

CONEJO RECREATION & PARK DISTRICT

GENERAL MANAGER
Jim Friedl

BOARD OF DIRECTORS

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

GENERAL MANAGER EMERITUS
Tex Ward

TO: Board of Directors
FROM: Jim Friedl, General Manager
DATE: December 20, 2012
SUBJECT: Annual Audit Report

RECOMMENDATION

Board of Directors accept the financial statements for the year ending June 30, 2012, as prepared by the accounting firm of Pun & McGeady, CPAs.

DISCUSSION

Attached are the financial statements for the year ending June 30, 2012. 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.

As a result of this audit, the auditors had the following findings and recommendations:

Capital Assets

The District does not have Standard Procedures that address the following:

- a. Performing periodic inventories on its capital assets;*
- b. Reconciling the periodic inventories to the capital asset records; and*
- c. Reviewing process of the capital asset records.*

During our audit, we noted that a capital asset was omitted from the capital assets schedule. The cause of this deficiency was due to a lack of review of the final schedule prior to presenting it to us.

Authorized Signer of Bank Accounts

The District does not have a formal policy that addresses removing persons who are no longer employed by the District from its authorized personnel on its investment accounts. During our audit, we noted that the former Accounting Supervisor, who retired in May, 2012, was still listed as an authorized user on the District's LAIF account as of August, 2012. We recommend that the District adopt a policy to remove former employees from its accounts effective the day of the employee's termination.

Journal Entries

The District does not have a formal policy that addresses maintaining journal entries and supporting documentation or approving journal entries. During our audit, the District was unable to provide the supporting documentation for one selected item, as well as one entry that was not properly approved and signed off. We recommend that the District adopt a policy to maintain and approve its manual journal entries.

Management's Response

Management concurs with the findings and will implement appropriate policies and procedures.

The following information updates the Board on progress made in an area the auditors suggested for improvement during the course of prior audit work.

Outstanding Checks

We noted that the District does not have a formal policy that addresses old outstanding checks over one year old. We recommend that the District adopt a policy to investigate and resolve old outstanding checks.

Management concurs with the finding and will implement a policy. Note that prior to the audit, District staff had begun investigating and resolving old outstanding checks.

Capital Assets

The District does not integrate capital asset additions and deletions into the General Ledger. Although the District has a capital assets computer module, it is not being used. Instead, the District maintains Excel spreadsheets for all capital assets, including all additions and deletions. The General Ledger is the official record of the District and

all financial information should be recorded in the General Ledger. We recommend that the District integrate and maintain its capital assets information in the computerized General Ledger of the District.

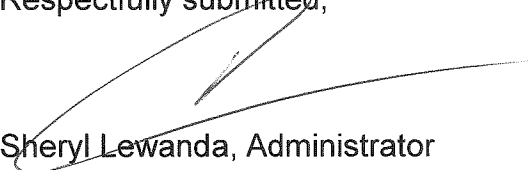
Management's Response

Capital assets have been added to the District's new .net system. Reconciliation of the data is ongoing.

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



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November 16, 2012

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

We have audited the financial statements of the Conejo Recreation and Park District (the "District") for the year ended June 30, 2012, and have issued our report thereon dated November 16, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 14, 2012, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriations of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We performed the audit according to the planned scope and timing previously communicated to you.

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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the District during the 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:

- Management's estimate of the fair value of investments is based on information provided by the County of Ventura and the State of California. We evaluated the key factors and assumptions used to develop the investment fair market value in determining that it is reasonable in relation to the financial statements as a whole.
- Management's estimate of the depreciation on capital assets is based on historical useful lives of capital assets and industry standards. We evaluated the key factors and assumptions used to calculate depreciation in determining that it is reasonable in relation to the financial statements as a whole.
- Management's estimate of the 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 the claims payable in determining that it is reasonable in relation to the financial statements 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

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

To the Board of Directors
of the Conejo Recreation and Park District
Thousand Oaks, California
Page 3

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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 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 November 16, 2012.

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 governmental unit'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.

Communicating Internal Control Related Matters under SAS No. 115

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, 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.

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

Item 2012-01 Outstanding Checks

The District does not have a formal policy that addresses outstanding checks over one year old. We recommend that the District adopt a policy to investigate and resolve old outstanding checks.

Item 2012-02 Capital Assets

The District does not have Standard Procedures that address the following:

- a. Performing periodic inventories on its capital assets;
- b. Reconciling the periodic inventories to the capital asset records; and
- c. Reviewing process of the capital asset records.

During our audit, we noted that a capital asset was omitted from the capital assets schedule. The cause of this deficiency was due to a lack of review of the final schedule prior to presenting it to us.

Item 2012-03 Human Resource and Authorized Signer of Bank Accounts

The District does not have a formal policy that addresses removing persons who are no longer employed by the District from its authorized personnel on its investment accounts. During our audit, we noted that the former Accounting Supervisor, who retired in May 2012, was still listed as an authorized user on the District's LAIF account as of August 2012. We recommend that the District adopt a policy to remove former employees from its accounts effective the day of the employee's termination.

Item 2012-04 Journal Entries

The District does not have a formal policy that addresses maintaining journal entries and supporting documentation or approving journal entries. During our audit, the District was unable to provide the supporting documentation for one selected item, as well as one entry that was not properly approved and signed off. We recommend that the District adopt a policy to maintain and approve its manual journal entries.

Item 2012-05 Payroll

During the testing of internal controls, it was noted that there was an employee underpaid by six hours due to a mathematical error when calculating the timesheet, even though the timesheet was reviewed by the employee, Department Supervisor, and Accounting Supervisor prior to the processing of payroll. Also, there was a timesheet that was not signed and dated by the supervisor who was responsible for reviewing it. Therefore, there was no indication that the timesheet was reviewed before submitting to payroll.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Pun & McGeedy LLP". The signature is written in a cursive, flowing style.

Pun & McGeedy LLP
Certified Public Accountants and Business Advisors
Irvine, California

Conejo Recreation and Park District

Thousand Oaks, California

Basic Financial Statements and Independent Auditors' Report

For the year ended June 30, 2012



PUN & McGEADY

Conejo Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

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

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 year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 page 3 through 12 and 49 through 55, respectively, be presented to supplement the basic financial statements. Such information, although not a required 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.

