



Conejo Recreation & Park District

GENERAL MANAGER

Jim Friedl

BOARD OF DIRECTORS

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

GENERAL MANAGER EMERITUS

Tex Ward

DATE: March 28, 2017

TO: Board of Directors

FROM: Jim Friedl, General Manager

SUBJECT: Annual Audit Report

RECOMMENDATION

Accept the audit for the fiscal year (FY) ending June 30, 2016, as prepared by the accounting firm of Moss, Levy and Hartzheim, CPAs.

DISCUSSION

Attached is the audit for FY 15-16, which consists of financial statements (Attachment 1), and Management Report and Auditor's Communication Letters (Attachment 2). The financial statements represent management's assertions concerning the government's financial position, results of operations and cash flows. The auditor's role is strictly limited to providing users of the financial statements with an independent basis for relying on management's assertions.

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

The Management Report and Auditor's Communication Letters discuss the audit process, report on internal controls.

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

Attachments

ADMINISTRATIVE OFFICES

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**CONEJO RECREATION AND PARK DISTRICT
THOUSAND OAKS, CALIFORNIA
BASIC FINANCIAL STATEMENTS
June 30, 2016**

Conejo Recreation and Park District
Basic Financial Statements
For the fiscal year ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District (the "District"), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Conejo Open Space Conservation Agency ("COSCA"), which represents 23 percent, 25.6 percent, and 0.1 percent, respectively, of the assets, net position, and net revenues of the District. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Investment in Joint Venture for COSCA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years, Schedule of Contributions – Last 10 Years, and Schedule of Funding Progress on pages 4 through 11, pages 54 through 57, page 58, page 59, and page 60 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
October 31, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Conejo Recreation and Park District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

On June 30, 2016, District assets exceeded liabilities by \$148.0 million (net position). Of this amount, \$18.1 million may be used to meet the District's ongoing obligations to citizens and creditors.

The District's government-wide net position increased \$5.6 million during the fiscal year, which primarily reflects \$1.9 million in donated property and revenues in excess of expenditures.

- At the close of fiscal year 2015-16, District governmental funds reports a combined ending fund balance of \$39.7 million, an increase of \$3.8 million in comparison with the prior fiscal year. Approximately \$29.4 million or 74.1 percent is in the General Fund. Of this amount, \$7.0 million is unassigned general fund balance.
- At the close of fiscal year 2015-16, the General Fund budget to actual report shows a \$0.1 million increase in appropriation from original to final budget. Fund balance increased by \$3.0 million rather than the budgeted \$0.2 million decrease. Actual revenues were more than budgeted by \$1.1 million and actual expenditures and transfers were less than budgeted by \$2.0 million.
- As of June 30, 2016, the District's other governmental funds, excluding the general fund, reported combined ending fund balances of \$10.3 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., earned but unused vacation leave or uncollected taxes).

Fund financial statements

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

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

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

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

The District adopts a biennial appropriated budget. Budgetary comparison statements have been provided to demonstrate compliance with the General Fund, Special Assessment District Special Revenue Fund, Dos Vientos Assessment District Special Revenue Funds, and Rancho Conejo Assessment District Special Revenue Fund, pages 54 to 57 of this report.

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

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

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

Notes to the basic financial statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 - 51 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which can be found on pages 54 - 60.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. District assets exceed liabilities by \$148.0 million at June 30, 2016, as summarized below:

Statement of Net Position June 30,

| | 2016 | 2015 |
|---|-----------------------|-----------------------|
| Assets: | | |
| Cash and investments | \$40,060,754 | \$35,947,874 |
| Receivables | 800,004 | 1,099,699 |
| Other assets | 20,326 | 16,901 |
| Investment in Joint Venture | 37,838,170 | 37,819,101 |
| Capital assets (net of depreciation) | 85,597,031 | 83,716,455 |
| Total assets | <u>164,316,285</u> | <u>158,600,030</u> |
| Deferred Outflows of Resources: | | |
| Contribution to pension subsequent to measurement date | 2,825,179 | 720,175 |
| Total assets and deferred outflows of resources | <u>167,141,464</u> | <u>159,320,205</u> |
| Liabilities: | | |
| Accounts payable | 818,208 | 663,370 |
| Other current liabilities | 1,277,086 | 1,170,845 |
| Noncurrent liabilities | 13,808,597 | 12,006,007 |
| Total liabilities | <u>15,903,891</u> | <u>13,840,222</u> |
| Deferred Inflows of Resources | | |
| Differences between projected and actual earnings on pension plan investments | 3,258,943 | 3,127,300 |
| Total liabilities and deferred inflows of resources | <u>19,162,834</u> | <u>16,967,522</u> |
| Net position: | | |
| Net investment in capital assets | 85,597,031 | 83,716,455 |
| Restricted - Joint Venture | 37,838,170 | 37,819,101 |
| Restricted - Assessment Districts | 6,479,689 | 5,321,420 |
| Unrestricted | 18,063,740 | 15,495,707 |
| | <u>\$ 147,978,630</u> | <u>\$ 142,352,683</u> |

The largest portion (57.8 percent) of the District's net position reflects its investment of \$85.6 million in capital assets (land, buildings, improvements, equipment, infrastructure and construction in progress, net of accumulated depreciation), less any related outstanding debt used to acquire those assets. The District has no debt related to asset acquisition. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

\$37.8 million (25.6 percent) in restricted net position reflects the District's investment in its joint venture with the City of Thousand Oaks - Conejo Open Space Conservation Authority (COSCA). The District's

share of COSCA's capital assets totals \$37.8 million. These assets are not available for future spending. Another portion of the Districts net position, \$6.5 million (4.4 percent) represents resources available in the District's three assessment districts. The remaining balance \$18.1 million (12.2 percent) may be used to meet the District's ongoing obligation to citizens, employees and creditors and to meet District imposed designations for postemployment benefits other than pensions, and operating reserves.

The increase in noncurrent liabilities consists of an increase in the District's pension liability of \$1.4 million as a result of GASB statements 68 and 71 and the fiscal year 2015-16 Other Post Employment Benefit (OPEB) liability of \$0.4 million. The District has \$9.1 million of committed general fund balance for OPEB costs.

Statement of Activities

As shown in the table below, the District's net position increased \$5.6 million, consisting of FY 2015-16 activity. Capital Grants and Contributions includes a \$1.9 million land donation, \$0.7 million in developer fees and \$0.5 million in turf reduction grants. The change in Charges for Services and Operating Grants and Contributions reflects the reclassification of \$0.4 million in accounting services provided to a JPA. The increase in Investment Income reflects recognition of the Fair Market Value of the District's portfolio at June 30, 2016. The \$3.1 million reduction in expenses reflects the one time capital asset write-off in FY 2014-15. The FY 2014-15 \$0.8 million prior period adjustment reflects a \$10.7 million increase to capital assets offset by \$9.9 million increase in pension liabilities.

Statement of Activities June 30,

| | 2016 | 2015 |
|------------------------------------|----------------|----------------|
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 5,308,929 | \$ 4,849,946 |
| Operating Grants & Contributions | 1,648,888 | 2,109,267 |
| Capital Grants & Contributions | 4,936,381 | 2,117,224 |
| General Revenues: | | |
| Property Taxes | 15,378,974 | 14,641,686 |
| Investment Income | 308,755 | 150,905 |
| Other | 561,876 | 1,346,126 |
| Total Revenues | 28,143,803 | 25,215,154 |
| Expenses: | | |
| Parks & Recreation | 22,517,856 | 25,703,657 |
| Change in Net Position | 5,625,947 | (488,521) |
| Net Position - Beginning | 142,352,683 | 141,992,034 |
| Prior Period Adjustment | | 849,170 |
| Net Position - Beginning, restated | 142,352,683 | 142,841,204 |
| Net Position - Ending | \$ 147,978,630 | \$ 142,352,683 |

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 2015-16, District governmental funds reported a combined ending fund balance of \$39.7 million, an increase of \$3.7 million in comparison with the prior fiscal year. Approximately \$29.4 million or 74.0 percent is in the General Fund. Of this amount, \$22.4 million is being held for specific purposes.

