



Conejo Recreation & Park District

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Jim Friedl

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GENERAL MANAGER EMERITUS
Tex Ward

DATE: January 16, 2020

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, 2019, as prepared by the accounting firm of Rogers, Anderson, Malody & Scott, LLP.

DISCUSSION

Attached is the audit for FY 18-19, 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.

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

CONEJO RECREATION AND PARK DISTRICT

**Financial Statements
and
Independent Auditor's Report**

**For the fiscal year ended
June 30, 2019**

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CONEJO RECREATION AND PARK DISTRICT

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Financial Section

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Independent Auditor's Report

To the Board of Directors of
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, 2019, 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 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, as well as evaluating the overall presentation of the financial statements.

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.

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, 2019, 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 CalPERS Plan, schedule of contributions CalPERS Plan, schedule of changes in the net pension liability and related ratios Retirement Enhancement Plan, schedule of contributions Retirement Enhancement Plan, schedule of changes in the net OPEB liability and related ratios, and schedule of OPEB plan contributions, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 10, 2020

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, 2019.

FINANCIAL HIGHLIGHTS

- On June 30, 2019, District assets and deferred outflows exceeded liabilities and deferred inflows by \$152.5 million (net position). Of this amount, \$16.7 million (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's government-wide net position increased \$3.7 million during the fiscal year.
- At the close of fiscal year 2018-19, District governmental funds reports a combined ending fund balance of \$35.8 million, a decrease of \$4.4 million from the prior year. Approximately \$28.3 million of fund balance, or 79.1 percent, is in the General Fund. Of this amount, \$3.7 million is unassigned General Fund balance.
- At the close of fiscal year 2018-19, the General Fund budget to actual report shows a \$10.4 million increase in appropriation, primarily \$8.5 million for transfer of retiree liability reserves to trusts. The majority of the remainder is funded by \$1.3 million in increased anticipated revenue existing of anticipated insurance proceeds for recovery from the Woolsey Fire. Fund balance decreased by \$5.6 million rather than the budgeted \$9.2 million decrease. Actual revenues were more than budgeted by \$1.1 million, actual expenditures and transfers, were less than budgeted by \$2.5 million.
- As of June 30, 2019, the District's other governmental funds, excluding the general fund, reported combined ending fund balances of \$7.5 million.
- The District continues to actively manage its retiree liabilities. During FY 18-19, the Board authorized a transfer of \$4.0 million to an IRS Section 401(a) trust to fund the general employee retiree stipend benefit. In addition, the Board set up and authorized transfer of \$4.5 million to an IRS Section 115 trust to fund retiree medical expenses (OPEB). Lastly, the Board set up a Pension Stabilization Fund to offset the District's CalPERS unfunded liability and to temper increased future pension costs. The Pension Stabilization Fund balance at June 30, 2019 is \$9.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

The statement of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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 63 to 66 of this report.

The governmental funds financial statements can be found on pages 18 - 20 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 23 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 25 - 60 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 62 - 72.

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 and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$152.5 million at June 30, 2019, as summarized below:

Statement of Net Position June 30,		
	2019	2018
Assets:		
Cash and investments	\$ 35,991,724	\$ 41,043,850
Receivables	235,007	1,567,276
Other assets	673,759	634,950
Investment in joint venture - COSCA	38,211,790	38,169,562
Capital assets (net of depreciation)	94,801,383	93,386,635
Total assets	169,913,663	174,802,273
Deferred Outflows of Resources:		
Pension related	7,887,314	4,404,357
OPEB related	4,504,187	-
Total assets and deferred outflows of resources	182,305,164	179,206,630
Liabilities:		
Accounts payable	884,069	1,391,669
Other current liabilities	1,605,921	1,401,391
Noncurrent liabilities	25,765,113	26,113,324
Total liabilities	28,255,103	28,906,384

	2019	2018
Deferred Inflows of Resources:		
Pension related	\$ 288,533	\$ 445,714
OPEB related	1,238,356	1,006,684
Total liabilities and deferred inflows of resources	29,781,992	30,358,782
Net position:		
Net Investment in capital assets	94,801,383	93,386,635
Restricted - Joint Venture	2,839,875	38,169,562
Restricted - Assessment Districts	38,211,790	2,056,208
Unrestricted	16,670,124	15,235,443
Total Net Position	\$ 152,523,172	\$ 148,847,848

The largest portion (62.1 percent) of the District's net position reflects its investment of \$94.8 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.

\$38.2 million (25.1 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 net position totals \$38.2 million. These assets are not available for future spending. Another portion of the District's net position, \$2.8 million (1.9 percent) represents resources available in the District's three assessment districts. The remaining balance \$16.7 million (10.9 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.

Cash decreased primarily due to the \$8.5 million transferred to trusts for retiree liabilities (pensions and OPEBs). Accounts receivable decreased due to grant funds all being received during FY18-19. Changes in deferred outflows and inflows of resources relate to accounting for pensions and OPEB, additional information is available in Notes 7 and 8, and the required supplementary information section. Accounts payable decreased due to fewer active capital projects at June 30, 2019 over June 30, 2018. Changes in other current liabilities and noncurrent liabilities primarily reflect a greater percentage of claims payable and compensated absences estimated to be payable within the next fiscal year.

Statement of Activities

As shown in the table below, the District's change in net position due to FY 18-19 activity is an increase of \$3.7 million. Charges for services includes recreation fees, rent, and accounting services provided to the MRCA JPA. Operating grants and contributions include the operations share of assessment district revenues. Capital grants and contributions include the capital share of the assessment district revenues, developer fees and grants. Reductions in these two items are a result of fewer grant revenues in FY 18-19, and allocation of assessment revenue between operating and capital. Property tax increases reflect the increasing real estate valuations. Investment income decreased due to the decreasing interest rate market. Other revenue includes licenses/permits and miscellaneous. The decrease in expenses is due primarily to capital activity, addressed elsewhere in this report.

The prior period adjustment in fiscal year 17-18 is due to new reporting requirements related to implementation of GASB 75, accounting and reporting for Post-employment Benefits Other Than Pension (OPEB).

Statement of Activities
June 30,

	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 5,649,938	\$ 5,595,747
Operating grants & contributions	1,638,622	2,314,420
Capital grants & contributions	2,240,104	4,797,528
General revenues:		
Property taxes	17,569,437	16,880,043
Investment income	734,650	736,812
Other	1,474,329	1,236,242
Total revenues	<u>29,307,080</u>	<u>31,560,792</u>
Expenses:		
Parks & recreation	<u>25,631,756</u>	<u>26,485,446</u>
Total Expenses		
Change in net position	<u>3,675,324</u>	<u>5,075,346</u>
Net position - beginning	148,847,848	150,480,162
Prior period adjustment	-	(6,707,660)
Net position - beginning, restated	<u>148,847,848</u>	<u>143,772,502</u>
Net position - ending	<u>\$ 152,523,172</u>	<u>\$ 148,847,848</u>

FINANCIAL ANALYSIS OF DISTRICT FUNDS

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

Governmental funds

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

At the close of fiscal year 2018-19, District governmental funds reported a combined ending fund balance of \$35.8 million, a decrease of \$4.4 million over the prior year. Approximately \$28.3 million or 79.1 percent is in the General Fund. Of this amount, \$24.6 million is being held for specific purposes.

The following are the District's major funds:

General Fund

The General Fund is the District's primary operating fund. It showed a decrease of \$5.6 million in fund balance for the year ended June 30, 2019, which consists of operating revenues exceeding operating expenditures and other financing sources/uses by \$2.9 million, offset by \$8.5 million in reserves deposited to trusts for pensions (\$4.0 million) and other post-employment benefits (retiree medical, \$4.5 million). At June 30, 2019, the unrestricted fund balance (which includes the *committed*, *assigned* and *unassigned* components of fund balance) was \$28.3 million that is available for ongoing operations, or 133 percent of total general fund expenditures, excluding other financing sources/uses and transfers to trusts. When adjusted for the *committed* and *assigned* components of fund balance, the figure available for ongoing operations is reduced to \$3.7 million or 12.4 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 \$0.7 million, to \$2.4 million at June 30, 2019 as a result of the Wildwood Bridge project moving more slowly than expected.

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 increased by \$0.1 million, for a total fund balance of \$0.4 million at June 30, 2019, primarily a result of reduced water expenses due to a rainy year.

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 stayed essentially the same, leaving a balance of \$0.06 million at June 30, 2019.

