PLEASANT VALLEY
1962 – 2012
Celebrating 50 Years!
RECREATION & PARK DISTRICT
www.pvrpd.org • 805-482-1996

ANNUAL FINANCIAL REPORT

FY July 1, 2011 - June 30, 2012

Parks Make Life Better!℠

Our Mission Statement

"The Pleasant Valley Recreation and Park District will provide and maintain a full range of quality facilities and programs focused on leisure, recreational and athletic activities for residents of the District. Facilities will support both organized activities and casual use, and will address the interests and needs of all age groups."

Pleasant Valley Recreation and Park District

Board of Directors

Name	Title	Elected/ Appointed	Current Term
Patty Hamm	Chairperson	Elected	12/08 - 12/12
Mark Malloy	Vice-Chairperson	Elected	12/08 - 12/12
Elaine L. Magner	Secretary	Elected	12/10 - 12/14
Robert Kelley	Director	Elected	12/10 - 12/14
Paul Rockenstein	Director	Elected	12/08 - 12/12

Pleasant Valley Recreation and Park District
Daniel L. LaBrado, General Manager
1605 E. Burnley Street
Camarillo, CA 93010 • (805) 482-1996
www.pvrpd.org

Pleasant Valley Recreation & Park District

Annual Financial Report

For the Fiscal Year Ended June 30, 2012

Pleasant Valley Recreation and Park District
Annual Financial Report
For the Fiscal Year Ended June 30, 2012

<u>Table of Contents</u>

Financial Section

Charles Z. Fedak & Company
Certified Public Accountants
An Accountancy Corporation

Charles Z. Fedak, CPA, MBA
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Independent Auditor's Report

Board of Directors
Pleasant Valley Recreation and Park District
Camarillo, California

We have audited the accompanying financial statements of the governmental activities and aggregate remaining fund information of the Pleasant Valley Recreation and Park District (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report can be found on page 35.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the required supplementary information on pages 25, 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Independent Auditor's Report, continued

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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 30, 2012

As management of the Pleasant Valley Recreation and Park District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2012. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The District's net assets decreased 10.9% or $3,865,597, from $35,472,042 to $31,606,445.
- Total revenues decreased by 16.1% or $1,497,072 from $9,299,674 to $7,803,152 from the prior year primarily due decreases of $634,566 in capital grants and the $900,500 gain from the sale of land.
- Total expenses increased by 6.0% or $552,673 primarily due to increases in salaries and benefits of $170,070 and materials and services expenses of $417,373.
- In fiscal year 2012, the District recognized a "Special Item" – CalPERS side-fund pension-related debt liability of $1,891,021 and the accompanying expense on the financial statements.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's reserves and credit worthiness.

Government-wide Financial Statements

Statement of Net Assets and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net assets* and changes in them. Think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the District's property tax base to assess the *overall health* of the District.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

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 fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary information and funding progress of its retirement plan.

Government-wide Financial Analysis

Statement of Net Assets

Condensed Statement of Net Assets

		2012	2011	Change
Assets:				
Current assets	$	4,806,236	6,530,590	(1,724,354)
Non-current assets		645,105	669,917	(24,812)
Capital assets, net		42,502,974	42,018,220	484,754
Total assets		47,954,315	49,218,727	(1,264,412)
Liabilities:				
Current liabilities		1,469,352	754,146	715,206
Non-current liabilities		12,987,497	12,992,539	(5,042)
Total liabilities		14,456,849	13,746,685	710,164
Net assets:				
Net investment in capital assets		29,832,974	29,298,220	534,754
Restricted		290,095	376,942	(86,847)
Unrestricted		1,483,376	5,796,880	(4,313,504)
Total net assets	$	31,606,445	35,472,042	(3,865,597)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by $31,606,445 as of June 30, 2012. A large portion of the District's net assets (94% or $29,832,974) reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for operations; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2012, the District reflected a positive balance in its unrestricted net assets of $1,483,376 that may be utilized in future years.

Statement of Activities

Condensed Statement of Activities

		2012	2011	Change
Expenses:				
Recreation and park operations	$	9,777,728	9,225,055	552,673
Total expenses		9,777,728	9,225,055	552,673
Program revenues		2,237,954	2,849,336	(611,382)
General revenues		5,565,198	6,450,888	(885,690)
Total revenues		7,803,152	9,300,224	(1,497,072)
Change in net assets before special item		(1,974,576)	75,169	(2,049,745)
Special item		(1,891,021)	-	(1,891,021)
Change in net assets		(3,865,597)	75,169	(3,940,766)
Net assets – beginning of year		35,472,042	35,396,873	75,169
Net assets – end of year	$	31,606,445	35,472,042	(3,865,597)

The statement of activities shows how the government's net assets changed during the fiscal year. In the case of the District, net assets decreased by $3,865,597 during the fiscal year ended June 30, 2012.

