> |
| Increase in Net Position | 985,230 | 4,592,568 |
| Net Position – Beginning | 140,594,242 | 136,001,674 |
| Prior Period Adjustment | 412,562 | - |
| Net Position – Beginning, restated | <u>141,006,804</u> | <u>136,001,674</u> |
| Net Position - Ending | <u>\$ 141,992,034</u> | <u>\$ 140,594,242</u> |

FINANCIAL ANALYSIS OF DISTRICT FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Districts financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the close of fiscal year 2013-14, District governmental funds reported a combined ending fund balance of \$31.6 million, an increase of \$2.8 million in comparison with the prior year. Approximately \$26.9 million or 85.1 percent is in the General Fund. Of this amount, \$21.6 million is being held for specific purposes.

The following are the District's major funds:

General Fund

The General Fund is the District's primary operating fund. It showed an increase of \$2.1 million in fund balance for the year ended June 30, 2014, related to operations and a \$0.4 million prior period adjustment as a result of redevelopment agency dissolution. At June 30, 2014, the fund balance was \$26.9 million. As a measure of liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 160.0 percent of total general fund expenditures, excluding transfers.

Districtwide Assessment District Special Revenue Fund

The Districtwide Assessment District Fund accounts for a district-wide assessment for park maintenance and capital projects. Major projects during the fiscal year include shade sails at Conejo Creek North Park, and a restroom and walking paths at Lang Ranch Neighborhood Park. These capital projects contributed to an expected fund balance decrease of \$0.1 million for a balance of \$2.0 million at June 30, 2014.

Dos Vientos Assessment District Special Revenue Fund

The Dos Vientos Assessment District Fund accounts for an assessment for park maintenance and capital projects in the Dos Vientos area of the District. There was no change in the fund balance of \$0.6 million at June 30, 2014.

Rancho Conejo Assessment District Special Revenue Fund

The Rancho Conejo Assessment District Fund accounts for an assessment for park maintenance and capital projects in the Rancho Conejo area of the District. Fund balance increased by \$0.04 million, leaving a balance of \$0.06 million at June 30, 2014.

Capital Projects Fund

The Capital Projects Fund provides resources for construction of capital projects. Major projects include rehabilitation at the Stagecoach Inn. Fund balance increased \$0.4 million, primarily due to development impact fees, for a total of \$2.0 million at June 30, 2014.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget to actual report can be found on page 51 of this report. Increases in revenues between the original and final budget were \$0.5 million due to Board approved budget adjustments, primarily providing additional appropriation for water expenditures, due to higher water rates and an unfavorable rainfall pattern.

Total actual revenues were over budget by \$0.8 million - Property tax revenues, facilities rental and recreation fees were over budget by \$0.5 million, \$0.1 million and \$0.2 million, respectively. Actual operating expenditures were less than budgeted by \$1.2 million across all divisions.

Actual revenues exceeded actual expenditures by \$2.7 million. Anticipated net transfers out of the general fund of \$0.6 million led to an increase in fund balance of \$2.1 million.

Districtwide District Special Revenue Fund

The budget to actual report for this fund can be found on page 52 of this report. Changes between the original and final budget include increases in the Capital outlay expenditure account primarily reflecting carryover of appropriation available at the end of FY 13-14 for projects in progress at the end of that year.

The positive variance in the Capital outlay expenditure account primarily reflects appropriations that will be carried into FY14-15 to complete capital projects in progress. The positive variance in the Transfers in account reflects resources available for future capital projects.

Dos Vientos Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 53 of this report. Changes from the original to final budgets reflect a \$0.03 million grant to convert to water wise plantings.

Rancho Conejo Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 54 of this report. There was no change from the original to final budgets. Other revenue of \$0.08 million reflects refund of prior overcharges in water.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

District investment in capital assets for its governmental activities as of June 30, 2014, totaled \$76.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total decrease in capital assets for fiscal year 2013-14 was \$0.5 million, reflecting depreciation expense in excess of FY 13-14 capital additions. Additional information on the District's capital assets can be found on page 41 of this report. Capital assets are summarized below:

| | Capital Assets (net of accumulated depreciation) | |
|--------------------------|--|----------------------|
| | June 30, | |
| | 2014 | 2013 |
| Land | \$ 41,498,102 | \$ 41,498,102 |
| Buildings | 7,000,656 | 7,141,922 |
| Improvements | 24,284,111 | 23,077,954 |
| Equipment | 1,464,163 | 1,360,543 |
| Construction in Progress | 2,656,018 | 4,274,629 |
| | <u>\$ 76,903,050</u> | <u>\$ 77,353,150</u> |

Major capital asset events during the fiscal year included shade sails at Conejo Creek North Park, a restroom, walking paths and shade structures at Lang Ranch Neighborhood Park, repairs and rehabilitation at Stagecoach Inn Park, and design of Sapwi Trails Community Park.

Long-term debt

The District has no outstanding debt at June 30, 2014.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The focus of this annual report is the economic condition of the District as of June 30, 2014. However, national, state and local issues have economic impacts on the District and are worthy of consideration in this report.

The nation continues to recover from one of the worst recessions in its history. Unemployment is improving, the financial markets have recovered, and in many areas home values are rising.

At the state level, the State Legislative Analyst's Office is currently projecting budget surpluses for the next several fiscal years. Although the surpluses result, at least in part, from tax increases approved by the people of the State and from the State's elimination of local Redevelopment Agencies, there is no current discussion of returning any of the surpluses to local government. The State's historical use of local resources to balance its budget remains of significant concern to local governments.

The District's primary revenue source is property taxes, which are expected to increase slightly from fiscal year 2013-14 to fiscal year 2014-15, reflecting some recovery in the local real estate market. Managing district resources in an environment of slight property tax revenue increases coupled with rising costs (particularly water rates) is one of the challenges facing the District.

An additional challenge facing state and local government is pension funding. The value of the California public employees' retirement systems (CalPERS) investment portfolio declined 23.4 percent during the year ended June 30, 2009. Since the market plunge in 2009, the portfolio value increased 13 percent in 2010; 20 percent in 2011; 0 percent in 2012; 12.5 percent in 2013; and 18.4 percent for the FY ending June 2014. Even with the overall robust returns the past 5 years, CalPERS' portfolio has not yet reached a portfolio value where it would be had it annually achieved its actuarially estimated investment return (7.75 percent and 7.5 percent), thus driving increases in future employer contribution rates. The actual change in contribution rates is driven by actuarial assumptions and projected future portfolio earnings.

Since 2005, as part of the employee compensation and benefit package, the District had been paying the employees' portion of the pension cost – 7 percent of salary. In addition to that 7 percent, the District is responsible for the annually adjusted employer contribution rate. The employer contribution rate increased from 6.609 percent for fiscal year 2009-10, to 8.607 percent for fiscal year 2013-14. Using the updated actuarial assumptions and projected portfolio returns, the preliminary estimated employer's share of the pension cost for fiscal years 2014-15, 2015-16, and 2016-17 is 9.751 percent, 11.359 percent and 12.500 percent, respectively. Due to these increasing pension costs and the Public Employee Pension Reform Act (PEPRA), the District and employees reached an agreement whereby the employees will pay the full 7 percent of the employee contribution by July, 2014. Thus, even though the total cost of employee pensions is escalating, by transferring 7 percent to the employees, the District's expense for pensions is projected to remain generally stable through FY 16/17.

In addition, effective in December, 2009, the District implemented a second tier retirement program – new enrollees are eligible for the 2 percent at 60 formula rather than the 2 percent at 55 formula, which will save the District money over time. Pension reform legislation adopted at the State level set a new formula, 2 percent at 62, for employees new to the retirement system after 12/31/12. The formula, coupled with the legislation's other changes to pension systems, are expected to drive contribution rates down over the coming decades.