Capital Projects Fund

The Capital Projects Fund provides resources for construction of capital projects. Major projects include design of Conejo Creek Southwest and payment to the school district for the District's share of the Newbury Park High School Pool refurbishment. Fund balance increased \$0.3 million, for a total of \$4.6 million at June 30, 2019.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget to actual report can be found on page 63 of this report. Increases between the original and final budget were 10.4 million increase in appropriation, which consists primarily of \$8.5 million in retiree liability reserves transferred to trust, offset by \$1.3 million in increased anticipated revenues, primarily insurance proceeds from the Woolsey Fire. Fund balance decreased by \$5.6 million rather than the budgeted \$9.1 million decrease.

Actual revenues exceeded budget by \$1.1 million. Property tax revenues, interest and recreation fees and other government revenues exceeded budget by \$0.8 million, \$0.5 million, \$0.3 million and \$0.2 million, respectively, offset by shortfall in other revenues of \$0.7 million, as a result of Woolsey Fire insurance proceeds not all received in FY18-19. Actual operating expenditures were less than budgeted by \$2.2 million across all divisions.

Special Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 64 of this report. Changes between the original and final budget in capital outlay are due to the timing of various projects. Some were expected to be completed and were not, primarily Sapwi Trails Park; others were budgeted to continue into this fiscal year but were further along than expected or completed in FY2017-18.

The positive variance in the grant revenue account reflects receipt of a Sapwi Trails Park grant that was anticipated to be received in FY 17-18, but was actually received this year. The positive variance in capital outlay primarily reflects appropriations that will be carried into FY 19-20 to complete capital projects in progress, primarily the Wildwood Bridge project.

Dos Vientos Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 65 of this report. There was no change from the original to final budgets. Actual expenditures were \$0.2 million less than budgeted, half in the salaries and benefits area due to vacancies, and half in water (due to rainy year) and grounds maintenance (due to vacancies).

Rancho Conejo Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 66 of this report. There was no change from the original to final budgets. Actual expenditures ending the year at less than budgeted is primarily driven by savings in water expenditures due to the rainy year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

District investment in capital assets for its governmental activities as of June 30, 2019, totaled \$94.8 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 2018-19 was \$1.4 million, consisting of increases in buildings, improvements, equipment and construction in progress, offset by depreciation in buildings, improvements and equipment. Additional information on the District's capital assets can be found on page 39 of this report.

Capital assets are summarized below:

Capital Assets (net of accumulated depreciation)

June 30,

	2019	2018
Land	\$ 51,079,051	\$ 51,079,051
Buildings	6,037,341	6,208,214
Improvements	33,505,213	25,898,542
Equipment	1,340,836	1,351,172
Construction in progress	2,838,942	8,849,656
	<u>\$ 94,801,383</u>	<u>\$ 93,386,635</u>

Major capital asset events during the fiscal year include completion of Sapwi Trails Community Park, McCrea Ranch irrigation improvements, upgrades to fitness paths and equipment at Thousand Oaks and Spring Meadow Parks, upgrades at Oakbrook Neighborhood Park, preliminary design work for Conejo Creek Southwest Park and the District's 25% share of the rehabilitation of the Newbury Park High School Pool.

Long-term debt

The District has no outstanding debt at June 30, 2019.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The focus of this annual report is the economic condition of the District as of June 30, 2019; however, national, state and local issues have economic impacts on the District and are worthy of consideration.

Although the statewide and national economies continued to do well in 2019, the Ventura County economy is predicted to go into its fifth year of zero growth. It is anticipated that there will be slower growth both nationally and internationally, however, it appears unlikely that the U.S. economy will enter a recession during 2020. The State government remains fiscally sound, and, at least to date, the Federal administration's policies have not had a negative effect on the District's fiscal health. That said, as this has been the longest financial recovery in the nation's history, there remains discussion of recession, accordingly, staff anticipates only modest increases in property tax revenues.

Although rain appears to have returned to the area, the District anticipates that the challenge of drought cycles and increasing water prices will continue. These challenges have been addressed with the District's implemented turf reduction program. Turf has been 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 also connected two 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 District continues to meet its actuarially required contribution to California Public Employees Retirement System (CalPERS). The employer contribution rate has increased from 6.069 percent for fiscal year 2009-10 to 21.412 percent for fiscal year 2020-21, with estimates as high as 24.900 percent for fiscal years 2024-25 and 2025-26. In December 2009, in anticipation of increased costs, the District implemented 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 December 31, 2012. This formula coupled with the legislation's other changes to pension systems, are expected to reduce the normal cost contribution rates over the coming decades.

In addition to implementing pension benefit reform, the District set up and began funding a pension stabilization fund to provide for its unfunded CalPERS liability (\$15.2 million at June 30, 2018) and to temper large pension cost increases in future budgets. \$6.0 million of the \$9.7 reserved as of June 30, 2019, was sent to a Section 115 trust during FY 19-20. Additional funding for the pension stabilization fund will be provided each year from salary and benefit savings, along with discretionary transfers from unassigned fund balance as available.

The District is also actively managing its non-PERS post-retirement liabilities. In June 2018, the Board set up and authorized transfer of \$4 million to a Section 401(a) trust for the general employee retiree stipend benefit. In November 2018, the Board set up and authorized transfer of \$4.5 million to a Section 115 trust for retiree medical expenses (OPEB).

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

Locally, the District encompasses a community that has, for all intents and 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. However, stronger state laws and policies may increase housing in the coming years. New state laws and policies are encouraging, and in some cases, forcing cities to increase housing. Should this result in more housing in Thousand Oaks (perhaps along the Thousand Oaks Boulevard corridor), there could be additional Quimby Fees associated with new housing construction in that area. It may also be worth noting that Quimby Fees for small residential additions (aka "accessory dwelling units" or "granny flats") have been eliminated by state law if the new addition is under 750 square feet.

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CONEJO RECREATION AND PARK DISTRICT

Statement of Net Position June 30, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (Note 2)	\$ 35,991,724
Receivables (Note 3):	
Accounts	235,007
Interest	317,659
Taxes	125,893
Loans	195,125
Prepaid expenses	35,082
Total current assets	36,900,490
Noncurrent assets:	
Investment in joint venture (Note 11)	38,211,790
Capital assets (Note 5):	
Nondepreciable	53,917,993
Depreciable, net	40,883,390
Total noncurrent assets	133,013,173
Total assets	169,913,663
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 7)	7,887,314
OPEB related (Note 8)	4,504,187
Total deferred outflows of resources	12,391,501
LIABILITIES	
Current liabilities:	
Accounts payable	884,069
Payroll and related liabilities	207,866
Refundable deposits	32,420
Claims payable - due in less than one year (Note 9)	487,500
Compensated absences - due in less than one year	878,135
Total current liabilities	2,489,990
Noncurrent liabilities:	
Claims payable - due in more than one year (Note 9)	239,900
Compensated absences - due in more than one year	585,813
Net OPEB liability (Note 8)	5,801,736
Net pension liability (Note 7)	19,137,664
Total noncurrent liabilities	25,765,113
Total liabilities	28,255,103
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 7)	288,533
OPEB related (Note 8)	1,238,356
Total deferred inflows of resources	1,526,889
NET POSITION	
Investment in capital assets	94,801,383
Restricted for assessment districts	2,839,875
Restricted for parks and recreation open space - COSCA	38,211,790
Unrestricted	16,670,124
Total net position	\$ 152,523,172

The accompanying notes are an integral part of these financial statements.

CONEJO RECREATION AND PARK DISTRICT

Statement of Activities

For the fiscal year ended June 30, 2019

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	\$ 25,631,756	\$ 5,649,938	1,638,622	\$ 2,240,104	\$ (16,103,092)
Total governmental activities	<u>\$ 25,631,756</u>	<u>\$ 5,649,938</u>	<u>\$ 1,638,622</u>	<u>\$ 2,240,104</u>	<u>(16,103,092)</u>
General revenues:					
Taxes:					
Secured and unsecured property taxes					17,569,437
Investment income					734,650
Licenses and permits					454,649
Other					<u>1,019,680</u>
Total general revenues					<u>19,778,416</u>
Change in net position					3,675,324
Net position, beginning of year					<u>148,847,848</u>
Net position, end of year					<u>\$ 152,523,172</u>

The accompanying notes are an integral part of these financial statements.