The following are the District's major funds:

General Fund

The General Fund is the District's primary operating fund. It showed an increase of \$3.0 million in fund balance for the fiscal year ended June 30, 2016, consisting of \$3.8 million of revenues exceeding expenses, offset by transfers to other funds of \$0.8 million. At June 30, 2016, the unrestricted fund balance (which includes the *committed*, *assigned* and *unassigned* components of fund balance) was \$29.4 million that is available for ongoing operations, or 166.8 percent of total general fund expenditures, excluding transfers. When adjusted for the *committed* and *assigned* components of fund balance, the figure available for ongoing operations is reduced to \$7.1 million or 40.0 percent.

Special Assessment District Special Revenue Fund

The Special Assessment District Fund accounts for a district-wide assessment for park maintenance and capital projects. The fund balance increased \$1.1 million, to \$5.7 million at June 30, 2016, as a result of a \$2.5 million transfer from the general fund for future projects and \$0.1 million in general operations. Capital project activity in this fund during the year included upgrades at Estella and Waverly Parks, and design work for Sapwi Park.

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. Fund balance did not change and has a balance of \$0.6 million at June 30, 2016.

Rancho Conejo Assessment District Special Revenue Fund

The Rancho Conejo Assessment District Fund accounts for an assessment for park maintenance and capital projects in the Rancho Conejo area of the District. Fund balance increased by \$0.01 million, leaving a balance of \$0.15 million at June 30, 2016. Construction of Pickleball Courts began during this fiscal year and will be completed during FY 2016-17.

Capital Projects Fund

The Capital Projects Fund provides resources for construction of capital projects. Major projects include districtwide turf reductions and conversion to reclaimed irrigation at North Ranch Neighborhood Park in response to the drought, and renovation at North Ranch Playfield. Fund balance decreased \$0.42 million, for a total of \$3.8 million at June 30, 2016.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget to actual report can be found on page 54 of this report. Increases between the original and final budget were \$0.1 million due to Board approved budget adjustments.

Total actual revenues exceeded budget by \$1.1 million, with increases in all categories. Property tax revenues and interest exceeded budget by \$0.4 million and \$0.2 million, respectively. Actual operating expenditures were less than budgeted by \$1.8 million across all divisions. Actual revenues exceeded actual expenditures by \$3.8 million. Anticipated net transfers out of the general fund of \$0.8 million led to an increase in fund balance of \$3.0 million.

Special Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 55 of this report. Changes between the original and final budget include increases in Other Governmental Revenue reflecting receipt of a grant and Capital Outlay expenditure account reflecting carryover of appropriation available at the end of FY 14-15 for projects in progress at the end of that year.

The positive variance in the Capital Outlay expenditure account primarily reflects appropriation that will be carried into FY 16-17 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 56 of this report. There was no material change from the original to final budgets.

Rancho Conejo Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 57 of this report. There was no material change from the original to final budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

District investment in capital assets for its governmental activities as of June 30, 2016, totaled \$85.6 million (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and construction in progress. The total increase in capital assets for fiscal year 2015-16 was \$1.9 million, consisting primarily of land donated to the District. Increases in construction in progress are offset by depreciation in buildings, improvements and equipment. Additional information on the District's capital assets can be found on page 41 of this report.

Capital assets are summarized below:

Capital Assets (net of accumulated depreciation)
June 30,

| | 2016 | 2015 |
|--------------------------|----------------------|----------------------|
| Land | \$ 51,079,051 | \$ 49,167,062 |
| Buildings | 6,547,590 | 6,568,774 |
| Improvements | 22,668,252 | 23,658,208 |
| Equipment | 1,314,623 | 1,322,932 |
| Construction in Progress | 3,987,516 | 2,999,479 |
| | <u>\$ 85,597,031</u> | <u>\$ 83,716,455</u> |

Major capital asset events during the fiscal year included installation of gazebos at Oakbrook Neighborhood Park, Goebel café upgrades at Conejo Creek North Park, districtwide turf reduction and conversion to reclaimed irrigation at North Ranch Neighborhood Park in response to the drought, design work on Sapwi Trails Community Park, upgrades at Estella, Waverly Neighborhood Parks and North Ranch Playfield.

Long-term debt

The District has no outstanding debt at June 30, 2016.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The focus of this annual report is the economic condition of the District as of June 30, 2016, however, national, state and local issues have economic impacts on the District and are worthy of consideration in this report.

With an improved local economy, it is expected that the District's primary revenue source, property taxes, will increase modestly from fiscal year 2015-16 to fiscal year 2016-17, reflecting additional recovery in the local real estate market. Managing district resources in an environment of projected modest property tax revenue increases coupled with rising costs (noted below) is a primary challenge facing the District.

In response to the drought and increasing water prices, the District implemented a turf reduction program districtwide, partially funded by grants from local water agencies. Turf is being replaced with mulch and installation of waterwise landscaping is occurring as resources become available. Resources otherwise programmed for water costs are being channeled into the waterwise landscape program. The District is also connecting parks in the east end of the Conejo Valley to reclaimed water irrigation systems.

An ongoing challenge facing state and local government is pension funding. The value of the California public employees' retirement systems (CalPERS) investment portfolio declined 23.6 percent during the year ended June 30, 2009. Since the market plunge in 2009, the portfolio value increased 11.1 percent in 2010; 20.7 percent in 2011; 1.0 percent in 2012; 12.5 percent in 2013; 18.4 percent in 2014, 2.4 percent in 2015 and 0.6 percent for the FY ending June 2016. Note that any year where earnings were less than the actuarial assumption of 7.5 percent one can expect increases in future employer contribution rates.

Since 2005, as part of the employee compensation and benefit package, the District had been paying the employees' portion of the pension cost, 7 percent of salary. In addition to that 7 percent, the District is responsible for the annually adjusted employer contribution rate. The employer contribution rate has increased from 6.609 percent for fiscal year 2009-10, to a projected 13.673 percent for fiscal year 2017-18.

Due to these increasing pension costs and the Public Employee Pension Reform Act (PEPRA), the District and employees reached an agreement whereby the employees paid the full 7 percent of the employee contribution by July, 2014. Thus, even though the total cost of employee pensions is escalating, by transferring 7 percent to the employees, the District's expense for pensions is projected to remain generally stable through FY 17/18.

However, CalPERS is reducing the discount rate from 7.5 percent to 7.0 percent, in three steps, which will drive increasing employer rates beginning in fiscal year 2018-19.

Additional changes to the pension plan include the December, 2009, implementation of a second tier retirement program – new enrollees were eligible for the 2% at 60 formula rather than the 2% at 55 formula, which saves the District money over time. Pension reform legislation adopted at the State level set a new formula, 2% at 62, for employees new to the retirement system after 12/31/12. This formula, coupled with the legislation's other changes to pension systems, are expected to reduce the Normal Cost contribution rates down over the coming decades.

Recent legislation increasing the California minimum wage from \$10.00 per hour at June 30, 2016 to \$15.00 per hour on January 1, 2022 is an additional challenge the District will need to address.

Locally, the District encompasses a community that has, for all intensive purposes, reached build out, thus fees from residential developers (Quimby Fees) cannot be counted on for future park development. 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.