Locally, the District encompasses a community that has reached build out, thus fees from residential developers (Quimby Fees) for future park development have dwindled to near zero. Consequently, resources for future capital maintenance, replacement and new park and facility development must be either made available from resources currently available for operating expenses, or additional revenue sources must be identified.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the Management Services Administrator, Conejo Recreation and Park District, 403 W. Hillcrest Dr., Thousand Oaks, California, 91360, 805-495-6471, or via email at parks@crpd.org

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Conejo Recreation and Park District
Statement of Net Position
June 30, 2014

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and investments (Note 2) | \$ 32,237,764 |
| Receivables (Note 3): | |
| Accounts | 97,925 |
| Interest | 24,714 |
| Taxes | 98,127 |
| Loans | 269,516 |
| Prepays | 14,510 |
| Total current assets | <u>32,742,557</u> |
| Noncurrent assets: | |
| Contribution receivable (Note 5) | 1,024,070 |
| Investment in joint venture (Note 12) | 37,622,227 |
| Capital assets (Note 6): | |
| Nondepreciable | 44,154,120 |
| Depreciable, net | <u>32,748,930</u> |
| Total capital assets, net | <u>76,903,050</u> |
| Total noncurrent assets | <u>115,549,347</u> |
| Total assets | <u>148,291,904</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 670,980 |
| Payroll and related liabilities | 439,834 |
| Refundable deposits | 14,731 |
| Claims payable - due in less than one year (Note 10) | 351,000 |
| Compensated absences - due in less than one year | <u>400,000</u> |
| Total current liabilities | <u>1,876,546</u> |
| Noncurrent liabilities: | |
| Claims payable - due in more than one year (Note 10) | 310,703 |
| Compensated absences - due in more than one year | 815,719 |
| Net other post employment benefits obligation (Note 9) | <u>3,296,902</u> |
| Total noncurrent liabilities | <u>4,423,324</u> |
| Total liabilities | <u>6,299,870</u> |
| NET POSITION | |
| Net investment in capital assets | 76,903,050 |
| Restricted for assessment districts | 2,676,084 |
| Restricted for parks and recreation open space - COSCA | 37,622,227 |
| Unrestricted | <u>24,790,673</u> |
| Total net position | <u>\$ 141,992,034</u> |

Conejo Recreation and Park District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Parks and recreation | \$ 22,185,238 | \$ 4,620,200 | \$ 2,252,676 | \$ 1,375,896 | \$ (13,936,466) |
| Total governmental activities | <u>\$ 22,185,238</u> | <u>\$ 4,620,200</u> | <u>\$ 2,252,676</u> | <u>\$ 1,375,896</u> | <u>\$ (13,936,466)</u> |

General Revenues:

Taxes:

| | |
|--------------------------------------|----------------|
| Secured and unsecured property taxes | 14,146,949 |
| Investment income | 117,079 |
| Licenses and permits | 280,933 |
| Other | <u>376,735</u> |

| | |
|-------------------------------|-------------------|
| Total general revenues | <u>14,921,696</u> |
|-------------------------------|-------------------|

| | |
|--------------------------------|----------------|
| Changes in net position | <u>985,230</u> |
|--------------------------------|----------------|

Net position:

| | |
|---|-----------------------|
| Net Position - Beginning of fiscal year | 140,594,242 |
| Prior Period Adjustments (Note 11) | <u>412,562</u> |
| Net Position - Beginning of fiscal year, restated | <u>141,006,804</u> |
| Net Position - End of fiscal year | <u>\$ 141,992,034</u> |

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FUND FINANCIAL STATEMENTS

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Conejo Recreation and Park District
Balance Sheet
Governmental Funds
June 30, 2014

| | Major Funds | | | | | |
|--|-----------------------|---|--|--|-----------------------------|--------------------------------|
| | Special Revenue Funds | | | | | Total Governmental Funds |
| | General Fund | Districtwide Assessment District Fund | Dos Vientos Assessment District Fund | Rancho Conejo Assessment District Fund | Capital Projects Fund | |
| ASSETS | | | | | | |
| Cash and investments (Note 2) | \$ 27,742,545 | \$ 2,076,371 | \$ 642,068 | \$ 65,843 | \$ 1,710,937 | \$ 32,237,764 |
| Receivables: | | | | | | |
| Accounts | 51,403 | | | | 46,522 | 97,925 |
| Interest | 17,723 | 3,023 | 3,637 | 228 | 103 | 24,714 |
| Taxes | 50,746 | 37,432 | 8,960 | 989 | | 98,127 |
| Loans | 8,516 | | | | 261,000 | 269,516 |
| Contribution receivable (Note 5) | 1,024,070 | | | | | 1,024,070 |
| Prepaid items | 14,510 | | | | | 14,510 |
| Total assets | \$ 28,909,514 | \$ 2,116,826 | \$ 654,665 | \$ 67,060 | \$ 2,018,562 | \$ 33,766,627 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | \$ 505,788 | | | | | |
| Accounts payable | | \$ 84,845 | \$ 57,284 | \$ 4,234 | \$ 18,829 | 670,980 |
| Accrued expenditures | 423,730 | 1,468 | 11,796 | 2,840 | | 439,834 |
| Refundable deposits | 14,731 | | | | | 14,731 |
| Deferred inflow of resources: | | | | | | |
| Deferred revenues | 1,024,070 | | | | | 1,024,070 |
| Total liabilities | 1,968,319 | 86,313 | 69,080 | 7,074 | 18,829 | 2,149,615 |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | 14,510 | | | | | 14,510 |
| Long-term receivables | 8,516 | | | | 261,000 | 269,516 |
| Restricted for: | | | | | | |
| Assessment Districts | | 2,030,513 | 585,585 | 59,986 | | 2,676,084 |
| Committed for: | | | | | | |
| Other post employment benefits | 8,798,564 | | | | | 8,798,564 |
| Claims | 2,511,258 | | | | | 2,511,258 |
| Operating reserve | 5,500,000 | | | | | 5,500,000 |
| Equipment replacement | 3,448,855 | | | | | 3,448,855 |
| Assigned for: | | | | | | |
| Retirement | 1,247,210 | | | | | 1,247,210 |
| Capital projects | | | | | 1,738,733 | 1,738,733 |
| Other purposes | 95,166 | | | | | 95,166 |
| Unassigned | 5,317,114 | | | | | 5,317,114 |
| Total fund balances | 26,941,193 | 2,030,513 | 585,585 | 59,986 | 1,999,733 | 31,617,010 |
| Total liabilities and fund balances | \$ 28,909,512 | \$ 2,116,826 | \$ 654,665 | \$ 67,060 | \$ 2,018,562 | \$ 33,766,625 |

Conejo Recreation and Park District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

| | |
|--|---------------|
| Total Fund Balances - Total Governmental Funds | \$ 31,617,010 |
|--|---------------|

Amounts reported for governmental activities in the Government-Wide Statement of Net Position were different because:

In governmental funds, only current assets were reported. In the Statement of Net Position, all assets were reported, including capital assets and accumulated depreciation.

| | | |
|---------------------------------|---------------|------------|
| Nondepreciable capital assets | \$ 44,154,120 | |
| Depreciable capital assets, net | 32,748,930 | 76,903,050 |

| | |
|---|------------|
| Investment in joint venture has not been included as financial resources in the governmental funds. | 37,622,227 |
|---|------------|

| | |
|---|-----------|
| Certain revenues in the governmental funds were deferred because they were not collected within the prescribed time period after year-end. However, these revenues were included in the government-wide financial statements. | 1,024,070 |
|---|-----------|

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds' Balance Sheet.

| | |
|--|-------------|
| Claims payable - due within one year | (351,000) |
| Claims payable - due in more than one year | (310,703) |
| Compensated absences - due within one year | (400,000) |
| Compensated absences - due in more than one year | (815,719) |
| Net other post employment benefits obligation | (3,296,902) |

| | |
|---|----------------|
| Net position of governmental activities | \$ 141,992,034 |
|---|----------------|