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FUND FINANCIAL STATEMENTS

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CONEJO RECREATION AND PARK DISTRICT

Balance Sheet Governmental Funds June 30, 2019

	General Fund	Special Revenue Funds			Capital Projects Fund	Total Governmental Funds
		Districtwide Assessment District Fund	Dos Vientos Assessment District Fund	Rancho Conejo Assessment District Fund		
ASSETS						
Cash and investments (Note 2)	\$ 28,725,886	\$ 2,271,673	\$ 446,936	\$ 78,716	\$ 4,468,513	\$ 35,991,724
Receivables (Note 3):						
Accounts	235,007	-	-	-	-	235,007
Interest	252,607	19,610	4,745	845	39,852	317,659
Taxes	68,088	41,294	15,289	1,222	-	125,893
Loans	20	79,105	-	-	116,000	195,125
Prepaid expenses	35,082	-	-	-	-	35,082
Total assets	\$ 29,316,690	\$ 2,411,682	\$ 466,970	\$ 80,783	\$ 4,624,365	\$ 36,900,490
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 773,065	\$ 32,292	\$ 62,534	\$ 11,660	\$ 4,518	\$ 884,069
Accrued expenditures	194,792	1,274	8,339	3,461	-	207,866
Refundable deposits	32,420	-	-	-	-	32,420
Total liabilities	1,000,277	33,566	70,873	15,121	4,518	1,124,355
Fund balances:						
Nonspendable:						
Prepaid expenses	35,082	-	-	-	-	35,082
Long-term receivables	20	-	-	-	-	20
Restricted for:						
Assessment Districts	-	2,378,116	396,097	65,662	-	2,839,875
Committed for:						
Pension	9,748,355	-	-	-	-	9,748,355
Claims	2,500,000	-	-	-	-	2,500,000
Operating reserve	6,000,000	-	-	-	-	6,000,000
Equipment replacement	4,580,600	-	-	-	-	4,580,600
Assigned for:						
Compensated absences	1,571,720	-	-	-	-	1,571,720
Capital projects	100,620	-	-	-	4,619,847	4,720,467
Other purposes	56,227	-	-	-	-	56,227
Unassigned	3,723,789	-	-	-	-	3,723,789
Total fund balances	28,316,413	2,378,116	396,097	65,662	4,619,847	35,776,135
Total liabilities and fund balances	\$ 29,316,690	\$ 2,411,682	\$ 466,970	\$ 80,783	\$ 4,624,365	\$ 36,900,490

The accompanying notes are an integral part of these financial statements.

CONEJO RECREATION AND PARK DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2019

Total fund balances - total governmental funds	\$ 35,776,135
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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	\$ 53,917,993	
Depreciable capital assets, net	<u>40,883,390</u>	94,801,383

Investment in joint venture has not been included as a financial resource in the governmental funds.	38,211,790
--	------------

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	(727,400)	
Compensated absences	(1,463,948)	
Net OPEB liability	(5,801,736)	
Net pension liability	<u>(19,137,664)</u>	(27,130,748)

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 outflows of resources - pension/OPEB	12,391,501	
Deferred inflows of resources - pension/OPEB	<u>(1,526,889)</u>	<u>10,864,612</u>

Net position of governmental activities	<u>\$ 152,523,172</u>
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The accompanying notes are an integral part of these financial statements.

CONEJO RECREATION AND PARK DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the fiscal year ended June 30, 2019

	General Fund	Special Revenue Funds			Capital Projects Fund	Total Governmental Funds
		Districtwide Assessment District Fund	Dos Vientos Assessment District Fund	Rancho Conejo Assessment District Fund		
REVENUES						
Property taxes	\$ 17,569,437	\$ -	\$ -	\$ -	\$ -	\$ 17,569,437
Assessments	-	1,865,120	658,308	113,562	-	2,636,990
Licenses and permits	8,141	-	71,788	-	374,720	454,649
Interest	578,786	49,484	10,165	1,462	94,753	734,650
Facilities rental	590,053	-	-	-	-	590,053
Other governmental agencies	682,411	-	-	-	-	682,411
Grants	-	2,052,490	-	-	-	2,052,490
Recreation fees	4,697,233	-	-	-	-	4,697,233
Other	620,512	39,076	30	-	556,571	1,216,189
Total revenues	24,746,573	4,006,170	740,291	115,024	1,026,044	30,634,102
EXPENDITURES						
Current:						
Parks and recreation:						
District administration	3,581,329	-	-	-	-	3,581,329
Payments to PARS	8,500,000	-	-	-	-	8,500,000
Parks and planning	9,117,303	1,045,388	855,737	231,496	-	11,249,924
Recreation and community services	8,161,444	-	-	-	-	8,161,444
Capital outlay	381,669	2,522,212	-	-	681,375	3,585,256
Total expenditures	29,741,745	3,567,600	855,737	231,496	681,375	35,077,953
Excess (deficiency) of revenues over (under) expenditures	(4,995,172)	438,570	(115,446)	(116,472)	344,669	(4,443,851)
OTHER FINANCING SOURCES (USES)						
Transfers in	121,098	250,000	277,000	171,113	-	819,211
Transfers out	(698,113)	(3,449)	(107,973)	(9,676)	-	(819,211)
Total other financing sources (uses)	(577,015)	246,551	169,027	161,437	-	-
Net change in fund balance	(5,572,187)	685,121	53,581	44,965	344,669	(4,443,851)
Fund balance, beginning of year	33,888,600	1,692,995	342,516	20,697	4,275,178	40,219,986
Fund balance, end of year	\$ 28,316,413	\$ 2,378,116	\$ 396,097	\$ 65,662	\$ 4,619,847	\$ 35,776,135

The accompanying notes are an integral part of these 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, 2019

Net change in fund balance - total governmental funds	\$ (4,443,851)
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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:

Total additions of \$4,579,202, net of dispositions of \$108,283.	4,470,919
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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.	(3,056,171)
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Investment revenue earned from investment in joint venture - COSCA.	42,228
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Changes in claims payable expense were reported in the government-wide statement of activities, but it did not require the use of current financial resources. Therefore, the increase in claims payable was not reported as an expenditure in the governmental funds.	(60,956)
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Changes in long-term compensated absences were 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.	73,287
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Net other post-employment benefits obligation (OPEB) 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.	9,306,887
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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.	(1,287,769)
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Certain revenues are recognized in the governmental funds since they were received after the prescribed time period in the prior period. However, these revenues and associated receivables are not included in the government-wide financial statements.	(1,369,250)
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Change in net position of governmental activities	<u>\$ 3,675,324</u>
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The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

CONEJO RECREATION AND PARK DISTRICT

Statement of Fiduciary Assets and Liabilities June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 903,471
Interest receivable	<u>8,183</u>
Total Assets	<u><u>\$ 911,654</u></u>
 LIABILITIES	
Deposits payable	<u>\$ 911,654</u>
Total Liabilities	<u><u>\$ 911,654</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting and Measurement Focus (continued)

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.

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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting and Measurement Focus (continued)

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.

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, CSVP Advisory Council, Therapeutic Advisory Council, Teen Center Advisory Council and the Conejo Coalition for Youth & Family Fund.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. Donated or contributed capital assets are stated at acquisition value on the date donated or contributed. 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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Property Taxes (continued)

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.

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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position and Fund Balances (continued)

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 the Financial Statements June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Future accounting pronouncements

GASB Statements listed below will be implemented in future fiscal years as listed below:

Statement 84: *Fiduciary Activities* is effective for periods beginning after December 15, 2018.

Statement 87: *Leases* is effective for periods beginning after December 15, 2019.

Statement 89: *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for periods beginning after December 15, 2019.

Statement 90: *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61* is effective for periods beginning after December 15, 2018.

Statement 91: *Conduit Debt Obligations* - periods beginning after December 15, 2020.

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.

Investments authorized by the California Government Code and the District's investment policy

The District's investment policy authorizes investment in any investments authorized by Government Code Section 53600. The policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

The following is a summary of cash and investments at June 30, 2019:

	Government-Wide Statement Net Position	Fiduciary Fund Statement of Net Position	Total
	Governmental Activities		
Cash and investments	<u>\$ 35,991,724</u>	<u>\$ 903,471</u>	<u>\$ 36,895,195</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

A. *Summary of cash and investments*

Cash and investments comprised the following at June 30, 2019:

Cash and cash equivalents:

Petty cash	\$ 1,500
Cash on hand	28,061
Demand deposits	<u>2,276,749</u>
Total cash and cash equivalents	<u>2,306,310</u>

Investments:

Local Agency Investment Fund	2,834,163
Ventura County Investment Pool	<u>31,754,722</u>
Total investments	<u>34,588,885</u>

Total cash and investments	<u>\$ 36,895,195</u>
-----------------------------------	-----------------------------

B. *Cash deposits*

The carrying amounts of the District's demand deposits were \$2,276,749 at June 30, 2019. Bank balances at June 30, 2019 were \$2,703,800 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).

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

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	\$65 million
Ventura County Investment Pool	2 years	None	None

D. Investment in Local Agency Investment Fund

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

The District's investments with LAIF at June 30, 2019 included 1.77% 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, 2019, the District had \$2,834,163 invested in LAIF. The District valued its investments in LAIF as of June 30, 2019 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 1.001711790.