To the Board of Directors
of the Conejo Recreation and Park District
Thousand Oaks, California
Page 2

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Paul J. Mc Geady LLP

Irvine, California
November 16, 2012

Conejo Recreation and Park District

Management's Discussion and Analysis

For the year ended June 30, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

Government-wide

- On June 30, 2012, District assets exceeded its liabilities by \$136.0 million (net assets). Of this amount, \$56.5 million was unrestricted, which is comprised of \$34.2 million of investment in joint venture and \$22.3 million that may be used to meet the District's ongoing obligations to citizens and creditors. The District's net assets increased \$2.7 million during the fiscal year.

Fund Basis

- At the close of fiscal year 2011-12, District governmental funds reports a combined ending fund balance of \$30.4 million, a decrease of \$1.3 million in comparison with the prior year. Approximately \$23.8 million or 78.4 percent is in the General Fund. Of this amount, \$6.5 million is unassigned General Fund balance.
- At the close of fiscal year 2011-12, the General Fund budget to actual report shows a \$2.8 million increase in appropriation from original to final budget. Fund balance decreased by \$1.4 million rather than the budgeted \$2.7 million decrease. Actual revenues were less than budgeted by \$0.1 million and actual expenditures and transfers were less than budgeted by \$1.4 million.
- As of June 30, 2012, the District's other governmental funds, excluding the General Fund, reported combined ending fund balances of \$6.5 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.

Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012

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 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, Special Assessment District Special Revenue Fund, Dos Vientos Assessment District Special Revenue Fund, Rancho Conejo Assessment District 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, Special Assessment District Special Revenue Fund, Dos Vientos Assessment District Special Revenue Fund, and Rancho Conejo Assessment District Special Revenue Fund, pages 50 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 statements, because the resources of those funds are not available to support the District's own programs.

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

Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012

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 27 - 47 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and supplementary information, which can be found on pages 49 - 62.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. District assets exceed liabilities by \$136.0 million at June 30, 2012, as summarized below:

Statement of Net Assets
June 30,

	2012	2011
Assets:		
Cash and investments	\$ 32,208,071	\$ 32,546,510
Receivables	402,170	205,886
Contributions receivable	1,025,866	1,027,271
Other assets	20,593	28,709
Investment in Joint Venture	34,209,716	34,051,745
Capital assets (net of depreciation)	74,168,497	69,620,619
Total assets	142,034,913	137,480,740
Liabilities:		
Accounts payable	1,443,098	630,800
Other current liabilities	1,070,823	639,501
Noncurrent liabilities	3,519,318	2,902,661
Total liabilities	6,033,239	4,172,962
Net assets:		
Invested in capital assets	74,168,497	69,620,619
Restricted	5,306,154	5,901,550
Unrestricted	56,527,023	57,785,609
Total net assets	\$136,001,674	\$133,307,778

Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012

The largest portion (54.5 percent) of the District's net assets reflects its investment of \$74.2 million in capital assets (land, buildings, improvements, equipment, infrastructure and construction in progress, net of accumulated depreciation). 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.

Another portion of the District's net assets, \$5.3 million (3.9 percent) represents resources that are subject to external restriction on how they may be used. \$34.2 million in unrestricted net assets 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 \$33.7 million. These assets are not available for future spending. The remaining balance \$22.3 million (16.4 percent) may be used to meet the District's ongoing obligation to citizens and creditors and to meet District imposed designations for post employment benefits other than pensions and operating reserves.

The increase in receivables reflects additional accounts receivable and interest receivable. The increase in accounts payable reflects capital project expenses incurred but not paid at year end.

The increase in current liabilities reflects deferred revenues of \$0.3 million for future capital projects. The increase in noncurrent liabilities in fiscal year 2011-12 was due to Other Postemployment Benefits (OPEB) liability of \$0.5 million. The District has committed \$4.7 million of General Fund balance for OPEB costs.

Restricted net assets reflects resources available in the District's three Assessment Districts. The decrease is primarily due to expenditures on budgeted capital projects.

Statement of Activities

As shown in the table below, the District's net assets increased \$2.7 million during the fiscal year ended June 30, 2012 and \$5.8 million during the fiscal year ending June 30, 2011. The increases are due to revenues exceeding expenses; in fiscal year 2010-11 the increase was due primarily to the \$3.0 million contribution received for a new park in Dos Vientos. Significant construction of the park occurred during FY 11-12. The beginning net assets for FY 10-11 had been restated to reflect the inclusion of the Conejo Open Space Conservation Agency as an investment in joint venture.

Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012

Statement of Activities

June 30,

	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 4,296,673	\$ 4,215,606
Operating Grants & Contributions	1,857,166	1,729,454
Capital Grants & Contributions	3,562,742	5,582,533
General Revenues:		
Property Taxes	11,810,649	11,746,966
Investment Income	357,062	1,406,121
Other	666,401	421,442
Total Revenues	<u>22,550,693</u>	<u>25,102,122</u>
Expenses:		
Parks & Recreation	<u>19,856,797</u>	<u>19,326,795</u>
Increase in Net Assets	2,693,896	5,775,327
Net Assets - Beginning, as Restated	133,307,778	127,532,451
Net Assets - Ending	<u>\$ 136,001,674</u>	<u>\$ 133,307,778</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 District's 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 2011-12, District governmental funds reported a combined ending fund balance of \$30.4 million, a decrease of \$1.3 million in comparison with the prior year. Approximately \$23.8 million or 78.4 percent is in the General Fund. Of this amount, \$17.3 million is being held for specific purposes.

**Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012**

The following are the District's major funds:

General Fund

The General Fund is the District's primary operating fund. It showed a decrease of \$1.4 million in fund balance for the year ended June 30, 2012. At June 30, 2012, the fund balance was \$23.8 million. As a measure of liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 146.9 percent of total general fund expenditures, excluding transfers.

Special Assessment District Special Revenue Fund

The Special Assessment District Fund accounts for a district-wide assessment for park maintenance and capital projects. Major projects during the fiscal year include planning and start of construction for Oakbrook Neighborhood Park, planning and start of construction for Oakbrook Service Yard, Playground Facilities at La Canada Park, and the Conejo Canyons Bridge. Delays in construction of the Oakbrook Neighborhood Park contributed to a fund balance increase of \$1.2 million for a balance of \$3.8 million at June 30, 2012.

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. Construction of the Del Prado Playfields Park contributed to an expected decrease in fund balance of \$1.7 million, leaving a balance of \$1.5 million at June 30, 2012.

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. Construction of a parking lot expansion at the Rancho Conejo Playfields contributed to a planned decrease in fund balance of \$0.1 million, leaving a balance of \$0.03 million at June 30, 2012.