Governmental Funds Financial Analysis

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, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2012, the District's General Fund reported a fund balance of $3,235,885. An amount of $788,283 constitutes the District's *unassigned fund balance*, which is available for future use.

General Fund Budgetary Highlights

Total cost for the District's general fund programs were above the 2012 revised budget by $1,248,960, primarily due to the more than expected expenditures for capital outlay then budgeted. Actual revenues were less than the anticipated revised budget by $136,242 primarily due to a decrease in property tax revenue of $104,771 than anticipated.

Capital Asset Administration

Changes in capital assets for the year were as follows:

		Balance 2011	Additions/ Transfers	Deletions/ Transfers	Balance 2012
Non-depreciable capital assets	$	22,825,908	1,424,173	-	24,250,081
Depreciable capital assets		32,001,712	165,818	(123,259)	32,044,271
Total capital assets		54,827,620	1,589,991	(123,259)	56,294,352
Accumulated depreciation		(12,809,400)	(1,105,237)	123,259	(13,791,378)
Total capital assets, net	$	42,018,220	484,754	-	42,502,974

At the end of fiscal year 2012, the District's investment in capital assets amounted to $42,502,974 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, playground equipment, equipment and construction-in-process. Major capital asset additions during the year include various improvements and equipment purchases totaling $1,589,991. See note 3 for further information on the District's capital assets.

Debt Administration

Changes in long-term debt for the year was as follows:

		Balance 2011	Additions	Principal Payments	Balance 2012
Certificates-of-participation	$	12,720,000	-	(50,000)	12,670,000

In 2012, long-term debt decreased by $50,000 due to principal payments on the District's certificates-of-participation. See further detail at note 7.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net assets or operating results in terms of past, present and future.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's General Manager, Daniel LaBrado, at the Pleasant Valley Recreation and Park District, 1605 E. Burnley Street, Camarillo, California 93010 or (805) 482-1996.

Basic Financial Statements

Pleasant Valley Recreation and Park District
Statement of Net Assets
June 30, 2012
With Comparative Amounts as of June 30, 2011

		2012	2011
Assets:			
Cash and cash equivalents (note 2)	$	4,428,575	6,225,090
Accrued interest receivable		11,817	21,416
Accounts receivable		77,767	47,249
Property taxes receivable		218,091	134,549
Special assessments receivable		19,998	21,060
Prepaid expenses and other assets		49,988	81,226
Deferred charges, net (note 4)		645,105	669,917
Capital assets – not being depreciated (note 3)		24,250,081	22,825,908
Capital assets – being depreciated, net (note 3)		18,252,893	19,192,312
Total assets		47,954,315	49,218,727
Liabilities:			
Accounts payable and accrued expenses		920,318	245,795
Accrued salaries and benefits		133,109	120,011
Deferred revenue and customer deposits		15,322	19,749
Accrued interest payable		209,995	211,078
Long-term liabilities – due in one year:			
Compensated absences (note 5)		120,608	107,513
Pension-related debt (note 6)		57,843	-
Certificates-of-participation (note 7)		70,000	50,000
Long-term liabilities – due in more than one year:		-	-
Compensated absences (note 5)		361,822	322,539
Post-emplyment benefits payable (note 8)		25,675	-
Pension-related debt (note 6)		1,833,178	-
Certificates-of-participation (note 7)		12,600,000	12,670,000
Total liabilities		16,347,870	13,746,685
Net assets: (note 9)			
Net investment in capital assets		29,832,974	29,298,220
Restricted for specified park projects		290,095	376,942
Unrestricted		1,483,376	5,796,880
Total net assets	$	31,606,445	35,472,042

Pleasant Valley Recreation and Park District
Statement of Activities
For the Fiscal Year Ended June 30, 2012
With Comparative Amounts for the Fiscal Year Ended June 30, 2011

Governmental Activities:		2012	2011
Expenses:			
Recreation and park operations:			
Salaries and benefits	$	4,532,214	4,362,144
Materials and services		3,484,939	3,067,566
Interest on long-term debt		630,526	633,613
Amortization of deferred charges		24,812	24,811
Depreciation		1,105,237	1,136,921
Total expenses		9,777,728	9,225,055
Program revenues:			
Charges for services:			
Special assessments		963,270	939,432
Registration and other fees		799,029	849,531
Facility and other rental fees		381,404	330,057
Total charges for services		2,143,703	2,119,020
Operating grants and contributions		86,059	87,558
Capital grants and contributions		8,192	642,758
Total program revenues		2,237,954	2,849,336
Net program expense		7,539,774	6,375,719
General revenues:			
Property taxes		5,495,079	5,442,437
Interest earnings		24,286	54,161
Gain from sale of land		-	900,500
Other		45,833	53,790
Total general revenues		5,565,198	6,450,888
Change in net assets before special item		(1,974,576)	75,169
Special item:			
CalPERS side-fund (note 6)		(1,891,021)	-
Change in net assets		(3,865,597)	75,169
Net assets – beginning of year		35,472,042	35,396,873
Net assets – end of year	$	31,606,445	35,472,042