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 the Financial Statements June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Investment in Ventura County Investment Pool

As of June 30, 2019, the District had \$31,754,722 invested in the Ventura County Investment Pool (the County Pool). The District valued its investments in the County Pool as of June 30, 2019 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, 2019, 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	\$ 2,834,163	\$ 2,834,163
Ventura County Investment Pool	31,754,722	31,754,722
Total	<u>\$ 34,588,885</u>	<u>\$ 34,588,885</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	AAA

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Risk disclosures (continued)

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2019, there were no investments in any one issuer (other than US Treasury securities and external investment pools) that represents 5% or more of total District investments.

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, 2019.

NOTE 3 – RECEIVABLES

A. Accounts receivable

Accounts receivable consisted of the following at June 30, 2019:

<u>Agency</u>	<u>Accounts receivable</u>
Other government agencies	\$ 64,691
Misc. receivable	141,635
Play Conejo	21,869
Goebel Senior Center Commission	6,812
Total	<u>\$ 235,007</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 3 – RECEIVABLES (continued)

B. Interest receivable

Interest receivable consisted of the following at June 30, 2019:

<u>Agency</u>	<u>Interest receivable</u>
Local Agency Investment Fund	\$ 18,076
Ventura County Investment Pool	299,583
Total	<u>\$ 317,659</u>

C. Taxes receivable

Taxes receivable, due from the County of Ventura, consisted of the following at June 30, 2019:

<u>Fund</u>	<u>Type</u>	<u>Amount</u>
General Fund	Property taxes	\$ 68,088
District-wide Assessment District Special Revenue Fund	Assessments	41,294
Dos Vientos Assessment District Special Revenue Fund	Assessments	15,289
Rancho Conejo Assessment District Special Revenue Fund	Assessments	1,222
Total		<u>\$ 125,893</u>

D. Loans receivable

Summary of changes in loans receivable for the year ended June 30, 2019 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Computers	\$ 1,646	\$ -	\$ (1,626)	\$ 20
CVUSC	89,105	-	(10,000)	79,105
AYSO	145,000	-	(29,000)	116,000
Total	<u>\$ 235,751</u>	<u>\$ -</u>	<u>\$ (40,626)</u>	<u>\$ 195,125</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 the Financial Statements June 30, 2019

NOTE 3 – RECEIVABLES (continued)

D. Loans receivable (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 remaining balance of the loan as of June 30, 2019 was \$10,000. The District entered into an agreement on May 4, 2017 for the construction of facilities at Los Cerritos Middle School. As part of the agreement, CVUSC agreed to pay the District a portion of the construction costs totaling \$69,105 starting on July 1st of each year following the completion of the construction in installments of \$10,000 until the loan has been paid off.

NOTE 4 - INTERFUND TRANSACTIONS

Transfers in and out

At June 30, 2019, the District had the following transfers in/out:

	General Fund	Transfers in Special Revenue Funds			Total
		District-wide Assessment District Fund	Dos Vientos Assessment District Fund	Rancho Conejo Assessment District Fund	
Transfers out:					
General Fund	\$ -	\$ 250,000	\$ 277,000	\$ 171,113	\$ 698,113
Districtwide Assessment District	3,449	-	-	-	3,449
Dos Vientos Assessment District	107,973	-	-	-	107,973
Rancho Conejo Assessment District	9,676	-	-	-	9,676
Total	<u>\$ 121,098</u>	<u>\$ 250,000</u>	<u>\$ 277,000</u>	<u>\$ 171,113</u>	<u>\$ 819,211</u>

From General Fund:

- 1) \$250,000 to the Districtwide Assessment District Fund to provide playground equipment.
- 2) \$277,000 to the Dos Vientos Assessment District Fund to provide property tax support.
- 3) \$171,113 to the Rancho Conejo Assessment District Fund to provide property tax support.

To General Fund:

- 4) \$121,098 to the General fund from the special revenue funds for pension reserve funding.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 5 – CAPITAL ASSETS

Summary of changes in the capital assets for the fiscal year ended June 30, 2019 is as follows:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Capital assets not being depreciated:					
Land	\$ 51,079,051	\$ -	\$ -	\$ -	\$ 51,079,051
Construction in progress	8,849,656	162,019	(22,511)	(6,150,222)	2,838,942
Total capital assets not being depreciated	59,928,707	162,019	(22,511)	(6,150,222)	53,917,993
Capital assets being depreciated:					
Buildings	10,253,741	48,237	(51,500)	113,783	10,364,261
Improvements	42,312,806	4,046,270	-	6,036,439	52,395,515
Equipment	3,735,914	322,676	(179,456)	-	3,879,134
Total capital assets, being depreciated	56,302,461	4,417,183	(230,956)	6,150,222	66,638,910
Less accumulated depreciation:					
Buildings	(4,045,527)	(281,393)	-	-	(4,326,920)
Improvements	(16,414,264)	(2,476,038)	-	-	(18,890,302)
Equipment	(2,384,742)	(298,740)	145,184	-	(2,538,298)
Total less accumulated depreciation	(22,844,533)	(3,056,171)	145,184	-	(25,755,520)
Net capital assets being depreciated	33,457,928	1,361,012	(85,772)	6,150,222	40,883,390
Capital assets, net	\$ 93,386,635	\$ 1,523,031	\$ (108,283)	\$ -	\$ 94,801,383

Depreciation expense of \$3,056,171 is charged to the parks and recreation function in the Statement of Activities.

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2019 were as follows:

	Beginning balance	Additions	Deletions	Ending balance	Classification	
					Due within one year	Due in more than one year
Compensated absences	\$ 1,537,235	\$ 725,018	\$ (798,305)	\$ 1,463,948	\$ 878,135	\$ 585,813
Claims and judgments payable	666,444	825,758	(764,802)	727,400	487,500	239,900
Total	\$ 2,203,679	\$ 1,550,776	\$ (1,563,107)	\$ 2,191,348	\$ 1,365,635	\$ 825,713

These liabilities will be paid in future years from future resources primarily from the General Fund.

NOTE 7 – PENSIONS PLANS

A. Employee deferred compensation plan

The District offers its 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 the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

A. Employee deferred compensation plan (continued)

The District 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. 457 Social Security Replacement Plan

Part-time employees who do not qualify for PERS 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, the employee and District each contribute 3.75% and benefits are immediately vested. Distributions from the plan are made only when the participant has separated from service and the participant's accrued benefits are nonforfeitable.

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).

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.

C. California Public Employees' Retirement System (CalPERS) Pension Plan

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used for the CalPERS Plan.

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

Plan description

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2017 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

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 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Prior to December 4, 2009	On or after December 4, 2009	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50+	50+	52+
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.00%	7.00%	5.75%
Required employer contribution rates (fiscal year 2019)	16.006%	16.006%	16.006%

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

Employees covered

At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	249
Active employees	<u>149</u>
Total	<u><u>505</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2019 were \$1,361,193.

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

Actuarial assumptions

The total pension liability in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase ⁽¹⁾	3.3% - 14.2%
Mortality ⁽²⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾ Annual increases vary by category, entry age and duration of service.

⁽²⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Discount rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

Long-term expected rate of return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset class ⁽¹⁾</u>	<u>Current target allocation</u>	<u>Real return year 1 - 10 ⁽²⁾</u>	<u>Real return year 11+ ⁽³⁾</u>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

⁽¹⁾ In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

⁽²⁾ An expected inflation of 2.0% used for this period

⁽³⁾ An expected inflation of 2.92% used for this period

Change of assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions, December 2017. There were no changes in the discount rate.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

Changes in CalPERS net pension liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at 06/30/2017 (VD) ⁽¹⁾	\$ 63,228,964	\$ 49,019,207	\$ 14,209,757
Changes recognized for the measurement period:			
Service cost	1,258,713	-	1,258,713
Interest on Total Pension Liability	4,449,322	-	4,449,322
Changes of benefit terms	-	-	-
Changes of assumptions	(331,396)	-	(331,396)
Differences between expected and actual experience	90,705	-	90,705
Plan to plan resource movement	-	(120)	120
Contributions - employer	-	1,113,988	(1,113,988)
Contributions - employees	-	587,402	(587,402)
Net investment income ⁽²⁾	-	4,079,327	(4,079,327)
Benefit payments, including refunds of employee contributions	(2,778,697)	(2,778,697)	-
Administrative expense	-	(76,385)	76,385
Other miscellaneous income	-	(145,057)	145,057
Net changes during 2017-18	2,688,647	2,780,458	(91,811)
Balance at: 06/30/2018 (MD) ⁽¹⁾	\$ 65,917,611	\$ 51,799,665	\$ 14,117,946

Valuation Date (VD), Measurement Date (MD).