Capital Projects Fund

The Capital Projects Fund provides resources for construction of capital projects. Major projects include completion of the visitor center at McCrea Ranch, initiation of construction of a snack shack at Conejo Creek South Park, replacement of the Estella Park restroom which was lost in a fire, and utilities at Potrero open space. Fund balance increased \$0.7 million for a total of \$1.2 million at June 30, 2012.

**Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012**

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget to actual report can be found on page 51 of this report. Increases between the original and final budget were \$2.8 million due to Board approved budget adjustments, including \$1.9 million in support of the Del Prado Playfield construction, \$0.4 million for construction of the Snack Shack, and \$0.3 million for the Oakbrook Neighborhood Park.

Total actual revenues were under budget by \$0.1 million - Property tax revenues were under budget by \$0.3 million which was offset by increases in Facilities rental and Recreation fees. Actual operating expenditures were less than budgeted by \$1.4 million across all divisions.

Actual revenues exceeded actual expenditures by \$2.1 million. Actual transfers out of the General Fund of \$3.5 million - primarily for capital projects - led to a net decrease in fund balance of \$1.4 million.

Special Assessment 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 Other revenue account, the Capital outlay expenditure account and the Transfer in account to recognize revenue from the bonding company, a contribution from the General Fund and an increase in appropriations for the Oakbrook Neighborhood Park project due to the bankrupt contractor.

The positive variance in the Capital outlay expenditure account primarily reflects appropriation that will be carried into FY12-13 to complete capital projects in progress.

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 primarily reflects a \$1.9 million transfer in from the General Fund in support of the Del Prado Playfields capital project.

The additional \$0.2 million in actual collections in Licenses and permits revenue account reflects cell tower revenues in excess of expectations. The \$1.0 million variance in the Capital outlay expenditure account will be carried into FY12-13 to complete the Del Prado Playfield project.

Rancho Conejo Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 54 of this report. Changes from the original to final budgets reflect increases in revenue and appropriations for the Parking Lot Expansion project due to settlement with the bankrupt contractor's bonding company. The variance available in the Capital Outlay expenditure account will be carried into FY12-13 to complete the Parking Lot Expansion project.

Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

District investment in capital assets for its governmental activities as of June 30, 2012, totaled \$74.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total increase in capital assets for fiscal year 2011-12 was \$4.6 million, or 6.6 percent. Additional information on the District's capital assets can be found on page 40 of this report. Capital assets are summarized below:

Capital Assets (net of accumulated depreciation)
June 30,

	2012	2011
Land	\$ 41,498,102	\$ 41,498,102
Buildings	6,011,682	4,443,880
Improvements	15,747,284	16,472,429
Equipment	1,400,449	1,289,477
Construction in Progress	9,510,980	5,916,731
	<u>\$ 74,168,497</u>	<u>\$ 69,620,619</u>

Major capital asset events during the fiscal year included completion of the visitor center at McCrea Ranch, playground facilities at La Canada Park, construction of Del Prado playfields in Dos Vientos, installation of Conejo Canyons bridge and utilities at Potrero open space, replacement of Estella Park Restroom, development of a snack shack at Conejo Creek South Park, initial construction at Oakbrook Neighborhood Park and Oakbrook Service Yard, and parking expansion at Rancho Conejo Park. The increase in Construction in Progress reflects projects in progress, but not completed or in service at June 30, 2012. The bankruptcy of a construction contractor during the year delayed projects that would otherwise have been completed. The District settled with the contractor's bonding company and construction of the affected projects is underway.

Long-term debt

The District has no outstanding debt at June 30, 2012.

Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The focus of this annual report is the economic condition of the District as of June 30, 2012, however, national, state and local issues have economic impacts on the District and are worthy of consideration in this report.

The nation continues to slowly recover from one of the worst recessions in its history. Unemployment remains high. The decline in financial markets, falling home values, ongoing unemployment, and stimulus packages continue to contribute to record federal budget deficits.

In November 2011, the Legislative Analyst's Office projected that the State had a \$12 billion general fund deficit through fiscal year 2011-12. Although Proposition 22, which prohibits the State from delays/takeaways of local government funding, was passed by California voters in November 2010, this did not deter the State from eliminating Redevelopment Agencies in order to balance its fiscal year 2011-12 budget. The State's continued grab 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 be generally flat from fiscal year 2011-12 to fiscal year 2012-13, a consequence of the current housing market. Managing District resources in an environment of flat revenues coupled with increasing costs, particularly for water, 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. Although the portfolio value increased 13 percent and 20 percent for the years ended June 30, 2010 and 2011, respectfully, investment returns at June 30, 2012 were 0 percent, driving increases in future employer contribution rates. The actual change in contribution rates is driven by actuarial assumptions and projected future portfolio earnings. The District's employer contribution rates increased from 6.609% for fiscal year 2009-10, to 8.265% for fiscal year 2012-13.

Using the existing actuarial assumptions and projected portfolio returns, the preliminary estimates for fiscal years 2013-14, 2014-15, and 2015-16 are 8.607%, 9.900% and 10.300 respectively. Effective in December, 2009, the District implemented a second tier retirement program – new enrollees are eligible for the 2% at 60 formula rather than the 2% at 55 formula, which will save the District money over time. Pension reform legislation adopted at the State level will set a new formula, 2% 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, will drive contribution rates down over the coming decades.

Locally, the District encompasses a community that has reached build out, thus fees from 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.

Conejo Recreation and Park District
Management's Discussion and Analysis, Continued
For the year ended June 30, 2012

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 should be addressed to the Management Services Administrator, Conejo Recreation and Park District, 403 W. Hillcrest Dr., Thousand Oaks, California, 91360 or call 805-495-6471 or email parks@crpd.org.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Conejo Recreation and Park District
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 31,874,851
Cash with fiscal agent	333,220
Receivables:	
Accounts	173,485
Interest	120,551
Taxes	93,236
Loans	14,898
Prepaid items	7,458
Other assets	13,135
Total current assets	<u>32,630,834</u>
Noncurrent assets:	
Contribution receivable (Note 5)	1,025,866
Investment in joint venture (Note 12)	34,209,716
Capital assets:	
Nondepreciable	51,009,082
Depreciable, net	23,159,415
Total capital assets, net	<u>74,168,497</u>
Total noncurrent assets	<u>109,404,079</u>
Total assets	<u>142,034,913</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,443,098
Payroll and related liabilities	425,970
Refundable deposits	20,804
Unearned revenues	364,049
Claims payable - due in less than one year	75,000
Compensated absences - due in less than one year	185,000
Total current liabilities	<u>2,513,921</u>
Noncurrent liabilities:	
Claims payable - due in more than one year	480,612
Compensated absences - due in more than one year	821,637
Net other post employment benefits obligation (Note 9)	2,217,069
Total noncurrent liabilities	<u>3,519,318</u>
Total liabilities	<u>6,033,239</u>
NET ASSETS	
Invested in capital assets	74,168,497
Restricted for:	
Assessment Districts	5,306,154
Unrestricted	56,527,023
Total net assets	<u>\$ 136,001,674</u>

See accompanying Notes to Basic Financial Statements.