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Balance Sheet – Governmental Funds
June 30, 2012

		General Fund	Special Revenue Fund	Total Governmental Funds
Assets:				
Cash and cash equivalents	$	3,783,726	644,849	4,428,575
Accrued interest receivable		10,817	1,000	11,817
Accounts receivable		77,767	-	77,767
Property taxes and assessments receivable		218,091	19,998	238,089
Due from other fund		140,468	-	140,468
Prepaid expenditures		48,476	1,512	49,988
Total assets		4,279,345	667,359	4,946,704
Liabilities:				
Accounts payable and accrued expenses		902,192	18,126	920,318
Accrued salaries and benefits		125,946	7,163	133,109
Due to other fund		-	-	-
Deferred revenue		15,322	140,468	155,790
Total liabilities		1,043,460	165,757	1,209,217
Fund balance: (note 10)				
Nonspendable		48,476	1,512	49,988
Restricted		-	290,095	290,095
Committed		-	209,995	209,995
Assigned		2,399,126	-	2,399,126
Unassigned		788,283	-	788,283
Total fund balance		3,235,885	501,602	3,737,487
Total liabilities and fund balance	$	4,279,345	667,359	4,946,704

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Reconciliation of the Balance Sheet of Governmental Type Funds to the Statement of Net Assets
June 30, 2012

Reconciliation:

Fund balance of governmental funds	$	3,737,487
Amounts reported for governmental activities in the statement of net assets is different because:		
Deferred charges are expended in governmental funds as costs of debt issuance while the Statement of Net Assets includes those deferred charges among the assets of the District and amortizes them over the life of the debt service.		645,105
Capitalized assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the Statement of Net Assets includes those assets as capital assets.		42,502,974
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. However, the Statement of Net Assets recognizes accrued interest on long-term debt based on the period of accrual.		(209,995)
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the Statement of Net Assets as follows:		
Compensated absences		(482,430)
Post-emplyment benefits payable		(25,675)
Pension-related debt		(1,891,021)
Certificates-of-participation		(12,670,000)
Net assets of governmental activities	$	31,606,445

Pleasant Valley Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Type Funds
For the Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Taxes:			
Property taxes	$ 5,495,079	-	5,495,079
Charges for services:			
Special assessments	-	963,270	963,270
Registration and other fees	799,029	-	799,029
Facility and other rental fees	381,404	-	381,404
Operating grants and contributions	86,059	-	86,059
Capital grants and contributions	8,192	-	8,192
Investment earnings	20,472	3,814	24,286
Other	45,833	-	45,833
Total revenues	6,836,068	967,084	7,803,152
Expenditures:			
Salaries and benefits	4,288,441	165,720	4,454,161
Materials and services	3,277,181	207,758	3,484,939
Capital outlay	1,589,991	-	1,589,991
Principal paid	-	50,000	50,000
Interest paid	-	631,609	631,609
Total expenditures	9,155,613	1,055,087	10,210,700
Change in fund balance	(2,319,545)	(88,003)	(2,407,548)
Fund balance – beginning of year	5,555,430	589,605	6,145,035
Fund balance – end of year	$ 3,235,885	501,602	3,737,487

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Type Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Reconciliation:

Net changes in fund balance of governmental fund	$	(2,407,548)
Amounts reported for governmental activities in the statement of activities is different because:		
Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:		
Net change in compensated absences		(52,378)
Net change in post-employment benefits payable		(25,675)
Net change in accrued interest payable		1,083
CalPERS side-fund		(1,891,021)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay		1,589,991
Depreciation expense		(1,105,237)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the Statement of Net Assets and do not result in expenses in the Statement of Activities.		50,000
Costs of debt issuance are reported as other financing uses in governmental funds. However, costs of debt issuance are referred to as "deferred charges" on the Statement of Net Assets and consist of capitalized debt issuance costs, which are amortized over the life of the debt service on the Statement of Activities.		
Amortization of deferred charges		(24,812)
Change in net assets of governmental activities	$	(3,865,597)

Pleasant Valley Recreation and Park District
Statement of Fiduciary Net Assets
June 30, 2012

		Part-Time Employees Retirement Trust Fund	
		2012	**2011**
Assets:			
Cash and cash equivalents	$	69,689	73,858
Total assets		69,689	73,858
Liabilities:			
Retirement funds payable to recipients		69,689	73,858
Total liabilities	$	69,689	73,858

See accompanying notes to the basic financial statements

Pleasant Valley Recreation and Park District
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2012

	Part-Time Employees Retirement Trust Fund	
	2012	**2011**
Additions:		
Contributions to retirement trust fund	$ 3,997	17,789
Investment earnings	618	318
Total additions	4,615	18,107
Deductions:		
Retirement funds transferred to recipients	8,784	1,810
Total deductions	8,784	1,810
Change in fund position	(4,169)	16,297
Assets transferred into retirement trust fund	73,858	57,561
Assets held in trust – end of year	$ 69,689	73,858

