

Conejo Recreation & Park District

GENERAL MANAGER
Jim Friedl

BOARD OF DIRECTORS
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George M. Lange, Vice Chair
Nellie Cusworth, Director
Doug Nickles, Director
Marissa Buss, Director

DATE: February 16, 2023

TO: Board of Directors

FROM: Jim Friedl, General Manager

SUBJECT: Annual Audit Report

GENERAL MANAGER EMERITUS
Tex Ward

RECOMMENDATION

Accept the audit for the fiscal year (FY) ending June 30, 2022, as prepared by the accounting firm of Rogers, Anderson, Malody & Scott, LLP.

DISCUSSION

Attached is the audit for FY 21-22, which consists of financial statements (Attachment 1), and Management Representation 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 Representation 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,

Melissa Smith, Administrator
Management Services

Attachments

CONEJO RECREATION AND PARK DISTRICT

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

**For the fiscal year ended
June 30, 2022**

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CONEJO RECREATION AND PARK DISTRICT

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Financial Section

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America and *State Controller's Minimum Audit Requirements for California Special Districts*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *the State Controller's Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters

As discussed in Note 1 to the financial statements, in the year ended June 30, 2022, the District adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, the evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, the supplementary 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 February 7, 2023 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 solely 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 the effectiveness of 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
February 7, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Conejo Recreation and Park District (the 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, 2022.

FINANCIAL HIGHLIGHTS

- On June 30, 2022, the District assets and deferred outflows exceeded liabilities and deferred inflows by \$174.7 million (net position). Of this amount, \$18.4 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 \$5.1 million during the fiscal year.
- At the close of fiscal year 2021/22, the District governmental funds report a combined ending fund balance of \$45.8 million, a decrease of \$7.8 million from the prior year primarily due to the use of unassigned fund balances for capital projects. Approximately \$39.4 million of fund balance, or 86% percent, is in the General Fund. Of this amount, \$7.7 million is unassigned General Fund balance.
- At the close of fiscal year 2021/22, the General Fund budget to actual report shows a \$1.6 million increase in appropriation. Actual revenues exceeded budgeted amounts by \$1 million, primarily due to conservative budget amounts due to the uncertainty of the COVID-19 pandemic. In addition, the District budgeted to reduce General Fund expenses in light of the COVID-19 uncertainty. As a result, fund balance increased by \$665 thousand rather than the budgeted decrease of \$1.3 million.
- As of June 30, 2022, the District's other governmental funds, excluding the General Fund, reported combined ending fund balances of \$6.5 million.
- The District continues to actively manage its retiree liabilities. The Board set up a Reserve Policy and various funds to offset the District's CalPERS unfunded liability and to temper increased future pension and retiree costs. After years of dedication and contributions per the Reserve Policy; the District has identified funding to address 99% of these liabilities.
- As the District's known liabilities are nearly fully funded, the District will need to address and prioritize anticipated future capital needs such as deferred repair and replacement of aging infrastructure, wildfire response, property acquisition to maintain a sufficient parks-to-population ratio, structure hardening and other resiliency improvements.

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, District-Wide 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, District-Wide Assessment District Special Revenue Fund, Dos Vientos Assessment District Special Revenue Funds, and Rancho Conejo Assessment District Special Revenue Fund, pages 71 to 74 of this report.

The governmental funds financial statements can be found on pages 19 - 22 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 24 - 25 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 27 - 69 of this report.

Required Supplementary 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 71 - 82.

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 \$174.6 million at June 30, 2022, as summarized below:

Condensed Statement of Net Position June 30,

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and investments	\$ 38,681,082	\$ 44,712,553
Receivables	6,119,384	410,822
Other assets	4,210,714	3,189,043
Restricted for Section 115 Trust	8,732,370	10,071,818
Investment in joint venture - COSCA	45,062,246	43,767,726
Capital assets (net of depreciation)	<u>99,282,263</u>	<u>90,644,375</u>
Total assets	202,088,059	192,796,337
Deferred outflows of resources:		
Pension related	2,567,780	2,462,513
OPEB related	<u>624,140</u>	<u>325,780</u>
Total assets and deferred outflows of resources	<u>205,279,979</u>	<u>195,584,630</u>
Liabilities:		
Accounts payable	1,680,195	1,150,347
Other current liabilities	4,394,807	4,619,292
Noncurrent liabilities	<u>8,574,192</u>	<u>17,510,141</u>
Total liabilities	14,649,194	23,279,780

	2022	2021
Deferred inflows of resources:		
Pension related	\$ 7,129,631	\$ 691,779
OPEB related	3,416,818	2,027,028
Leases	5,411,784	-
Total liabilities and deferred inflows of resources	<u>30,607,427</u>	<u>25,998,587</u>
Net position:		
Net Investment in capital assets	99,282,263	90,644,375
Restricted - Assessment Districts/115 Trust	11,867,925	16,473,179
Restricted - Joint Venture	45,062,246	43,767,726
Unrestricted	18,460,118	18,700,763
Total Net Position	<u>\$ 174,672,552</u>	<u>\$ 169,586,043</u>

The largest portion (56.84%) of the District's net position reflects its investment of \$99.2 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.

Of restricted net position \$45 million (25.80%) reflects the District's investment in its joint venture with the City of Thousand Oaks - Conejo Open Space Conservation Authority (COSCA). These assets are not available for future spending. Another portion of the District's net position, \$11.8 million (6.80%) represents resources available in the District's three assessment districts (\$3 million) and the remaining \$8.8 million is restricted for use only for the District's pension plan. The remaining balance \$18 million (10.56%) 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 remained stable despite low market returns primarily due to expense reductions and over performance of budgeted revenues. There were significant changes in the restricted net position for the investment in section 115 trust, the deferred outflows and inflows of resources and the noncurrent liabilities reflect the District's ongoing management of retiree liabilities as well as the market performance period ending June 30, 2022.

Statement of Activities

As shown in the table below, the District's change in net position due to FY 2021/22 activity is an increase of \$5.1 million. Charges for services includes recreation fees, rent, 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. Property tax increases reflect the increasing real estate valuations. Investment income decreased by over \$3.4 million, due to market performance as of June 30, 2022 in to investments to address retiree liabilities. Other revenue includes licenses/permits and miscellaneous. The increase in expenses is due to Covid related reductions and capital activity affecting the prior year.

Condensed Statement of Activities For the year ended June 30,

	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 7,301,028	\$ 5,708,875
Operating grants & contributions	840,588	824,352
Capital grants & contributions	3,067,303	6,449,918
General revenues:		
Property taxes	19,907,955	19,232,743
Investment income	(1,608,016)	1,849,057
Other	2,781,389	2,145,845
Total revenues	<u>32,290,247</u>	<u>36,210,790</u>
Expenses:		
Parks & recreation	<u>27,203,738</u>	<u>25,980,226</u>
Total Expenses		
Change in net position	5,086,509	10,230,564
Net position, beginning of year	<u>169,586,043</u>	<u>159,355,479</u>
Net position, end of year	<u>\$ 174,672,552</u>	<u>\$ 169,586,043</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 2021/22, District governmental funds reported a combined ending fund balance of \$45.8 million, a decrease of \$7.8 million over the prior year. Approximately \$39.4 million (86%) is in the General Fund. Of this amount, \$31.7 million is being held for specific purposes.

The following are the District's major funds:

General Fund

The General Fund is the District's primary operating fund. It showed an increase of \$0.6 million in fund balance for the year ended June 30, 2022, which consists of operating revenues exceeding operating expenditures and other financing sources/uses. At June 30, 2022, the unrestricted fund balance (which includes the *committed*, *assigned* and *unassigned* components of fund balance) was \$30.6 million that is available for ongoing operations, or 128% 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 \$7.7 million or 32%. \$8.7 million is restricted for the District's pension plans.

Districtwide Assessment District Special Revenue Fund

The Districtwide Assessment District Fund accounts for a district-wide assessment for park maintenance and capital projects. The fund balance decreased \$3.4 million, to \$2.4 million at June 30, 2022 primarily as a result of the capital project timing.

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 \$0.11 million, for a total fund balance of \$0.51 million at June 30, 2022.

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 \$0.2 million at June 30, 2022.

Capital Projects Fund

The Capital Projects Fund provides resources for construction of capital projects. Major projects include design and construction of Paige Lane Neighborhood Park as well as Goebel and Teen Center Expansions. Fund balance decreased \$5.2 million, for a total of \$3.3 million at June 30, 2022.

BUDGETARY HIGHLIGHTS

General Fund

The General Fund budget to actual report can be found on page 71 of this report. Increases between the original and final budget were minimal. Actual revenues exceeded budgeted amounts by \$1 million, primarily due to conservative Covid related revenue budgets and investments to address retiree liabilities. Actual operating expenditures were less than budgeted by \$1.5 million across all divisions largely due to recreation expenses and capital project timing. Fund balance increased by \$0.6 million rather than the budgeted \$1.4 million decrease.

Districtwide Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 72 of this report. Changes between the original and final budget in capital outlay are due to the timing of various projects as well as the unpredictable timing for the receipt of grant revenues.

The positive variance in capital outlay primarily reflects appropriations that will be carried into FY 2022-23 to complete capital projects in progress.

Dos Vientos Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 73 of this report. There was no change from the original to final budgets. Actual expenditures were \$0.02 million less than budgeted, primarily due to delays in projects that will be carried into FY 22-23.

Rancho Conejo Assessment District Special Revenue Fund

The budget to actual report for this fund can be found on page 74 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 salaries and water expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

District investment in capital assets for its governmental activities as of June 30, 2022, totaled \$99.3 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 2021/22 was \$8.6 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 in Note 5 of this report.