Conejo Recreation and Park District
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental activities:					
Parks and recreation	\$ 19,856,797	\$ 4,296,673	\$ 1,857,166	\$ 3,562,742	\$ (10,140,216)
Total governmental activities	\$ 19,856,797	\$ 4,296,673	\$ 1,857,166	\$ 3,562,742	(10,140,216)
General Revenues:					
Taxes:					
Secured and unsecured property taxes					11,810,649
Investment income					357,062
Licenses and permits					506,673
Other					159,728
Total general revenues					12,834,112
Changes in net assets					2,693,896
Net assets:					
Beginning of year					133,307,778
End of year					\$ 136,001,674

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FUND FINANCIAL STATEMENTS

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Conejo Recreation and Park District
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds					
	Special Revenue Funds				Capital Projects Fund	Total Governmental Funds
	General Fund	Special Assessment District Fund	Dos Vientos Assessment District Fund	Rancho Conejo Assessment District Fund		
ASSETS						
Cash and investments	\$ 24,489,154	\$ 3,753,866	\$ 1,853,416	\$ 160,728	\$ 1,617,687	\$ 31,874,851
Cash with fiscal agent	-	-	333,220	-	-	333,220
Receivables:						
Accounts	124,552	-	-	-	48,933	173,485
Interest	89,120	15,111	15,292	531	497	120,551
Taxes	45,168	35,380	11,643	1,045	-	93,236
Loans	10,898	4,000	-	-	-	14,898
Contribution receivable (Note 5)	1,025,866	-	-	-	-	1,025,866
Prepaid items	4,000	210	2,527	721	-	7,458
Other assets	13,135	-	-	-	-	13,135
Total assets	\$ 25,801,893	\$ 3,808,567	\$ 2,216,098	\$ 163,025	\$ 1,667,117	\$ 33,656,700
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 512,754	\$ 38,376	\$ 693,381	\$ 130,235	\$ 68,352	\$ 1,443,098
Accrued expenditures	413,884	1,293	8,196	2,597	-	425,970
Refundable deposits	20,804	-	-	-	-	20,804
Deferred revenues	1,025,866	-	-	-	364,049	1,389,915
Total liabilities	1,973,308	39,669	701,577	132,832	432,401	3,279,787
Fund Balances:						
Nonspendable:						
Prepaid items	4,000	210	2,527	721	-	7,458
Long-term receivables	10,898	4,000	-	-	-	14,898
Restricted for:						
Assessment Districts	-	3,764,688	1,511,994	29,472	-	5,306,154
Committed for:						
Other post employment benefits	4,656,253	-	-	-	-	4,656,253
Claims	5,592,558	-	-	-	-	5,592,558
Operating reserve	2,300,000	-	-	-	-	2,300,000
Equipment replacement	3,472,033	-	-	-	-	3,472,033
Assigned for:						
Retirement	1,239,699	-	-	-	-	1,239,699
Capital projects	-	-	-	-	1,234,716	1,234,716
Other purposes	73,263	-	-	-	-	73,263
Unassigned	6,479,881	-	-	-	-	6,479,881
Total fund balances	23,828,585	3,768,898	1,514,521	30,193	1,234,716	30,376,913
Total liabilities and fund balances	\$ 25,801,893	\$ 3,808,567	\$ 2,216,098	\$ 163,025	\$ 1,667,117	\$ 33,656,700

See accompanying Notes to Basic Financial Statements.

Conejo Recreation and Park District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012

Total Fund Balances - Total Governmental Funds	\$	30,376,913
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Amounts reported for governmental activities in the government-wide Statement of Net Assets were different because:

In governmental funds, only current assets were reported. In the statement of net assets, all assets reported, including capital assets and accumulated depreciation.

Nondepreciable capital assets	51,009,082	
Depreciable capital assets, net	23,159,415	74,168,497

Investment in joint venture has not been included as financial resources in the governmental funds.	34,209,716
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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.	1,025,866
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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	(75,000)	
Claims payable - due in more than one year	(480,612)	
Compensated absences - due within one year	(185,000)	
Compensated absences - due in more than one year	(821,637)	
Net other post employment benefits obligation	(2,217,069)	

Net assets of governmental activities	\$	136,001,674
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Conejo Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds					
	Special Revenue Funds					Total Governmental Funds
	General	Special	Dos Vientos	Rancho Conejo	Capital	
	Fund	Assessment District Fund	Assessment District Fund	Assessment District Fund	Projects Fund	
REVENUES:						
Property taxes	\$ 11,810,649	\$ -	\$ -	\$ -	\$ -	\$ 11,810,649
Assessments	-	1,624,561	492,756	68,776	-	2,186,093
Licenses and permits	13,371	-	305,344	-	187,958	506,673
Interest	132,491	30,352	34,195	1,002	1,051	199,091
Facilities rental	523,921	-	-	-	-	523,921
Other governmental agencies	1,857,166	120,000	-	-	104,146	2,081,312
Recreation fees	3,772,752	-	-	-	-	3,772,752
Other	160,722	655,348	1,033	79,868	416,665	1,313,636
Total revenues	18,271,072	2,430,261	833,328	149,646	709,820	22,394,127
EXPENDITURES:						
Current:						
Parks and recreation:						
District administration	2,223,824	-	-	-	-	2,223,824
Parks and planning	7,066,750	534,656	651,755	274,659	-	8,527,820
Recreation and community services	6,614,801	-	-	-	-	6,614,801
Capital outlay	311,657	1,178,710	4,065,955	225,029	555,222	6,336,573
Total expenditures	16,217,032	1,713,366	4,717,710	499,688	555,222	23,703,018
REVENUES OVER (UNDER) EXPENDITURE	2,054,040	716,895	(3,884,382)	(350,042)	154,598	(1,308,891)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	550,000	2,187,410	261,181	526,955	3,525,546
Transfers out	(3,450,546)	(75,000)	-	-	-	(3,525,546)
Total other financing sources (uses)	(3,450,546)	475,000	2,187,410	261,181	526,955	-
Net change in fund balances	(1,396,506)	1,191,895	(1,696,972)	(88,861)	681,553	(1,308,891)
FUND BALANCES:						
Beginning of year	25,225,091	2,577,003	3,211,493	119,054	553,163	31,685,804
End of year	\$ 23,828,585	\$ 3,768,898	\$ 1,514,521	\$ 30,193	\$ 1,234,716	\$ 30,376,913