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Pleasant Valley Recreation and Park District is located in and around the city of Camarillo, approximately 10 miles inland from the Pacific Ocean. The District was formed in 1962 under the State Public Resources Code of California. The District serves an area of approximately 44 square miles and has grown from one park to 27 parks since its inception 50 years ago. Within the District, a variety of recreational facilities exists, including: swimming pools (indoor and outdoor), lighted ball fields, tennis courts, racquetball courts, a running track, children's play equipment, picnic shelters, barbecues and much more. General administration and management of the District is under the direction of a five-member Board of Directors and a General Manager.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principals Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

Government-wide Financial Statements

These 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, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in this statement to meet the qualifications of GASB Statement No. 34.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

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 liabilities are included on the Balance Sheet. 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 net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, 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 sources susceptible to accrual for the district are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due. The District reports the following major governmental funds:

Governmental Funds

General Fund – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary

Special Revenue Fund – accounts for funds received from a special assessment for specific park and recreation facilities and operations.

Fiduciary Funds

Part-Time Employees Retirement Trust Fund – holds funds in trust for part-time employees who are enrolled in the non-elective deferred compensation plan arrangement for the benefit of employees who are not covered by another retirement system maintained by the District. (See note 10)

C. Assets, Liabilities and Net Assets

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net assets during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of District's cash is invested in interest bearing cash accounts. The District considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy directing the General Manager to deposit funds in financial institutions. No more than 30% of the District's total investment portfolio will be invested in a single security type or with a single financial institution with the exceptions of U.S Government Treasury securities and LAIF. Investments are to be made in the following areas:

U.S. Government Securities	Repurchase Agreements
Banker's Acceptances	Local Agency Investment Fund (LAIF)
Commercial Paper	Money Market Accounts
Negotiable Certificates of Deposit	Savings Deposits

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Liabilities and Net Assets, continued

3. Investments and Investment Policy, continued

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Local Agency Investment Fund

LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the District's position in the LAIF is the same as the value of its pooled share. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

4. Property Taxes and Special Assessments

The County of Ventura Assessor's Office assesses all real and personal property within the County each year. The County of Ventura Tax Collector's Office bills and collects the District's share of property taxes and special assessments. The County of Ventura Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and special assessments receivable at year-end are related to property taxes collected by the County of Ventura which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

5. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

6. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are PV Fields assets, land, buildings, building improvements, equipment, furniture and fixtures and vehicles. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Years	Description	Years
PV Fields – Buildings	39	Land improvements	15
PV Fields – Land grading	39	Assessment assets	15
PV Fields – Land improvements	39	Buildings, structures and improvements	10 to 39
PV Fields – Lighting	39	Furniture fixtures and office equipment	5 to 7
PV Fields – Other assets	5	Machinery and heavy equipment	3 to 10
PV Fields – Playground equipment	15	Playground equipment	15
PV Fields – Turf and landscaping	10	Vehicles	5

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Liabilities and Net Assets, continued

7. Compensated Absences

The District's policy is to permit full time and part-time year-round employees to accumulate earned vacation time, sick leave, and compensating time. Earned vacation time shall be earned by each employee subject to the accrual limitations and policies as follows:

Years of Service	Annual Accrual	Maximum Accrual
Less than 5 years of service	80	240
Over 5 years but less than 11	120	360
Over 11 years but less than 12	128	384
Over 12 years but less than 13	136	408
Over 13 years but less than 114	144	432
Over 14 years but less than 16	152	456
16 years or more	160	480
Part-time year-round	40	80

Sick leave that is not used shall accumulate during subsequent years without limitation for full-time employees and will be capped at 80 hours for part-time year-round employees. Sick leave cannot be converted to vacation time, but in order to reward employees who do not utilize all of their sick leave, the District will compensate employees fifty percent (50%) of the unused sick leave after 20 years of employment and compensate employees with 5 to 20 years at twenty-five percent (25%) of the unused sick leave.

8. Net Assets

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

Net Investment in Capital Assets – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.

Restricted Net Assets – This component of net assets consists of constraints on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

9. Fund Balance

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable fund balance –** amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Liabilities and Net Assets, continued

9. Fund Balance, continued

- **Assigned fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.

- **Unassigned fund balance** – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, consist of the following:

Cash on hand	$	840
Deposits held with financial institutions		2,848,816
Deposits held with California Local Agency Investment Fund (LAIF)		1,578,919
Total	$	4,428,575

As of June 30, the District's authorized deposits had the following maturities:

Deposits held with California Local Agency Investment Fund (LAIF)	268 days

Authorized Deposits and Investments

Under provisions of the District’s investment policy, and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments as listed in Note 1(D)(3) to the financial statements.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository 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. The California Government Code and the District’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, with the District’s bank, up to $3.2 million is collateralized in accordance with the Code; however, the collateralized securities are not held in the District’s name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District’s investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF is not rated.