The State Legislative Analyst's Office projected a State budget surplus for the fiscal year 2016-17, however, a deficit is projected for fiscal year 2017-18. In addition, the new federal administration's policies may put pressures on state resources; however, that remains to be seen. The State's historical use of local resources to balance its budget remains of concern to local governments.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Conejo Recreation and Park District
Statement of Net Position
June 30, 2016

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and investments (Note 2) | \$ 40,060,754 |
| Receivables (Note 3): | |
| Accounts | 379,095 |
| Interest | 88,663 |
| Taxes | 81,776 |
| Loans | 250,470 |
| Prepays | 20,326 |
| Total current assets | <u>40,881,084</u> |
| Noncurrent assets: | |
| Investment in joint venture (Note 11) | 37,838,170 |
| Capital assets (Note 5): | |
| Nondepreciable | 55,066,567 |
| Depreciable, net | <u>30,530,465</u> |
| Total capital assets, net | <u>85,597,031</u> |
| Total noncurrent assets | <u>123,435,201</u> |
| Total assets | <u>164,316,285</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| District's contributions to pension subsequent to measurement date | <u>2,825,179</u> |
| Total assets and deferred outflows of resources | <u>167,141,464</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 818,208 |
| Payroll and related liabilities | 307,342 |
| Refundable deposits | 20,558 |
| Claims payable - due in less than one year (Note 9) | 237,966 |
| Compensated absences - due in less than one year | <u>711,220</u> |
| Total current liabilities | <u>2,095,294</u> |
| Noncurrent liabilities: | |
| Claims payable - due in more than one year (Note 9) | 257,702 |
| Compensated absences - due in more than one year | 545,294 |
| Net other post employment benefits obligation (Note 8) | 4,266,134 |
| Net pension liability (Note 7) | <u>8,739,467</u> |
| Total noncurrent liabilities | <u>13,808,597</u> |
| Total liabilities | <u>15,903,891</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Differences between projected and actual earnings on pension plan investments | <u>3,258,943</u> |
| Total liabilities and deferred inflows of resources | <u>19,162,834</u> |
| NET POSITION | |
| Net investment in capital assets | 85,597,031 |
| Restricted for assessment districts | 6,479,689 |
| Restricted for parks and recreation open space - COSCA | 37,838,170 |
| Unrestricted | <u>18,063,740</u> |
| Total net position | <u>\$ 147,978,630</u> |

Conejo Recreation and Park District
Statement of Activities
For the Fiscal Year Ended June 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Parks and recreation | \$ 22,517,856 | \$ 5,308,929 | \$ 1,648,888 | \$ 4,936,381 | \$ (10,623,658) |
| Total governmental activities | <u>\$ 22,517,856</u> | <u>\$ 5,308,929</u> | <u>\$ 1,648,888</u> | <u>\$ 4,936,381</u> | <u>(10,623,658)</u> |
| General Revenues (Expenditures): | | | | | |
| Taxes: | | | | | |
| Secured and unsecured property taxes | | | | | 15,378,974 |
| Investment income | | | | | 308,755 |
| Licenses and permits | | | | | 399,242 |
| Other | | | | | <u>162,634</u> |
| Total general revenues | | | | | <u>16,249,605</u> |
| Change in net position | | | | | 5,625,947 |
| Net position: | | | | | |
| Net Position - Beginning of fiscal year | | | | | <u>142,352,683</u> |
| Net Position - End of fiscal year | | | | | <u>\$ 147,978,630</u> |

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FUND FINANCIAL STATEMENTS

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Conejo Recreation and Park District
Balance Sheet
Governmental Funds
June 30, 2016

| | Major Funds | | | | | |
|--|-----------------------|-----------------------------|-----------------------------|-----------------------------|---------------------|--------------------------------|
| | Special Revenue Funds | | | | | Total Governmental Funds |
| | General Fund | Districtwide | Dos Vientos | Rancho Conejo | Capital | |
| | | Assessment District Fund | Assessment District Fund | Assessment District Fund | Projects Fund | |
| ASSETS | | | | | | |
| Cash and investments (Note 2) | \$ 29,952,351 | \$ 5,467,456 | \$ 677,562 | \$ 157,887 | \$ 3,805,498 | \$ 40,060,754 |
| Receivables: | | | | | | |
| Accounts | 97,820 | 280,275 | | | 1,000 | 379,095 |
| Interest | 66,107 | 11,741 | 1,281 | 221 | 9,313 | 88,663 |
| Taxes | 47,768 | 23,280 | 9,871 | 857 | | 81,776 |
| Loans | 7,470 | 40,000 | | | 203,000 | 250,470 |
| Prepaid items | 20,326 | | | | | 20,326 |
| Total assets | \$ 30,191,842 | \$ 5,822,752 | \$ 688,714 | \$ 158,965 | \$ 4,018,811 | \$ 40,881,084 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 466,785 | \$ 132,746 | \$ 46,318 | \$ 1,191 | \$ 171,168 | 818,208 |
| Accrued expenditures | 296,855 | 821 | 7,959 | 1,707 | | 307,342 |
| Refundable deposits | 20,558 | | | | | 20,558 |
| Total liabilities | 784,198 | 133,567 | 54,277 | 2,898 | 171,168 | 1,146,108 |
| Fund Balances: | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | 20,326 | | | | | 20,326 |
| Long-term receivables | 7,470 | | | | 203,000 | 210,470 |
| Restricted for: | | | | | | |
| Assessment Districts | | 5,689,185 | 634,437 | 156,067 | | 6,479,689 |
| Committed for: | | | | | | |
| Other post employment benefits | 9,131,989 | | | | | 9,131,989 |
| Claims | 2,523,348 | | | | | 2,523,348 |
| Operating reserve | 5,500,000 | | | | | 5,500,000 |
| Equipment replacement | 3,819,336 | | | | | 3,819,336 |
| Assigned for: | | | | | | |
| Retirement | 1,257,419 | | | | | 1,257,419 |
| Capital projects | | | | | 3,644,643 | 3,644,643 |
| Other purposes | 100,888 | | | | | 100,888 |
| Unassigned | 7,046,868 | | | | | 7,046,868 |
| Total fund balances | 29,407,644 | 5,689,185 | 634,437 | 156,067 | 3,847,643 | 39,734,976 |
| Total liabilities and fund balances | \$ 30,191,842 | \$ 5,822,752 | \$ 688,714 | \$ 158,965 | \$ 4,018,811 | \$ 40,881,084 |

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 Position
June 30, 2016

| | |
|---|----------------------|
| Total Fund Balances - Total Governmental Funds | \$ 39,734,976 |
|---|----------------------|

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

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

| | | |
|---------------------------------|---------------|------------|
| Nondepreciable capital assets | \$ 55,066,567 | |
| Depreciable capital assets, net | 30,530,465 | 85,597,031 |

| | |
|--|------------|
| Investment in joint venture has not been included as a financial resource in the governmental funds. | 37,838,170 |
|--|------------|

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

| | | |
|---|--------------|--------------|
| Claims payable | \$ (495,668) | |
| Compensated absences | (1,256,514) | |
| Net other post-employment benefits obligation | (4,266,134) | |
| Net pension liability | (8,739,467) | (14,757,783) |

Certain actuarially determined gains and losses, and current year payments to the net pension liability are deferred and are not reported on the governmental funds' Balance Sheet.

| | | |
|---|--------------|-----------|
| Deferred outflow of resources - pension | \$ 2,825,179 | |
| Deferred inflow of resources - pension | (3,258,943) | (433,764) |

| | |
|--|-----------------------|
| Net position of governmental activities | \$ 147,978,630 |
|--|-----------------------|

Conejo Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

| | Major Funds | | | | | |
|--------------------------------------|-----------------------|---------------|---------------|---------------|--------------|---------------|
| | Special Revenue Funds | | | | | |
| | General | Districtwide | Dos Vientos | Rancho Conejo | Capital | Total |
| | Fund | Assessment | Assessment | Assessment | Projects | Governmental |
| | Fund | District Fund | District Fund | District Fund | Fund | Funds |
| REVENUES: | | | | | | |
| Property taxes | \$ 15,378,974 | \$ - | \$ - | \$ - | \$ - | \$ 15,378,974 |
| Assessments | | 1,712,991 | 610,873 | 93,720 | | 2,417,584 |
| Licenses and permits | 17,070 | | 61,313 | | 320,859 | 399,242 |
| Interest | 239,782 | 25,544 | 2,727 | 248 | 21,385 | 289,686 |
| Facilities rental | 723,831 | | | | | 723,831 |
| Other governmental agencies | 660,547 | 348,531 | | | 9,591 | 1,018,669 |
| Recreation fees | 4,221,466 | | | | | 4,221,466 |
| Other | 174,772 | 367,595 | | | 1,173,819 | 1,716,186 |
| Total revenues | 21,416,442 | 2,454,661 | 674,913 | 93,968 | 1,525,654 | 26,165,638 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Parks and recreation: | | | | | | |
| District administration | 2,766,456 | | | | | 2,766,456 |
| Parks and planning | 6,898,473 | 925,781 | 887,278 | 225,436 | | 8,936,968 |
| Recreation and community services | 7,375,937 | | | | | 7,375,937 |
| Capital outlay | 578,349 | 1,397,408 | 59,166 | 38,940 | 1,241,276 | 3,315,139 |
| Total expenditures | 17,619,215 | 2,323,189 | 946,444 | 264,376 | 1,241,276 | 22,394,500 |
| REVENUES OVER (UNDER) EXPENDITURES | 3,797,227 | 131,472 | (271,531) | (170,408) | 284,378 | 3,771,138 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | | 1,128,000 | 271,555 | 274,181 | 55,000 | 1,728,736 |
| Transfers out | (823,736) | (205,000) | | | (700,000) | (1,728,736) |
| Total other financing sources (uses) | (823,736) | 923,000 | 271,555 | 274,181 | (645,000) | |
| Net change in fund balances | 2,973,491 | 1,054,472 | 24 | 103,773 | (360,622) | 3,771,138 |
| FUND BALANCES: | | | | | | |
| Beginning of fiscal year | 26,434,153 | 4,634,713 | 634,413 | 52,294 | 4,208,265 | 35,963,838 |
| End of fiscal year | \$ 29,407,644 | \$ 5,689,185 | \$ 634,437 | \$ 156,067 | \$ 3,847,643 | \$ 39,734,976 |