Capital assets are summarized below:

Capital Assets (net of accumulated depreciation)

June 30,

	2022	2021
Land	\$ 52,097,314	\$ 51,079,051
Buildings	5,513,888	5,764,328
Improvements	32,394,437	31,117,453
Equipment	1,634,825	1,457,614
Construction in progress	7,641,799	1,225,929
	<u>\$ 99,282,263</u>	<u>\$ 90,644,375</u>

Major capital asset events during the fiscal year include multiple play area renovations, as well as design and construction work for Paige Lane Neighborhood Park, Goebel Center and Teen Center Expansion.

Long-term debt

The District has no outstanding debt at June 30, 2022.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The focus of this annual report is the economic condition of the District as of June 30, 2022; however, national, state and local issues have economic impacts on the District and are worthy of consideration. Ventura County was recently described by the Southern California Association of Governments (SCAG) as the most sluggish economy in the region. Specifically, concerns over job growth, housing and consumer spending may limit the ability to overcome inflation, unmet labor demands, and a potential recession.

The District is not isolated from these Countywide concerns. As the primary source of operating revenue for the District is Property Tax, it is unlikely that any increase in property tax could absorb these impacts. The District will need to adjust long-term financial planning for capital projects as well as recreation fees to address the projected increase in operating expenses.

Covid

The COVID-19 pandemic has created an unprecedented global health and economic situation. As a result, the economy has experienced severe shocks, including significant stock market volatility. Local businesses and employment have been hurt by declines in consumer and business spending. Cancelled tourism, conferences, sporting events, concerts, and other large-scale gatherings, have contributed to the economic damage. The District has weathered the "Pandemic Storm." The county's reopening process is allowing the local economy to recover faster than other regions.

At the outset of the pandemic, the District took immediate preventative measures to address the projected financial impacts by reducing expenses while also providing critical services to the community. In recognition of the services provided by the District, the State budget for FY 2021-22 allocated \$3.3 million for deferred maintenance and operational assistance. The District is using these funds to address deferred capital maintenance and other capital improvements such as the Teen and Goebel Center improvements and multiple play area improvements throughout the District.

Retiree Liabilities

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). 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. The employer contribution rate has increased from 6.069 percent for fiscal year 2009-10 to 24.96 percent for fiscal year 2022-23, which is the highest projected contribution rate through fiscal year 2028-29 based in the most recent CalPERS actuarial report for the District provided in July of 2022 based on June 30, 2021 data. This report included a reduction in the discount rate from 7% to 6.8% due to the excess return of 14.3%. However, CalPERS has also announced a negative preliminary net investment return of -6.1% for the fiscal year 2021-22 (12.9% under performance expectations).

In addition to implementing pension benefit reform, the District established and began funding a pension stabilization fund to begin to tackle its unfunded CalPERS liability (\$10.9 million at June 30, 2021) and to temper large pension cost increases in future budgets. Over several years, the District was able to set aside funds and send them to a Section 115 trust. In June 2022, the Section 115 trust for pension stabilization currently had a balance of \$9.2 million. Due to investment volatility discussed above, the District contributed an additional \$3 million to the 115 trust in October of 2022, bring the current balance to \$12.1 million. Additional funding for the pension stabilization fund will be invested in accordance with the District's Reserve Policy.

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. Currently, the 401(a) trust balance is \$3 million. In November 2018, the Board set up and authorized transfer of \$4.5 million to a Section 115 trust for retiree medical expenses (OPEB). Currently, the balance of the OPEB Section 115 trust is \$5.5 million. Additional funding will be provided by annual actuarially determined normal cost contributions, along with discretionary transfers from unassigned fund balance as available.

After years of savings and commitment, the District has set aside funding for 105% of the various retiree-related liabilities. As these liabilities are now largely funded, the District will focus future budgets to address other needs, primarily stabilizing the operating needs of the District in light of a potential recession.

Capital Improvements

In order to provide a clearer vision of the next ten years and beyond, the District has developed (and annually updates) a Ten-Year Capital Improvement Plan. Improvements include Districtwide Emergency Preparedness, Resiliency and Irrigation Improvements, Play Area Renovations, Restrooms, Lighting, Accessibility and other improvements to aging infrastructure as. In the most recent update of the ten-year plan, the District identified over \$53 million in unfunded Capital need. In addition, the District recognizes that new properties and facilities will need to be acquired and develop in order to meet the District's parks-per-person ratio.

The funds for capital improvement projects have historically come from Park Dedication Fees (Quimby). Locally, the District encompasses a community that has, for all intents and purposes, reached build out of large tracts of homes, thus fees from residential developers (Quimby Fees) cannot be counted on for future park development. The FY 2022-23 budget does not assume Quimby Fees associated with the developments, as timing of such funds is difficult to predict.

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 multi-family 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.

Another source of capital funding for park improvements has been federal and state grants and state park bond funds. Funds for many grant programs have been curtailed, and other state funds are specifically designed for urban, economically disadvantaged and critically underserved (by parks) communities. Essentially, the District must look at other alternatives to find funding for capital replacement and improvement projects.

Since it was approved by the voters in 2000, the Districtwide Assessment has been the single most significant source of funds. However, as new capital projects have been completed, the Districtwide Assessment must now be used to off-set the increasing operational costs of the new parks and facilities added during the past two decades.

The District will continue to prioritize capital improvement funding, but without new funding sources, partnerships with other governmental agencies, local non-profits and user groups will continue to be critical to the District's ability to undertake capital improvements.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CONEJO RECREATION AND PARK DISTRICT

Statement of Net Position June 30, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (Note 2)	\$ 38,681,082
Receivables (Note 3):	
Accounts	275,084
Interest	62,832
Taxes	144,380
Loans	116,778
Leases	5,520,310
Due from other funds	2,302,761
Prepaid expenses	63,538
Total current assets	<u>47,166,765</u>
Noncurrent assets:	
Restricted cash and investments (Note 2)	8,732,370
Investment in joint venture (Note 11)	45,062,246
Capital assets (Note 5):	
Nondepreciable	59,739,113
Depreciable, net	39,543,150
Net pension asset (Note 7)	10,632
Net OPEB asset (Note 8)	1,833,783
Total noncurrent assets	<u>154,921,294</u>
Total assets	<u>202,088,059</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 7)	2,567,780
OPEB related (Note 8)	624,140
Total deferred outflows of resources	<u>3,191,920</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,680,195
Payroll and related liabilities	578,877
Refundable deposits	63,376
Due to other funds	2,302,761
Due to other governments	500
Claims payable - due in less than one year (Note 9)	252,645
Compensated absences - due in less than one year	1,196,648
Total current liabilities	<u>6,075,002</u>
Noncurrent liabilities:	
Claims payable - due in more than one year (Note 9)	168,430
Compensated absences - due in more than one year	313,026
Net pension liability (Note 7)	8,092,736
Total noncurrent liabilities	<u>8,574,192</u>
Total liabilities	<u>14,649,194</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 7)	7,129,631
OPEB related (Note 8)	3,416,818
Leases	5,411,784
Total deferred inflows of resources	<u>15,958,233</u>
NET POSITION	
Investment in capital assets	99,282,263
Restricted for assessment districts/115 Trust	11,867,925
Restricted for parks and recreation open space - COSCA	45,062,246
Unrestricted	18,460,118
Total net position	<u>\$ 174,672,552</u>

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, 2022

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	\$ 27,203,738	\$ 7,301,028	\$ 840,588	\$ 3,067,303	\$ (15,994,819)
Total governmental activities	<u>\$ 27,203,738</u>	<u>\$ 7,301,028</u>	<u>\$ 840,588</u>	<u>\$ 3,067,303</u>	<u>(15,994,819)</u>
General revenues:					
Taxes:					
Secured and unsecured property taxes					19,907,955
Investment income (loss)					(1,608,016)
Licenses and permits					130,555
Other					<u>2,650,834</u>
Total general revenues					<u>21,081,328</u>
Change in net position					5,086,509
Net position, beginning of year					<u>169,586,043</u>
Net position, end of year					<u>\$ 174,672,552</u>

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

FUND FINANCIAL STATEMENTS

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CONEJO RECREATION AND PARK DISTRICT

Balance Sheet Governmental Funds June 30, 2022

	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)	\$ 29,463,886	\$ 2,274,494	\$ 595,657	\$ 228,273	\$ 6,118,772	\$ 38,681,082
Restricted (Note 2):						
Investment in Section 115 Trust	8,732,370	-	-	-	-	8,732,370
Receivables (Note 3):						
Accounts	270,184	-	4,900	-	-	275,084
Interest	49,645	3,621	943	363	8,260	62,832
Taxes	74,556	50,008	17,868	1,948	-	144,380
Loans	1,074	115,704	-	-	-	116,778
Leases	-	-	1,668,692	-	3,851,618	5,520,310
Due from other funds	2,279,033	23,728	-	-	-	2,302,761
Prepaid expenses	63,538	-	-	-	-	63,538
Total assets	<u>\$ 40,934,286</u>	<u>\$ 2,467,555</u>	<u>\$ 2,288,060</u>	<u>\$ 230,584</u>	<u>\$ 9,978,650</u>	<u>\$ 55,899,135</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 889,055	\$ 32,806	\$ 73,993	\$ 4,557	\$ 679,784	\$ 1,680,195
Accrued expenditures	553,697	545	17,005	7,630	-	578,877
Refundable deposits	63,376	-	-	-	-	63,376
Due to other funds	18,610	5,727	53,487	19,063	2,205,874	2,302,761
Due to other government	500	-	-	-	-	500
Total liabilities	<u>1,525,238</u>	<u>39,078</u>	<u>144,485</u>	<u>31,250</u>	<u>2,885,658</u>	<u>4,625,709</u>
Deferred inflows of resources:						
Leases	-	-	1,635,831	-	3,775,953	5,411,784
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,635,831</u>	<u>-</u>	<u>3,775,953</u>	<u>5,411,784</u>
Fund balances:						
Nonspendable:						
Prepaid expenses	63,538	-	-	-	-	63,538
Long-term receivables	1,074	-	-	-	-	1,074
Restricted for:						
Assessment Districts	-	2,428,477	507,744	199,334	-	3,135,555
Investment in Section 115 Trust	8,732,370	-	-	-	-	8,732,370
Committed for:						
Pension	6,719,553	-	-	-	-	6,719,553
Claims	2,501,962	-	-	-	-	2,501,962
Operating reserve	6,400,000	-	-	-	-	6,400,000
Equipment replacement	5,143,398	-	-	-	-	5,143,398
Assigned for:						
Compensated absences	1,614,708	-	-	-	-	1,614,708
Capital projects	519,764	-	-	-	3,317,039	3,836,803
Unassigned	7,712,681	-	-	-	-	7,712,681
Total fund balances	<u>39,409,048</u>	<u>2,428,477</u>	<u>507,744</u>	<u>199,334</u>	<u>3,317,039</u>	<u>45,861,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,934,286</u>	<u>\$ 2,467,555</u>	<u>\$ 2,288,060</u>	<u>\$ 230,584</u>	<u>\$ 9,978,650</u>	<u>\$ 55,899,135</u>