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 and Changes in Net Assets For the Year Ended June 30, 2012

Net change in fund balance - total governmental funds:	\$ (1,308,891)
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Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets 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 (\$60,708 of capital outlay expenditures was for current park and recreation expenditures and was not capitalized)	6,275,865
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Depreciation expense on capital assets was reported in the government-wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds.	(1,727,987)
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Investment revenue earned from investment in joint venture.	157,971
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Change in claims payable expense was reported in the government-wide Statement of Activities and Changes in Net Assets, 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.	(100,497)
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Change in long-term compensated absences was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, the increase in long-term compensated absences was not reported as an expenditure in the governmental funds.	(112,434)
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Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included in the government-wide statements.	(1,405)
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Net other postemployment benefits obligation was reported in the government-wide Statement of Activities and Changes in Net Assets, 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.	(488,726)
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Change in net assets of governmental activities	\$ 2,693,896
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FIDUCIARY FUND FINANCIAL STATEMENTS

Conejo Recreation and Park District
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 880,911
Interest receivable	<u>794</u>
Total assets	<u><u>\$ 881,705</u></u>
LIABILITIES	
Deposits	<u>\$ 881,705</u>
Total liabilities	<u><u>\$ 881,705</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

Conejo Recreation and Park District
Notes to Basic Financial Statements
For the year ended June 30, 2012

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, which is an entity 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. This District's component unit, which is described below, is a blended 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 Government 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 Assets and a Statement of Activities and Changes in Net Assets. Fiduciary Activities of the District are not included in these statements.

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 Assets. The Statement of Activities and Changes in Net Assets presents changes in net assets. 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.

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

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Activities and Changes in Net Assets 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 assets as presented in these statements to the net assets 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 Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is 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.

Special 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.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Major Funds, Continued

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 Assets. 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 accrual basis accounting.

Fiduciary Funds

Agency Funds - These funds account for assets of others for which the District acts as an agent. The District maintains six agency funds: Farland House Revolving, Wildwood Flood Repair, Goebel Senior Adult Center, Fireworks Trust, RSVP Advisory Council and Therapeutic Advisory Council.

C. 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.

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.

D. 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 in excess of three years.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Capital Assets, Continued

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.

E. Prepaid Items

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

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 Assets.

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.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Compensated Absences, Continued

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.

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 fiscal year. Significant penalties are imposed by the county for late payments.

Tax Levy Apportionments – due to the nature of the District-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 District-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.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. *Net Assets and Fund Balances*

Government-Wide Financial Statements

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets – This amount consists of capital assets, net of accumulated depreciation.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets” or “restricted net assets” as defined above.

Use of Restricted and Unrestricted Net Assets

When expenses are incurred for purposes for which both restricted and unrestricted net assets are available, the District’s policy is to apply restricted net assets first, then unrestricted net assets as they are needed.

Fund Financial Statements

Nonspendable Fund Balance – This amount indicates that portion of fund balance which cannot be spent because they are 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 to be used for specific purposes, but is neither restricted nor committed. The General Manager is designated 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.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, 2012:

	Government-Wide Statement of Net Assets Governmental Activities	Fiduciary Fund Statement of Net Assets	Total
Cash and investments	\$ 31,874,851	\$ 880,911	\$ 32,755,762
Cash with fiscal agent	333,220	-	333,220
Total cash and investments	\$ 32,208,071	\$ 880,911	\$ 33,088,982

Cash and investments were comprised of the following at June 30, 2012:

Cash and cash equivalents:

Petty cash	\$ 1,500
Cash on hand	43,104
Demand deposits	1,165,758
Cash held in escrow	333,220
Total cash and cash equivalents	1,543,582

Investments:

Local Agency Investment Fund	2,262,938
Ventura County Investment Pool	29,282,462
Total investments	31,545,400
Total cash and investments	\$ 33,088,982

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

B. Cash Deposits

The carrying amounts of the District's demand deposits were \$1,165,758 at June 30, 2012. Bank balances at June 30, 2012, were \$1,376,616 which were fully insured or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

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 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 may waive collateral requirements for cash deposits, which are fully insured by the Federal Deposit Insurance Corporation ("FDIC") through December 31, 2012. The District, however, has not waived the collateralization requirements.

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

As of June 30, 2012, the District had \$2,262,938 invested in LAIF. The District valued its investments in LAIF as of June 30, 2012, 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 1.001219643.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS Continued

D. Investment in Local Agency Investment Fund, Continued

The District's investments with LAIF at June 30, 2012, included 3.47% 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.

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

E. Investment in Ventura County Investment Pool

As of June 30, 2012, the District had \$29,282,462 invested in the Ventura County Investment Pool (the "County Pool"). The District valued its investments in the County Pool as of June 30, 2012 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, 2012, the District had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)
		Less than 1
Local Agency Investment Fund	\$ 2,262,938	\$ 2,262,938
Ventura County Investment Pool	29,282,462	29,282,462
Total	\$ 31,545,400	\$ 31,545,400

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

F. Risk Disclosures, Continued

Credit Risk, Continued

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 & Poor's</u>
Local Agency Investment Fund	Not Rated	Not Rated
Ventura County Investment Pool	Aa2	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 Fund	\$ 2,262,938	7.17%
Ventura County Investment Pool	29,282,462	92.83%
Total	<u>\$ 31,545,400</u>	<u>100.00%</u>

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.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES

A. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2012:

Agency	Accounts Receivable
Other government agencies	\$ 99,908
California Association for Park and Recreation Indemnity	38,118
Arts Council of the Conejo Valley	35,459
Total	\$ 173,485

B. Interest Receivable

Interest receivable consisted of the following at June 30, 2012:

Agency	Interest Receivable
Local Agency Investment Fund	\$ 2,384
Ventura County Investment Pool	118,167
Total	\$ 120,551

C. Taxes Receivable

Taxes receivable, due from the County of Ventura, consisted of the following at June 30, 2012:

Fund	Taxes Receivable
General Fund	\$ 45,168
Special Assessment District Special Revenue Fund	35,380
Dos Vientos Assessment District Special Revenue Fund	11,643
Rancho Conejo Assessment District Special Revenue Fund	1,045
Total	\$ 93,236

D. Loans Receivable

Loans receivable consisted of the following at June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Computers	\$ 7,396	\$ 11,451	\$ (8,129)	\$ 10,718
Orthodontia	1,422	-	(1,242)	180
Newbury Park Girls Softball	6,000	-	(2,000)	4,000
Total	\$ 14,818	\$ 11,451	\$ (11,371)	\$ 14,898

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES, Continued

D. Loans Receivable, Continued

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 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.