Conejo Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

| | Major Funds | | | | | |
|---------------------------------------|-----------------------|---------------|---------------|---------------|--------------|---------------|
| | Special Revenue Funds | | | | | |
| | General | Districtwide | Dos Vientos | Rancho Conejo | Capital | Total |
| | Assessment | Assessment | Assessment | Assessment | Projects | Governmental |
| | Fund | District Fund | District Fund | District Fund | Fund | Funds |
| REVENUES: | | | | | | |
| Property taxes | \$ 14,146,949 | \$ - | \$ - | \$ - | \$ - | \$ 14,146,949 |
| Assessments | - | 1,692,104 | 603,323 | 76,921 | | 2,372,348 |
| Licenses and permits | 10,239 | | 60,521 | | 210,172 | 280,932 |
| Interest | 59,107 | 10,156 | 15,397 | 815 | 434 | 85,909 |
| Facilities rental | 678,997 | | | | | 678,997 |
| Other governmental agencies | 553,543 | 47,000 | | | 4,385 | 604,928 |
| Recreation fees | 3,994,765 | | | | | 3,994,765 |
| Other | 104,897 | 99,600 | 26,719 | 77,692 | 665,562 | 974,470 |
| Total revenues | 19,548,497 | 1,848,860 | 705,960 | 155,428 | 880,553 | 23,139,298 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Parks and recreation: | | | | | | |
| District administration | 2,395,739 | | | 242,684 | | 2,638,423 |
| Parks and planning | 7,422,872 | 965,011 | 963,142 | | | 9,351,025 |
| Recreation and community services | 6,695,252 | | | | | 6,695,252 |
| Capital outlay | 322,124 | 1,571,413 | 21,510 | | 96,033 | 2,011,080 |
| Total expenditures | 16,835,987 | 2,536,424 | 984,652 | 242,684 | 96,033 | 20,695,780 |
| REVENUES OVER (UNDER) EXPENDITURES | 2,712,510 | (687,564) | (278,692) | (87,256) | 784,520 | 2,443,518 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 99,600 | 741,600 | 269,843 | 124,174 | 44,000 | 1,279,217 |
| Transfers out | (745,617) | (143,600) | | | (390,000) | (1,279,217) |
| Total other financing sources (uses) | (646,017) | 598,000 | 269,843 | 124,174 | (346,000) | |
| Net change in fund balances | 2,066,493 | (89,564) | (8,849) | 36,918 | 438,520 | 2,443,518 |
| FUND BALANCES: | | | | | | |
| Beginning of fiscal year | 24,487,182 | 2,120,077 | 594,434 | 23,068 | 1,561,213 | 28,785,974 |
| Prior period adjustments (Note 11) | 387,518 | | | | | 387,518 |
| Beginning of fiscal year, as restated | 24,874,700 | 2,120,077 | 594,434 | 23,068 | 1,561,213 | 29,173,492 |
| End of fiscal year | \$ 26,941,193 | \$ 2,030,513 | \$ 585,585 | \$ 59,986 | \$ 1,999,733 | \$ 31,617,010 |

See accompanying Notes to Basic Financial Statements.

Conejo Recreation and Park District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2014

Net change in fund balance - total governmental funds: \$ 2,443,518

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

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the Government-Wide Financial Statements, the cost of those assets was capitalized and depreciated over the estimated useful lives of the capital assets. The following capital assets were recorded in the current period:

Capital outlay (\$289,977) of capital outlay expenditures was for current park and recreation expenditures and was not capitalized 1,721,103

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds. (2,196,247)

Investment revenue earned from investment in joint venture - COSCA. 31,923

Change in claims payable expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the decrease in claims payable was not reported as an expenditure in the governmental funds. (239,153)

Change in long-term compensated absences was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the decrease in long-term compensated absences was not reported as an expenditure in the governmental funds. (215,961)

Adjustment to revenues in the Government-Wide Statement of Activities related to interest earned (McCrea) (753)

Net other postemployment benefits obligation was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in long-term net other post employment benefits obligation was not reported as an expenditure in the governmental funds. (559,200)

Change in net position of governmental activities \$ 985,230

FIDUCIARY FUND FINANCIAL STATEMENTS

Conejo Recreation and Park District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

| | <u>Agency Funds</u> |
|----------------------------|----------------------------|
| ASSETS | |
| Cash and investments | \$ 1,384,285 |
| Interest receivable | 413 |
| Total assets | <u>\$ 1,384,698</u> |
| LIABILITIES | |
| Accounts payable | \$ 86,776 |
| Deposits payable | 871,800 |
| Part-time pensions payable | 426,122 |
| Total liabilities | <u>\$ 1,384,698</u> |

NOTES TO BASIC FINANCIAL STATEMENTS

Conejo Recreation and Park District
Notes to Basic Financial Statements
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The accompanying basic financial statements present the financial activity of the Conejo Recreation and Park District (the “District”), which is the primary government, along with the financial activities of its component unit for which the District is financially accountable. Although they are separate legal entities, blended component units are in substance part of the District’s operations and are reported as an integral part of the District’s financial statements. The District’s component unit, which is described below, is a blended component unit of the District.

The Board of Directors of the District makes managerial decisions for the Alex Fiore Thousand Oaks Teen Center (the “Center”) and, as such, it is included as a component unit of the accompanying basic financial statements. The Center’s financial activities have been aggregated and merged (termed “blending”) within the District’s General Fund, as it meets the criteria for inclusion.

The Center was opened in October 1989 for 7th to 12th grade teens. The mission of the Center is to enrich the lives of Conejo teens by offering a comprehensive program to include quality leisure, social, and educational services in the form of both drop-in and organized activities, including recreational classes, educational workshops, surf and sports camps, leagues, excursions, dances, and live concerts.

B. Basis of Accounting and Measurement Focus

The District’s basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Governmental Accounting Standards Board (“GASB”) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. Fiduciary activities of the District are not included in these statements.

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

Certain types of transactions reported as program revenues for the District are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Activities have been eliminated. The following interfund activities have been eliminated:

- Transfers in/out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property taxes, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences.

Major Funds

The District reported the following major governmental funds in the accompanying basic financial statements:

General Fund – The General Fund is used for all general revenues of the District not specifically levied or collected for other District funds and the related expenditures. The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Major Funds (Continued)

Districtwide Assessment District Special Revenue Fund – This fund accounts for and reports proceeds of specific revenue sources that are restricted or committed to expenditures for specified maintenance and construction projects in the assessment district.

Dos Vientos Assessment District Special Revenue Fund – This fund accounts for and reports proceeds of specific revenue sources that are restricted or committed to expenditures for acquisition and construction of capital assets and maintenance within the Dos Vientos Assessment District.

Rancho Conejo Assessment District Special Revenue Fund – This fund accounts for and reports proceeds of specific revenue sources that are restricted or committed to expenditures for acquisition and construction of capital assets and maintenance within the Rancho Conejo Assessment District.

Capital Projects Fund – This fund accounts for and reports financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The District's fiduciary funds represent agency funds. Fiduciary fund types are accounted for according to the nature of the fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

Fiduciary Funds

Agency Funds – These funds account for assets of others for which the District acts as an agent. The District maintains seven agency funds: Farland House Revolving, Wildwood Flood Repair, Goebel Adult Community Senior Center, Fireworks Trust, CSVP Advisory Council, Therapeutic Advisory Council and the Part-Time Pension Fund.

C. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

D. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and estimated useful life of three years or more.

The District depreciates all capital assets over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets:

| | Useful Lives (In Years) |
|--------------|----------------------------|
| Equipment | 3-10 |
| Improvements | 5-20 |
| Structures | 20 |

Major outlays for capital assets and improvements are capitalized in construction in progress as projects are constructed.

F. Long-Term Debt

Government-Wide Financial Statements - Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Fund Financial Statements - The fund financial statements do not present long-term debt. Long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

G. Compensated Absences

The District accrues accumulated vacation leave and then expenses the cost as paid in the General Fund. It is policy of the District to pay all accumulated vacation leave when an employee retires or is otherwise terminated.

Sick leave costs are expensed as paid in the General Fund. Employees have vested rights in half of their accumulated unpaid sick leave upon retirement after ten years of service.