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, 2022

Total fund balances - total governmental funds	\$	45,861,642
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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	59,739,113	
Depreciable capital assets, net	<u>39,543,150</u>	99,282,263

Investment in joint venture has not been included as a financial resource in the governmental funds.		45,062,246
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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	(421,075)	
Compensated absences	(1,509,674)	
Net OPEB asset	1,833,783	
Net pension asset	10,632	
Net pension liability	<u>(8,092,736)</u>	(8,179,070)

Certain actuarially determined gains and losses, and current year payments to the net pension liability and OPEB asset are deferred and are not reported on the governmental funds balance sheet.

Deferred outflows of resources - pension/OPEB	3,191,920	
Deferred inflows of resources - pension/OPEB	<u>(10,546,449)</u>	(7,354,529)

Net position of governmental activities		<u><u>\$ 174,672,552</u></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, 2022

	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	\$ 19,907,955	\$ -	\$ -	\$ -	\$ -	\$ 19,907,955
Assessments	-	2,027,447	707,903	123,388	-	2,858,738
Licenses and permits	11,234	-	(10,546)	-	129,867	130,555
Investment income (loss)	(1,715,173)	10,676	22,269	719	73,493	(1,608,016)
Facilities rental	873,304	-	-	-	-	873,304
Other governmental agencies	802,004	-	-	-	-	802,004
Grants	264,841	494,000	-	-	-	758,841
Recreation fees	6,028,966	-	-	-	-	6,028,966
Other	243,934	278,877	138,942	146	581,481	1,243,380
Total revenues	26,417,065	2,811,000	858,568	124,253	784,841	30,995,727
EXPENDITURES						
Current:						
Parks and recreation:						
District administration	3,752,950	-	-	-	-	3,752,950
Parks and planning	10,301,709	1,455,145	999,171	306,240	5,000	13,067,265
Recreation and community services	9,472,658	-	-	-	-	9,472,658
Capital outlay	570,361	4,911,939	42,863	20,698	6,975,299	12,521,160
Total expenditures	24,097,678	6,367,084	1,042,034	326,938	6,980,299	38,814,033
Excess (deficiency) of revenues over (under) expenditures	2,319,387	(3,556,084)	(183,466)	(202,685)	(6,195,458)	(7,818,306)
OTHER FINANCING SOURCES (USES)						
Transfers in	59,162	180,000	300,000	255,591	978,263	1,773,016
Transfers out	(1,713,854)	(21,211)	(18,229)	(19,722)	-	(1,773,016)
Total other financing sources (uses)	(1,654,692)	158,789	281,771	235,869	978,263	-
Net change in fund balances	664,695	(3,397,295)	98,305	33,184	(5,217,195)	(7,818,306)
Fund balances, beginning of year	38,744,353	5,825,772	409,439	166,150	8,534,234	53,679,948
Fund balances, end of year	<u>\$ 39,409,048</u>	<u>\$ 2,428,477</u>	<u>\$ 507,744</u>	<u>\$ 199,334</u>	<u>\$ 3,317,039</u>	<u>\$ 45,861,642</u>

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, 2022

Net change in fund balance - total governmental funds	\$ (7,818,306)
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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 \$13,770,333, net of dispositions/transfers of \$1,579,181	12,191,152
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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.	(3,553,264)
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Investment revenue earned from investment in joint venture - COSCA.	1,294,520
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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.	249,874
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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.	51,417
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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.	616,938
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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.	<u>2,054,178</u>
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Change in net position of governmental activities	<u>\$ 5,086,509</u>
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The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

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CONEJO RECREATION AND PARK DISTRICT

Statement of Fiduciary Net Position June 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 332,394
Interest receivable	533
Due from other governments	500
Total assets	<u>333,427</u>
LIABILITIES	
Accounts payable	<u>665</u>
Total liabilities	<u>665</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>332,762</u>
Total net position	<u>\$ 332,762</u>

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

CONEJO RECREATION AND PARK DISTRICT

Statement of Changes in Fiduciary Net Position For the fiscal year ended June 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Interest	\$ 1,160
Recreation fees	<u>63,490</u>
Total additions	<u>64,650</u>
DEDUCTIONS	
District administration	356
Recreation and community services	<u>29,052</u>
Total deductions	<u>29,408</u>
Change in net position	35,242
Net position, beginning of year	<u>297,520</u>
Net position, end of year	<u><u>\$ 332,762</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

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, 2022

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 regard 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, 2022

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 and Statement of Changes in Fiduciary Net Position. The District's fiduciary funds represent custodial funds. Fiduciary fund types are accounted for according to the nature of the fund. Custodial funds are accounted for using the accrual basis of accounting.

Fiduciary Funds

Custodial Funds - These funds account for assets of others for which the District acts as an agent. The District maintains five custodial funds: 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, 2022

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. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

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, 2022

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, 2022

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.

Use of restricted and unrestricted net position

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

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

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.

K. Future accounting pronouncements

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

Statement 91: *Conduit Debt Obligations* is effective for fiscal year ending June 30, 2023.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Future accounting pronouncements (continued)

Statement 93: *Replacement of Interbank Offered Rates* (GASB Statement No. 93) is effective for fiscal year ending June 30, 2023.

Statement 94: *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB Statement No. 94) is effective for fiscal year ending June 30, 2023.

Statement 96: *Subscription Based IT Arrangements* (GASB Statement No. 96) is effective for fiscal year ending June 30, 2023.

Statement 99: *Omnibus 2022* (GASB Statement No. 99) is effective for fiscal year ending June 30, 2023.

Statement 100: *Accounting Changes and Error Corrections – An Amendment of GASB No. 62* (GASB Statement No. 100) is effective for fiscal year ending June 30, 2023.

L. Implementation of New Pronouncement

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87 is effective for the District's fiscal year ending June 30, 2022.

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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2022:

	Government-Wide Statement Net Position Governmental Activities	Statement of Fiduciary Net Position	Total
Cash and investments	\$ 38,681,082	\$ 332,394	\$ 39,013,476
Restricted:			
Investment in Section 115 Trust	8,732,370	-	8,732,370
Total	<u>\$ 47,413,452</u>	<u>\$ 332,394</u>	<u>\$ 47,745,846</u>

A. Summary of cash and investments

Cash and investments comprised the following at June 30, 2022:

Cash and cash equivalents:

Petty cash	\$ 1,500
Cash on hand	25,728
Demand deposits	2,507,954
Total cash and cash equivalents	<u>2,535,182</u>

Investments:

Local Agency Investment Fund	2,333,074
Moderate Highmark PLUS	8,732,370
Ventura County Investment Pool	34,145,220
Total investments	<u>45,210,664</u>

Total cash and investments	<u>\$ 47,745,846</u>
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CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Cash deposits

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

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

C. Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Government Securities	2 years	10%	10%
Bankers acceptances	2 years	10%	10%
Commercial paper	2 years	10%	10%
Negotiable certificates of deposit	2 years	10%	10%
Repurchase agreements	2 years	10%	10%
Certificates of deposit	2 years	10%	10%
Local Agency Investment Fund (LAIF)	2 years	None	\$75m
County Agency Investment Fund	2 years	None	None
Savings deposits	2 years	10%	10%

D. Investment in Local Agency Investment Fund

The District is a voluntary participant 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.

Currently, LAIF does not have an investment rating. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

D. Investment in Local Agency Investment Fund (continued)

The District's investments with LAIF at June 30, 2022 included 1.88% of the pooled funds invested in structured notes, medium term 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 (medium and short-term): 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, 2022, the District had \$2,333,074 invested in LAIF. The District valued its investments in LAIF as of June 30, 2022 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 0.987125414.

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

E. Investment in Ventura County Investment Pool

As of June 30, 2022, the District had \$34,145,220 invested in the Ventura County Investment Pool (the County Pool) as a voluntary participant. The District valued its investments in the County Pool as of June 30, 2022 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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Risk disclosures (continued)

At June 30, 2022, 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	\$ 2,333,074	\$ 2,333,074
Moderate Highmark PLUS	8,732,370	8,732,370
Ventura County Investment Pool	34,145,220	34,145,220
Total	<u>\$ 45,210,664</u>	<u>\$ 45,210,664</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
Moderate Highmark PLUS	Not Available	Not Available
Ventura County Investment Fund	Not Available	A-AAA

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, 2022, there were no investments in any one issuer (other than US Treasury securities, external investment pools and money market funds) 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 and 2C.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Risk disclosures (continued)

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, 2022.