In 2010, the District entered into an agreement whereby improvements were made to the snack facility at Borchard Park, which is used primarily by the Newbury Park Girls Softball ("NPGS"). Funding was in the form of a loan to NPGS for \$10,000 to be paid in \$2,000 annual installments.

4. INTERFUND TRANSACTIONS

Transfers In and Out

At June 30, 2012, the District had the following transfers in/out:

	Transfers In				
	Special Revenue Funds				Total
	Special Assessment District Fund	Dos Vientos Assessment District	Rancho Conejo Assessment District	Capital Projects Fund	
Transfers Out					
General Fund	\$ 550,000	\$ 2,187,410	\$ 261,181	\$ 451,955	\$ 3,450,546
Special Assessment District Fund	-	-	-	75,000	75,000
Total	<u>\$ 550,000</u>	<u>\$ 2,187,410</u>	<u>\$ 261,181</u>	<u>\$ 526,955</u>	<u>\$ 3,525,546</u>

From General Fund: 1) to provide funding for the Special Assessment District for the Oakbrook Neighborhood Park construction and various other capital projects in the amount of \$300,000 and \$250,000, respectively; 2) to provide general property tax support for Dos Vientos Assessment District and Rancho Conejo Assessment District in amount of \$282,410 and \$221,181, respectively; 3) to provide funding for the Del Prado Playfield for the Dos Vientos Assessment District in the amount of \$1,905,000; 4) to provide funding for the Playfield Parking Lot expansion in the amount of \$40,000 for the Rancho Conejo Assessment District; and 5) to provide funding for the Conejo Creek South Snack Shack for the Capital Projects Fund in the amount of \$451,955.

From Special Assessment District Fund to Capital Projects Fund to provide additional funds for the McCrea Ranch Project in the amount of \$75,000.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

5. CONTRIBUTIONS 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 \$772,729 in previous fiscal years and \$1,405 in fiscal year 2011-12 from McCrea \$1,800,000 Charitable Trusts, leaving a balance due at June 30, 2012 in amount of \$1,025,866. The entire balance is due by June 15, 2015.

6. CAPITAL ASSETS

The summary of changes in the capital assets for the year ended June 30, 2012 was as follows:

	Balance as of July 1, 2011	Additions	Retirements	Transfers	Balance as of June 30, 2012
Capital assets not being depreciated:					
Land	\$ 41,498,102	\$ -	\$ -	\$ -	\$ 41,498,102
Construction in progress	5,916,731	5,568,712	-	(1,974,463)	9,510,980
Total capital assets not being depreciated	47,414,833	5,568,712	-	(1,974,463)	51,009,082
Depreciable capital assets:					
Buildings	6,600,526	2,857	-	1,765,902	8,369,285
Improvements	26,351,136	354,035	-	-	26,705,171
Equipment	4,724,261	350,261	-	208,561	5,283,083
Total depreciable capital assets	37,675,923	707,153	-	1,974,463	40,357,539
Less accumulated depreciation:					
Buildings	(2,156,646)	(200,957)	-	-	(2,357,603)
Improvements	(9,878,707)	(1,079,180)	-	-	(10,957,887)
Equipment	(3,434,784)	(447,850)	-	-	(3,882,634)
Total accumulated depreciation	(15,470,137)	(1,727,987)	-	-	(17,198,124)
Total capital assets being depreciated	22,205,786	(1,020,834)	-	1,974,463	23,159,415
Capital assets, net	\$ 69,620,619	\$ 4,547,878	\$ -	\$ -	\$ 74,168,497

7. COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2012 were as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Classification	
					Due Within One Year	Due in More than One Year
Compensated absences	\$ 894,203	\$ 237,434	\$ (125,000)	\$ 1,006,637	\$ 185,000	\$ 821,637
Total	\$ 894,203	\$ 237,434	\$ (125,000)	\$ 1,006,637	\$ 185,000	\$ 821,637

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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.

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 not included in the accompanying financial statements.

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 his interest in benefits under the plan is not subject to attachment, garnishment or other legal process.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. PENSION PLANS, Continued

C. California Public Employees Retirement Systems

Plan Description

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

Funding Policy

Participants are required to contribute 7% for miscellaneous employees of their annual covered salary. The District made the full 7% of contributions required of District employees on their behalf until October 21, 2011, when the plan was amended for the District to make only 5.8% of the 7% of contributions on their behalf. For the fiscal year ended June 30, 2012, the District's contribution was 8.587% for miscellaneous. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Costs

The District's annual pension cost of \$627,529 was equal to the District's required and actual contribution. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.55% to 14.45% depending upon entry age, and (c) 3.00% 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 payrolls on a closed basis. The average remaining amortization period at June 30, 2009 was 23 years.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 474,391	100.0%	\$ -
2011	494,474	100.0%	-
2012	627,529	100.0%	-

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. PENSION PLANS, Continued

C. California Public Employees Retirement Systems, Continued

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 94.5% funded. The entry age accrued liability was \$43,926,145 and the actuarial value of assets was \$41,519,375, resulting in an unfunded liability of \$2,406,770. The covered payroll (annual payroll of active employees covered by the plan) was \$7,616,498 and the ratio of the unfunded liability to the covered payroll was 31.6%. The schedule of funding progress, presented as required supplementary information following the notes to the 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.

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 who 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, 2012, the total contribution made was \$174,712. Thirty-nine retired employees received OPEB benefits during the fiscal year.