See accompanying Notes to Basic Financial Statements.

Conejo Recreation and Park District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2016

Net change in fund balance - total governmental funds: \$ 3,771,138

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

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

Capital outlay (\$351,759) of capital outlay expenditures was for current park and recreation expenditures and was not capitalized. 4,249,546

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds. (2,291,968)

Investment revenue earned from investment in joint venture - COSCA. 19,069

Change in claims payable expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the decrease in claims payable was not reported as an expenditure in the governmental funds. (54,953)

Change in long-term compensated absences was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in long-term compensated absences was not reported as an expenditure in the governmental funds. (45,294)

Net other post-employment benefits obligation was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in long-term net other post-employment benefits obligation was not reported as an expenditure in the governmental funds. (463,692)

Pension contributions were reported as expenditures in the governmental funds. However, the Government-Wide Statement of Activities reports the cost of pension benefits earned net of employee contributions as pension expense. 519,103

Various capital assets were disposed of during the fiscal year. Loss on disposal of capital assets was not reported in the Government-Wide Statement of Activities. (77,002)

Change in net position of governmental activities \$ 5,625,947

FIDUCIARY FUND FINANCIAL STATEMENTS

Conejo Recreation and Park District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

| | <u>Agency Funds</u> |
|----------------------------|----------------------------|
| ASSETS | |
| Cash and investments | \$ 1,146,520 |
| Interest receivable | <u>2,661</u> |
| Total assets | <u><u>\$ 1,149,181</u></u> |
| LIABILITIES | |
| Deposits payable | \$ 719,759 |
| Part-time pensions payable | <u>429,422</u> |
| Total liabilities | <u><u>\$ 1,149,181</u></u> |

NOTES TO BASIC FINANCIAL STATEMENTS

Conejo Recreation and Park District
Notes to Basic Financial Statements
June 30, 2016

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

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

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

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

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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

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

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

- Transfers in/out

Governmental Fund Financial Statements

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

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

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

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

Major Funds

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

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Major Funds (Continued)

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

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

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

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

Fiduciary Fund Financial Statements

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

Fiduciary Funds

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

C. Cash, Cash Equivalents and Investments

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

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

D. Prepaid Items

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Capital Assets

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

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

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

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

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

F. Long-Term Debt

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

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

G. Compensated Absences

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

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

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Property Taxes

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

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

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

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

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

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

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

I. Net Position and Fund Balances

Government-Wide Financial Statements

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

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Net Position and Fund Balances (Continued)

Government-Wide Financial Statements (Continued)

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

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

Use of Restricted and Unrestricted Net Position

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

Fund Financial Statements

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

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

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

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

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

Use of Restricted and Unrestricted Fund Balances

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

J. Use of Estimates

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements.

| | | |
|------------------|---|--|
| Statement No. 74 | "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans" | The provision of this statement is effective for fiscal years beginning after June 15, 2016. |
| Statement No. 75 | "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" | The provision of this statement is effective for fiscal years beginning after June 15, 2017. |
| Statement No. 77 | "Tax Abatement Disclosures" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 78 | "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 79 | "Certain External Investment Pools and Pool Participants" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 80 | "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14" | The provision of this statement is effective for fiscal years beginning after December 15, 2015. |
| Statement No. 81 | "Irrevocable Split-Interest Agreements" | The provision of this statement is effective for fiscal years beginning after December 15, 2016. |
| Statement No. 82 | "Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73" | The provision of this statement is effective for fiscal years beginning after December 15, 2017. |

Note 2 – Cash and Investments

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

A. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2016:

| | Government-Wide Statement Net Position Governmental Activities | Fiduciary Fund Statement of Net Position | Total |
|----------------------|--|--|---------------|
| Cash and Investments | \$ 40,060,754 | \$ 1,146,520 | \$ 41,207,274 |

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 2 – Cash and Investments (Continued)

A. Summary of Cash and Investments (Continued)

Cash and investments comprised the following at June 30, 2016:

Cash and cash equivalents:

| | |
|---------------------------------|------------------|
| Petty cash | \$ 1,500 |
| Cash on hand | 17,008 |
| Demand deposits | <u>1,510,739</u> |
| Total cash and cash equivalents | <u>1,529,247</u> |

Investments:

| | |
|-----------------------------------|-----------------------------|
| Local Agency Investment Fund | 2,716,037 |
| Ventura County Investment Pool | <u>36,961,990</u> |
| Total investments | <u>39,678,027</u> |
| Total cash and investments | <u><u>\$ 41,207,274</u></u> |

B. Cash Deposits

The carrying amounts of the District's demand deposits were \$1,513,739 at June 30, 2016. Bank balances at June 30, 2016 were \$1,527,747 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 fair market value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC").

C. Investments

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

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 2 – Cash and Investments (Continued)

D. Investment in Local Agency Investment Fund

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

The District’s investments with LAIF at June 30, 2016 included 1.96% of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

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

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

As of June 30, 2016, the District had \$2,716,037 invested in LAIF. The District valued its investments in LAIF as of June 30, 2016 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 1.000621222.

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 2 – Cash and Investments (Continued)

E. Investment in Ventura County Investment Pool

As of June 30, 2016, the District had \$36,961,990 invested in the Ventura County Investment Pool (the "County Pool"). The District valued its investments in the County Pool as of June 30, 2016 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, 2016, the District had the following investment maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (In Years) Less than 1</u> |
|--------------------------------|----------------------|---|
| Local Agency Investment Fund | \$ 2,716,037 | \$ 2,716,037 |
| Ventura County Investment Pool | 36,961,990 | 36,961,990 |
| | <u>\$ 39,678,027</u> | <u>\$ 39,678,027</u> |

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

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

Concentration of Credit Risk

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

| <u>Investments</u> | <u>Amount Invested</u> | <u>Percentage of Investments</u> |
|--------------------------------|----------------------------|--------------------------------------|
| Local Agency Investment Pool | \$ 2,716,037 | 6.85% |
| Ventura County Investment Pool | 36,961,990 | 93.15% |
| | <u>\$ 39,678,027</u> | <u>100.00%</u> |

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 2 – Cash and Investments (Continued)

F. Risk Disclosures (Continued)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy establish by generally accepted accounting principles. These principles recognize a three tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources. The District did not have any investments applicable to recurring fair value measurements as of June 30, 2016.