Sick and vacation pay is accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations – are established by the Assessor of the County of Ventura for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies – are limited to 1% of fair value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following fiscal year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections – are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

Tax Levy Apportionments – due to the nature of the County-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State Legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total County-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees – The State of California FY1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes.

I. Net Position and Fund Balances

Government-Wide Financial Statements

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Net Position and Fund Balances (Continued)

Government-Wide Financial Statements (Continued)

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Use of Restricted and Unrestricted Net Position

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the District's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Fund Financial Statements

Nonspendable Fund Balance – This amount indicates that portion of fund balance which cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact.

Restricted Fund Balance – This amount indicates that portion of fund balance which has been restricted to specific purposes by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance – This amount indicates that portion of fund balance which can only be used for specific purposes pursuant to formal action of the District's Board of Directors.

Assigned Fund Balance – This amount indicates that portion of fund balance which is constrained by the District's intent it be used for specific purposes, but is neither restricted nor committed. The Board of Directors has designated the General Manager the authority to assign fund balances.

Unassigned Fund Balance – This amount indicates the residual portion of fund balance.

Use of Restricted and Unrestricted Fund Balances

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed. When expenditures are incurred for purposes for which unrestricted fund balances are available, the District uses the unrestricted resources in the following order: committed, assigned, and unassigned.

J. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Accounting Changes

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB Statement No. 65 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Accounting Changes

Implementation of the Governmental Accounting Standards Board Statement No. 70 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Note 2 – Cash and Investments

The District maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the District to enhance earnings. The pooled interest earned is allocated to the funds based on the average month-end cash balances of the various funds.

A. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2014:

| | Government-Wide Statement Net Position | Fiduciary Fund Statement of Net Position | Total |
|----------------------|--|--|--------------|
| | Governmental Activities | | |
| Cash and Investments | \$ 32,237,764 | \$ 1,384,285 | \$33,622,049 |

Cash and investments comprised the following at June 30, 2014:

Cash and cash equivalents:

| | |
|---------------------------------|-----------|
| Petty cash | \$ 1,500 |
| Cash on hand | 33,336 |
| Demand deposits | 1,381,809 |
| Total cash and cash equivalents | 1,416,645 |

Investments:

| | |
|-----------------------------------|---------------------|
| Local Agency Investment Fund | 2,700,508 |
| Ventura County Investment Pool | 29,504,896 |
| Total investments | 32,205,404 |
| Total cash and investments | \$33,622,049 |

B. Cash Deposits

The carrying amounts of the District's demand deposits were \$1,381,809 at June 30, 2014. Bank balances at June 30, 2014 were \$1,497,573 which were fully insured or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 2 – Cash and Investments (Continued)

B. Cash Deposits (Continued)

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The fair market value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC").

C. Investments

Under the provisions of the District's investment policy, and in accordance with California Government Code Section 53601, the District is authorized to invest or deposit in the following:

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|-------------------------------------|---------------------|------------------------------------|-------------------------------------|
| Local Agency Investment Fund (LAIF) | 2 years | NONE | NONE |
| Ventura County Investment Pool | 2 years | NONE | NONE |

D. Investment in Local Agency Investment Fund

The District participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* ("LAIF") which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

The District's investments with LAIF at June 30, 2014 included 1.96% of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2014, the District had \$2,700,508 invested in LAIF. The District valued its investments in LAIF as of June 30, 2014 by multiplying the account balance by a fair value factor determined by LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value resulting in a factor of 1.0009875.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 2 – Cash and Investments (Continued)

E. Investment in Ventura County Investment Pool

As of June 30, 2014, the District had \$29,504,896 invested in the Ventura County Investment Pool (the “County Pool”). The District valued its investments in the County Pool as of June 30, 2014 at fair value as determined by the County Pool. The County Pool determines fair value based on values provided by the County Pool’s investment custodians.

F. Risk Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy (“Policy”) limits investments to a maximum maturity of two years from date of purchase. The weighted average days to maturity of the total portfolio shall not exceed the District’s anticipated liquidity needs for the next six (6) months. The District is in compliance with this provision of the Policy. At June 30, 2014, the District had the following investment maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (In Years) Less than 1</u> |
|--------------------------------|----------------------|---|
| Local Agency Investment Fund | \$ 2,700,508 | \$ 2,700,508 |
| Ventura County Investment Pool | 29,504,896 | 29,504,896 |
| | <u>\$ 32,205,404</u> | <u>\$ 32,205,404</u> |

The District’s investments are rated by the nationally recognized statistical rating organizations as follows:

| <u>Investment Type</u> | <u>Moody's</u> | <u>Standard & Poors</u> |
|--------------------------------|----------------|---------------------------------|
| Local Agency Investment Fund | Not Rated | Not Rated |
| Ventura County Investment Fund | Not Available | AAAf |

Concentration of Credit Risk

The following is a chart of the District’s investment portfolio:

| <u>Investments</u> | <u>Amount Invested</u> | <u>Percentage of Investments</u> |
|--------------------------------|----------------------------|--------------------------------------|
| Local Agency Investment Pool | \$ 2,700,508 | 8.39% |
| Ventura County Investment Pool | 29,504,896 | 91.61% |
| | <u>\$ 32,205,404</u> | <u>100.00%</u> |

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit 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.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the provision for deposits stated in Note 2B.

Note 3 – Receivables

A. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2014:

| <u>Agency</u> | <u>Accounts Receivable</u> |
|-----------------------------------|--------------------------------|
| Other government agencies | \$ 85,692 |
| Deposits receivable | 6,561 |
| Arts Council of the Conejo Valley | <u>5,672</u> |
| Total | <u>\$ 97,925</u> |

B. Interest Receivable

Interest receivable consisted of the following at June 30, 2014:

| <u>Agency</u> | <u>Interest Receivable</u> |
|--------------------------------|--------------------------------|
| Local Agency Investment Fund | \$ 1,046 |
| Ventura County Investment Pool | <u>23,667</u> |
| Total | <u>\$ 24,713</u> |

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 3 – Receivables (Continued)

C. Taxes Receivable

Taxes receivable, due from the County of Ventura, consisted of the following at June 30, 2014:

| <u>Fund</u> | <u>Type</u> | <u>Amount</u> |
|--|----------------|------------------|
| General Fund | Property taxes | \$ 50,746 |
| Special Assessment District Special Revenue Fund | Assessments | 37,432 |
| Dos Vientos Assessment District Special Revenue Fund | Assessments | 8,960 |
| Rancho Conejo Assessment District Special Revenue Fund | Assessments | 989 |
| Total | | <u>\$ 98,127</u> |

D. Loans Receivable

Summary of changes in loans receivable for the year ended June 30, 2014 is as follows:

| | <u>Balance</u> <u>July 1, 2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2014</u> |
|---------------------------|---------------------------------------|------------------|--------------------|--|
| Computers | \$ 7,458 | \$ 9,518 | \$ (8,638) | \$ 8,338 |
| Orthodontia | 485 | | (307) | 178 |
| Newbury Park Girls School | 2,000 | | (2,000) | |
| AYSO | 290,000 | | (29,000) | 261,000 |
| Total | <u>\$ 299,943</u> | <u>\$ 9,518</u> | <u>\$ (39,945)</u> | <u>\$ 269,516</u> |

The District provides interest-free loans to all regular full-time District employees for the purchase of computers and orthodontia services. The District will pay for the computer and orthodontia services and the employees will reimburse the District through payroll deductions over a payback period not to exceed two years. The District's Employee Computer Purchase Plan allows employees to purchase computers not to exceed \$3,000. The District's Orthodontia Loan Plan allows employees to purchase orthodontia services not to exceed \$1,000.