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:

	Total
Annual required contribution	\$ 663,541
Interest on net OPEB obligation	77,775
Adjustment to annual required contribution	(77,878)
Annual OPEB cost (expense)	663,438
Contributions made	(174,712)
Increase in net OPEB obligation	488,726
Net OPEB obligation - beginning of year	1,728,343
Net OPEB obligation - end of year	\$ 2,217,069

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

9. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Contribution</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 725,240	\$ 146,894	20.3%	\$ 1,130,537
6/30/2011	767,023	169,217	22.1%	1,728,343
6/30/2012	663,438	174,712	26.3%	2,217,069

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 \$7,503,813, and the actuarial value of assets was \$0, resulting in an Unfunded Actuarial Accrued Liability ("UAAL") of \$7,503,813. The covered payroll (annual payroll of active employees covered by the plan) was \$6,853,931 and the ratio of UAAL to the covered payroll was 109.48%. The schedule of funding progress, presented as required supplementary information following the notes to the 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.

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 \$4,656,253 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 rates 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.

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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, 2012, 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.

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.

	2012
General Liability	\$ 209,638
Workers' Compensation	345,974
Estimated Claims Liability	\$ 555,612

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

	2012	2011	2010
Claims liabilities - beginning balance	\$ 455,115	\$ 645,394	\$ 824,395
Inurred claims, representing the total of a provision for events of the current fiscal year and any change in the provision for events of prior fiscal years	314,597	138,621	33,454
Payments on claims attributable to events of both the current fiscal year and the prior fiscal year	(214,100)	(328,900)	(212,455)
Claims liabilities - ending balance	<u>\$ 555,612</u>	<u>\$ 455,115</u>	<u>\$ 645,394</u>

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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, 2012, 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 \$3,364,931 in outstanding contract commitments for completion of ongoing capital improvements projects at June 30, 2012.

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 to form the Conejo Open Space Conservation Agency ("COSCA"). The Agency 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 financial information for COSCA (unaudited) for the year ended June 30, 2012 is as follows:

	Joint Venture	District Portion
Total assets	\$ 68,462,849	\$ 34,231,425
Total liabilities	43,417	21,708
Net assets:		
Invested in capital assets	67,423,461	33,711,731
Restricted net assets	995,971	497,985
Total net assets	\$ 68,419,432	\$ 34,209,716
Total revenues	\$ 1,402,994	\$ 701,497
Total expenses	(1,087,051)	(543,526)
Changes in net assets	\$ 315,943	\$ 157,971

Conejo Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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 the Authority. There was no contribution made by the District to MRCA.

The Authority 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.

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REQUIRED SUPPLEMENTARY INFORMATION

Conejo Recreation and Park District
Required Supplementary Information (Unaudited)
For the year ended June 30, 2012

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 Recreation and Park District
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule, General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 12,103,000	\$ 12,103,000	\$ 11,810,649	\$ (292,351)
Licenses and permits	14,000	14,000	13,371	(629)
Interest	85,000	140,000	132,491	(7,509)
Facilities rental	371,500	458,500	523,921	65,421
Other governmental agencies	1,815,754	1,915,754	1,857,166	(58,588)
Recreation fees	3,636,996	3,665,996	3,772,752	106,756
Other	79,365	96,365	160,722	64,357
Total revenues	18,105,615	18,393,615	18,271,072	(122,543)
EXPENDITURES:				
Current:				
District administration	2,659,849	2,663,849	2,223,824	440,025
Parks and planning	6,989,249	7,237,249	7,066,750	170,499
Recreation and community services	6,960,455	6,999,155	6,614,801	384,354
Capital outlay	557,433	677,433	311,657	365,776
Total expenditures	17,166,986	17,577,686	16,217,032	1,360,654
REVENUES OVER (UNDER) EXPENDITURES	938,629	815,929	2,054,040	1,238,111
OTHER FINANCING SOURCES (USES):				
Transfers out	(851,847)	(3,548,802)	(3,450,546)	98,256
Total other financing sources (uses)	(851,847)	(3,548,802)	(3,450,546)	98,256
Changes in Fund Balance	\$ 86,782	\$ (2,732,873)	(1,396,506)	\$ 1,336,367
FUND BALANCE:				
Beginning of year			25,225,091	
End of year			\$ 23,828,585	

Conejo Recreation and Park District
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule, Special Assessment District Special Revenue Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Assessments	\$ 1,616,797	\$ 1,616,797	\$ 1,624,561	\$ 7,764
Interest	15,000	15,000	30,352	15,352
Other governmental agencies	70,400	70,400	120,000	49,600
Other	-	653,909	655,348	1,439
Total revenues	1,702,197	2,356,106	2,430,261	74,155
EXPENDITURES:				
Current:				
Parks and planning	634,682	692,682	534,656	158,026
Capital outlay	2,897,100	4,098,759	1,178,710	2,920,049
Total expenditures	3,531,782	4,791,441	1,713,366	3,078,075
REVENUES OVER (UNDER) EXPENDITURES	(1,829,585)	(2,435,335)	716,895	3,152,230
OTHER FINANCING SOURCES (USES):				
Transfers in	-	300,000	550,000	250,000
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources (uses)	(75,000)	225,000	475,000	250,000
Changes in Fund Balance	\$ (1,904,585)	\$ (2,210,335)	1,191,895	\$ 3,402,230
FUND BALANCE:				
Beginning of year			2,577,003	
End of year			\$ 3,768,898	

Conejo Recreation and Park District
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule, Dos Vientos Assessment District Special Revenue Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Assessments	\$ 492,241	\$ 492,241	\$ 492,756	\$ 515
Licenses and permits	58,000	58,000	305,344	247,344
Interest	8,000	8,000	34,195	26,195
Other	-	-	1,033	1,033
Total revenues	558,241	558,241	833,328	275,087
EXPENDITURES:				
Current:				
Parks and planning	835,900	835,900	651,755	184,145
Capital outlay	2,960,000	5,065,000	4,065,955	999,045
Total expenditures	3,795,900	5,900,900	4,717,710	1,183,190
REVENUES OVER (UNDER) EXPENDITURES	(3,237,659)	(5,342,659)	(3,884,382)	1,458,277
OTHER FINANCING SOURCES (USES):				
Transfers in	282,410	2,187,410	2,187,410	-
Total other financing sources (uses)	282,410	2,187,410	2,187,410	-
Changes in Fund Balance	\$ (2,955,249)	\$ (3,155,249)	(1,696,972)	\$ 1,458,277
FUND BALANCE:				
Beginning of year			3,211,493	
End of year			\$ 1,514,521	