Note 3 – Receivables

A. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2016:

| <u>Agency</u> | <u>Accounts Receivable</u> |
|---------------------------------|--------------------------------|
| Other government agencies | \$ 348,383 |
| Deposits receivable | 7,557 |
| Misc receivable | 16,457 |
| Goebel Senior Center Commission | <u>6,698</u> |
| Total | <u>\$ 379,095</u> |

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 3 – Receivables (Continued)

B. Interest Receivable

Interest receivable consisted of the following at June 30, 2016:

| <u>Agency</u> | <u>Interest Receivable</u> |
|--------------------------------|--------------------------------|
| Local Agency Investment Fund | \$ 3,695 |
| Ventura County Investment Pool | <u>84,968</u> |
| Total | <u>\$ 88,663</u> |

C. Taxes Receivable

Taxes receivable, due from the County of Ventura, consisted of the following at June 30, 2016:

| <u>Fund</u> | <u>Type</u> | <u>Amount</u> |
|--|----------------|------------------|
| General Fund | Property taxes | \$ 47,768 |
| Districtwide Assessment District Special Revenue Fund | Assessments | 23,280 |
| Dos Vientos Assessment District Special Revenue Fund | Assessments | 9,871 |
| Rancho Conejo Assessment District Special Revenue Fund | Assessments | <u>857</u> |
| Total | | <u>\$ 81,776</u> |

D. Loans Receivable

Summary of changes in loans receivable for the year ended June 30, 2016 is as follows:

| | <u>Balance July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2016</u> |
|-----------|---------------------------------|------------------|--------------------|----------------------------------|
| Computers | \$ 6,164 | \$ 1,865 | \$ (559) | \$ 7,470 |
| CVUSC | | 50,000 | (10,000) | 40,000 |
| AYSO | <u>232,000</u> | | <u>(29,000)</u> | <u>203,000</u> |
| Total | <u>\$ 238,164</u> | <u>\$ 51,865</u> | <u>\$ (39,559)</u> | <u>\$ 250,470</u> |

The District provides interest-free loans to all regular full-time District employees for the purchase of computers. The District will pay for the computers 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.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 3 – Receivables (Continued)

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

The District entered into an agreement on April 15, 2016 with the Conejo Valley United Soccer Club (“CVUSC”) to advance a 5-year interest free loan to CVUSC payable in 5 equal installments of \$10,000. The first installment was due by July 1, 2016 but was paid earlier than required, during the fiscal year ended June 30, 2016.

Note 4 – Interfund Transactions

Transfers In and Out

At June 30, 2016, the District had the following transfers in/out:

| Transfers Out: | Transfers In | | | | | | |
|-------------------------|--------------|-------------------------|------------------------|--------------------------|-----------|-----------------------|-------|
| | General Fund | Special Revenue Funds | | | | Capital Projects Fund | Total |
| | | Districtwide Assessment | Dos Vientos Assessment | Rancho Conejo Assessment | | | |
| | | District Fund | District Fund | District Fund | | | |
| General Fund | \$ - | \$ 428,000 | \$ 271,555 | \$ 124,181 | \$ - | \$ 823,736 | |
| Districtwide Assessment | | | | | | | |
| District Fund | | | | 150,000 | 55,000 | 205,000 | |
| Capital Project Fund | | 700,000 | | | | 700,000 | |
| Total | \$ - | \$ 1,128,000 | \$ 271,555 | \$ 274,181 | \$ 55,000 | \$ 1,728,736 | |

From General Fund: 1) to provide \$428,000 in funding to the Districtwide Assessment District for various projects and 2) to provide property tax support for the Dos Vientos and Rancho Conejo Assessment Districts in the amount of \$271,555 and \$124,181, respectively.

From the Districtwide Assessment District Fund: 1) to provide \$150,000 in funding for pickleball courts in Rancho Conejo Assessment District and 2) \$55,000 in funding for irrigation system at Conejo Creek South Park.

From the Capital Projects Fund to the Districtwide Assessment District Fund to provide \$700,000 in funding for projects at Northwood and Banyan neighborhood parks.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 5 – Capital Assets

Summary of changes in the capital assets for the fiscal year ended June 30, 2016 is as follows:

| | Balance as of July 1, 2015 | Additions | Retirements | Transfers | Balance as of June 30, 2016 |
|--|-------------------------------|--------------|-------------|-----------|--------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 49,167,062 | \$ 1,959,096 | \$ (47,107) | \$ - | \$ 51,079,051 |
| Construction in progress | 2,999,479 | 1,016,750 | | (28,713) | 3,987,516 |
| Total capital assets not being depreciated | 52,166,541 | 2,975,846 | (47,107) | (28,713) | 55,066,567 |
| Capital assets being depreciated: | | | | | |
| Buildings | 9,819,273 | 237,820 | | | 10,057,093 |
| Improvements | 34,318,119 | 742,392 | | 28,713 | 35,089,224 |
| Equipment | 3,573,044 | 293,488 | (344,454) | | 3,522,078 |
| Total capital assets, being depreciated | 47,710,436 | 1,273,700 | (344,454) | 28,713 | 48,668,395 |
| Less accumulated depreciation: | | | | | |
| Buildings | (3,250,499) | (259,004) | | | (3,509,503) |
| Improvements | (10,659,911) | (1,761,062) | | | (12,420,973) |
| Equipment | (2,250,112) | (271,902) | 314,559 | | (2,207,455) |
| Total less accumulated depreciation | (16,160,522) | (2,291,968) | 314,559 | | (18,137,931) |
| Net capital assets being depreciated | 31,549,914 | (1,018,267) | (29,895) | 28,713 | 30,530,465 |
| Capital assets, net | \$ 83,716,455 | \$ 1,957,578 | \$ (77,002) | \$ - | \$ 85,597,031 |

Note 6 – Long-Term Liabilities

Changes in long-term liabilities for the fiscal year ended June 30, 2016 were as follows:

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 | Classification | |
|-----------------------|-------------------------|--------------|----------------|--------------------------|------------------------|------------------------------|
| | | | | | Due Within One Year | Due in More than One Year |
| Compensated absences | \$ 1,211,220 | \$ 924,222 | \$ (878,928) | \$ 1,256,514 | \$ 711,220 | \$ 545,294 |
| Claims and judgments | 440,715 | 258,444 | (203,491) | 495,668 | 237,966 | 257,702 |
| Net Pension Liability | 7,285,209 | 5,067,643 | (3,613,385) | 8,739,467 | | 8,739,467 |
| Net OPEB liability | 3,802,442 | 906,169 | (442,477) | 4,266,134 | | 4,266,134 |
| Total | \$ 12,739,586 | \$ 7,156,478 | \$ (5,138,281) | \$ 14,757,783 | \$ 949,186 | \$ 13,808,597 |

Note 7 – 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.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 7 – Pension Plans (Continued)

A. Employee Deferred Compensation Plan (Full Time Employees) (Continued)

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 included in the accompanying financial statements as a fiduciary fund.

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

C. General Information about the California Public Employees' Retirement System (CalPERS) Pension Plan

Plan Description

All qualified employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available report that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 7 – Pension Plans (Continued)

C. General Information about the California Public Employees' Retirement System (CalPERS) Pension Plan (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

| | <u>Miscellaneous</u> |
|---|----------------------|
| Benefit formula | 2.0% @ 55 |
| Benefit vesting schedule | 5 years service |
| Benefit payments | monthly for life |
| Retirement age | 50-63 |
| Monthly benefits, as a % of eligible compensation | 1.426% to 2.418% |
| Required employee contribution rates | 7.00% |
| Required employer contribution rates | 9.751% |

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

| | <u>Miscellaneous</u> |
|--|----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 90 |
| Inactive employees entitled to but not yet receiving benefits | 220 |
| Active employees | 157 |
| Total | <u>467</u> |

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employee contributions are based on the employee's annual covered salary. For the fiscal year ended June 30, 2016, the average employee contribution rate was 7.000%. The District's average contribution rate and required contribution for the fiscal year ended June 30, 2016 were 9.751% and \$872,218, respectively. Actual contributions for the fiscal year equaled \$872,218, or 100% of required contributions.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 7 – Pension Plans (Continued)

D. CalPERS Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Valuation Date | June 30, 2014 |
| Measurement Date | June 30, 2015 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Payroll Growth | 3.000% |
| Projected Salary Increase | Varies (1) |
| Investment Rate of Return | 7.50% (2) |
| Mortality | Derived using CalPERS' Membership Data for all Funds |

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 7 – Pension Plans (Continued)

D. CalPERS Net Pension Liability (Continued)

Discount Rate (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Asset Class | New Strategic Allocation | Real Return Year 1 - 10(a) | Real Return Years 11+(b) |
|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Global Equity | 51.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 10.00% | 6.83% | 6.95% |
| Real Estate | 10.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.00% | 4.50% | 5.09% |
| Liquidity | 2.00% | -0.55% | -1.05% |
| Total | 100.00% | | |