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

² Net of administrative expenses.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount rate - 1% (6.15%)	Current discount rate - (7.15%)	Discount rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 22,579,993	\$ 14,117,946	\$ 7,079,989

Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

Plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the measurement date ending June 30, 2018 is 3.2 years, which was obtained by dividing the total service years of 1,641 (the sum of remaining service lifetimes of the active employees) by 505 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

As of the start of the measurement period (July 1, 2017), the District's net pension liability was \$14,209,757. For the measurement period ending June 30, 2018 (the measurement date), the District incurred a pension expense of \$2,395,136. A complete breakdown of the pension expense is as follows:

Description	Amount
Service cost	\$ 1,258,713
Interest on Total Pension Liability	4,449,322
Changes of benefit terms	-
Recognized changes of assumptions	806,374
Recognized differences between expected and actual experience	(163,446)
Net Plan to Plan resource movement	120
Employee contributions	(587,402)
Projected earnings on pension plan investments	(3,456,594)
Recognized differences between projected and actual earnings on plan investments	(133,393)
Administrative expense	76,385
Other miscellaneous (income)/expense	145,057
Total pension expense	<u>\$ 2,395,136</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

C. California Public Employees' Retirement System (CalPERS) Pension Plan (continued)

As of June 30, 2019, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	\$ 1,361,193	\$ -
Changes of assumptions	1,356,081	227,835
Net differences between projected and actual earnings on pension plan investments	198,637	-
Differences between expected and actual experiences	140,387	60,698
Total	<u>\$ 3,056,298</u>	<u>\$ 288,533</u>

These amounts are net of outflows and inflows recognized in the 2017-18 measurement period expense. Contributions subsequent to the measurement date of \$1,361,193 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and inflows of resources related to this plan will be recognized in future pension expense as follows:

Measurement periods ended June 30:	Deferred outflows/(inflows) of resources
2019	\$ 1,615,679
2020	415,922
2021	(500,484)
2022	(124,545)
2023	-
Thereafter	-

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

D. Retirement Enhancement Pension Plan

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used for the Retirement Enhancement Pension Plan.

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

Plan description – full-time employees

The District provides a Stipend benefit to a closed group of participants. Eligible non-management full-time retirees who commence their pension with CalPERS within 120 days of termination and were hired prior to July 1, 2009 will receive the following monthly benefit from the District. The normal form of payment is a single life annuity. Optionally, a participant can elect to receive their benefit in the form of a lump sum. Also, there are no pre-retirement death benefits.

The Plans' provisions and benefits in effect at June 30, 2019 are summarized as follows:

Retirement date	Monthly benefit	Additional monthly benefit per each year of service	Monthly increase per year for each year in retired status
Prior to July 1, 1998	\$34	\$5	Lesser of CPI ⁽¹⁾ or \$2
July 1, 1998 to June 30, 2005	\$50	\$5	Lesser of CPI or \$10
July 1, 2005 to June 30, 2006	\$60	\$10	Lesser of CPI or \$10
July 1, 2006 and later	\$75	\$15	Lesser of CPI or \$15

⁽¹⁾ Based on CPI-W for urban wage earners and clerical workers—Los Angeles.

Plan description – part-time employees

The District provides a pension benefit to a closed group of part-time employees. Eligible retirees who were hired prior to July 1, 2013 will receive a benefit equal to 2.0% x Average Annual Compensation x Years of Service (up to 30 years).

Years of Service means a Plan Year beginning on or after January 1, 1992 during which the participant earns an hour of service as an employee. Average Annual Compensation means average compensation over all of the Plan Years in which a participant earned a Year of Service under the Plan.

The normal form of payment is a single life annuity. Optionally, a participant can elect to receive their benefit in the form of a lump sum. There is automatic cash out if the lump sum of the accrued benefit is less than \$1,000.

If a participant dies while an employee, a death benefit will be provided to their beneficiary equal to the lump sum value of the accrued benefit. There are no other death benefits.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

D. Retirement Enhancement Pension Plan (continued)

Employees covered

At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

	Plan
Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	2
Active employees	68
Total	110

Contributions

The total plan contributions are determined through an annual actuarial valuation process. 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 Retirement Enhancement pension plan is entirely District funded. Employer Contributions to the Plan for the fiscal year ended June 30, 2019 were \$4,831,016.

Retirement Enhancement net pension liability (total 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures.

Actuarial assumptions

The total pension liability in the June 30, 2017 actuarial valuation were determined using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry age cost
Asset valuation method	
Discount rate	3.87%
Inflation	1.50%
Projected salary increase ⁽¹⁾	3.25%
Mortality ⁽²⁾	Derived using CalPERS' valuations

⁽¹⁾ Annual increases vary by category, entry age and duration of service.

⁽²⁾ The mortality table used was developed based on CalPERS' valuations. Pre and post retirement used CalPERS Mortality 2014

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

D. Retirement Enhancement Pension Plan (continued)

Discount rate

The discount rate used to measure the total pension liability was 3.87 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the employer will be made at statutorily required rates, actuarially determined. The discount rate is based on a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

Long-term expected rate of return

The District had no plan assets as of the June 30, 2018 measurement date.

The following table shows the changes in total net pension liability recognized over the measurement period.

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at 06/30/2017 (VD)	\$ -	\$ -	\$ -
Changes recognized for the measurement period:			
Changes of benefit terms	5,019,718	-	5,019,718
Net changes during 2017-18	5,019,718	-	5,019,718
Balance at: 06/30/2018 (MD)	\$ 5,019,718	\$ -	\$ 5,019,718

Valuation Date (VD), Measurement Date (MD).

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 3.87 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87 percent) or 1 percentage-point higher (4.87 percent) than the current rate:

	Discount rate - 1% (2.87%)	Current discount rate - (3.87%)	Discount rate + 1% (4.87%)
Plan's Net Pension Liability	\$ 5,599,601	\$ 5,019,718	\$ 4,534,152

Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 7 – PENSION PLANS (continued)

D. Retirement Enhancement Pension Plan (continued)

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Expected average remaining service life (EARSL) 4.426 years

As of the start of the measurement period (July 1, 2017), the District's total pension liability was \$-0-. For the measurement period ending June 30, 2018 (the measurement date), the District incurred a pension expense of \$5,019,718. A complete breakdown of the pension expense is as follows:

Description	Amount
Changes of benefit terms	\$ 5,019,718
Total pension expense	\$ 5,019,718

As of June 30, 2019, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	\$4,831,016	\$ -
Total	\$4,831,016	\$ -

Contributions subsequent to the measurement date of \$4,831,016 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Part of the \$4,831,016 includes a distribution of \$831,016 and the remaining \$4,000,000 are contributions.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used for the OPEB Plan.

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

Plan description

The District provides, by resolution, an additional post-employment benefit to Length-of-Service retirees.

General Unit Employees

Employees who leave the District and apply for a CalPERS pension within 120 days are eligible to receive postemployment benefits. Eligible retirees who enroll in one of the CalPERS medical plans are credited with the CalPERS mandated minimum employer contribution. Surviving spouses will continue to be credited with the minimum employer contribution.

Managers

Managers who retire from the District with five or more years of service (but fewer than ten), and their surviving spouses, who enroll in one of the CalPERS medical plans are credited with the CalPERS minimum employer contribution. Managers who were hired prior to July 1, 2009, and who retire from the District with ten or more years of service are eligible to receive a lifetime postemployment benefit equal to the employee-only premium for the CalPERS medical plan the retiree is enrolled in for the 12 months prior to retirement including the CalPERS minimum employer contribution. The District also pays the Medicare Part B premium for the retiree. Surviving spouses will be credited with the CalPERS minimum employer contribution.

Executives

General Managers and Administrators who retire from the District with five or more years of service (but fewer than ten), and their surviving spouses, who enroll in one of the CalPERS medical plans are credited with the CalPERS minimum employer contribution.

General Managers and Administrators who were hired prior to July 1, 2009 retire from the District with ten or more years of service are eligible to receive a lifetime postemployment benefit for themselves and their dependents equal to the CalPERS medical plan premium for the plan the retiree is enrolled in for the 12 months prior to retirement, including the CalPERS minimum employer contribution. The District also pays the Medicare Part B premium for the retiree.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Eligibility

At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

	Plan
Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	-
Active employees	89
Total	120

Annual OPEB cost and net OPEB obligation

For the fiscal year ended June 30, 2018, the total contribution made was \$288,044. Forty-nine retired employees received OPEB benefits during the fiscal year.