Concentration of Credit Risk

The District’s investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District’s deposit portfolio with governmental agencies, LAIF, is 35.6% of the District’s total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the District’s total investments.

(3) Capital Assets

Changes in capital assets for the year were as follows:

	Balance 2011	Additions/ Transfers	Deletions/ Transfers	Balance 2012
Non-depreciable capital assets:				
Land	$ 22,732,253	-	-	22,732,253
Construction-in-process	93,655	1,424,173	-	1,517,828
Total non-depreciable capital assets	22,825,908	1,424,173	-	24,250,081
Depreciable capital assets:				
PV Fields – Buildings	3,849,407	-	-	3,849,407
PV Fields – Land grading	807,164	-	-	807,164
PV Fields – Land improvements	4,390,266	-	-	4,390,266
PV Fields – Lighting	2,271,285	-	-	2,271,285
PV Fields – Other assets	49,626	-	-	49,626
PV Fields – Playground equipment	86,177	-	-	86,177
PV Fields – Turf and landscaping	2,553,936	-	-	2,553,936
Land improvements	8,036,896	-	(24,802)	8,012,094
Assessment assets	135,390	-	-	135,390
Buildings, structures and improvements	8,019,630	18,152	-	8,037,782
Furniture, fixtures and office equipment	282,208	-	-	282,208
Machinery and heavy equipment	482,925	22,699	(53,652)	451,972
Playground equipment	592,806	124,967	-	717,773
Vehicles	443,996	-	(44,805)	399,191
Total depreciable capital assets	32,001,712	165,818	(123,259)	32,044,271
Accumulated depreciation:				
PV Fields – Buildings	(139,829)	(98,703)	-	(238,532)
PV Fields – Land grading	(29,320)	(20,696)	-	(50,016)
PV Fields – Land improvements	(159,476)	(112,571)	-	(272,047)
PV Fields – Lighting	(82,504)	(58,238)	-	(140,742)
PV Fields – Other assets	(10,105)	(7,665)	-	(17,770)
PV Fields – Playground equipment	(8,139)	(5,745)	-	(13,884)
PV Fields – Turf and landscaping	(361,808)	(255,394)	-	(617,202)
Land improvements	(6,815,817)	(189,116)	24,802	(6,980,131)
Assessment assets	(72,097)	(9,026)	-	(81,123)
Buildings, structures and improvements	(3,839,578)	(251,384)	-	(4,090,962)
Furniture, fixtures and office equipment	(209,585)	(22,910)	-	(232,495)
Machinery and heavy equipment	(432,383)	(19,391)	53,652	(398,122)
Playground equipment	(246,682)	(37,133)	-	(283,815)
Vehicles	(402,077)	(17,265)	44,805	(374,537)
Total accumulated depreciation	(12,809,400)	(1,105,237)	123,259	(13,791,378)
Total depreciable capital assets, net	19,192,312	(939,419)	-	18,252,893
Total capital assets, net	$ 42,018,220			42,502,974

Construction-in-Process

The balance consists of the following:	2011	2012
Freedom park ballfield project	$ 93,655	1,495,752
Springville dog park project	-	18,876
Camarillo oak grove park education proj.	-	3,200
Total	$ 93,655	1,517,828

(4) Deferred Charges

The deferred charges balance relates to the issuance costs of the District's Certificates-of-Participation – Series 2009. The balance is being amortized over a thirty year period. The deferred charges net balance is as follows:

The balance consists of the following:		**Amount**
Deferred charges	$	744,352
Accumulated amortization		(99,247)
Total	$	645,105

(5) Compensated Absences

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually.

The changes to compensated absences balances at June 30, were as follows:

Balance 2011	**Additions**	**Deletions**	**Balance 2012**	**Current Portion**	**Long-term Portion**
$ 430,052	298,187	(245,809)	482,430	120,608	361,822

(6) Pension-Related Debt – CalPERS Side-Fund

As of June 30, 2003, CalPERS implemented risk-pooling for the District's agent multiple-employer public employee defined benefit pension plan. As a result, the District's defined benefit pension plan with CalPERS converted from an agent multiple-employer plan to a cost sharing multiple-employer plan. This change in the type of the plan created the CalPERS Side-Fund, which CalPERS financed at a 7.75% interest rate. CalPERS actuarially calculated the amount needed to bring the District into the cost sharing multiple-employer plan on an equal basis with other governmental agencies who had less than 100 active and retired employees combined. The reason that CalPERS switched these governmental agencies into the cost sharing multiple-employer plan was to smooth the annual costs related to the pension benefit over a longer period of time resulting in a lower cost of service to the governmental agencies.

A portion of the District's annual required contributions to CalPERS are actuarially determined and shared by all governmental agencies within the cost sharing risk pool. Also, the District is required to make annual payments to pay-down the CalPERS Side-Fund, as well. The responsibility for paying-down the District's CalPERS Side-Fund is specific to the District and is not shared by all governmental agencies within the cost sharing risk pool. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27 and recorded as liability on the District's financial statements.