The District entered into an agreement on April 25, 2013 with the American Youth Soccer Organization ("AYSO") to advance a 10-year interest free loan to AYSO payable in 10 equal installments of \$29,000. The first installment was due by April 1, 2014.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 4 – Interfund Transactions

Transfers In and Out

At June 30, 2014, the District had the following transfers in/out:

| | Transfers In | | | | | |
|----------------------|-----------------------|------------|-------------|---------------|-----------|--------------|
| | Special Revenue Funds | | | | | |
| | General | Special | Dos Vientos | Rancho | Capital | |
| | Fund | Assessment | Assessment | Conejo | Projects | |
| Transfers Out: | Fund | District | District | Assessment | Fund | Total |
| | | Fund | Fund | District Fund | | |
| General Fund | \$ - | \$ 351,600 | \$ 269,843 | \$ 124,174 | \$ - | \$ 745,617 |
| Special Assessment | | | | | | |
| District Fund | 99,600 | | | | 44,000 | 143,600 |
| Capital Project Fund | | 390,000 | | | | 390,000 |
| Total | \$ 99,600 | \$ 741,600 | \$ 269,843 | \$ 124,174 | \$ 44,000 | \$ 1,279,217 |

From General Fund: 1) to provide \$250,000 in funding to the Special Assessment District for various projects; and \$101,600 for the Thousand Oaks Community Center gym floor replacement, and 2) to provide general property tax support for the Dos Vientos and Rancho Conejo Assessment Districts in the amount of \$269,843 and \$124,174, respectively.

From the Special Assessment District Fund to General Fund to provide: 1) to reimburse the General Fund \$99,600 in insurance proceeds received for the Thousand Oaks Community Center gym floor replacement, and 2) to provide \$44,000 to the Capital Projects Fund for paint and repairs at the Stagecoach Inn Museum.

From the Capital Projects Fund to provide for: 1) to provide \$340,000 in funding to the Special Assessment District for the Shade Sails at Conejo Creek North Park, and \$50,000 in funding for the playground improvement project at Borchard Park.

Note 5 – Contribution Receivable

On June 15, 1995, the District acquired 300 acres of land, commonly known as the McCrea Ranch in Thousand Oaks for \$1,950,000 from the McCrea Family. A provision of the transaction is that the McCrea Charitable Trusts named the District as the irrevocable beneficiary of portions of the corpus of the trust totaling \$1,800,000. The District received \$774,134 in previous fiscal years, \$1,042 in fiscal year 2012-13 and \$753 in 2014 from the McCrea \$1,800,000 Charitable Trusts, leaving a balance due at June 30, 2014 in amount of \$1,024,070. The entire balance is due by June 15, 2015.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 6 – Capital Assets

Summary of changes in the capital assets for the year ended June 30, 2014 is as follows:

| | Balance as of July 1, 2013 | Additions | Retirements | Transfers / Adjustments | Prior period Adjustments | Balance as of June 30, 2014 |
|--|-------------------------------|--------------|-------------|----------------------------|-----------------------------|--------------------------------|
| Capital assets not being depreciated: | | | | | | |
| Land | \$ 41,498,102 | \$ - | \$ - | \$ - | \$ - | \$ 41,498,102 |
| Construction in progress | 4,274,629 | | | (1,618,611) | | 2,656,018 |
| Total capital assets not being depreciated | 45,772,731 | | | (1,618,611) | | 44,154,120 |
| Capital assets being depreciated: | | | | | | |
| Buildings | 9,731,591 | 98,782 | | | | 9,830,373 |
| Improvements | 35,570,205 | 1,281,025 | | 1,582,751 | (63) | 38,433,918 |
| Equipment | 5,604,949 | 341,296 | | 35,860 | (16,503) | 5,965,602 |
| Total capital assets, being depreciated | 50,906,745 | 1,721,103 | | 1,618,611 | (16,566) | 54,229,893 |
| Less accumulated depreciation: | | | | | | |
| Buildings | (2,589,669) | (240,048) | | | | (2,829,717) |
| Improvements | (12,492,251) | (1,657,561) | | | 5 | (14,149,807) |
| Equipment | (4,244,406) | (298,638) | | | 41,605 | (4,501,439) |
| Total less accumulated depreciation | (19,326,326) | (2,196,247) | | | 41,610 | (21,480,963) |
| Net capital assets being depreciated | 31,580,419 | (475,144) | | 1,618,611 | 25,044 | 32,748,930 |
| Capital assets, net | \$ 77,353,150 | \$ (475,144) | \$ - | \$ - | \$ 25,044 | \$ 76,903,050 |

Note 7 – Compensated Absences

Changes in compensated absences for the year ended June 30, 2014 were as follows:

| | Balance | | | Balance | Classification | |
|----------------------|--------------|------------|--------------|---------------|------------------------|------------------------------|
| | July 1, 2013 | Additions | Deletions | June 30, 2014 | Due Within One Year | Due in More than One Year |
| Compensated absences | \$ 999,758 | \$ 640,066 | \$ (424,105) | \$ 1,215,719 | \$ 400,000 | \$ 815,719 |

Note 8 – Pension Plans

A. Employee Deferred Compensation Plan (Full Time Employees)

The District offers its full time employees from the start of employment a deferred compensation plan (the “plan”) created in accordance with federal and state laws. Employees participating in the program may defer income tax recognition on contributions to the plan, up to specified amounts, and on earnings resulting from the investment of these contributions. Funds may be withdrawn from the plan upon retirement, disability, or separation from the District’s employment by the participant and, at that time, such funds become subject to income tax.

It is the District’s position that it has no fiduciary obligation in the management of the plan’s resources and is not responsible for any loss due to the investment or failure of investment funds and assets of the plan, nor shall the District be required to replace any loss which may result from such investments. The plan assets are not included in the accompanying basic financial statements.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 8 – Pension Plans (Continued)

B. Employee Deferred Compensation Plan (Part-Time Employees)

Part-time employees are covered by a deferred compensation plan (the “plan”) in accordance with Internal Revenue Code Section 457. The plan is a non-elective deferred compensation arrangement for the benefit of employees who are not covered by another retirement system maintained by the District. Under the plan, an eligible participant accrues a monthly benefit that is equal to one-twelfth (1/12) of an amount equal to 2% of the participant’s average annual compensation times years of service up to 30 years. Distributions from the plan are made only when the participant has separated from service and the participant’s accrued benefits are non-forfeitable.

With certain limitations, a participant may elect that time and manner which his or her deferred amounts will be distributed. The election must be made prior to the date any such amounts become payable to the participant. If the participant fails to make a timely election concerning distribution of the deferred amounts, the amounts shall be paid in a lump sum distribution as prescribed by the plan. The manner and time of benefit payout must meet the distribution requirements of the Internal Revenue Code Sections 401(a) and 457(d)(2). The plan assets are included in the accompanying financial statements as a fiduciary fund.

The plan provides that all amounts deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, or rights will remain (until made available to the participant) solely the property and rights of the District, subject only to claims of such District’s general creditors. The rights of any participant or beneficiary to payments pursuant to the plan are nonassignable, and their interest in benefits under the plan is not subject to attachment, garnishment or other legal process.

C. California Public Employees’ Retirement System

Plan Description

The District contributes to the California Public Employees’ Retirement System (“CalPERS”). The miscellaneous employees of the District are part of an agent multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS’ annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Funding Policy

Miscellaneous employee participants are required to contribute 7% of their annual covered salary. The District made the full 7% contribution on the employees’ behalf until October 21, 2011, when the plan was amended such that the District made only 5.2% of the 7% on the employee’s behalf. Effective October 5, 2013, an additional amendment reduced the District’s contribution to 2.6%, and finally, effective June 14, 2014, the District’s contribution on behalf of the employees was reduced to zero. For the fiscal year ended June 30, 2014, the District’s employer contribution for miscellaneous employees was 8.607%. The contribution requirements of plan members and the District are established by and may be amended by CalPERS.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 8 – Pension Plans (Continued)

C. California Public Employees' Retirement System (Continued)

Annual Pension Costs

The District's annual pension cost of \$628,612 was equal to the District's required and actual contribution. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.30% to 14.20% depending upon entry age, and (c) 3.0% for inflation compounded annually. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. CalPERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2014 was 30 years.