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 7 – Pension Plans (Continued)

E. Changes in the CalPERS Net Pension Liability

The changes in the Net Pension Liability for the Plan follows:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (c) = (a) - (b) |
| Balance, June 30, 2014 (VD) | \$ 53,109,068 | \$ 45,823,859 | \$ 7,285,209 |
| Changes in Recognized for the Measurement Period: | | | |
| Service Cost | 1,091,703 | | 1,091,703 |
| Interest on the Total Pension Liability | 3,924,233 | | 3,924,233 |
| Differences between Expected and Actual Experience | (346,433) | | (346,433) |
| Changes of Assumptions | (932,422) | | (932,422) |
| Contributions from the Employer | | 720,174 | (720,174) |
| Contributions from Employees | | 586,481 | (586,481) |
| Net Investment Income | | 1,027,875 | (1,027,875) |
| Benefit Payments, including Refunds of Employee Contributions | (2,157,836) | (2,157,836) | |
| Administrative Expense | | (51,707) | 51,707 |
| Net Changes during 2014-15 | 1,579,245 | 124,987 | 1,454,258 |
| Balance, June 30, 2015 (MD) ¹ | \$ 54,688,313 | \$ 45,948,846 | \$ 8,739,467 |

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

| | Discount Rate – 1% (6.65%) | Current Discount Rate (7.65%) | Discount Rate + 1% (8.65%) |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Plan's Net Pension Liability/(Asset) | \$ 15,845,936 | \$ 8,739,467 | \$ 2,820,815 |

Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 7 – Pension Plans (Continued)

F. CalPERS Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$720,175. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Pension contributions subsequent to measurement date | \$ 872,218 | \$ - |
| Changes of assumptions | | (666,016) |
| Net differences between projected and actual earnings on pension plan investments | 1,952,961 | (2,345,475) |
| Differences between expected and actual experiences | | (247,452) |
| Total | <u>\$2,825,179</u> | <u>\$(3,258,943)</u> |

\$872,218 reported as deferred outflows of resources is related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|-------------------------------|--|
| 2017 | \$ (658,972) |
| 2018 | (658,972) |
| 2019 | (476,279) |
| 2020 | 488,241 |

Note 8 – Other Post-Employment Benefits (“OPEB”)

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

For the fiscal year ended June 30, 2016, the total contribution made was \$252,989. Forty-five 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.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 8 – Other Post-Employment Benefits (“OPEB”) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the District’s annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the plan:

| | <u>Total</u> |
|--|--------------------|
| Annual required contribution | \$ 735,059 |
| Interest on net OPEB obligation | 171,110 |
| Adjustment to annual required contribution | <u>(189,488)</u> |
| Annual OPEB cost (expenses) | 716,681 |
| Contributions made | <u>(252,989)</u> |
| Increase in net OPEB obligation | 463,692 |
| Net OPEB obligation - beginning of fiscal year | <u>3,802,442</u> |
| Net OPEB obligation - end of fiscal year | <u>\$4,266,134</u> |

The annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation for the past three fiscal years 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> |
|----------------------------------|---------------------------------|--------------------------------|--|------------------------------------|
| June 30, 2014 | \$ 758,325 | \$ 199,125 | 26.3% | \$ 3,296,902 |
| June 30, 2015 | 719,125 | 213,585 | 29.7% | 3,802,442 |
| June 30, 2016 | 716,681 | 252,989 | 35.3% | 4,266,134 |

Funded Status and Funding Progress

Based on the most recent actuarial valuation dated July 1, 2014, the plan was zero percent funded. The Actuarial Accrued Liability for benefits was \$8,396,562, and the actuarial value of assets was \$0, resulting in an Unfunded Actuarial Accrued Liability (“UAAL”) of \$8,396,562. The covered payroll (annual payroll of active employees covered by the plan) was \$6,278,200 and the ratio of UAAL to the covered payroll was 133.74%. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time related to the actuarial liability.

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 \$9,131,989 in the General Fund towards the OPEB liability.

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 8 – Other Post-Employment Benefits (“OPEB”) (Continued)

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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% investment rate of return which is based on the expected return on funds invested by the District, and an annual healthcare cost trend rate of 6.7% initially and reduced to an ultimate rate of 5.0% 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, 2014 was 24 years.

Note 9 – 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, 2016, 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 shared by the membership 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.

| | |
|-----------------------|-------------------|
| <u>Claims Payable</u> | <u>2016</u> |
| General Liability | \$ 108,276 |
| Worker's Compensation | <u>387,392</u> |
| | <u>\$ 495,668</u> |

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 9 – Risk Management (Continued)

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|-------------------|
| Claims liability - beginning balance | \$ 440,715 | \$ 661,703 | \$ 422,550 |
| Incurred claims, representing the total of a provision for events of the current fiscal year and any change of prior fiscal years | 258,444 | 40,700 | 357,496 |
| Payments on claims attributable to events of both the current fiscal year and the prior fiscal years | <u>(203,491)</u> | <u>(261,688)</u> | <u>(118,343)</u> |
| Claims liability - ending balance | <u>\$ 495,668</u> | <u>\$ 440,715</u> | <u>\$ 661,703</u> |

Note 10 – 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, 2016, in the opinion of District management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the District.

Contract Commitments

The District had no outstanding contract commitments for completion of ongoing capital improvements projects at June 30, 2016.

Note 11 – Investment in Joint Venture

Conejo Open Space Conservation Agency

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

Conejo Recreation and Park District
Notes to Basic Financial Statements (Continued)
June 30, 2016

Note 11 – Investment in Joint Venture (Continued)

Conejo Open Space Conservation Agency (Continued)

The audited financial information for COSCA for the fiscal year ended June 30, 2016 is as follows:

| | <u>Joint Venture</u> | <u>District Portion</u> |
|----------------------------------|----------------------|-------------------------|
| Total Assets | \$ 75,715,883 | \$ 37,857,942 |
| Total Liabilities | <u>39,543</u> | <u>19,772</u> |
| Net Position: | <u>\$ 75,676,340</u> | <u>\$ 37,838,170</u> |
| Net Investment in capital assets | \$ 74,425,962 | \$ 37,212,980 |
| Restricted | <u>1,250,378</u> | <u>625,189</u> |
| Total Net Position | <u>\$ 75,676,340</u> | <u>\$ 37,838,170</u> |
| Total Revenues | \$ 1,284,089 | \$ 642,045 |
| Total Expenses | <u>1,245,951</u> | <u>622,976</u> |
| Changes in net position | <u>\$ 38,138</u> | <u>\$ 19,069</u> |

Note 12 – Jointly Governed Organization

Mountains Recreation and Conservation Authority

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

MRCA is governed by a four-member board consisting of one member of the District, one member of the Conservancy, the general manager of the Rancho Simi 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.