Annual payments on the CalPERS Side-Fund represent principal and interest payments on the pension-related debt. Debt principal and interest expense is blended into the CalPERS pension benefit rate by individual class of District employee and repaid to CalPERS each payroll period throughout the fiscal year. The following is a pay-down schedule of the remaining payments of the District's CalPERS Side-Fund at a 7.50% interest rate, which was reduced by CalPERS in fiscal year 2012 for fiscal years 2013 and beyond as follows:

(6) Pension-Related Debt – CalPERS Side-Fund, continued

Fiscal Year		Principal	Interest	Total
2013	$	57,843	140,377	198,220
2014		68,031	136,136	204,167
2015		79,298	130,994	210,292
2016		91,597	125,004	216,601
20107		105,008	118,091	223,099
2018-2022		771,791	448,205	1,219,996
2023-2025		717,453	87,961	805,414
Total		1,891,021	1,186,768	3,077,789
Current		(57,843)		
Long-term	$	1,833,178		

See note 17 for refinance of pension-related debt.

(7) Certificates-of-Participation – Series 2009

In July 2009, the District issued $12,775,000 in Certificates-of-Participation – Series 2009 under a 30-year lease agreement with the California Special District Association (CSDA) Financing Corporation (Corporation). The District and the Corporation entered into a site-lease dated July 1, 2009. Under the site-lease agreement, the District leased its Camarillo Community Center and the land under the PV Fields sports complex to the Corporation. Concurrently, the District and Corporation entered into a lease agreement dated July 1, 2009 whereas the District leased-back its Camarillo Community Center and the land under the PV Fields sports complex for the purpose of financing the PV Fields sports complex construction project.

Interest is payable semi-annually on March 1st and September 1st of each year while principal payments are made on September 1st of each year, commencing September 1, 2009 with interest rates ranging from 6.500% to 4.125%. Annual debt service payments are as follows:

Fiscal Year		Principal	Interest	Total
2013	$	70,000	627,709	697,709
2014		85,000	622,671	707,671
2015		105,000	616,496	721,496
2016		130,000	609,021	739,021
2017		150,000	601,865	751,865
2018-2022		1,110,000	2,885,928	3,995,928
2023-2027		1,840,000	2,555,693	4,395,693
2028-2032		2,835,000	1,993,783	4,828,783
2033-2037		4,190,000	1,119,194	5,309,194
2038-2039		2,155,000	112,366	2,267,366
Total		12,670,000	11,744,726	24,414,726
Current		(70,000)		
Long-term	$	12,600,000		

(8) Post Employment Benefits Payable

During the fiscal year ended June 30, 2012, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The reporting requirements for these benefit programs as they pertain to the District are set forth below.

Plan Description – Eligibility

The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District.

Membership in the OPEB plan consisted of the following members as of June 30:

		2012	2011
Active plan members	$	46	-
Retirees and beneficiaries receiving benefits		2	-
Separated plan members entitled to but not yet receiving benefits		-	-
Total plan membership	$	48	-

Plan Description – Benefits

The District offers post employment medical benefits to retired employees who satisfy the eligibility rules (5-years of service). Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's CalPERS medical program. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Funding Policy

The District is required to identify the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 1.42% of the annual covered payroll.

The District will pay 100% of the cost of the post-employment benefit plan, which has been capped at the minimal administrative amount per month and adjusted and indexed pursuant to California Governmental Code Section 22892 (and was capped at $112 per retiree per month for fiscal year 2012). The District funds the plan on a pay-as-you-go basis and maintains reserves (by recording a liability) for the difference between the annual pay-as-you-go amount and the actuarially determined ARC cost.

Annual Cost

For the year ended June 30, 2012, the District's ARC cost is $33,390. The District's net OPEB payable obligation amounted to $25,675 for the year ended June 30, 2012. The District contributed $7,715 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2012.

(8) Post Employment Benefits Payable, continued

The balance at June 30, consists of the following:		2012	2011
Annual OPEB expense:			
Annual required contribution (ARC)	$	33,390	-
Interest on net OPEB obligation		-	-
Adjustment to annual required contribution		-	-
Total annual OPEB expense		33,390	-
Change in net OPEB payable obligation:			
Age adjusted contributions made		(7,715)	-
Total change in net OPEB payable obligation		25,675	-
OPEB payable – beginning of year		-	-
OPEB payable – end of year	$	25,675	-

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended		Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation Payable
2012	$	33,390	7,715	23.11%	$	25,675
2011	*	-	-	0.00%		-
2010	*	-	-	0.00%		-

* The information for this year is unavailable.
GASB No. 45 was implemented in fiscal year 2012.

Funded Status and Funding Progress of the Plan

Required Supplemental Information – Schedule of Funding Progress

Actuarial Valuation Date		Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	$	-	377,581	377,581	0.00%	$	2,344,700	16.10%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2015 based on the year ending June 30, 2014.