Conejo Recreation and Park District
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule, Rancho Conejo Assessment District Special Revenue Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Assessments	\$ 68,269	\$ 68,269	\$ 68,776	\$ 507
Interest	-	-	1,002	1,002
Other	-	79,696	79,868	172
Total revenues	68,269	147,965	149,646	1,681
EXPENDITURES:				
Current:				
Parks and planning	229,136	275,136	274,659	477
Capital outlay	138,000	257,696	225,029	32,667
Total expenditures	367,136	532,832	499,688	33,144
REVENUES OVER (UNDER) EXPENDITURES	(298,867)	(384,867)	(350,042)	34,825
OTHER FINANCING SOURCES (USES):				
Transfers in	221,181	261,181	261,181	-
Total other financing sources (uses)	221,181	261,181	261,181	-
Changes in Fund Balance	\$ (77,686)	\$ (123,686)	(88,861)	\$ 34,825
FUND BALANCE:				
Beginning of year			119,054	
End of year			\$ 30,193	

Conejo Recreation and Park District
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

2. SCHEDULES OF FUNDING PROGRESS

PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
June 30, 2009	\$ 37,647,640	\$ 39,062,870	\$ 1,415,230	96.4%	\$ 7,294,485	19.4%
June 30, 2010	39,468,657	40,999,430	1,530,773	96.3%	7,813,746	19.6%
June 30, 2011	41,519,375	43,926,145	2,406,770	94.5%	7,616,498	31.6%

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 Percentage of Covered Payroll
July 1, 2008	\$ -	\$ 6,119,659	\$ 6,119,659	0.0%	\$ 6,451,938	94.85%
July 1, 2011	-	7,503,813	7,503,813	0.0%	6,853,931	109.48%

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

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SUPPLEMENTARY INFORMATION

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FIDUCIARY FUNDS

Conejo Recreation and Park District
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

	Agency Funds						
	Farland House Revolving Fund	Wildwood Flood Repair Fund	Goebel Senior Adult Center Fund	Fireworks Trust Fund	RSVP Advisory Council Fund	Therapeutic Advisory Council Fund	Totals
ASSETS							
Cash and investments	\$ 250,879	\$ 367,248	\$ 43,942	\$ 29,609	\$ 108,020	\$ 81,213	\$ 880,911
Interest receivable	170	276	33	107	208	-	794
Total assets	\$ 251,049	\$ 367,524	\$ 43,975	\$ 29,716	\$ 108,228	\$ 81,213	\$ 881,705
LIABILITIES							
Deposits	\$ 251,049	\$ 367,524	\$ 43,975	\$ 29,716	\$ 108,228	\$ 81,213	\$ 881,705
Total liabilities	\$ 251,049	\$ 367,524	\$ 43,975	\$ 29,716	\$ 108,228	\$ 81,213	\$ 881,705

Conejo Recreation and Park District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the year ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>Farland House Revolving Fund</u>				
Assets:				
Cash and investments	\$ 229,888	\$ 20,991	\$ -	\$ 250,879
Interest receivable	278	150	(258)	170
Total assets	\$ 230,166	\$ 21,141	\$ (258)	\$ 251,049
Liabilities:				
Deposits payable	\$ 230,166	\$ 21,141	\$ (258)	\$ 251,049
Total liabilities	\$ 230,166	\$ 21,141	\$ (258)	\$ 251,049
<u>Wildwood Flood Repair Fund</u>				
Assets:				
Cash and investments	\$ 365,760	\$ 1,488	\$ -	\$ 367,248
Interest receivable	481	235	(440)	276
Total assets	\$ 366,241	\$ 1,723	\$ (440)	\$ 367,524
Liabilities:				
Deposits payable	\$ 366,241	\$ 1,723	\$ (440)	\$ 367,524
Total liabilities	\$ 366,241	\$ 1,723	\$ (440)	\$ 367,524
<u>Goebel Senior Adult Center Fund</u>				
Assets:				
Cash and investments	\$ 43,764	\$ 178	\$ -	\$ 43,942
Interest receivable	58	28	(53)	33
Total assets	\$ 43,822	\$ 206	\$ (53)	\$ 43,975
Liabilities:				
Deposits payable	\$ 43,822	\$ 206	\$ (53)	\$ 43,975
Total liabilities	\$ 43,822	\$ 206	\$ (53)	\$ 43,975
<u>Fireworks Trust Fund</u>				
Assets:				
Cash and investments	\$ 31,892	\$ 1,717	\$ (4,000)	\$ 29,609
Interest receivable	54	102	(49)	107
Total assets	\$ 31,946	\$ 1,819	\$ (4,049)	\$ 29,716
Liabilities:				
Deposits payable	\$ 31,946	\$ 1,819	\$ (4,049)	\$ 29,716
Total liabilities	\$ 31,946	\$ 1,819	\$ (4,049)	\$ 29,716

Conejo Recreation and Park District
Combining Statement of Changes in Fiduciary Assets and Liabilities, Continued
Agency Funds
For the year ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>RSVP Advisory Council Fund</u>				
Assets:				
Cash and investments	\$ 101,531	\$ 63,528	\$ (57,039)	\$ 108,020
Interest receivable	106	197	(95)	208
Total assets	\$ 101,637	\$ 63,725	\$ (57,134)	\$ 108,228
Liabilities:				
Deposits payable	\$ 101,637	\$ 63,725	\$ (57,134)	\$ 108,228
Total liabilities	\$ 101,637	\$ 63,725	\$ (57,134)	\$ 108,228
<u>Therapeutic Advisory Council Fund</u>				
Assets:				
Cash and investments	\$ 13,388	\$ 67,825	\$ -	\$ 81,213
Total assets	\$ 13,388	\$ 67,825	\$ -	\$ 81,213
Liabilities:				
Deposits payable	\$ 13,388	\$ 67,825	\$ -	\$ 81,213
Total liabilities	\$ 13,388	\$ 67,825	\$ -	\$ 81,213
<u>Total All Agency Funds</u>				
Assets:				
Cash and investments	\$ 786,223	\$ 155,727	\$ (61,039)	\$ 880,911
Interest receivable	977	712	(894)	794
Total assets	\$ 787,200	\$ 156,439	\$ (61,933)	\$ 881,705
Liabilities:				
Deposits payable	\$ 787,200	\$ 156,439	\$ (61,933)	\$ 881,705
Total liabilities	\$ 787,200	\$ 156,439	\$ (61,933)	\$ 881,705