REQUIRED SUPPLEMENTARY INFORMATION

Conejo Recreation and Park District
Required Supplementary Information
June 30, 2016

Note 1 – Budgets and Budgetary Accounting

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

The Board of Directors may amend the budget by motion during each fiscal year. The General Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the Board of Directors. The original and revised budgets are presented for the General Fund, Districtwide 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 (Continued)
For the fiscal year ended June 30, 2016

Note 1 - Budgets and Budgetary Accounting (Continued)

Budgetary Comparison Schedule, General Fund

| | Budget Amounts | | | Variance with |
|--------------------------------------|----------------|---------------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| REVENUES: | | | | |
| Property taxes | \$ 14,700,000 | \$ 14,961,000 | \$ 15,378,974 | \$ 417,974 |
| Licenses and permits | 11,000 | 11,000 | 17,070 | 6,070 |
| Interest | 45,000 | 45,000 | 239,782 | 194,782 |
| Facilities rental | 636,500 | 636,500 | 723,831 | 87,331 |
| Other governmental agencies | 500,474 | 500,474 | 660,547 | 160,073 |
| Recreation fees | 4,038,970 | 4,050,970 | 4,221,466 | 170,496 |
| Other | 76,000 | 76,000 | 174,772 | 98,772 |
| Total revenues | 20,007,944 | 20,280,944 | 21,416,442 | 1,135,498 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| District administration | 3,079,555 | 3,153,851 | 2,766,456 | 387,395 |
| Parks and planning | 7,711,777 | 7,749,844 | 6,898,473 | 851,371 |
| Recreation and community services | 7,704,019 | 7,923,329 | 7,375,937 | 547,392 |
| Capital outlay | 629,325 | 629,325 | 578,349 | 50,976 |
| Total expenditures | 19,124,676 | 19,456,349 | 17,619,215 | 1,837,134 |
| REVENUES OVER (UNDER) EXPENDITURES | 883,268 | 824,595 | 3,797,227 | 2,972,632 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (1,027,943) | (1,027,943) | (823,736) | 204,207 |
| Total other financing sources (uses) | (1,027,943) | (1,027,943) | (823,736) | 204,207 |
| Changes in Fund Balance | \$ (144,675) | \$ (203,348) | 2,973,491 | \$ 3,176,839 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 26,434,153 | |
| End of fiscal year | | | \$ 29,407,644 | |

Conejo Recreation and Park District
Required Supplementary Information (Continued)
For the fiscal year ended June 30, 2016

Note 1 - Budgets and Budgetary Accounting (Continued)

Budgetary Comparison Districtwide Assessment District Special Revenue Fund

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Assessments | \$ 1,720,384 | \$ 1,720,384 | \$ 1,712,991 | \$ (7,393) |
| Interest | 1,000 | 1,000 | 25,544 | 24,544 |
| Other governmental agencies | 105,000 | 385,275 | 348,531 | (36,744) |
| Other | 500,000 | 500,000 | 367,595 | (132,405) |
| Total revenues | 2,326,384 | 2,606,659 | 2,454,661 | (151,998) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks and planning | 926,553 | 1,130,098 | 925,781 | 204,317 |
| Capital outlay | 3,033,500 | 3,170,075 | 1,397,408 | 1,772,667 |
| Total expenditures | 3,960,053 | 4,300,173 | 2,323,189 | 1,976,984 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,633,669) | (1,693,514) | 131,472 | 1,824,986 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 700,000 | 878,000 | 1,128,000 | 250,000 |
| Transfers out | (200,000) | (200,000) | (205,000) | (5,000) |
| Total other financing sources (uses) | 500,000 | 678,000 | 923,000 | 245,000 |
| Changes in Fund Balance | \$ (1,133,669) | \$ (1,015,514) | 1,054,472 | \$ 2,069,986 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 4,634,713 | |
| End of fiscal year | | | \$ 5,689,185 | |

Conejo Recreation and Park District
Required Supplementary Information (Continued)
For the fiscal year ended June 30, 2016

Note 1 - Budgets and Budgetary Accounting (Continued)

Budgetary Comparison Schedule Dos Vientos Assessment District Special Revenue Fund

| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Assessments | \$ 612,975 | \$ 612,975 | \$ 610,873 | \$ (2,102) |
| Licenses and permits | 61,000 | 61,000 | 61,313 | 313 |
| Interest | 1,000 | 1,000 | 2,727 | 1,727 |
| Total revenues | 674,975 | 674,975 | 674,913 | (62) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks and planning | 1,016,344 | 1,021,430 | 887,278 | 134,152 |
| Capital outlay | 362,000 | 362,000 | 59,166 | 302,834 |
| Total expenditures | 1,378,344 | 1,383,430 | 946,444 | 436,986 |
| REVENUES OVER (UNDER) EXPENDITURES | (703,369) | (708,455) | (271,531) | 436,924 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 271,555 | 271,555 | 271,555 | |
| Total other financing sources (uses) | 271,555 | 271,555 | 271,555 | |
| Changes in Fund Balance | \$ (431,814) | \$ (436,900) | 24 | \$ 436,924 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 634,413 | |
| End of fiscal year | | | \$ 634,437 | |

Conejo Recreation and Park District
Required Supplementary Information (Continued)
For the fiscal year ended June 30, 2016

Note 1 - Budgets and Budgetary Accounting (Continued)

Budgetary Comparison Schedule Rancho Conejo Assessment District Special Revenue Fund

| | Budget Amounts | | | Variance with |
|---|------------------|------------------|------------------|----------------|
| | Original | Final | Actual Amount | Final Budget |
| REVENUES : | | | | |
| Assessments | \$ 94,076 | \$ 94,076 | \$ 93,720 | \$ (356) |
| Interest | | | 248 | 248 |
| Total revenues | 94,076 | 94,076 | 93,968 | (108) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks and planning | 285,984 | 286,518 | 225,436 | 61,082 |
| Capital outlay | 178,000 | 178,000 | 38,940 | 139,060 |
| Total expenditures | 463,984 | 464,518 | 264,376 | 200,142 |
| REVENUES OVER (UNDER) EXPENDITURES | (369,908) | (370,442) | (170,408) | 200,034 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 341,908 | 341,908 | 274,181 | (67,727) |
| Total other financing sources (uses) | 341,908 | 341,908 | 274,181 | (67,727) |
| Changes in Fund Balance | \$ (28,000) | \$ (28,534) | 103,773 | \$ 132,307 |
| FUND BALANCE: | | | | |
| Beginning of fiscal year | | | 52,294 | |
| End of fiscal year | | | \$ 156,067 | |

Conejo Recreation and Park District
Required Supplementary Information (Continued)
June 30, 2016

Prepared for the Conejo Recreation and Parks District, an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2016

Note 2 – Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years*

| | <u>2016</u> | <u>2015</u> |
|---|------------------------|------------------------|
| Measurement Period | 2014-2015 ¹ | 2013-2014 ¹ |
| Total Pension Liability | | |
| Service Cost | \$ 1,091,703 | \$ 1,106,207 |
| Interest on total pension liability | 3,924,233 | 3,735,515 |
| Differences between expected and actual experience | (346,433) | |
| Changes in assumptions | (932,422) | |
| Benefit payments, including refunds of employee contributions | (2,157,836) | (1,972,811) |
| Net change in total pension liability | 1,579,245 | 2,868,911 |
| Total pension liability - beginning | 53,109,068 | 50,240,157 |
| Total pension liability - ending (a) | 54,688,313 | 53,109,068 |
| Plan Fiduciary Net Position | | |
| Contributions - employer | 720,174 | 628,613 |
| Contributions - employee | 586,481 | 557,540 |
| Net investment income | 1,027,875 | 6,859,039 |
| Benefit payments | (2,157,836) | (1,972,811) |
| Administrative expenses | (51,707) | |
| Net change in plan fiduciary net position | 124,987 | 6,072,381 |
| Plan fiduciary net position - beginning | 45,823,859 | 39,751,478 |
| Plan fiduciary net position - ending (b) | 45,948,846 | 45,823,859 |
| Net pension liability - ending (a) - (b) | <u>\$ 8,739,467</u> | <u>\$ 7,285,209</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 84.02% | 86.28% |
| Covered - employee payroll | 7,948,909 | 7,661,774 |
| Net pension liability as a percentage of covered - employee payroll | 109.95% | 95.09% |

Notes to Schedule

Benefit Changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions:

The Discount Rate changed to 7.65% from 7.5%.

*Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

Conejo Recreation and Park District
Required Supplementary Information (Continued)
June 30, 2016

Prepared for the Conejo Recreation and Parks District, an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2016

Note 3 – Schedule of Contributions – Last 10 Years*

| | <u>Fiscal Year 2015-2016</u> | <u>Fiscal Year 2014-2015</u> |
|---|------------------------------|------------------------------|
| Actuarially determined contribution | \$ 872,218 | \$ 720,175 |
| Contributions in relation to the actuarially determined contributions | <u>(872,218)</u> | <u>(720,175)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 7,948,909 | \$ 7,661,774 |
| Contributions as a percentage of covered-employee payroll | 10.97% | 9.40% |

Notes to Schedule

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------------|---|
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Amortization Method | Level Percent of Payroll |
| Remaining Period | 20 Years as of the Valuation Date |
| Asset Valuation Method | 15 Year Smoothed Market |
| Inflation | 2.75% |
| Salary Increases | 3.30% to 14.20% depending on age, service, and type of employment |
| Investment Rate of Return | 7.50%, net of pension plan investment and administrative expenses; includes inflation |
| Mortality Rate Table ⁽¹⁾ | Derived using CalPERS' Membership Data for all Funds |

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 CalPERS experience study report.

*Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

Conejo Recreation and Park District
Required Supplementary Information (Continued)
June 30, 2016

Note 4 – Schedule of Funding Progress

Other Post-Employment Benefits

| Actuarial Valuation Date | Actuarial Asset Value | Actuarial Accrued Liability Entry Age | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Actuarial Liability as a Percentage of Covered Payroll |
|--------------------------------|-----------------------------|--|---|-----------------|--------------------|--|
| July 1, 2008 | \$ - | \$6,119,659 | \$(6,119,659) | 0.00% | \$6,451,938 | 94.85% |
| July 1, 2011 | - | 7,503,813 | (7,503,813) | 0.00% | 6,853,931 | 109.48% |
| July 1, 2014 | - | 8,396,562 | (8,396,562) | 0.00% | 6,278,200 | 133.74% |

SUPPLEMENTARY INFORMATION

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FIDUCIARY FUNDS

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Conejo Recreation and Park District
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

| | Agency Funds | | | | | | | Totals |
|----------------------------|---------------------------------------|----------------------------------|---|----------------------------|-------------------------------------|--|--|---------------------|
| | Farland House Revolving Fund | Wildwood Flood Repair Fund | Goebel Adult Community Center Fund | Fireworks Trust Fund | CSVP Advisory Council Fund | Therapeutic Advisory Council Fund | Part - Time Employee Pension Reserve Fund | |
| ASSETS | | | | | | | | |
| Cash and investments | \$ 38,699 | \$ 371,011 | \$ 44,392 | \$ 19,149 | \$ 153,100 | \$ 91,543 | \$ 428,626 | \$ 1,146,520 |
| Interest receivable | 299 | 854 | 102 | 43 | 357 | 210 | 796 | 2,661 |
| Total assets | <u>\$ 38,998</u> | <u>\$ 371,865</u> | <u>\$ 44,494</u> | <u>\$ 19,192</u> | <u>\$ 153,457</u> | <u>\$ 91,753</u> | <u>\$ 429,422</u> | <u>\$ 1,149,181</u> |
| LIABILITIES | | | | | | | | |
| Deposits payable | \$ 38,998 | \$ 371,865 | \$ 44,494 | \$ 19,192 | \$ 153,457 | \$ 91,753 | \$ - | \$ 719,759 |
| Part-time pensions payable | | | | | | | 429,422 | 429,422 |
| Total liabilities | <u>\$ 38,998</u> | <u>\$ 371,865</u> | <u>\$ 44,494</u> | <u>\$ 19,192</u> | <u>\$ 153,457</u> | <u>\$ 91,753</u> | <u>\$ 429,422</u> | <u>\$ 1,149,181</u> |

Conejo Recreation and Park District
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2016

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|--|-------------------------|-----------------|---------------------|--------------------------|
| <u>Farland House Revolving Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 315,568 | \$ - | \$ (276,869) | \$ 38,699 |
| Interest receivable | 269 | 30 | | 299 |
| Total assets | \$ 315,837 | \$ 30 | \$ (276,869) | \$ 38,998 |
| Liabilities: | | | | |
| Deposits payable | \$ 315,837 | \$ 30 | \$ (276,869) | \$ 38,998 |
| Total liabilities | \$ 315,837 | \$ 30 | \$ (276,869) | \$ 38,998 |
| <u>Wildwood Flood Repair Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 369,643 | \$ 1,368 | \$ - | \$ 371,011 |
| Interest receivable | 315 | 539 | | 854 |
| Total assets | \$ 369,958 | \$ 1,907 | \$ - | \$ 371,865 |
| Liabilities: | | | | |
| Deposits payable | \$ 369,958 | \$ 1,907 | \$ - | \$ 371,865 |
| Total liabilities | \$ 369,958 | \$ 1,907 | \$ - | \$ 371,865 |
| <u>Goebel Adult Community Center Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 44,228 | \$ 164 | \$ - | \$ 44,392 |
| Interest receivable | 38 | 64 | | 102 |
| Total assets | \$ 44,266 | \$ 228 | \$ - | \$ 44,494 |
| Liabilities: | | | | |
| Deposits payable | \$ 44,266 | \$ 228 | \$ - | \$ 44,494 |
| Total liabilities | \$ 44,266 | \$ 228 | \$ - | \$ 44,494 |
| <u>Fireworks Trust Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 21,356 | \$ - | \$ (2,207) | \$ 19,149 |
| Interest receivable | 18 | 25 | | 43 |
| Total assets | \$ 21,374 | \$ 25 | \$ (2,207) | \$ 19,192 |
| Liabilities: | | | | |
| Deposits payable | \$ 21,374 | \$ 25 | \$ (2,207) | \$ 19,192 |
| Total liabilities | \$ 21,374 | \$ 25 | \$ (2,207) | \$ 19,192 |

Conejo Recreation and Park District
Combining Statement of Changes in Fiduciary Assets and Liabilities (Continued)
Agency Funds
For the fiscal year ended June 30, 2016

| | Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 |
|---|-------------------------|-----------------|---------------------|--------------------------|
| <u>CSVP Advisory Council Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 157,801 | \$ - | \$ (4,701) | \$ 153,100 |
| Interest receivable | 134 | 223 | | 357 |
| Total assets | \$ 157,935 | \$ 223 | \$ (4,701) | \$ 153,457 |
| Liabilities: | | | | |
| Deposits payable | \$ 157,935 | \$ 223 | \$ (4,701) | \$ 153,457 |
| Total liabilities | \$ 157,935 | \$ 223 | \$ (4,701) | \$ 153,457 |
| <u>Therapeutic Advisory Council Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 88,622 | \$ 2,921 | \$ - | \$ 91,543 |
| Interest receivable | 76 | 134 | | 210 |
| Total assets | \$ 88,698 | \$ 3,055 | \$ - | \$ 91,753 |
| Liabilities: | | | | |
| Deposits payable | \$ 88,698 | \$ 3,055 | \$ - | \$ 91,753 |
| Total liabilities | \$ 88,698 | \$ 3,055 | \$ - | \$ 91,753 |
| <u>Part-Time Pension Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 427,045 | \$ 1,581 | \$ - | \$ 428,626 |
| Interest receivable | 173 | 623 | | 796 |
| Total assets | \$ 427,218 | \$ 2,204 | \$ - | \$ 429,422 |
| Liabilities: | | | | |
| Part-time pensions payable | \$ 427,218 | \$ 2,204 | \$ - | \$ 429,422 |
| Total liabilities | \$ 427,218 | \$ 2,204 | \$ - | \$ 429,422 |
| <u>Total All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,424,263 | \$ 6,034 | \$ (283,777) | \$ 1,146,520 |
| Interest receivable | 1,023 | 1,638 | | 2,661 |
| Total assets | \$ 1,425,286 | \$ 7,672 | \$ (283,777) | \$ 1,149,181 |
| Liabilities: | | | | |
| Deposits payable | \$ 998,068 | \$ 5,468 | \$ (283,777) | \$ 719,759 |
| Part-time pensions payable | 427,218 | 2,204 | | 429,422 |
| Total liabilities | \$ 1,425,286 | \$ 7,672 | \$ (283,777) | \$ 1,149,181 |

CONEJO RECREATION AND PARK DISTRICT
MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER
June 30, 2016

CONEJO RECREATION AND PARK DISTRICT
June 30, 2016

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February 24, 2017

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District, California (District), as of and for the fiscal year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

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

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California



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February 24, 2017

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District (District) as of and for the fiscal year ended June 30, 2016. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 25, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. We noted no transactions entered into by the District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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



Moss, Levy & Hartzheim, LLP
Culver City, California



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Conejo Recreation and Park District, California (District), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
February 24, 2017

CURRENT YEAR RECOMMENDATIONS

None noted.

STATUS OF PRIOR YEAR RECOMMENDATIONS

None noted.