The most recent valuation (dated July 1, 2011) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of $377,581. There are no plan assets because the District funds on a pay-as-you-go basis. No trend information is reported because the year ended June 30, 2012, is the first year that the District implemented GASB 45. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2012 was $2,344,700. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 16.10%.

(8) Post Employment Benefits Payable, continued

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2011
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increase	3.25%
Inflation - discount rate	4.00%
Individual salary growth	District annual COLA

(9) Net Assets

Calculation of net assets as of June 30, were as follows:		2012
Net investment in capital assets:		
Capital assets – not being depreciated	$	24,250,081
Capital assets – being depreciated, net		18,252,893
Certificates-of-participation – current portion		(70,000)
Certificates-of-participation – noncurrent portion		(12,600,000)
Total net investment in capital assets		29,832,974
Restricted net assets:		
Special revenue fund restricted reserve		290,095
Special revenue fund committed reserve		209,995
Accrued interest payable		(209,995)
Total restricted for specified park projects		290,095
Unrestricted net assets:		
Non-spendable net assets:		
Prepaid expenses and other assets		49,988
Deferred charges, net		645,105
Total non-spendable net assets		695,093
Spendable net assets are designated as follows:		
Contingency reserve		788,283
Total spendable net assets		788,283
Total unrestricted net assets		1,483,376
Total net assets	$	31,606,445

(10) Fund Balance

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.C.9 for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30, 2012 is as follows:

Description		General Fund	Special Revenue Fund	Total
Nonspendable:				
Prepaid expenditures	$	48,476	1,512	49,988
Restricted:				
Specified park projects reserve		-	290,095	290,095
Committed:				
Accrued interest payable		-	209,995	209,995
Assigned:				
Compensated absences		482,430	-	482,430
Post-emplyment benefits payable		25,675	-	25,675
Pension-related debt		1,891,021	-	1,891,021
		2,399,126	-	2,399,126
Unassigned:				
Contingency reserve		788,283	-	788,283
Total fund balance	$	3,235,885	501,602	3,737,487

(11) Deferred Compensation Savings Plan – Full-Time Employees

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors. Market value of the plan assets held in trust by ICMA Retirement Corporation and MetLife at June 30, 2012 was $572,081 and $125,352, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

(12) Deferred Compensation Savings Plan – Part-Time Employees

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

With certain limitations, a Participant may elect the time and manner by 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 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 Section 401(a) and 457(d)(2).

The Plan provides that all amounts deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, or rights will remain (until made available to the participant) solely the property and rights of the District, subject only to claims of such District's general creditors. The rights of any Participant or beneficiary to payments pursuant to the Plan are non-assignable, and his interest in benefits under the Plan is not subject to attachment, garnishment or other legal process. Currently, two retired employees are receiving monthly benefit checks from this Plan and one retired employee is receiving an annual benefit.

In 2011, the assets of the Plan were transferred to the Part-Time Employees Retirement Trust Fund, with the District remaining the trustee of the Plan, and held as a fiduciary fund of the District in the accompanying financial statements.

(13) Defined Benefit Pension Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of CalPERS annual financial report may be obtained form their executive Office: 400 P Street, Sacramento, CA, 95814.

The contribution rate for plan members in the CalPERS 2.5% at 55 years-old Risk Pool Retirement Plan is 8% of their annual covered salary. In 2012, the District contributed 5.8% and the District employees contributed 2.2% for their account. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2012, 2011 and 2010 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2012, 2011 and 2010, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

Three Years CalPERS Funding Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	APC Percentage of Payroll	
2009-2010	$ 526,030	100%	-	23.582%	
2010-2011	545,713	100%	-	24.638%	
2011	608,093	100%	-	27.995%	July to Dec
2012				* 19.995%	Jan to June

* On January 4, 2012, the District's CalPERS contract was amended to provide for Section 20690.

Two Tier Plan

On March 12, 2011, the District approved a two tier plan for employees who become eligible to participate in the District's CalPERS defined benefit pension plan after that date. New participants in the plan will participate in the CalPERS 2.0% @ 60 years-old Risk Pool Retirement Plan.

The contribution rate for plan members in the CalPERS 2.0% at 60 years-old Risk Pool Retirement Plan is 7% of their annual covered salary. In 2012, the District contributed 5% and the District employees contributed 2% for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal years 2012 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal year 2012, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

One Year CalPERS Funding Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	APC Percentage of Payroll
2010-2011	$ 581	100%	$ -	6.755%
2011-2012	15,706	100%	-	7.733%

(14) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is participating in the Park and Recreation District Employee Compensation with the California Association for Park and Recreation Insurance (CAPRI). CAPRI is governed by a separate board of directors, which is comprised of seven directors elected from the member districts. The board controls the operations of CAPRI, including selection of management and approval of operating budgets. The purpose of CAPRI is to arrange and administer programs of insurance and to purchase excess insurance coverage. At June 30, 2012, the District participated in the liability and property programs of CAPRI as follows:

- General and auto liability, public officials and employees' liability: Total risk financing insurance limits of $1,000,000 with various deductibles of $5,000 to $15,000 per occurrence. Excess insurance has been purchased by the District above the self-insurance limits.