NOTE 3 – RECEIVABLES

A. Accounts receivable

Accounts receivable consisted of the following at June 30, 2022:

<u>Agency</u>	<u>Accounts receivable</u>
Other government agencies	\$ 269,504
Goebel Senior Center Commission	5,580
Total	<u>\$ 275,084</u>

B. Interest receivable

Interest receivable consisted of the following at June 30, 2022:

<u>Agency</u>	<u>Interest receivable</u>
Local Agency Investment Fund	\$ 5,482
Ventura County Investment Pool	57,350
Total	<u>\$ 62,832</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 3 – RECEIVABLES (continued)

C. Taxes receivable

Taxes receivable, due from the County of Ventura, consisted of the following at June 30, 2022:

<u>Fund</u>	<u>Type</u>	<u>Amount</u>
General Fund	Property taxes	\$ 74,556
District-wide Assessment District Special Revenue Fund	Assessments	50,008
Dos Vientos Assessment District Special Revenue Fund	Assessments	17,868
Rancho Conejo Assessment District Special Revenue Fund	Assessments	<u>1,948</u>
Total		<u>\$ 144,380</u>

D. Loans receivable

Summary of changes in loans receivable for the year ended June 30, 2022 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Computers	\$ 771	\$ 2,024	\$ (1,721)	\$ 1,074
CVUSC	59,105	-	(10,000)	49,105
AYSO	<u>-</u>	<u>73,999</u>	<u>(7,400)</u>	<u>66,599</u>
Total	<u>\$ 59,876</u>	<u>\$76,023</u>	<u>\$ (19,121)</u>	<u>\$ 116,778</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.

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. Total balance for this agreement was paid in full in the current fiscal year and the remaining balance of \$59,105 remains as of June 30, 2021 for the second agreement. 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 installments of \$10,000 starting on July 1st of each year following the completion of the construction until the loan has been paid off.

The District entered into an agreement in May of 2022 with the American Youth Soccer Organization (AYSO) to advance a 10-year interest free loan to AYSO payable in 10 equal installments of \$7,400, due by April 1. The total loan balance as of June 30, 2022 is \$66,599.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 3 – RECEIVABLES (continued)

E. Lease receivable

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On September 4, 2008, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms as Lessor for the use of BOP Verizon Cell tower. An initial lease receivable was recorded in the amount of \$546,436. As of June 30, 2022, the value of the lease receivable is \$511,615. The lessee is required to make monthly payments of \$2,500 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,444. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$501,523, and the District recognized lease revenue of \$44,913 during the fiscal year.

On October 5, 2012, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of CCP Verizon Cell tower. An initial lease receivable was recorded in the amount of \$938,478. As of June 30, 2022, the value of the lease receivable is \$905,518. The lessee is required to make monthly variable principal and interest payments of \$3,000 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,690. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$887,772, and the District recognized lease revenue of \$50,706 during the fiscal year.

On February 18, 2005, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of DVC ATT Cell tower. An initial lease receivable was recorded in the amount of \$389,060. As of June 30, 2022, the value of the lease receivable is \$350,935. The lessee is required to make monthly variable principal and interest payments of \$2,000 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,509. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$343,980, and the District recognized lease revenue of \$45,079 during the fiscal year.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 3 – RECEIVABLES (continued)

E. Lease receivable (continued)

On March 23, 2006, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of DVC Sprint Cell tower. An initial lease receivable was recorded in the amount of \$392,702. As of June 30, 2022, the value of the lease receivable is \$359,418. The lessee is required to make monthly variable principal and interest payments of \$2,000 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,116. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$352,333, and the District recognized lease revenue of \$40,369 during the fiscal year.

On October 29, 2012, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of DVC T-Mobile vertical bridge. An initial lease receivable was recorded in the amount of \$783,878. As of June 30, 2022, the value of the lease receivable is \$750,603. The lessee is required to make monthly variable principal and interest payments of \$3,470.66 to be increased annually by three percent (3%) starting in year 8. The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,570. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$735,869, and the District recognized lease revenue of \$48,009 during the fiscal year.

On September 17, 2009, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of DVC Verizon Cell tower. An initial lease receivable was recorded in the amount of \$601,512. As of June 30, 2022, the value of the lease receivable is \$567,154. The lessee is required to make monthly variable principal and interest payments of \$2,500 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,461. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$555,982, and the District recognized lease revenue of \$45,531 during the fiscal year.

On September 16, 2008, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of NRP T-Mobile Cell tower. An initial lease receivable was recorded in the amount of \$431,762. As of June 30, 2022, the value of the lease receivable is \$400,599. The lessee is required to make monthly variable principal and interest payments of \$2,000 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,025. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$392,689, and the District recognized lease revenue of \$39,073 during the fiscal year.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 3 – RECEIVABLES (continued)

E. Lease receivable (continued)

On September 7, 2012, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of NRP Verizon Cell tower. An initial lease receivable was recorded in the amount of \$806,050. As of June 30, 2022, the value of the lease receivable is \$771,391. The lessee is required to make monthly variable principal and interest payments of \$3,000 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,690. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$756,242, and the District recognized lease revenue of \$49,807 during the fiscal year.

On October 5, 2012, the District entered into a 60-month (5-year) lease, with automatic renewal for 4 additional 5-year terms, as Lessor for the use of WFP Verizon Cell tower. On January 4, 2015, an option was executed extending the term to 2040. An initial lease receivable was recorded in the amount of \$935,955. As of June 30, 2022, the value of the lease receivable is \$903,077. The lessee is required to make monthly variable principal and interest payments of \$3,000 to be increased annually by three percent (3%). The rent escalation is compounded on the rent amount from the previous year. The monthly payment as of June 30, 2022 was \$3,690. As the lease does not specify the principal and interest rate portions of the payments, the District used an implicit interest rate (1.3%) for GASB 87 implementation. The value of the deferred inflow of resources as of June 30, 2022 was \$885,394, and the District recognized lease revenue of \$50,562 during the fiscal year.

NOTE 4 – INTERFUND TRANSACTIONS

Transfers in and out

At June 30, 2022, the District had the following transfers in/out:

	Transfers in					
	Special Revenue Funds					
	General Fund	District-wide Assessment District Fund	Dos Vientos Assessment District Fund	Rancho Conejo Assessment District Fund	Capital Projects Fund	Total
Transfers out:						
General Fund	\$ -	\$ 180,000	\$ 300,000	\$ 255,591	\$ 978,263	\$ 1,713,854
Districtwide Assessment District	21,211	-	-	-	-	21,211
Dos Vientos Assessment District	18,229	-	-	-	-	18,229
Rancho Conejo Assessment District	19,722	-	-	-	-	19,722
Total	<u>\$ 59,162</u>	<u>\$ 180,000</u>	<u>\$ 300,000</u>	<u>\$ 255,591</u>	<u>\$ 978,263</u>	<u>\$ 1,773,016</u>

From General Fund:

- 1) \$180,000 to the District-wide Assessment District Fund and \$978,263 to Capital Projects Fund to provide support for capital facilities.
- 2) \$300,000 to the Dos Vientos Assessment District Fund to provide property tax support.
- 3) \$255,591 to the Rancho Conejo Assessment District Fund to provide property tax support.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 4 – INTERFUND TRANSACTIONS (continued)

Transfers in and out (continued)

To General Fund:

- 1) \$59,162 to the General fund from the special revenue funds for pension reserve funding.

Due To/Due From Other Funds

	Due to other funds					Total
	General Fund	District-wide Assessment District Fund	Dos Vientos Assessment District Fund	Rancho Conejo Assessment District Fund	Capital Projects Fund	
Due From Other Funds						
General Fund	\$ -	\$ 5,727	\$ 48,369	\$ 19,063	\$ 2,205,874	\$ 2,279,033
Districtwide Assessment District Fund	18,610	-	5,118	-	-	23,728
Total	<u>\$ 18,610</u>	<u>\$ 5,727</u>	<u>\$ 53,487</u>	<u>\$ 19,063</u>	<u>\$ 2,205,874</u>	<u>\$ 2,302,761</u>

The Due from in the General Fund to the Capital Projects Fund is an interfund loan for Construction of Park Improvements on Conejo Creek Southwest.

The Due from in the General Fund to the three assessment Funds is for year end payroll adjustments.

The Due from in the Districtwide Assessment District Fund is due to a donation from Play Conejo for playground improvements, a refund of waste water fees, a refund for Dog Park Improvements and repayment of the AYSO shade structure loan.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 5 – CAPITAL ASSETS

Summary of changes in the capital assets for the fiscal year ended June 30, 2022 is as follows:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Capital assets not being depreciated:					
Land	\$ 51,079,051	\$ 2,338,263	\$ (1,320,000)	\$ -	\$ 52,097,314
Construction in progress	1,225,929	6,662,112	-	(246,242)	7,641,799
Total capital assets not being depreciated	52,304,980	9,000,375	(1,320,000)	(246,242)	59,739,113
Capital assets being depreciated:					
Buildings	10,629,950	45,745	-	-	10,675,695
Improvements	55,603,985	4,229,150	-	-	59,833,135
Equipment	4,332,245	495,063	(96,677)	-	4,730,631
Total capital assets, being depreciated	70,566,180	4,769,958	(96,677)	-	75,239,461
Less accumulated depreciation:					
Buildings	(4,865,622)	(296,185)	-	-	(5,161,807)
Improvements	(24,486,532)	(2,952,166)	-	-	(27,438,698)
Equipment	(2,874,631)	(304,913)	83,738	-	(3,095,806)
Total less accumulated depreciation	(32,226,785)	(3,553,264)	83,738	-	(35,696,311)
Net capital assets being depreciated	38,339,395	1,216,694	(12,939)	-	39,543,150
Capital assets, net	\$ 90,644,375	\$ 10,217,069	\$ (1,332,939)	\$ (246,242)	\$ 99,282,263

Depreciation expense of \$3,553,264 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, 2022 were as follows:

	Beginning balance	Additions	Deletions	Ending balance	Classification	
					Due within one year	Due in more than one year
Compensated absences	\$ 1,561,091	\$ 1,036,445	\$ (1,087,862)	\$ 1,509,674	\$ 1,196,648	\$ 313,026
Claims and judgments payable	670,949	68,652	(318,526)	421,075	252,645	168,430
Total	\$ 2,232,040	\$ 1,105,097	\$ (1,406,388)	\$ 1,930,749	\$ 1,449,293	\$ 481,456

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, 2022

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. All deferred amounts are held in an irrevocable trust, not controlled by the District and not subject to the creditors of the District. Accordingly, 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. All deferred amounts are held in an irrevocable trust, not controlled by the District and not subject to the creditors of the District. Accordingly, the plan assets are not included in the accompanying basic financial statements.

