PLEASANT VALLEY
RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS
JUNE 30, 2016

PLEASANT VALLEY RECREATION AND PARK DISTRICT
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June 30, 2016

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FINANCIAL SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principles

As discussed in note 1 to the basic financial statements effective July 1, 2015, the Pleasant Valley Recreation and Park District adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application.* Our opinion is not modified with respect to this matter.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the budgetary comparison information on pages 36 and 37, the Schedule of Funding Progress for the Post Employment Benefits Other than Pensions on page 38, the Schedule of Proportionate Share of Net Pension Liability on page 39, and the Schedule of Pension Contributions on page 40, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2017, on our consideration of the Pleasant Valley Recreation and Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the District's basic financial statements as of and for the fiscal year ended June 30, 2015, and we expressed unmodified audit opinions on those audited financial statements in our report dated January 23, 2016. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss, Levy & Hartzheim, LLP

Santa Maria, California
February 13, 2017

This discussion and analysis of the Pleasant Valley Recreation and Park District (PVRPD) financial performance provides an overall review of the PVRPD financial activities for the fiscal year ended June 30, 2016. The intent of this narrative is to provide a complete overview of PVRPD's financial performance. Readers should review this in conjunction with the basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS
GOVERNMENTAL FUNDS

- During the fiscal year ending June 30, 2016, PVRPD's net position increased $234 thousand (0.8%)
- Total revenues decreased $2.596 million (23.4%) primarily due to Quimby Fees received in the prior year which was partially offset by a $460 thousand (8.2%) increase in property taxes
- Total expenses increased by $192 thousand (0.2%) with Salaries and Benefits up by $90 thousand (2.6%), an increase in Debt Service payments of Principal and Interest expense of $41 thousand (4.3%) and decrease of Capital Outlay $144 thousand (42%)

OVERVIEW OF THIS FINANCIAL REPORT

The Government-wide financial statements are presented on an "economic resources" measurement focus and use an accrual basis of accounting. Accordingly, all of the PVRPD's assets and liabilities, including capital assets and long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Net Position includes all of the District's investments in resources (Assets) and the obligations to creditors (Liabilities). The Statement of Activities presents changes in net position measuring the success over the past fiscal year and is used to determine credit worthiness.

Government-wide Financial Statements

Statement of Activities and Statement of Net Position
The Government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and the Statement of Activities answer the question if the District is improving or deteriorating. These statements include all assets and liabilities using the accrual basis of accounting. 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. These two statements report the District's net position and changes in them. The difference between assets and liabilities, or net assets can measure the District's financial health.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances
Fund financial statements are designed to report information about groupings or related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting, like other state and local governments, to ensure and demonstrate compliance with finance-related legal requirements.

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 the short-term inflow and outflow 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to Basic Financial Statements

The notes provide additional information that is essential to fully understanding 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 supplemental information concerning the District's budgetary status and funding progress of its retirement plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. District assets are above liabilities by $28.4 million as of June 30, 2016.

	2016	2015
Assets:		
Current assets	$ 7,406,670	$ 6,486,440
Capital assets	39,248,626	40,151,995
Total assets	46,655,296	46,638,435
Deferred outflows of Resources		
Pensions	666,443	302,910
Total deferred outflows of resourcs	666,443	302,910
Liabilities:		
Current liabilities	829,351	734,666
Long-term due in one year	441,299	364,673
Long-term due in more than one year	17,370,387	16,715,264
Total liabilities	18,641,037	17,814,603
Deferred inflows of Resources		
Pensions	247,340	927,261
Total deferred inflows of resourcs	247,340	927,261
Net Position:		
Net investment in capital assets	26,920,171	27,741,995
Restricted for specified park projects	375,379	691,132
Unrestricted	1,137,812	(233,646)
Total net position	$ 28,433,362	$ 28,199,481

The largest portion of the District's net position reflects its investment of $39.2 million in capital assets (land, buildings, improvements, equipment, infrastructure, and no construction in progress, all net of accumulated depreciation). The District uses these capital assets to provide services to citizens and is not available for future spending.

The second largest item is the long term debt the District incurred in 2009 for the development of Pleasant Valley Fields Sports Complex formally known as Village at the Park. Certificates of Participation sold for an amount of $12.6 million with a maturity date of June 30, 2039. In August 2012, the District obtained a bank loan in the amount of $1.8 million for refinancing the CalPERS Side-Fund.

The assets of the District exceed the liabilities by $28.4 million as of June 30, 2016. Unrestricted net position is in a positive position which is an indicator that the District has made progress, but still needs to reduce spending to be able to build up for the future.

Statement of Activities
As shown on the table below, the District's net position increased by $234 thousand during the fiscal year ending June 30, 2016. This is an improvement from the decrease of $407 thousand during the fiscal year ending June 30, 2015. The increase is primarily related to the increase in property tax revenue of $460 thousand.

	2016	2015
Revenues:		
Program Revenues		
Charges for Services	$ 2,224,584	$ 2,161,130
Operating Grants & Contributions	103,917	91,803
Capital Grants & Contributions	10,015	3,163,618
General Revenues:		
Property taxes	6,084,387	5,624,820
Investment income	31,951	6,582
Other	107,618	110,957
Total Revenues	8,562,472	11,158,910
Expenses:		
Recreation & Park Operations	8,315,041	8,122,783
Change in net position	247,431	3,036,127
Net position - beginning of year	28,199,481	28,606,518
Prior Period Adjustment	(13,550)	(3,443,164)
Net position - end of year	$ 28,433,362	$ 28,199,481

Charges for services includes programs and class fees, facility rental fees, cell tower income, senior services income, activity guide advertising income, and indemnity income. Property tax revenue, the District's primary source of revenue, increased by $460 thousand or 8.2%. Charges for services increased by $63 thousand or 3%, interest income increased by $25 thousand or 385% and operating grants increased by $12 thousand or 13%.