Total OPEB liability

The District's OPEB liability was measured as of July 1, 2018, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial method and assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry age cost
Actuarial assumptions:	
Discount rate	3.87%
Inflation	2.26%
Projected salary increase ⁽¹⁾	3.25%
Health care trend rates	Pre-65 and Post-65, 8.00% and 4.75%, respectively for 2019, both reducing to 4.25% at 2034 and thereafter
Mortality ⁽²⁾	Derived using CalPERS' valuations

⁽¹⁾ Annual increases vary by category, entry age and duration of service.

⁽²⁾ The mortality table used was developed based on CalPERS' valuations. Pre and post retirement used CalPERS Mortality 2014

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Discount rate

The discount rate used to measure the total OPEB liability was 3.87 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the employer will be made at statutorily required rates, actuarially determined. The discount rate is based on a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

Long-term expected rate of return

The District had no plan assets as of the June 30, 2018 measurement date.

The following table shows the changes in total OPEB liability recognized over the measurement period.

	Increase (decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at 06/30/2017 (VD)	\$ 10,836,108	\$ -	\$ 10,836,108
Changes recognized for the measurement period:			
Service cost	290,499	-	290,499
Interest on Total OPEB Liability	393,222	-	393,222
Changes of assumptions	(264,829)	-	(264,829)
Differences between expected and actual experience	(165,612)	-	(165,612)
Contributions - employer	-	288,044	(288,044)
Benefit payments, including refunds of employee contributions	(288,044)	(288,044)	-
Administrative expense	-	-	-
Change in benefit terms	(4,999,608)	-	(4,999,608)
Net changes during 2017-18	(5,034,372)	-	(5,034,372)
Balance at: 06/30/2018 (MD)	\$ 5,801,736	\$ -	\$ 5,801,736

Valuation Date (VD), Measurement Date (MD).

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Plan as of the measurement date, calculated using the discount rate of 3.87 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87 percent) or 1 percentage-point higher (4.87 percent) than the current rate:

	<u>Discount rate - 1% (2.87%)</u>	<u>Current discount rate - (3.87%)</u>	<u>Discount rate + 1% (4.87%)</u>
Plan's OPEB Liability	<u>\$ 6,805,553</u>	<u>\$ 5,801,736</u>	<u>\$ 4,999,947</u>

Sensitivity of the total OPEB liability to changes in the health care cost trend rate

The following presents the total OPEB liability of the Plan as of the measurement date, calculated using the health care cost rates that are 1 percentage-point lower or 1 percentage-point higher:

	<u>Health care trend rate - 1%</u>	<u>Current health care trend rate</u>	<u>Health care trend rate + 1%</u>
Plan's OPEB Liability	<u>\$ 4,912,088</u>	<u>\$ 5,801,736</u>	<u>\$ 6,939,985</u>

Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Expected average remaining service life (EARSL) 6.958 years

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense/(revenue) of (\$4,514,656). As of fiscal year June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	\$ 4,504,187	\$ -
Changes of assumptions	-	1,093,555
Differences between expected and actual experiences	-	144,801
Total	<u>\$ 4,504,187</u>	<u>\$ 1,238,356</u>

These amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense. Contributions subsequent to the measurement date of \$4,504,187 reported with deferred outflows of resources will be recognized as a reduction of the net OPEB liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future OPEB expense as follows:

Measurement periods ended June 30:	Deferred outflows/(inflows) of resources
2019	\$ (198,769)
2020	(198,769)
2021	(198,769)
2022	(198,769)
2023	(198,769)
Thereafter	(244,511)

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

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, 2019, 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 self-insured for its workers' compensation insurance coverage, up to \$350,000 per claim.

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>2019</u>
General Liability	\$ -
Worker's Compensation	<u>727,400</u>
Total claims payable	<u>\$ 727,400</u>

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Claims liability, beginning balance	\$ 495,668	\$ 670,831	\$ 666,444
Incurred claims, representing the total of a provision for events of the current fiscal year and any change of prior fiscal years	633,984	666,444	825,758
Payments on claims attributable to events of both the current fiscal year and the prior fiscal years	<u>(458,821)</u>	<u>(670,831)</u>	<u>(764,802)</u>
Claims liability, ending balance	<u>\$ 670,831</u>	<u>\$ 666,444</u>	<u>\$ 727,400</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

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, 2019, 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 \$365,210 in contract commitments for completion of ongoing capital improvements projects at June 30, 2019.

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.

The audited financial information for COSCA for the fiscal year ended June 30, 2019 is as follows:

	Joint Venture	District Portion
Total Assets	\$ 76,458,751	\$ 38,229,376
Total Liabilities	35,172	17,586
Net Position:	<u>\$ 76,423,579</u>	<u>\$ 38,211,790</u>
Net Investment in capital assets	\$ 74,772,126	\$ 37,386,063
Restricted	1,651,453	825,727
Total Net Position	<u>\$ 76,423,579</u>	<u>\$ 38,211,790</u>
Total Revenues	\$ 1,616,459	\$ 808,230
Total Expenses	1,532,003	766,002
Changes in net position	<u>\$ 84,456</u>	<u>\$ 42,228</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2019

NOTE 12 – JOINTLY GOVERNED ORGANIZATION

Mountain 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.

NOTE 13 – Subsequent Events

Thomas and Woolsey Fires

The Thomas and Woolsey fires occurred in 2017 and 2018, respectively. The fires had a financial impact on District property related to these two fires. Southern California Edison (SCE) company was at the forefront of a lawsuit between 23 public entities, including the District, to recoup cost for damages stemming from both of these devastating wildfires. On November 13, 2019, SCE reached a solution in the lawsuits by settling to pay \$360.0 million for damages to the affected public entities, with the District set to receive \$4.2 million.

REQUIRED SUPPLEMENTARY INFORMATION

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information June 30, 2019

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.

Expenditures for the year ended June 30, 2019, that exceeded the appropriations of the major funds are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
Capital outlay	381,669	381,800	131

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Budgetary Comparison Schedule General Fund

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 16,711,000	\$ 16,751,000	\$ 17,569,437	\$ 818,437
Licenses and permits	11,000	11,000	8,141	(2,859)
Interest	70,000	70,000	578,786	508,786
Facilities rental	662,000	662,000	590,053	(71,947)
Other governmental agencies	515,000	515,000	682,411	167,411
Recreation fees	4,354,000	4,354,000	4,697,233	343,233
Other	30,000	1,284,000	620,512	(663,488)
Total revenues	22,353,000	23,647,000	24,746,573	1,099,573
EXPENDITURES				
Current				
District administration	3,563,509	4,210,509	3,581,329	629,180
Payments to PARS	-	8,500,000	8,500,000	-
Parks and planning	8,692,793	9,877,793	9,117,303	760,490
Recreation and community services	8,993,232	9,025,232	8,161,444	863,788
Capital outlay	263,800	381,800	381,669	131
Total expenditures	21,513,334	31,995,334	29,741,745	2,253,589
Excess (deficiency) of revenues over (under) expenditures	839,666	(8,348,334)	(4,995,172)	3,353,162
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	121,098	121,098
Transfers out	(626,466)	(876,466)	(698,113)	178,353
Total other financing sources (uses)	(626,466)	(876,466)	(577,015)	299,451
Changes in fund balance	\$ 213,200	\$ (9,224,800)	(5,572,187)	\$ 3,652,613
FUND BALANCE				
Beginning of fiscal year			33,888,600	
End of fiscal year			\$ 28,316,413	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Budgetary Comparison Districtwide Assessment District Special Revenue Fund

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	\$ 1,856,000	\$ 1,856,000	\$ 1,865,120	\$ 9,120
Interest	5,000	5,000	49,484	44,484
Grants	1,092,650	1,092,650	2,052,490	959,840
Other	-	-	39,076	39,076
Total revenues	2,953,650	2,953,650	4,006,170	1,052,520
EXPENDITURES				
Current				
Parks and planning	1,110,422	1,110,422	1,045,388	65,034
Capital outlay	3,105,000	3,326,000	2,522,212	803,788
Total expenditures	4,215,422	4,436,422	3,567,600	868,822
Excess (deficiency) of				
Revenues over (under) expenditures	(1,261,772)	(1,482,772)	438,570	1,921,342
OTHER FINANCING SOURCES (USES)				
Transfers in	-	250,000	250,000	-
Transfers out	-	-	(3,449)	(3,449)
Total other financing sources (uses)	-	250,000	246,551	(3,449)
Changes in fund balance	\$ (1,261,772)	\$ (1,232,772)	685,121	\$ 1,917,893
FUND BALANCE				
Beginning of fiscal year			1,692,995	
End of fiscal year			\$ 2,378,116	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Budgetary Comparison Schedule Dos Vientos Assessment District Special Revenue Fund