Three-Year Trend Information for CalPERS

| Fiscal Year | Annual Pension Cost "APC" | Percentage APC Contributed | Net Pension Obligation |
|-------------|---------------------------------|----------------------------------|------------------------------|
| 2012 | \$ 655,461 | 100% | \$ - |
| 2013 | 604,912 | 100% | - |
| 2014 | 628,912 | 100% | - |

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 82.6% funded. The entry age accrued liability was \$48,027,445 and the actuarial value of assets was \$39,659,611, resulting in an unfunded liability of \$(8,367,834). The covered payroll (annual payroll of active employees covered by the plan) was \$7,438,616 and the ratio of the unfunded liability to the covered payroll was 100.13%. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time related to the actuarial liability.

Note 9 – Other Post-Employment Benefits ("OPEB")

The District provides, by resolution, an additional postemployment benefit to Length-of-Service retirees. The District pays for 100 percent of this benefit on a pay-as-you-go-basis. General employees hired before July 1, 2009, with 5 or more years of service that leave the District and apply for a CalPERS pension within 120 days are eligible to receive OPEB benefits. The general manager, administrators, and managers who retire from the District with 10 or more years of service are eligible for OPEB premium benefits.

For the fiscal year ended June 30, 2014, the total contribution made was \$199,125. Forty retired employees received OPEB benefits during the fiscal year.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 9 – Other Post-Employment Benefits (“OPEB”) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District’s annual OPEB cost (expense) is calculated based on the *Annual Required Contribution of the Employer* (“ARC”), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the plan:

| | <u>Total</u> |
|--|---------------------------|
| Annual required contribution | \$ 766,800 |
| Interest on net OPEB obligation | 122,526 |
| Adjustment to annual required contribution | <u>(131,001)</u> |
| Annual OPEB cost (expenses) | 758,325 |
| Contributions made | <u>(199,125)</u> |
| Increase in net OPEB obligation | 559,200 |
| Net OPEB obligation - beginning of fiscal year | 2,737,702 |
| Net OPEB obligation - end of fiscal year | <u><u>\$3,296,902</u></u> |

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 is as follows:

| Fiscal Year <u>Ended</u> | Annual OPEB <u>Cost</u> | Annual <u>Contribution</u> | % of annual OPEB Cost <u>Contributed</u> | Net OPEB <u>Obligation</u> |
|--------------------------------|-------------------------------|-------------------------------|--|----------------------------------|
| June 30, 2012 | \$ 663,438 | \$ 174,712 | 26.3% | \$2,217,069 |
| June 30, 2013 | 709,888 | 189,255 | 26.7% | 2,737,702 |
| June 30, 2014 | 758,325 | 199,125 | 26.3% | 3,296,902 |

Funded Status and Funding Progress

Based on the most recent actuarial valuation dated July 1, 2011, the plan was zero percent funded. The Actuarial Accrued Liability for benefits was \$8,480,604, and the actuarial value of assets was \$0, resulting in an Unfunded Actuarial Accrued Liability (“UAAL”) of \$8,367,834. The covered payroll (annual payroll of active employees covered by the plan) was \$7,438,616 and the ratio of UAAL to the covered payroll was 100.13%. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time related to the actuarial liability.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 9 – Other Post Employment Benefits (“OPEB”) (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts, and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan, and the annual required contributions of the employer, are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

The District has committed \$8,798,564 in the General Fund towards the OPEB liability.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation, and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, and are consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% investment rate of return which is based on the expected return on funds invested by the District, and an annual healthcare cost trend rate of 7.6% initially and reduced to an ultimate rate of 5.5% thereafter. An aggregate payroll increase of 3.25% was used in the actuarial valuation. The UAAL is being amortized as a level percentage of projected payroll over a 30 year closed period. The remaining amortization period at July 1, 2011 was 27 years.

Note 10 – Risk Management

The District participates via a joint powers agreement in the California Association for Park and Recreation Indemnity (“CAPRI”) pool for property and liability coverage. The purpose of CAPRI is to arrange and administer programs of insurance and to purchase excess insurance coverage. CAPRI is governed by a board of directors which controls the operations of the pool, including selection of management and approval of the budget. At June 30, 2014, the District’s coverage was as follows:

General and auto liability coverage have a \$1,000,000 limit per occurrence, and public officials and employee liability coverage have a \$25 million annual aggregate limit per member district. CAPRI has an excess policy for these coverages with limits of \$24 million in excess of \$1,000,000. The District has a \$100,000 deductible for this program. All-risk property loss coverage has an annual aggregate limit of \$1,000,000,000 and is subjected to a \$2,000 deductible per occurrence payable by the District.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 10 – Risk Management (Continued)

Flood and earthquake coverage have annual aggregate limit of \$10,000,000 and \$5,000,000, respectively, for all member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is \$50,000 per occurrence or 5% of the value of the building, contents and/or structure damaged, whichever is greater.

The District is effectively self-insured for its workers' compensation insurance coverage.

During the past three fiscal (claims) years, none of the above programs of protection have had settlement or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

| | <u>2014</u> |
|-----------------------|-------------------|
| General Liability | \$ 164,104 |
| Worker's Compensation | <u>497,599</u> |
| | <u>\$ 661,703</u> |

A reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior two years is as follows:

| | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|-------------------|
| Claims liability - beginning balance | \$ 422,550 | \$ 555,612 | \$ 455,115 |
| Incurred claims, representing the total of a provision for events of the current fiscal year and any change of prior fiscal years | 357,496 | 130,290 | 314,597 |
| Payments on claims attributable to events of both the current fiscal year and the prior fiscal years | <u>(118,343)</u> | <u>(263,352)</u> | <u>(214,100)</u> |
| Claims liability - ending balance | <u>\$ 661,703</u> | <u>\$ 422,550</u> | <u>\$ 555,612</u> |

Note 11 – Commitments and Contingencies

The District is a defendant in certain other legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the District's financial position.

As of June 30, 2014, in the opinion of District management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the District.

Contract Commitments

The District had no outstanding contract commitments for completion of ongoing capital improvements projects at June 30, 2014.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 11 – Commitments and Contingencies (Continued)

Prior Period Adjustments

Prior period adjustments totaled \$412,562 which consisted of \$25,044 of capital asset adjustments mainly to bring the books and records up-to-date, \$395,745 related to an understatement of receivables from a redevelopment agency pass-through tax revenue and (\$8,227) for corrections of minor errors from the prior year.

Note 12 – Investment in Joint Venture

Conejo Open Space Conservation Agency

In 1977, the District entered into a Joint Powers Agreement with the City of Thousand Oaks (“City”) to form the Conejo Open Space Conservation Agency (“COSCA”). COSCA is governed by a five-member board consisting of two City Council members, two District Board members, and one private citizen of the City. Expenditures of COSCA are shared equally between the District and the City. The City is responsible for the fiscal management of COSCA activities. Separate audited financial statements for COSCA are available from the City of Thousand Oaks’ Finance Department at 2100 Thousand Oaks Blvd., Thousand Oaks, CA 91362.

The latest audited financial information for COSCA for the year ended June 30, 2014 is as follows:

| | <u>Joint Venture</u> | <u>District Portion</u> |
|----------------------------------|-----------------------------|-----------------------------|
| Total Assets | \$ 75,281,121 | \$ 37,640,561 |
| Total Liabilities | <u>36,667</u> | <u>18,334</u> |
| Net Position: | <u>\$ 75,244,454</u> | <u>\$ 37,622,227</u> |
| | | |
| Net Investment in capital assets | \$ 74,116,331 | \$ 37,058,166 |
| Restricted | <u>1,128,123</u> | <u>564,062</u> |
| Total Net Position | <u>\$ 75,244,454</u> | <u>\$ 37,622,227</u> |
| Total Revenues | \$ 1,259,800 | \$ 629,900 |
| Total Expenses | <u>1,195,954</u> | <u>597,977</u> |
| Changes in net position | <u><u>\$ 63,846</u></u> | <u><u>\$ 31,923</u></u> |

Note 13 – Jointly Governed Organization

Mountains Recreation and Conservation Authority

The Mountains Recreation and Conservation Authority (“MRCA”) was established on June 27, 1985, under a joint powers agreement entered into by the District and the Santa Monica Mountains Conservancy (the “Conservancy”) for and with the purpose of acquiring, developing, and conserving additional park and green space land with special emphasis on water-oriented recreation and conservation projects within both the Santa Monica Mountains Zone and the District’s boundaries. On August 3, 1987, the Rancho Simi Recreation and Park District (“Rancho District”) became a party to the joint powers agreement and a member of MRCA. There was no contribution made by the District to MRCA.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2014

Note 13 – Jointly Governed Organization (Continued)

Mountains Recreation and Conservation Authority (Continued)

MRCA is governed by a four-member board consisting of one member of the District, one member of the Conservancy, the general manager of the Rancho District, and one at-large member. Separate audited financial statements for MRCA are available at 570 West Avenue 26, Suite 100, Los Angeles, CA 90065.