C. Summary of defined benefit pension/OPEB plans

Plan	Net pension/OPEB liability/(asset)	Deferred outflows of resources	Deferred inflows of resources
CalPERS Retirement Enhancement	\$ 8,092,736	\$ 2,251,847	\$ 6,160,712
	(10,632)	315,933	968,919
Total Pension	<u>\$ 8,082,104</u>	<u>\$ 2,567,780</u>	<u>\$ 7,129,631</u>
OPEB	<u>\$ (1,833,783)</u>	<u>\$ 624,140</u>	<u>\$ 3,416,818</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

D. 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, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

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, 2020 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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

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

The Plans' provisions and benefits in effect at June 30, 2022 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 employer contribution rates (fiscal year 2021)	8.700%	8.700%	8.700%

Employees covered

At June 30, 2022, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees entitled to but not yet receiving benefits	249
Active employees	150
Total	528

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, 2022 were \$2,010,745.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

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

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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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	Varies by entry age and service
	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.
Mortality ⁽¹⁾	

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 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.

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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

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

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:

Asset class ⁽¹⁾	Current target allocation	Real return year 1 - 10 ⁽²⁾	Real return year 11+ ⁽³⁾
Global equity	50.00%	4.80%	5.98%
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	100.00%		

⁽¹⁾ In the System's ACFR 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

There was no change of assumptions for measurement date June 30, 2021.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

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

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.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

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

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.

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 06/30/2020 (VD) ⁽¹⁾	\$ 71,786,126	\$ 55,487,159	\$ 16,298,967
Changes recognized for the measurement period:			
Service cost	1,274,986	-	1,274,986
Interest on Total Pension Liability	5,066,162	-	5,066,162
Differences between expected and actual experience	236,487	-	236,487
Contributions - employer	-	1,798,690	(1,798,690)
Contributions - employees	-	597,810	(597,810)
Net investment income ⁽²⁾	-	12,442,794	(12,442,794)
Benefit payments, including refunds of employee contributions	(3,609,389)	(3,609,389)	-
Administrative expense	-	(55,428)	55,428
Other miscellaneous income	-	-	-
Net changes during 2020/21	2,968,246	11,174,477	(8,206,231)
Balance at: 06/30/2021 (MD) ⁽¹⁾	\$ 74,754,372	\$ 66,661,636	\$ 8,092,736

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, 2022

NOTE 7 – PENSION PLANS (continued)

D. 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:

	<u>Discount rate - 1% (6.15%)</u>	<u>Current discount rate - (7.15%)</u>	<u>Discount rate + 1% (8.15%)</u>
Plan's Net Pension Liability	<u>\$ 17,344,893</u>	<u>\$ 8,092,736</u>	<u>\$ 390,339</u>

Amortization of Deferred Outflows and Deferred Inflows of Resources

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	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

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

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

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2020), the District's net pension liability was \$16,298,967. For the measurement period ending June 30, 2021 (the measurement date), the District incurred a pension expense of \$101,044. A complete breakdown of the pension expense is as follows:

Description	Amount
Service cost	\$ 1,274,986
Interest on Total Pension Liability	5,066,162
Recognized changes of assumptions	(20,713)
Recognized differences between expected and actual experience	150,737
Employee contributions	(597,810)
Projected earnings on pension plan investments	(3,917,044)
Recognized differences between projected and actual earnings on plan investments	(1,910,702)
Administrative expense	55,428
Total pension expense	<u>\$ 101,044</u>

As of June 30, 2022, 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	\$2,010,745	\$ -
Net differences between projected and actual earnings on pension plan investments	-	6,160,382
Differences between expected and actual experiences	241,102	330
Total	<u>\$2,251,847</u>	<u>\$ 6,160,712</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

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

These amounts are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of \$2,010,745 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
2022	\$ 1,401,770
2023	1,332,526
2024	1,480,164
2025	1,705,150
2026	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

E. 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, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

Plan description – full-time employees

The District provides a Stipend benefit to a closed group of participants. Select members listed in the plan document who were hired prior to July 1, 2009 are eligible for a monthly stipend if they retire and commence their CalPERS benefit within 120 days of separation. The amount of the stipend varies based on years of service and date of retirement. Select part-time members listed in the plan document who were hired prior to July 1, 2013 are eligible for a monthly pension benefit at their normal retirement date based on their years of service and compensation earned during their employment.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

E. Retirement Enhancement Pension Plan (continued)

The Plans' provisions and benefits in effect at June 30, 2022 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.

Employees covered

At June 30, 2022, the following employees were covered by the benefit terms for the Plan:

	Plan
Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	7
Active employees	44
Total	85

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements

June 30, 2022

NOTE 7 – PENSION PLANS (continued)

E. Retirement Enhancement Pension Plan (continued)

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, 2022 were \$46,244.

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, 2021, using an annual actuarial valuation as of June 30, 2021.

Actuarial assumptions

The total pension liability in the June 30, 2021 actuarial valuation were determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal cost
Asset valuation method	
Actuarial assumptions:	
Discount rate	5.39%
Inflation	2.50%
Projected salary increase ⁽¹⁾	2.74%
Investment rate of return ⁽²⁾	5.39%
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 2017

Discount rate

The discount rate used to measure the total pension liability is 5.39%. This is the expected long-term rate of return on District assets using the II asset allocation provided by Public Agency Retirement Services (PARS). The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position is projected to cover all future Pension payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

E. Retirement Enhancement Pension Plan (continued)

Long-term expected rate of return

The long-term expected rate of return is determined using the long-term rates of return developed by Highmark Capital Management in their report dated July 22, 2021.

<u>Asset class</u>	<u>Current target allocation</u>	<u>Long-term expected real return</u>
Equity		
Large Cap Core	26.50%	6.80%
Mid Cap Core	5.00%	7.10%
Small Cap Core	7.50%	7.90%
Real Estate	1.75%	6.60%
International	6.00%	7.30%
Emerging Markets	3.25%	7.30%
Fixed income		
Short Term	10.00%	3.30%
Intermediate Term	33.50%	3.90%
High Yield	1.50%	6.10%
Cash	5.00%	2.40%
Total	<u>100.00%</u>	

Expected Average Remaining Service Lives (EARSL)

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1.0 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 4.4 years

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

E. Retirement Enhancement Pension Plan (continued)

Changes in the Net Pension Liability

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Measurement date 6/30/2020	<u>\$ 3,404,755</u>	<u>\$ 3,234,855</u>	<u>\$ 169,900</u>
Recognized changes resulting from:			
Service cost	46,048	-	46,048
Interest	208,132	-	208,132
Difference between expected and actual experience	(142,237)	-	(142,237)
Changes of assumptions	408,855	-	408,855
Net investment income	-	695,463	(695,463)
Benefit payments	(241,370)	(241,370)	-
Contributions - employer	-	46,244	(46,244)
Contributions - employee	-	-	-
Administrative expenses	-	(40,377)	40,377
Net change	<u>279,428</u>	<u>459,960</u>	<u>(180,532)</u>
Measurement date 6/30/2021	<u>\$ 3,684,183</u>	<u>\$ 3,694,815</u>	<u>\$ (10,632)</u>

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

Sensitivity of the total and net pension liability to changes in the discount rate. The total and net pension liability of the District, as well as what the District's total and net pension liability would be if they were calculated using a discount rate that is one percentage point lower (4.39%) or one percentage point higher (6.39%) follows:

	Discount rate - 1% (4.39%)	Current discount rate - (5.39%)	Discount rate + 1% (6.39%)
Plan's Net Pension Liability	<u>\$ 316,949</u>	<u>\$ (10,632)</u>	<u>\$ (298,391)</u>

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, 2022

NOTE 7 – PENSION PLANS (continued)

E. Retirement Enhancement Pension Plan (continued)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension

For the report year ended June 30, 2022, the District recognized a pension income of \$144,654.