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 657,000	\$ 657,000	\$ 658,308	\$ 1,308
Licenses and permits	72,000	72,000	71,788	(212)
Interest	1,000	1,000	10,165	9,165
Other	-	-	30	30
Total revenues	<u>730,000</u>	<u>730,000</u>	<u>740,291</u>	<u>10,291</u>
EXPENDITURES				
Current				
Parks and planning	<u>1,066,300</u>	<u>1,066,300</u>	<u>855,737</u>	<u>210,563</u>
Total expenditures	<u>1,066,300</u>	<u>1,066,300</u>	<u>855,737</u>	<u>210,563</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>(336,300)</u>	<u>(336,300)</u>	<u>(115,446)</u>	<u>220,854</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	277,000	277,000	277,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(107,973)</u>	<u>(107,973)</u>
Total other financing sources (uses)	<u>277,000</u>	<u>277,000</u>	<u>169,027</u>	<u>(107,973)</u>
Changes in fund balance	<u>\$ (59,300)</u>	<u>\$ (59,300)</u>	<u>53,581</u>	<u>\$ 112,881</u>
FUND BALANCE				
Beginning of fiscal year			<u>342,516</u>	
End of fiscal year			<u>\$ 396,097</u>	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Budgetary Comparison Schedule Rancho Conejo Assessment District Special Revenue Fund

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 115,000	\$ 115,000	\$ 113,562	\$ (1,438)
Interest	-	-	1,462	1,462
Total revenues	115,000	115,000	115,024	24
EXPENDITURES				
Current				
Parks and planning	284,113	284,113	231,496	52,617
Total expenditures	284,113	284,113	231,496	52,617
Excess (deficiency) of Revenues over (under) expenditures	(169,113)	(169,113)	(116,472)	52,641
OTHER FINANCING SOURCES (USES)				
Transfers in	169,113	169,113	171,113	2,000
Transfers in	-	-	(9,676)	(9,676)
Total other financing sources (uses)	169,113	169,113	161,437	(7,676)
Changes in fund balance	\$ -	\$ -	44,965	\$ 44,965
FUND BALANCE				
Beginning of fiscal year			20,697	
End of fiscal year			\$ 65,662	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Schedule of Changes in the Net Pension Liability and Related Ratios, CalPERS Plan– Last 10 Years*

Measurement period	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,258,713	\$ 1,238,730	\$ 1,058,819	\$ 1,091,703	\$ 1,106,207
Interest on total pension liability	4,449,322	4,267,104	4,081,150	3,924,233	3,735,515
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(331,396)	3,442,359	-	(932,422)	-
Difference between expected and actual experience	90,705	198,069	(667,664)	(346,433)	-
Benefit payments, including refunds of employee contributions	(2,778,697)	(2,674,525)	(2,403,391)	(2,157,836)	(1,972,811)
Net change in total pension liability	2,688,647	6,471,737	2,068,914	1,579,245	2,868,911
Total pension liability, beginning	63,228,964	56,757,227	54,688,313	53,109,068	50,240,157
Total pension liability, ending	65,917,611	63,228,964	56,757,227	54,688,313	53,109,068
Plan fiduciary net position					
Contributions - employer	1,113,988	949,947	867,310	720,174	628,613
Contributions - employee	587,402	655,663	532,633	586,481	557,540
Net investment income	4,079,327	4,991,661	245,746	1,027,875	6,859,039
Benefit Payments, including refunds of employee contributions	(2,778,697)	(2,674,525)	(2,403,391)	(2,157,836)	(1,972,811)
Net plan to plan resource movement	(120)	-	-	-	-
Administrative expense	(76,385)	(66,680)	(28,003)	(51,707)	-
Other miscellaneous income	(145,057)	-	-	-	-
Net change in fiduciary net position	2,780,458	3,856,066	(785,705)	124,987	6,072,381
Plan fiduciary net position, beginning	49,019,207	45,163,141	45,948,846	45,823,859	39,751,478
Plan fiduciary net position, ending	51,799,665	49,019,207	45,163,141	45,948,846	45,823,859
Plan net pension liability	\$ 14,117,946	\$ 14,209,757	\$ 11,594,086	\$ 8,739,467	\$ 7,285,209
Plan fiduciary net position as a percentage of the total pension liability	78.58%	77.53%	79.57%	84.02%	86.28%
Covered payroll	\$ 8,276,649	\$ 8,208,402	\$ 7,822,246	\$ 7,948,909	\$ 7,661,774
Plan net pension liability as a percentage of covered payroll	170.58%	173.11%	148.22%	109.95%	95.09%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. 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: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Schedule of Contributions, CalPERS Plan – Last 10 years*

Fiscal year end	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2014	\$ 628,613	\$ (628,613)	\$ -	\$ 7,661,774	8.20%
June 30, 2015	720,174	(720,174)	-	7,948,909	9.06%
June 30, 2016	867,310	(867,310)	-	7,822,246	11.09%
June 30, 2017	949,947	(949,947)	-	8,208,402	11.57%
June 30, 2018	1,113,988	(1,113,988)	-	8,276,649	13.46%
June 30, 2019	1,361,193	(1,361,193)	-	8,258,790	16.48%

* Measurement date 6/30/2014 (fiscal year 2014) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Actuarial cost method	Entry age normal
Amortization method/period	For details, see June 30, 2017 Funding Valuation Report.
Asset valuation method	Market value of assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.5%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.15 Net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Schedule of Changes in the Net Pension Liability and Related Ratio, Retirement Enhancement Plan – Last 10 years*

Measurement period	2018
Total pension liability	
Service cost	\$ -
Interest on total pension liability	-
Changes of benefit terms	5,019,718
Changes of assumptions	-
Difference between expected and actual experience	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	5,019,718
Total pension liability, beginning	-
Total pension liability, ending	5,019,718
Plan fiduciary net position	
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit Payments, including refunds of employee contributions	-
Net plan to plan resource movement	-
Administrative expense	-
Other miscellaneous income	-
Net change in fiduciary net position	-
Plan fiduciary net position, beginning	-
Plan fiduciary net position, ending	-
Plan net pension liability	\$ 5,019,718
Plan fiduciary net position as a percentage of the total pension liability	0.00%
Covered payroll	N/A
Plan net pension liability as a percentage of covered payroll	N/A

Notes to Schedule

Benefit changes: The District adopted the amended and restated retirement plan on June 13, 2018. The total pension liability as of the date of adoption of the plan is \$5,019,718. There were no other changes made to the plan after the date of adoption of the plan and the measurement date.

*The District adopted the plan on June 13, 2018. Additional years will be presented as information becomes available.

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Schedule of Contributions, Retirement Enhancement Plan – Last 10 years*

Fiscal year end	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2019	\$ 4,831,016	\$ -	\$ 4,831,016	\$ 3,405,833	0.00%

Notes to schedule

The actuarial methods and assumptions used to determine the total pension liability for fiscal year 2019 were derived from the June 30, 2017 funding valuation report.

*The District adopted the plan on June 13, 2018. Additional years will be presented as information becomes available.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Schedule of Changes in the Net OPEB Liability and Related Ratios – Last 10 years*

Measurement period	2018	2017
Total OPEB liability		
Service cost	\$ 290,499	\$ 351,224
Interest on total OPEB liability	393,222	336,056
Changes of benefit terms	(4,999,608)	-
Changes of assumptions	(264,829)	(1,151,364)
Difference between expected and actual experience	(165,612)	-
Benefit payments, including refunds of employee contributions	(288,044)	(278,108)
Net change in total OPEB liability	(5,034,372)	(742,192)
Total OPEB liability, beginning	10,836,108	11,578,300
Total OPEB liability, ending	5,801,736	10,836,108
Plan fiduciary net position		
Contributions - employer	288,044	-
Contributions - employee	-	-
Net investment income	-	-
Benefit Payments, including refunds of employee contributions	(288,044)	-
Net plan to plan resource movement	-	-
Administrative expense	-	-
Other miscellaneous income	-	-
Net change in fiduciary net position	-	-
Plan fiduciary net position, beginning	-	-
Plan fiduciary net position, ending	-	-
Plan net OPEB liability	\$ 5,801,736	\$ 10,836,108
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 7,223,666	\$ -
Plan net OPEB liability as a percentage of covered payroll	80.32%	N/A

*Fiscal year 2018 (measurement period 2017) was the first year of implementation. Additional years will be presented as information becomes available.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2019

Schedule of OPEB Plan Contributions – Last 10 years*

Employer fiscal year end	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2017	\$ 278,108	\$ (278,108)	\$ -	\$ -	N/A
June 30, 2018	288,044	(288,044)	-	7,223,666	N/A
June 30, 2019	4,504,187	(4,504,187)	-	7,122,600	63.24%

Notes to Schedule:

Actuarial cost method	Entry age cost
Actuarial assumptions:	
Discount rate	3.87%
Inflation	2.26%
Salary increases	Varies by entry age and service
Payroll growth	3.25%
Health care trend rates	Pre-65 and Post-65, 8.00% and 4.75%, respectively for 2019, both reducing to 4.25% at 2034 and thereafter
Mortality	Derived using CalPERS' valuations

*Fiscal year 2018 (measurement period 2017) was the first year of implementation. Additional years will be presented as information becomes available.