Note 14 – Subsequent Events

Management of the District has evaluated subsequent events through December 30, 2014, the date these financial statements were available to be issued, and has determined there were no subsequent events requiring recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Conejo Recreation and Park District
Required Supplementary Information (Unaudited)
For the year ended June 30, 2014

Note 1 – Budgets and Budgetary Accounting

The District adopts an annual budget on or before August 30. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various District departments.

The Board of Directors may amend the budget by motion during each fiscal year. The General Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The original and revised budgets are presented for the General Fund, Special Assessment District Special Revenue Fund, Dos Vientos Assessment District Special Revenue Fund, and Rancho Conejo Assessment District Special Revenue Fund in the required supplementary information.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended.

Conejo Parks and Recreation District
Required Supplementary Information (Unaudited) (Continued)
For the fiscal year ended June 30, 2014

Note 1 - Budgets and Budgetary Accounting

Budgetary Comparison Schedule, General Fund

| | Budget Amounts | | | Variance with |
|---------------------------------------|----------------|---------------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| REVENUES: | | | | |
| Property taxes | \$ 13,312,000 | \$ 13,688,000 | \$ 14,146,949 | \$ 458,949 |
| Licenses and permits | 14,000 | 14,000 | 10,239 | (3,761) |
| Interest | 65,000 | 65,000 | 59,107 | (5,893) |
| Facilities rental | 544,500 | 544,500 | 678,997 | 134,497 |
| Other governmental agencies | 470,000 | 505,000 | 553,543 | 48,543 |
| Recreation fees | 3,841,802 | 3,845,802 | 3,994,765 | 148,963 |
| Other | 35,000 | 72,000 | 104,897 | 32,897 |
| Total revenues | 18,282,302 | 18,734,302 | 19,548,497 | 814,195 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| District administration | 2,855,685 | 2,879,095 | 2,395,739 | 483,356 |
| Parks and planning | 7,128,544 | 7,583,544 | 7,422,872 | 160,672 |
| Recreation and community services | 7,202,293 | 7,259,893 | 6,695,252 | 564,641 |
| Capital outlay | 316,500 | 322,500 | 322,124 | 376 |
| Total expenditures | 17,503,022 | 18,045,032 | 16,835,987 | 1,209,045 |
| REVENUES OVER (UNDER) EXPENDITURES | 779,280 | 689,270 | 2,712,510 | 2,023,240 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 99,600 | 99,600 | - |
| Transfers out | (616,770) | (718,370) | (745,617) | (27,247) |
| Total other financing sources (uses) | (616,770) | (618,770) | (646,017) | (27,247) |
| Changes in Fund Balance | \$ 162,510 | \$ 70,500 | 2,066,493 | \$ 1,995,993 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 24,487,182 | |
| Prior period adjustments | | | 387,518 | |
| Beginning of fiscal year, as restated | | | 24,874,700 | |
| End of fiscal year | | | \$ 26,941,193 | |

Conejo Parks and Recreation District
Required Supplementary Information (Unaudited) (Continued)
For the fiscal year ended June 30, 2014

Note 1 - Budgets and Budgetary Accounting

Budgetary Comparison Districtwide Assessment District Special Revenue Fund

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Assessments | \$ 1,683,643 | \$ 1,683,643 | \$ 1,692,104 | \$ 8,461 |
| Interest | 2,500 | 2,500 | 10,156 | 7,656 |
| Other governmental agencies | 80,400 | 180,000 | 146,600 | (33,400) |
| Total revenues | 1,766,543 | 1,866,143 | 1,848,860 | (17,283) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks and planning | 1,017,310 | 1,077,310 | 965,011 | 112,299 |
| Capital outlay | 2,064,600 | 2,150,200 | 1,571,413 | 578,787 |
| Total expenditures | 3,081,910 | 3,227,510 | 2,536,424 | 691,086 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,315,367) | (1,361,367) | (687,564) | 673,803 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 340,000 | 491,600 | 741,600 | 250,000 |
| Transfers out | - | (143,600) | (143,600) | - |
| Total other financing sources (uses) | 340,000 | 348,000 | 598,000 | 250,000 |
| Changes in Fund Balance | \$ (975,367) | \$ (1,013,367) | (89,564) | \$ 923,803 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 2,120,077 | |
| End of fiscal year | | | \$ 2,030,513 | |

Conejo Parks and Recreation District
Required Supplementary Information (Unaudited) (Continued)
For the fiscal year ended June 30, 2014

Note 1 - Budgets and Budgetary Accounting

Budgetary Comparison Schedule Dos Vientos Assessment District Special Revenue Fund

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Assessments | \$ 601,958 | \$ 601,958 | \$ 603,323 | \$ 1,365 |
| Licenses and permits | 61,000 | 61,000 | 60,521 | (479) |
| Interest | 1,000 | 1,000 | 15,397 | 14,397 |
| Other | | 25,000 | 26,719 | 1,719 |
| Total revenues | 663,958 | 688,958 | 705,960 | 17,002 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks and planning | 941,901 | 966,901 | 963,142 | 3,759 |
| Capital outlay | 27,000 | 27,000 | 21,510 | 5,490 |
| Total expenditures | 968,901 | 993,901 | 984,652 | 9,249 |
| REVENUES OVER (UNDER) EXPENDITURES | (304,943) | (304,943) | (278,692) | 26,251 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 269,843 | 269,843 | 269,843 | |
| Total other financing sources (uses) | 269,843 | 269,843 | 269,843 | |
| Changes in Fund Balance | \$ (35,100) | \$ (35,100) | (8,849) | \$ 26,251 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 594,434 | |
| End of fiscal year | | | \$ 585,585 | |

Conejo Parks and Recreation District
Required Supplementary Information (Unaudited) (Continued)
For the fiscal year ended June 30, 2014

Note 1 - Budgets and Budgetary Accounting

Budgetary Comparison Schedule Rancho Conejo Assessment District Special Revenue Fund

| | Budget Amounts | | Actual Amount | Variance with Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES : | | | | |
| Assessments | \$ 77,014 | \$ 77,014 | \$ 76,921 | \$ (93) |
| Interest | | | 815 | 815 |
| Other | | | 77,692 | 77,692 |
| Total revenues | <u>77,014</u> | <u>77,014</u> | <u>155,428</u> | <u>78,414</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks and planning | <u>273,033</u> | <u>273,033</u> | <u>242,684</u> | <u>30,349</u> |
| Total expenditures | <u>273,033</u> | <u>273,033</u> | <u>242,684</u> | <u>30,349</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(196,019)</u> | <u>(196,019)</u> | <u>(87,256)</u> | <u>108,763</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | <u>196,019</u> | <u>196,019</u> | <u>124,174</u> | <u>(71,845)</u> |
| Total other financing sources (uses) | <u>196,019</u> | <u>196,019</u> | <u>124,174</u> | <u>(71,845)</u> |
| Changes in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>36,918</u> | <u>\$ 36,918</u> |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | <u>23,068</u> | |
| End of fiscal year | | | <u>\$ 59,986</u> | |