<u>Description</u>	<u>Amount</u>
Service cost	\$ 46,048
Interest on Total Pension Liability	208,132
Recognized changes of assumptions	(59,432)
Recognized differences between expected and actual experience	(79,525)
Projected earnings on pension plan investments	(194,818)
Recognized differences between projected and actual earnings on plan investments	(105,436)
Administrative expense	40,377
Total pension expense (income)	<u>\$ (144,654)</u>

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Pension contributions subsequent to measurement date	\$ -	\$ -
Changes of assumptions	315,933	397,881
Net differences between projected and actual earnings on pension plan investments	-	391,124
Differences between expected and actual experiences	-	179,914
Total	<u>\$ 315,933</u>	<u>\$ 968,919</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 7 – PENSION PLANS (continued)

E. Retirement Enhancement Pension Plan (continued)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pension

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred outflows/(inflows) of resources</u>
2023	\$ (244,393)
2024	(244,391)
2025	(86,016)
2026	(78,186)
2027	-
Thereafter	-

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, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

Plan description

The District administers a single-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

Benefits Provided

Eligibility for retiree health benefits requires retirement from the City on or after age 50 (age 52 for PEPPRA New hires) with at least five years of CalPERS service. All employees who meet this criteria receive at least the PEMHCA Minimum Benefit. Eligible General Employees who were hired prior to July 1, 2009, receive \$75+ \$15/year of service per month, increasing each full year retired by the lesser of the CPI or \$15. Management Group employees with at least 10 years of service are eligible to receive 100% of employee-only medical premium contributions, and Administrators and General Managers with at least 10 years of service are eligible to receive 100% of employee + family medical premium contributions. The District maintains the authority to establish or amend retiree health benefits.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

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

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms for the Plan:

	Plan
Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	1
Active employees	92
Total	146

Contributions

The District makes contributions based on an actuarially determined rate.

Contribution rate: 0.10% for 15 years,
2.33% thereafter

Reporting period contributions: \$147,219 (includes implicit subsidy credit)

Net OPEB Liability

The District's OPEB liability was valued as of June 30, 2021, and was used to calculate the net OPEB liability measured as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	June 30, 2021	
Discount rate	5.39%	
Investment rate of return	5.39%	
Inflation	5.50%	
Healthcare cost trend rates		
Pre-medicare	7.00%	*
Medicare	6.00%	*
Salary increases	2.75%	**
Mortality rates		
	Based on CalPERS Tables	

* Trending down to 4.04% over 56 years. Applies to calendar years.

** Additional merit-based increases based on CalPERS merit salary increase tables.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

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

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the CalPERS Pension Assumption Model, revised May 14, 2018.
- Inactive employees (retirees) pay the cost of benefits in excess of the District's contribution.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.
- There were no changes between the measurement date and the report date that are expected to have a significant effect on the net OPEB liability.

Discount rate

GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the Plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 5.39%.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

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

Long-term expected rate of return

The long-term expected rate of return is determined using the long-term rates of return developed by PARS and HighMark Capital Management as of June 30, 2021.

Asset class	Current target allocation	Long-term expected real return
Equity		
Large Cap Core	26.50%	6.80%
Mid Cap Core	5.00%	7.10%
Small Cap Core	7.50%	7.90%
Real Estate	1.75%	6.60%
International	6.00%	7.30%
Emerging Markets	3.25%	7.30%
Fixed income		
Short Term	10.00%	3.30%
Intermediate Term	33.50%	3.90%
High Yield	1.50%	6.10%
Cash	5.00%	2.40%
Total	<u>100.00%</u>	
Expected Long-term return		5.89%
Expected Volatility		8.24%
Expected Long-term return net of fees		5.39%

Expected Average Remaining Service Lives (EARSL)

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1.0 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 7.5 years

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

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

Changes in the Net OPEB Liability

	Increase (decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at 06/30/2020 (MD)	\$ 4,812,059	\$ 4,937,474	\$ (125,415)
Changes recognized for the measurement period:			
Service cost	133,423	-	133,423
Interest on Total OPEB Liability	303,366	-	303,366
Changes of assumptions	(1,344,313)	-	(1,344,313)
Differences between expected and actual experience	545,895	-	545,895
Contributions - employer	-	256,107	(256,107)
Net investment income	-	1,117,923	(1,117,923)
Benefit payments, including refunds of employee contributions	(123,207)	(123,207)	-
Administrative expense	-	(27,291)	27,291
Implicit Subsidy Credit	(60,071)	(60,071)	-
Net changes	<u>(544,907)</u>	<u>1,163,461</u>	<u>(1,708,368)</u>
Balance at: 06/30/2021 (MD)	<u>\$ 4,267,152</u>	<u>\$ 6,100,935</u>	<u>\$ (1,833,783)</u>

Measurement Date (MD)

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

Sensitivity of the total and net OPEB liability to changes in the discount rate. The total and net OPEB liability of the District, as well as what the District's total and net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower (4.39%) or one percentage point higher (6.39%) follows:

	Discount rate - 1% (4.39%)	Current discount rate - (5.39%)	Discount rate + 1% (6.39%)
Plan's OPEB (Asset)	<u>\$ (1,306,158)</u>	<u>\$ (1,833,783)</u>	<u>\$ (2,276,607)</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements

June 30, 2022

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

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

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 7.00% and decreased to 4.04% over 56 years. The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than current healthcare cost trend rates follows:

	<u>Health care trend rate - 1%</u>	<u>Current health care trend rate</u>	<u>Health care trend rate + 1%</u>
Plan's OPEB (Asset)	<u>\$ (2,358,385)</u>	<u>\$ (1,833,783)</u>	<u>\$ (1,190,131)</u>

Subsequent events

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

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

For the report year ended June 30, 2022, the District recognized an OPEB expense of \$469,712.

<u>Description</u>	<u>Amount</u>
Service cost	\$ 133,423
Interest on Total OPEB Liability	303,366
Recognized changes of assumptions	(528,061)
Recognized differences between expected and actual experience	52,234
Projected earnings on pension plan investments	(310,015)
Recognized differences between projected and actual earnings on plan investments	(147,950)
Administrative expense	<u>27,291</u>
Total pension expense (income)	<u>\$ (469,712)</u>

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements

June 30, 2022

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

OPEB expense and deferred outflows/inflows of resources related to OPEB (continued)

As of fiscal year June 30, 2022, 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	\$ 147,219	\$ -
Differences between expected and actual experience	476,921	84,764
Changes of assumptions	-	2,737,294
Net difference between projected and actual earnings	-	594,760
Total	<u>\$ 624,140</u>	<u>\$ 3,416,818</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ended June 30:	Deferred outflows/(inflows) of resources
2023	\$ (623,777)
2024	(623,773)
2025	(607,027)
2026	(490,447)
2027	(277,056)
Thereafter	(317,817)

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, 2020, 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.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

NOTE 9 – RISK MANAGEMENT (continued)

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

The District is 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>2022</u>
General Liability	\$ -
Worker's Compensation	<u>421,075</u>
Total claims payable	<u><u>\$ 421,075</u></u>

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Claims liability, beginning balance	\$666,444	\$727,400	\$822,904
Incurred claims, representing the total of a provision for events of the current fiscal year and any change of prior fiscal years	825,758	352,806	141,826
Payments on claims attributable to events of both the current fiscal year and the prior fiscal years	<u>(764,802)</u>	<u>(257,302)</u>	<u>(293,781)</u>
Claims liability, ending balance	<u><u>\$727,400</u></u>	<u><u>\$822,904</u></u>	<u><u>\$670,949</u></u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

Contract commitments

The District had \$12,111,464 in contract commitments for completion of ongoing capital improvements projects at June 30, 2022.

CONEJO RECREATION AND PARK DISTRICT

Notes to the Financial Statements June 30, 2022

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 ("the 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, 2022 is as follows:

	<u>Joint Venture</u>	<u>District Portion</u>
Total Assets	\$ 90,124,492	\$ 45,062,246
Total Liabilities	-	-
Net Position:	<u>\$ 90,124,492</u>	<u>\$ 45,062,246</u>
Net Investment in capital assets	\$ 79,673,338	\$ 39,836,670
Restricted	10,426,959	5,213,480
Total Net Position	<u>\$ 90,100,297</u>	<u>\$ 45,050,150</u>
Total Revenues	\$ 5,195,021	\$ 2,597,511
Total Expenses	2,176,669	1,088,335
Changes in net position	<u>\$ 3,018,352</u>	<u>\$ 1,509,176</u>

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.

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REQUIRED
SUPPLEMENTARY INFORMATION

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CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2022

Budgetary Comparison Schedule General Fund

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 18,469,000	\$ 18,469,000	\$ 19,907,955	\$ 1,438,955
Licenses and permits	6,000	6,000	11,234	5,234
Investment income (loss)	130,000	130,000	(1,715,173)	(1,845,173)
Facilities rental	465,461	582,461	873,304	290,843
Other governmental agencies	790,000	790,000	802,004	12,004
Grants	-	264,841	264,841	-
Recreation fees	4,370,714	4,792,714	6,028,966	1,236,252
Other	27,000	351,841	243,934	(107,907)
Total revenues	24,258,175	25,386,857	26,417,065	1,030,208
EXPENDITURES				
Current				
Parks and Recreation:				
District administration	3,899,313	3,899,313	3,752,950	146,363
Parks and planning	10,355,421	10,355,421	10,301,709	53,712
Recreation and community services	9,626,736	10,225,736	9,472,658	753,078
Capital outlay	1,114,000	1,114,000	570,361	543,639
Total expenditures	24,995,470	25,594,470	24,097,678	1,496,792
Excess (deficiency) of revenues over (under) expenditures	(737,295)	(207,613)	2,319,387	2,527,000
OTHER FINANCING SOURCES (USES)				
Transfers in	443,309	443,309	59,162	(384,147)
Transfers out	(1,098,900)	(1,178,900)	(1,713,854)	(534,954)
Total other financing sources (uses)	(655,591)	(735,591)	(1,654,692)	(919,101)
Net change in fund balance	\$ (1,392,886)	\$ (943,204)	664,695	\$ 1,607,899
FUND BALANCE				
Beginning of year			38,744,353	
End of year			\$ 39,409,048	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2022

Budgetary Comparison Schedule Districtwide Assessment District Special Revenue Fund