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SUPPLEMENTARY INFORMATION

FIDUCIARY FUNDS

CONEJO RECREATION AND PARK DISTRICT

Combining Statement of Fiduciary Assets and Liabilities Agency Funds June 30, 2019

	Agency Funds							
	Farland House Revolving Fund	Wildwood Flood Repair Fund	Goebel Adult Community Center Fund	CSVP Advisory Council Fund	Therapeutic Advisory Council Fund	Teen Advisory Council Fund	Conejo Coalition for Youth & Family	Totals
ASSETS								
Cash and investments	\$ 185,042	\$ 384,387	\$ 32,471	\$ 164,410	\$ 120,027	\$ 13,451	\$ 3,683	\$ 903,471
Interest receivable	1,603	3,469	331	1,491	1,081	187	21	8,183
Total assets	<u>\$ 186,645</u>	<u>\$ 387,856</u>	<u>\$ 32,802</u>	<u>\$ 165,901</u>	<u>\$ 121,108</u>	<u>\$ 13,638</u>	<u>\$ 3,704</u>	<u>\$ 911,654</u>
LIABILITIES								
Deposits payable	\$ 186,645	\$ 387,856	\$ 32,802	\$ 165,901	\$ 121,108	\$ 13,638	\$ 3,704	\$ 911,654
Total liabilities	<u>\$ 186,645</u>	<u>\$ 387,856</u>	<u>\$ 32,802</u>	<u>\$ 165,901</u>	<u>\$ 121,108</u>	<u>\$ 13,638</u>	<u>\$ 3,704</u>	<u>\$ 911,654</u>

CONEJO RECREATION AND PARK DISTRICT

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Farland House Revolving Fund</i>				
Assets				
Cash and investments	\$ 98,620	\$ 86,422	\$ -	\$ 185,042
Interest receivable	544	1,603	(544)	1,603
Total Assets	\$ 99,164	\$ 88,025	\$ (544)	\$ 186,645
Liabilities				
Deposits payable	\$ 99,164	\$ 88,025	\$ (544)	\$ 186,645
Total liabilities	\$ 99,164	\$ 88,025	\$ (544)	\$ 186,645
<i>Wildwood Flood Repair Fund</i>				
Assets				
Cash and investments	\$ 377,245	\$ 7,142	\$ -	\$ 384,387
Interest receivable	2,209	3,469	(2,209)	3,469
Total assets	\$ 379,454	\$ 10,611	\$ (2,209)	\$ 387,856
Liabilities				
Deposits payable	\$ 379,454	\$ 10,611	\$ (2,209)	\$ 387,856
Total liabilities	\$ 379,454	\$ 10,611	\$ (2,209)	\$ 387,856
<i>Goebel Adult Community Center Fund</i>				
Assets				
Cash and investments	\$ 45,138	\$ 855	\$ (13,522)	\$ 32,471
Interest receivable	264	331	(264)	331
Total assets	\$ 45,402	\$ 1,186	\$ (13,786)	\$ 32,802
Liabilities				
Deposits payable	45,402	1,186	(13,786)	32,802
Total liabilities	\$ 45,402	\$ 1,186	\$ (13,786)	\$ 32,802

CONEJO RECREATION AND PARK DISTRICT

Combining Statement of Changes in Fiduciary Assets and Liabilities (Continued)

Agency Funds

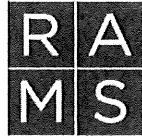
June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>CSVP Advisory Council Fund</i>				
Assets				
Cash and investments	\$ 160,188	\$ 34,416	\$ (30,194)	\$ 164,410
Interest receivable	933	1,491	(933)	1,491
Total assets	<u>\$ 161,121</u>	<u>\$ 35,907</u>	<u>\$ (31,127)</u>	<u>\$ 165,901</u>
Liabilities				
Deposits payable	\$ 161,121	\$ 35,907	\$ (31,127)	\$ 165,901
Total liabilities	<u>\$ 161,121</u>	<u>\$ 35,907</u>	<u>\$ (31,127)</u>	<u>\$ 165,901</u>
<i>Therapeutic Advisory Council Fund</i>				
Assets				
Cash and investments	\$ 109,908	\$ 10,119	\$ -	\$ 120,027
Interest receivable	640	1,081	(640)	1,081
Total assets	<u>\$ 110,548</u>	<u>\$ 11,200</u>	<u>\$ (640)</u>	<u>\$ 121,108</u>
Liabilities				
Deposits payable	\$ 110,548	\$ 11,200	\$ (640)	\$ 121,108
Total liabilities	<u>\$ 110,548</u>	<u>\$ 11,200</u>	<u>\$ (640)</u>	<u>\$ 121,108</u>
<i>Teen Center Advisory Council Fund</i>				
Assets				
Cash and investments	\$ 22,429	\$ 64,990	\$ (73,968)	\$ 13,451
Interest receivable	153	187	(153)	187
Total assets	<u>\$ 22,582</u>	<u>\$ 65,177</u>	<u>\$ (74,121)</u>	<u>\$ 13,638</u>
Liabilities				
Deposits payable	\$ 22,582	\$ 65,177	\$ (74,121)	\$ 13,638
Total liabilities	<u>\$ 22,582</u>	<u>\$ 65,177</u>	<u>\$ (74,121)</u>	<u>\$ 13,638</u>

CONEJO RECREATION AND PARK DISTRICT

Combining Statement of Changes in Fiduciary Assets and Liabilities (Continued) Agency Funds June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Conejo Coalition for Youth & Family</i>				
Assets				
Cash and investments	\$ -	\$ 4,982	\$ (1,299)	\$ 3,683
Interest receivable	-	21	-	21
Total assets	<u>\$ -</u>	<u>\$ 5,003</u>	<u>\$ (1,299)</u>	<u>\$ 3,704</u>
Liabilities				
Deposits payable	\$ -	\$ 5,003	\$ (1,299)	\$ 3,704
Total liabilities	<u>\$ -</u>	<u>\$ 5,003</u>	<u>\$ (1,299)</u>	<u>\$ 3,704</u>
<i>Total All Agency Funds</i>				
Assets				
Cash and investments	\$ 813,528	\$ 208,926	\$ (118,983)	\$ 903,471
Interest receivable	4,743	8,183	(4,743)	8,183
Total assets	<u>\$ 818,271</u>	<u>\$ 217,109</u>	<u>\$ (123,726)</u>	<u>\$ 911,654</u>
Liabilities				
Deposits payable	\$ 818,271	\$ 217,109	\$ (123,726)	\$ 911,654
Total liabilities	<u>\$ 818,271</u>	<u>\$ 217,109</u>	<u>\$ (123,726)</u>	<u>\$ 911,654</u>



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January 10, 2020

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To the Board of Directors
Conejo Recreation and Park District

We have audited the financial statements of the Conejo Recreation and Park District (the District) as of and for the year ended June 30, 2019, and have issued our report thereon dated January 10, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 20, 2019, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of depreciation expense is based on the useful lives of acquired assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the liability for other post-employment benefits (and related deferred amounts) is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net pension liability (and related deferred amounts) is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of capital assets, net, in Note 5 to the notes to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability (and related deferred amounts) in Note 7 in the notes to the basic financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of the District's other post-employment benefits payable (and related deferred amounts) in Note 8 to the notes to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No misstatements were identified during our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 10, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Matters

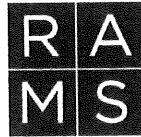
We applied certain limited procedures to the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the schedule of changes in the net pension liability and related ratios CalPERS Plan, the schedule of contributions CalPERS Plan, the schedule of changes in the net pension liability and related ratios Retirement Enhancement Plan, the schedule of contributions Retirement Enhancement Plan, the schedule of changes in the net OPEB liability and related ratios, and schedule of OPEB plan contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining fiduciary fund financial statements which accompany the financial statements but are not RSI. With respect to this supplementary information, 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 report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rogers, Anderson, Malodiy & Scott, LLP.



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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

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Independent Auditor's Report

To the Board of Directors
Conejo Recreation and Park District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Conejo Recreation and Park District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2020.

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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 or other matters 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 10, 2020