Conejo Recreation and Park District
Required Supplementary Information (Unaudited) (Continued)
For the year ended June 30, 2014

Note 2 – Schedule of Funding Progress

California Public Employees' Retirement System ("CalPERS")

Miscellaneous Employees

| Actuarial Valuation Date | Market Value of Assets | Actuarial Accrued Liability Entry Age | Unfunded Actuarial Accrued Liability | Funded Ratio | Annual Covered Payroll | Unfunded Actuarial Liability as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--|---|-----------------|------------------------------|--|
| June 30, 2008 | \$36,474,113 | \$35,017,094 | \$ 1,457,019 | 104.20% | \$7,158,102 | N/A |
| June 30, 2009 | 27,350,745 | 39,062,870 | (11,712,125) | 70.00% | 7,294,485 | 160.10% |
| June 30, 2010 | 30,720,989 | 40,999,430 | (10,278,411) | 74.90% | 7,813,746 | 131.50% |
| June 30, 2011 | 36,633,522 | 43,926,145 | (7,292,623) | 83.40% | 7,616,498 | 95.80% |
| June 30, 2012 | 36,035,161 | 45,980,800 | (9,945,639) | 78.40% | 7,589,482 | 131.10% |
| June 30, 2013 | 39,659,611 | 48,027,445 | (8,367,834) | 82.60% | 7,438,616 | 112.50% |

Other Post Employment Benefits

| Actuarial Valuation Date | Actuarial Asset Value | Actuarial Accrued Liability Entry Age | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Actuarial Liability as a Percentage of Covered Payroll |
|--------------------------------|-----------------------------|--|---|-----------------|--------------------|--|
| July 1, 2008 | \$ - | \$ 6,119,659 | \$(6,119,659) | 0.00% | \$6,451,938 | 94.85% |
| July 1, 2011 | - | 7,503,813 | (7,503,813) | 0.00% | 6,853,931 | 109.48% |

* July 1, 2008 was the implementation year. Prior year information is not available.

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FIDUCIARY FUNDS

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Conejo Recreation and Park District
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

| | Agency Funds | | | | | | | |
|----------------------------|---------------------------------------|----------------------------------|---|----------------------------|-------------------------------------|--|--|---------------------|
| | Farland House Revolving Fund | Wildwood Flood Repair Fund | Goebel Adult Community Center Fund | Fireworks Trust Fund | CSVP Advisory Council Fund | Therapeutic Advisory Council Fund | Part - Time Employee Pension Reserve Fund | Totals |
| ASSETS | | | | | | | | |
| Cash and investments | \$ 293,425 | \$ 368,862 | \$ 44,135 | \$ 24,685 | \$ 140,322 | \$ 86,713 | \$ 426,143 | \$ 1,384,285 |
| Interest receivable | 110 | 147 | 17 | 22 | 75 | 42 | | 413 |
| Total assets | \$ 293,535 | \$ 369,009 | \$ 44,152 | \$ 24,707 | \$ 140,397 | \$ 86,755 | \$ 426,143 | \$ 1,384,698 |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 86,755 | \$ 21 | \$ 86,776 |
| Deposits payable | 293,535 | 369,009 | 44,152 | 24,707 | 140,397 | | | 871,800 |
| Part-time pensions payable | | | | | | | 426,122 | 426,122 |
| Total liabilities | \$ 293,535 | \$ 369,009 | \$ 44,152 | \$ 24,707 | \$ 140,397 | \$ 86,755 | \$ 426,143 | \$ 1,384,698 |

Conejo Recreation and Park District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|--|-------------------------|------------------|-------------------|--------------------------|
| <u>Farland House Revolving Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 272,050 | \$ 21,375 | \$ - | \$ 293,425 |
| Interest receivable | 112 | 1 | (3) | 110 |
| Total assets | \$ 272,162 | \$ 21,376 | \$ (3) | \$ 293,535 |
| Liabilities: | | | | |
| Deposits payable | \$ 272,162 | \$ 21,376 | \$ (3) | \$ 293,535 |
| Total liabilities | \$ 272,162 | \$ 21,376 | \$ (3) | \$ 293,535 |
| <u>Wildwood Flood Repair Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 368,210 | \$ 652 | \$ - | \$ 368,862 |
| Interest receivable | 161 | 146 | (160) | 147 |
| Total assets | \$ 368,371 | \$ 798 | \$ (160) | \$ 369,009 |
| Liabilities: | | | | |
| Deposits payable | \$ 368,371 | \$ 798 | \$ (160) | \$ 369,009 |
| Total liabilities | \$ 368,371 | \$ 798 | \$ (160) | \$ 369,009 |
| <u>Goebel Adult Community Center Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 44,058 | \$ 77 | \$ - | \$ 44,135 |
| Interest receivable | 19 | 17 | (19) | 17 |
| Total assets | \$ 44,077 | \$ 94 | \$ (19) | \$ 44,152 |
| Liabilities: | | | | |
| Deposits payable | \$ 44,077 | \$ 94 | \$ (19) | \$ 44,152 |
| Total liabilities | \$ 44,077 | \$ 94 | \$ (19) | \$ 44,152 |
| <u>Fireworks Trust Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 28,420 | \$ 276 | \$ (4,011) | \$ 24,685 |
| Interest receivable | 37 | 43 | (58) | 22 |
| Total assets | \$ 28,457 | \$ 319 | \$ (4,069) | \$ 24,707 |
| Liabilities: | | | | |
| Deposits payable | \$ 28,457 | \$ 319 | \$ (4,069) | \$ 24,707 |
| Total liabilities | \$ 28,457 | \$ 319 | \$ (4,069) | \$ 24,707 |

Conejo Recreation and Park District
Combining Statement of Changes in Fiduciary Assets and Liabilities (Continued)
Agency Funds
For the fiscal year ended June 30, 2014

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|-------------------------|------------------|--------------------|--------------------------|
| <u>CSVP Advisory Council Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 134,667 | \$ 38,508 | \$ (32,853) | \$ 140,322 |
| Interest receivable | 130 | 149 | (204) | 75 |
| Total assets | \$ 134,797 | \$ 38,657 | \$ (33,057) | \$ 140,397 |
| Liabilities: | | | | |
| Deposits payable | \$ 134,797 | \$ 38,657 | \$ (33,057) | \$ 140,397 |
| Total liabilities | \$ 134,797 | \$ 38,657 | \$ (33,057) | \$ 140,397 |
| <u>Therapeutic Advisory Council Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 83,537 | \$ 29,297 | \$ (26,121) | \$ 86,713 |
| Interest receivable | 72 | 83 | (113) | 42 |
| Total assets | \$ 83,609 | \$ 29,380 | \$ (26,234) | \$ 86,755 |
| Liabilities: | | | | |
| Accounts payable | \$ 83,609 | \$ 29,380 | \$ (26,234) | \$ 86,755 |
| Total liabilities | \$ 83,609 | \$ 29,380 | \$ (26,234) | \$ 86,755 |
| <u>Part-Time Pension Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 425,389 | \$ 754 | \$ - | \$ 426,143 |
| Total assets | \$ 425,389 | \$ 754 | \$ - | \$ 426,143 |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 21 | \$ - | \$ 21 |
| Part-time pensions payable | 425,389 | 733 | | 426,122 |
| Total liabilities | \$ 425,389 | \$ 754 | \$ - | \$ 426,143 |
| <u>Total All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,356,331 | \$ 90,939 | \$ (62,985) | \$ 1,384,285 |
| Interest receivable | 531 | 439 | (557) | 413 |
| Total assets | \$ 1,356,862 | \$ 91,378 | \$ (63,542) | \$ 1,384,698 |
| Liabilities: | | | | |
| Accounts payable | \$ 83,609 | \$ 29,401 | \$ (26,234) | \$ 86,776 |
| Deposits payable | 847,864 | 61,244 | (37,308) | 871,800 |
| Part-time pensions payable | 425,389 | 733 | | 426,122 |
| Total liabilities | \$ 1,356,862 | \$ 91,378 | \$ (63,542) | \$ 1,384,698 |