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	\$ 2,025,994	\$ 2,025,994	\$ 2,027,447	\$ 1,453
Interest	30,000	30,000	10,676	(19,324)
Other governmental agencies	70,000	70,000	-	(70,000)
Grants	2,336,750	731,750	494,000	(237,750)
Other	10,000	10,000	278,877	268,877
Total revenues	<u>4,472,744</u>	<u>2,867,744</u>	<u>2,811,000</u>	<u>(56,744)</u>
EXPENDITURES				
Current				
Parks and Recreation:				
Parks and planning	1,502,569	1,602,569	1,455,145	147,424
Capital outlay	<u>7,367,000</u>	<u>7,221,905</u>	<u>4,911,939</u>	<u>2,309,966</u>
Total expenditures	<u>8,869,569</u>	<u>8,824,474</u>	<u>6,367,084</u>	<u>2,457,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,396,825)</u>	<u>(5,956,730)</u>	<u>(3,556,084)</u>	<u>2,400,646</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	180,000	180,000	-
Transfers out	-	-	(21,211)	(21,211)
Total other financing sources (uses)	<u>100,000</u>	<u>180,000</u>	<u>158,789</u>	<u>(21,211)</u>
Net change in fund balance	<u>\$ (4,296,825)</u>	<u>\$ (5,776,730)</u>	<u>(3,397,295)</u>	<u>\$ 2,379,435</u>
FUND BALANCE				
Beginning of year			<u>5,825,772</u>	
End of year			<u>\$ 2,428,477</u>	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2022

Budgetary Comparison Schedule Dos Vientos Assessment District Special Revenue Fund

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 709,436	\$ 709,436	\$ 707,903	\$ (1,533)
Licenses and permits	72,000	72,000	(10,546)	(82,546)
Interest	1,000	1,000	22,269	21,269
Other	-	-	138,942	138,942
Total revenues	<u>782,436</u>	<u>782,436</u>	<u>858,568</u>	<u>76,132</u>
EXPENDITURES				
Current				
Parks and Recreation:				
Parks and planning	1,059,966	1,059,966	999,171	60,795
Capital outlay	50,000	50,000	42,863	7,137
Total expenditures	<u>1,109,966</u>	<u>1,109,966</u>	<u>1,042,034</u>	<u>67,932</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>(327,530)</u>	<u>(327,530)</u>	<u>(183,466)</u>	<u>144,064</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Transfers out	-	-	(18,229)	(18,229)
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>281,771</u>	<u>(18,229)</u>
Net change in fund balance	<u>\$ (27,530)</u>	<u>\$ (27,530)</u>	<u>98,305</u>	<u>\$ 125,835</u>
FUND BALANCE				
Beginning of year			409,439	
End of year			<u>\$ 507,744</u>	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2022

Budgetary Comparison Schedule Rancho Conejo Assessment District Special Revenue Fund

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Assessments	\$ 123,790	\$ 123,790	\$ 123,388	\$ (402)
Interest	1,000	1,000	719	(281)
Other	-	-	146	146
Total revenues	<u>124,790</u>	<u>124,790</u>	<u>124,253</u>	<u>(537)</u>
EXPENDITURES				
Current				
Parks and Recreation:				
Parks and planning	383,540	383,540	306,240	77,300
Capital outlay	<u>21,000</u>	<u>21,000</u>	<u>20,698</u>	<u>302</u>
Total expenditures	<u>404,540</u>	<u>404,540</u>	<u>326,938</u>	<u>77,602</u>
Excess (deficiency) of				
Revenues over (under) expenditures	<u>(279,750)</u>	<u>(279,750)</u>	<u>(202,685)</u>	<u>77,065</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	255,591	255,591	255,591	-
Transfers in	<u>-</u>	<u>-</u>	<u>(19,722)</u>	<u>(19,722)</u>
Total other financing sources (uses)	<u>255,591</u>	<u>255,591</u>	<u>235,869</u>	<u>(19,722)</u>
Net change in fund balance	<u>\$ (24,159)</u>	<u>\$ (24,159)</u>	<u>33,184</u>	<u>\$ 57,343</u>
FUND BALANCE				
Beginning of year			<u>166,150</u>	
End of year			<u>\$ 199,334</u>	

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2022

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

Measurement date	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$ 1,274,986	\$ 1,283,826	\$ 1,256,364	\$ 1,258,713	\$ 1,238,730
Interest on total pension liability	5,066,162	4,860,453	4,649,861	4,449,322	4,267,104
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	-	-	(331,396)	3,442,359
Difference between expected and actual experience	236,487	222,518	(10,227)	90,705	198,069
Benefit payments, including refunds of employee contributions	(3,609,389)	(3,389,185)	(3,005,095)	(2,778,697)	(2,674,525)
Net change in total pension liability	2,968,246	2,977,612	2,890,903	2,688,647	6,471,737
Total pension liability, beginning	71,786,126	68,808,514	65,917,611	63,228,964	56,757,227
Total pension liability, ending	74,754,372	71,786,126	68,808,514	65,917,611	63,228,964
Plan fiduciary net position					
Contributions - employer	1,798,690	1,612,293	1,361,193	1,113,988	949,947
Contributions - employee	597,810	559,197	585,995	587,402	655,663
Net investment income	12,442,794	2,691,044	3,385,151	4,079,327	4,991,661
Benefit Payments, including refunds of employee contributions	(3,609,389)	(3,389,185)	(3,005,095)	(2,778,697)	(2,674,525)
Net plan to plan resource movement	-	-	-	(120)	-
Administrative expense	(55,428)	(76,254)	(36,965)	(76,385)	(66,680)
Other miscellaneous income	-	-	120	(145,057)	-
Net change in fiduciary net position	11,174,477	1,397,095	2,290,399	2,780,458	3,856,066
Plan fiduciary net position, beginning	55,487,159	54,090,064	51,799,665	49,019,207	45,163,141
Plan fiduciary net position, ending	66,661,636	55,487,159	54,090,064	51,799,665	49,019,207
Plan net pension liability	\$ 8,092,736	\$ 16,298,967	\$ 14,718,450	\$ 14,117,946	\$ 14,209,757
Plan fiduciary net position as a percentage of the total pension liability	89.17%	77.30%	78.61%	78.58%	77.53%
Covered payroll	\$ 8,591,551	\$ 8,547,443	\$ 8,249,270	\$ 8,276,649	\$ 8,208,402
Plan net pension liability as a percentage of covered payroll	94.19%	190.69%	178.42%	170.58%	173.11%

* 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: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. 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 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. 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, 2022

(continued)

2016	2015	2014
\$ 1,058,819	\$ 1,091,703	\$ 1,106,207
4,081,150	3,924,233	3,735,515
-	-	-
-	(932,422)	-
(667,664)	(346,433)	-
(2,403,391)	(2,157,836)	(1,972,811)
2,068,914	1,579,245	2,868,911
54,688,313	53,109,068	50,240,157
56,757,227	54,688,313	53,109,068
867,310	720,174	628,613
532,633	586,481	557,540
245,746	1,027,875	6,859,039
(2,403,391)	(2,157,836)	(1,972,811)
-	-	-
(28,003)	(51,707)	-
-	-	-
(785,705)	124,987	6,072,381
45,948,846	45,823,859	39,751,478
45,163,141	45,948,846	45,823,859
\$ 11,594,086	\$ 8,739,467	\$ 7,285,209
79.57%	84.02%	86.28%
\$ 7,822,246	\$ 7,948,909	\$ 7,661,774
148.22%	109.95%	95.09%

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2022

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)	-	8,249,270	16.50%
June 30, 2020	1,612,293	(1,612,293)	-	8,547,443	18.86%
June 30, 2021	1,798,690	(1,798,690)	-	8,591,551	20.94%
June 30, 2022	2,010,745	(2,010,745)	-	8,998,913	22.34%

* 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:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2020 Funding Valuation Report.

Actuarial Cost Method	Entry age normal cost
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report
Asset valuation method	Market Value of Assets
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality	The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

See notes to the required supplementary information.

CONEJO RECREATION AND PARK DISTRICT

Required Supplementary Information For the fiscal year ended June 30, 2022

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

Measurement date	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 46,048	\$ 42,475	\$ 74,003	\$ -
Interest on total pension liability	208,132	209,539	181,199	-
Changes of benefit terms	-	-	-	5,019,718
Changes of assumptions	408,855	-	(915,222)	-
Difference between expected and actual experience	(142,237)	(39,615)	(104,240)	-
Benefit payments, including refunds of employee contributions	(241,370)	(232,036)	(831,066)	-
Net change in total pension liability	279,428	(19,637)	(1,595,326)	5,019,718
Total pension liability, beginning	3,404,755	3,424,392	5,019,718	-
Total pension liability, ending	3,684,183	3,404,755	3,424,392	5,019,718
Plan fiduciary net position				
Contributions - employer	46,244	54,504	4,000,000	-
Contributions - employee	-	-	-	-
Net investment income	695,463	102,634	222,780	-
Benefit Payments, including refunds of employee contributions	(241,370)	(232,036)	(831,066)	-
Net plan to plan resource movement	-	-	-	-
Administrative expense	(40,377)	(39,650)	(42,311)	-
Other miscellaneous income	-	-	-	-
Net change in fiduciary net position	459,960	(114,548)	3,349,403	-
Plan fiduciary net position, beginning	3,234,855	3,349,403	-	-
Plan fiduciary net position, ending	3,694,815	3,234,855	3,349,403	-
Plan net pension liability	\$ (10,632)	\$ 169,900	\$ 74,989	\$ 5,019,718
Plan fiduciary net position as a percentage of the total pension liability	100.29%	95.01%	97.81%	0.00%
Covered payroll	\$ 4,038,302	\$ 3,635,097	\$ 3,405,833	N/A
Plan net pension liability as a percentage of covered payroll	-0.26%	4.67%	2.20%	N/A

Notes to Schedule:

Changes in Benefit Terms: None

Changes in Assumptions: The mortality, withdrawal, and retirement tables were updated to reflect the 2017 CalPERS studies. The discount rate was changed to 5.39% to reflect the long-term rate of return on assets. There have been no other assumption changes since the last measurement date.