In addition to the above, the District also has the following insurance coverage:

- All-Risks property loss coverage including boiler and machinery coverage, is subject to a $2,000 deductible per occurrence payable by the District.
- Flood and earthquake coverage with an annual aggregate limit of $100,000 per occurrence for all member districts. The deductible for all loss or damage arising from the risks of flood is $20,000 and/or earthquake is $50,000 per occurrence or 5% of the value of the building, contents and/or structure, whichever is greater.
- Workers' compensation insurance up $250,000 limits.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2012, 2011 and 2010. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2012, 2011 and 2010.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangement*s. This standard address how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after December 15, 2011. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus.* This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after June 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 62

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Governmental Accounting Standards Board Statement No. 65

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain* items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

Governmental Accounting Standards Board Statement No. 66

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.* The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District estimates that this statement will not have a material impact on the presentation of the basic financial statements.

(15) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

(16) Contingencies

Litigation

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, other than the matter discussed above, will not materially affect its financial condition.

(17) Subsequent Events

CalPERS Side Fund Payoff

On August 31, 2012, the District refinanced the pension-related debt (CalPERS side-fund liability) of $1,881,661 to lower the interest rate to 4.450% which resulted in an economic gain of $692,862 from the interest expense savings on the pension-related debt. The cost of debt issuance was $48,782. Principle and interest are payable semi-annually on August 31 and February 28 each fiscal year as follows:

Fiscal Year	Principal	Interest	Total
2013	$ 62,000	41,875	103,875
2014	131,000	79,610	210,610
2015	146,000	73,603	219,603
2016	158,000	66,972	224,972
20107	171,000	59,808	230,808
2018-2022	1,084,000	169,145	1,253,145
2023	130,000	2,893	132,893
Total	1,882,000	493,906	2,375,906

Events occurring after June 30, 2012 have been evaluated for possible adjustment to the financial statements or disclosure as of September 30, 2012, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2012

		Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:						
Taxes:						
Property taxes	$	5,599,850	-	5,599,850	5,495,079	(104,771)
Charges for services:						
Registration and other fees		919,400	(94,340)	825,060	799,029	(26,031)
Facility and other rental fees		341,900	-	341,900	381,404	39,504
Operating grants and contributions		85,600	(3,850)	81,750	86,059	4,309
Capital grants and contributions		414,250	(414,000)	250	8,192	7,942
Investment earnings		37,550	-	37,550	20,472	(17,078)
Other		64,350	21,600	85,950	45,833	(40,117)
Total revenues		7,462,900	(490,590)	6,972,310	6,836,068	(136,242)
Expenditures:						
Salaries and benefits		4,497,925	(48,905)	4,449,020	4,288,441	160,579
Materials and services		3,053,725	314,150	3,367,875	3,277,181	90,694
Capital outlay		315,000	(89,000)	226,000	1,589,991	(1,363,991)
Total expenditures		7,866,650	176,245	8,042,895	9,155,613	(1,112,718)
Excess(Deficiency) of revenues over(under) expenditures		(403,750)	(666,835)	(1,070,585)	(2,319,545)	(1,248,960)
Fund balance - beginning of year		5,555,430		5,555,430	5,555,430	
Fund balance - end of year	$	5,151,680		4,484,845	3,235,885	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District's Administrative Services Manager prepares and submits an operating budget to the Board of Directors for the General Fund and Special Revenue Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts. The District's annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund and Special Revenue Fund at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget with approved supplemental changes. The budgeted revenue amounts represent the adopted budget as originally approved.

Pleasant Valley Recreation and Park District
Budgetary Comparison Schedule – Special Revenue Fund
For the Fiscal Year Ended June 30, 2012

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Revenues:					
Charges for services:					
Special assessments	$ 960,700	-	960,700	963,270	2,570
Investment earnings	3,400	-	3,400	3,814	414
Total revenues	964,100	-	964,100	967,084	2,984
Expenditures:					
Salaries and benefits	160,800	-	160,800	165,720	(4,920)
Materials and services	32,950	-	32,950	207,758	(174,808)
Debt service	681,600	-	681,600	681,609	(9)
Capital outlay	180,000	-	180,000	-	180,000
Total expenditures	1,055,350	-	1,055,350	1,055,087	263
Excess(Deficiency) of revenues over(under) expenditures	(91,250)	-	(91,250)	(88,003)	3,247
Fund balance - beginning of year	589,605		589,605	589,605	
Fund balance - end of year	$ 498,355		498,355	501,602	

Report on Compliance and Internal Controls

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Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Pleasant Valley Recreation and Park District
Camarillo, California

We have audited the basic financial statements of the Pleasant Valley Recreation and Park District (District) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 30, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 30, 2012