*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, 2022

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

Fiscal year end	Actuarially determined contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2019	\$ -	\$ (4,000,000)	\$ (4,000,000)	\$ 3,405,833	117.45%
June 30, 2020	54,504	(54,504)	-	3,635,097	1.50%
June 30, 2021	46,244	(46,244)	-	4,038,302	1.15%
June 30, 2022	75,691	(75,691)	-	3,234,277	2.34%

Notes to Schedule:

Valuation date	December 31, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal cost
Amortization method	Closed period, level percent of pay
Amortization period	4.4 years
Actuarial assumptions:	
Discount rate	5.39%
Inflation	2.50%
Projected salary increase ⁽¹⁾	2.75%
Investment rate of return ⁽²⁾	5.39%
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 2017

*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, 2022

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

Measurement date	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 133,423	\$ 127,069	\$ 211,498	\$ 290,499	\$ 351,224
Interest on total OPEB liability	303,366	288,108	229,949	393,222	336,056
Changes of benefit terms	-	-	-	(4,999,608)	-
Changes of assumptions	(1,344,313)	-	(1,524,648)	(264,829)	(1,151,364)
Difference between expected and actual experience	545,895	5,040	(3,608)	(165,612)	-
Benefit payments, including refunds of employee contributions	(123,207)	(178,905)	(144,180)	(288,044)	(278,108)
Implicit Subsidy credit	(60,071)	-	-	-	-
Net change in total OPEB liability	(544,907)	241,312	(1,230,989)	(5,034,372)	(742,192)
Total OPEB liability, beginning	4,812,059	4,570,747	5,801,736	10,836,108	11,578,300
Total OPEB liability, ending	4,267,152	4,812,059	4,570,747	5,801,736	10,836,108
Plan fiduciary net position					
Contributions - employer	256,107	269,463	4,639,992	288,044	-
Contributions - employee	-	-	-	-	-
Net investment income	1,117,923	173,735	191,632	-	-
Benefit Payments, including refunds of employee contributions	(123,207)	(178,905)	(144,180)	(288,044)	-
Net plan to plan resource movement	-	-	-	-	-
Administrative expense	(27,291)	(11,865)	(2,398)	-	-
Implicit Subsidy credit	(60,071)	-	-	-	-
Net change in fiduciary net position	1,163,461	252,428	4,685,046	-	-
Plan fiduciary net position, beginning	4,937,474	4,685,046	-	-	-
Plan fiduciary net position, ending	6,100,935	4,937,474	4,685,046	-	-
Plan net OPEB liability	\$ (1,833,783)	\$ (125,415)	\$ (114,299)	\$ 5,801,736	\$ 10,836,108
Plan fiduciary net position as a percentage of the total OPEB liability	142.97%	102.61%	102.50%	0.00%	0.00%
Covered payroll	\$ 8,552,308	\$ 7,354,085	\$ 7,122,600	\$ 7,223,666	\$ -
Plan net OPEB liability as a percentage of covered payroll	-21.44%	-1.71%	-1.60%	80.32%	N/A

Notes to Schedule:

Changes in Benefit Terms: None

Changes in Assumptions: The average per capita claims cost was updated to reflect actual 2019 premiums, the health care cost trend rate was updated to reflect 2018 industry survey data, the mortality, withdrawal, disablement, and retirement tables was updated to reflect the 2017 CalPERS studies. The population for curving and morbidity factors have also been updated to the 2017 CalPERS study. The Discount Rate changed from 6.25% as of June 30, 2019 to 5.39% as of June 30, 2020. There have been no other assumption changes since the last measurement date.

*Fiscal year 2018 (measurement period 2017) was the first year of implementation. 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, 2022

Schedule of OPEB Plan Contributions – 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, 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%
June 30, 2020	135,011	(147,488)	(12,477)	7,354,085	1.84%
June 30, 2021	256,107	(256,107)	-	8,552,308	2.99%
June 30, 2022	147,219	(147,219)	-	7,444,703	1.98%

Notes to Schedule:

Actuarial cost method	Entry age normal cost
Amortization method	Closed period, level percent of pay
Amortization period	20 years
Actuarial assumptions:	
Discount rate	5.39%
Inflation	5.50%
Salary increases	2.75% The salary increase is used to determine the growth in the aggregate payroll.
Payroll growth	2.75%
Health care trend rates	7.00%, trending down to 4.04%
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.

CONEJO RECREATION AND PARK DISTRICT

Note to the Required Supplementary Information For the fiscal year ended June 30, 2022

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.

For the year ended June 30, 2022, there were no expenditures that exceeded the appropriations of the major funds.

SUPPLEMENTARY INFORMATION

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FIDUCIARY FUNDS

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CONEJO RECREATION AND PARK DISTRICT

Combining Statement of Fiduciary Net Position Custodial Funds June 30, 2022

	Custodial Funds					
	Conejo Coalition for Youth & Family	Goebel Adult Community Center Fund	CSVP Advisory Council Fund	Therapeutic Advisory Council Fund	Teen Advisory Council Fund	Totals
ASSETS						
Cash and investments	\$ 2,731	\$ 387	\$ 142,561	\$ 133,127	\$ 53,588	\$ 332,394
Interest receivable	4	-	229	214	86	533
Due from other government	-	-	-	-	500	500
Total assets	<u>2,735</u>	<u>387</u>	<u>142,790</u>	<u>133,341</u>	<u>54,174</u>	<u>333,427</u>
LIABILITIES						
Accounts payable	-	-	650	-	15	665
Total liabilities	<u>-</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>15</u>	<u>665</u>
NET POSITION						
Restricted for:						
Individuals, organizations and other governments	<u>2,735</u>	<u>387</u>	<u>142,140</u>	<u>133,341</u>	<u>54,159</u>	<u>332,762</u>
Total net position	<u>\$ 2,735</u>	<u>\$ 387</u>	<u>\$ 142,140</u>	<u>\$ 133,341</u>	<u>\$ 54,159</u>	<u>\$ 332,762</u>

CONEJO RECREATION AND PARK DISTRICT

Combining Statement of Changes in Fiduciary Net Position Custodial Funds For the year ended June 30, 2022

	Custodial Funds					
	Conejo Coalition for Youth & Family	Goebel Adult Community Center Fund	CSVP Advisory Council Fund	Therapeutic Advisory Council Fund	Teen Advisory Council Fund	Totals
ADDITIONS						
Interest	\$ 10	\$ -	\$ 509	\$ 466	\$ 175	\$ 1,160
Recreation fees	-	-	24,202	5,008	34,280	63,490
Total additions	<u>10</u>	<u>-</u>	<u>24,711</u>	<u>5,474</u>	<u>34,455</u>	<u>64,650</u>
DEDUCTIONS						
District administration	356	-	-	-	-	356
Recreation and community services	-	-	22,890	-	6,162	29,052
Total deductions	<u>356</u>	<u>-</u>	<u>22,890</u>	<u>-</u>	<u>6,162</u>	<u>29,408</u>
Changes in net position	(346)	-	1,821	5,474	28,293	35,242
Net position, beginning of year	<u>3,081</u>	<u>387</u>	<u>140,319</u>	<u>127,867</u>	<u>25,866</u>	<u>297,520</u>
Net position, end of year	<u>\$ 2,735</u>	<u>\$ 387</u>	<u>\$ 142,140</u>	<u>\$ 133,341</u>	<u>\$ 54,159</u>	<u>\$ 332,762</u>



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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, 2022, and have issued our report thereon dated February 7, 2023. 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 9, 2022, 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.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

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. As described in Note 1 to the financial statements, during the year, the District changed its method of accounting for Leases by adopting Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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.

Management's estimate of leases receivable, deferred inflows of resources related to leases, and lease amortization is based on present value calculations using certain terms and assumptions in the lease agreements in accordance with generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the lease related estimates in determining that it is reasonable in relation to the financial 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 to 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.

The disclosure of leases receivable, deferred inflows of resources related to leases, and lease amortization in the basic financial statements is based on certain terms and assumptions in the lease agreements which could differ from actual amounts.

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. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under 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 February 7, 2023.

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, significant events or transactions that occurred during the year, 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, Malody & Scott, LLP.

San Bernardino, California
February 7, 2023



Conejo Recreation & Park District

GENERAL MANAGER
Jim Friedl

BOARD OF DIRECTORS
Chuck Huffer, Chair
George M. Lange, Vice Chair
Nellie Cusworth, Director
Doug Nickles, Director
Marissa Buss, Director

GENERAL MANAGER EMERITUS
Tex Ward

February 7, 2023

Rogers, Anderson, Malody & Scott, LLP

This representation letter is provided in connection with your audit of Financial Statements of Conejo Recreation and Park District as of June 30, 2022 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations, of the various opinion units of Conejo Recreation and Park District (the District) in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 7, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 9, 2022 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.

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- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, non-spendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All inter-fund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to the preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.
- There have been no changes or updates to legal information disclosed to you by our attorney(s) since the date of such legal response and now

Information Provided

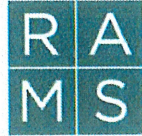
- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;⁸
 - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- We have disclosed to you all non-exchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For non-exchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Melissa Smith
Management Services Administrator



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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**

PARTNERS

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Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Brenda L. Odle, CPA, MST (Partner Emeritus)

Independent Auditor's Report

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

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Xinlu Zoe Zhang, CPA, MSA
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Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2023.

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) as a basis for designing 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

Report on 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
February 7, 2023