GOVERNMENTAL FUND FINANCIAL STATEMENT ANALYSIS

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

At the close of fiscal year 2015-2016, District governmental funds reported a combined ending fund balance of $6.8 million, an increase of $820 thousand in comparison with the prior year. The increase in fund balance was primarily due to the increase in property tax revenue the District received during the fiscal year.
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 $1.1 million in fund balance for the fiscal year ending June 30, 2016. Operating revenues exceeded operating expenses by $1.04 million.

Special Assessment District Special Revenue Fund
The Special Assessment District Fund accounts for district-wide assessment for park maintenance and capital projects. It showed an decrease of $318 thousand in fund balance with a decrease in revenues of $75 thousand and an increase in expenditures of $379 thousand. The increase was primarily due to moving the landscape maintenance contract expense to the Assessment District Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (net of accumulated depreciation)

	June 30, 2016	2015
Land	$ 22,732,253	$ 22,732,253
Buildings	6,216,421	6,554,068
Improvements	9,725,428	10,315,022
Equipment	574,524	550,652
	$ 39,248,626	$ 40,151,995

Long-term Debt
The District's long-term debt as of the period ending June 30, 2016 is $17.8 million. That is a $732 thousand increase from the ending of June 30, 2015. There are two major sources of long-term debt obligations: $12.3 million for the development of Pleasant Valley Fields Sports Complex and $1.4 million loan for refinancing the CalPERS Side-Fund. (For more information on long-term obligations see Note 5 through 9 in the Financial Statements)

Outstanding Long-Term Debt
June 30,

	2016	2015
Compensated Absences	$ 419,499	$ 306,693
Notes Payable - Software	48,455	
Other Post-Employment Benefits	128,574	104,282
Pension Related Note	1,385,000	1,543,000
Certificates-of-Participation	12,280,00	12,410,000
Net Pension Liability	3,550,158	2,715,962
Total Outstanding Long-term Debt	$ 17,811,686	$ 17,079,937

ECONOMIC FACTORS

The District's primary revenue source is property taxes, which are starting to show signs of improvement. The District has seen an increase in property tax revenue and the housing market is mirroring the trend. Ventura County Assessor's office is reporting a slight 3.74% increase for fiscal year 2016-2017. The District received $2.8 million in fees from developers (Quimby Fees) in FY14-15, which helped improve revenues and fund balance. With new construction continuing, the District should see additional revenue in the coming years.

Managing District resources in an environment of relatively flat revenues compounded by increasing costs is a challenge facing the District. Consequently, resources for future capital maintenance, replacement, and new park and facility development must be either acquired from resources currently available in operating expenses, or additional revenue sources must be identified.

The state implemented pension reform on January 1, 2013 creating a third tier retirement program with a new 2% at 62 formula for employees new to CalPERS. The District's other two plans are 2.5% at 55 and 2% at 60. On July 1, 2013, the Board of Directors took action that increased the employee contributions to the maximum allowed by state statute.

REQUEST FOR INFORMATION

The District's financial report is designed to provide citizens, taxpayers, creditors, and investors with a general overview of PVRPD's finances and show accountability for the money it receives. Questions regarding any of the information provided in this report or to request additional information, please contact the District's General Manager at the Pleasant Valley Recreation and Park District, 1605 E. Burnley Street, Camarillo, California 93010 or call (805) 482-1996.

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BASIC FINANCIAL STATEMENTS

PLEASANT VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016
With Comparative Totals for June 30, 2015

	Total Governmental Activities	
	2016	2015
ASSETS		
Cash and investments	$ 7,219,242	$ 6,246,961
Accrued interest receivable	2,140	1,750
Accounts receivable	63,422	85,562
Property taxes and assessments receivable	121,586	137,942
Prepaid items	280	14,225
Capital assets - not being depreciated	22,732,253	22,732,253
Depreciable capital assets, net of accumulated depreciation	16,516,373	17,419,742
Total assets	46,655,296	46,638,435
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	666,443	302,910
Total deferred outflows of resources	666,443	302,910
LIABILITIES		
Accounts payable	364,197	298,681
Accrued salaries and benefits	102,617	154,314
Unearned revenue and customer deposits	140,340	54,422
Accrued interest payable	222,197	227,249
Long-term liabilities - due in one year		
Compensated absences	104,875	76,673
Pension related debt	171,000	158,000
Certificates of participation	150,000	130,000
Captial lease payable - software	15,424	
Long-term liabilities - due in more than one year		
Compensated absences	314,624	230,020
Other post-employment benefits payable	128,574	104,282
Pension related debt	1,214,000	1,385,000
Certificates of participation	12,130,000	12,280,000
Captial lease payable - software	33,031	
Net pension liability	3,550,158	2,715,962
Total liabilities	18,641,037	17,814,603
DEFERRED INFLOWS OF RESOURCES		
Pensions	247,340	927,261
Total deferred inflows of resources	247,340	927,261
NET POSITION		
Net investment in capital assets	26,920,171	27,741,995
Restricted for specified park projects	375,379	691,132
Unrestricted	1,137,812	(233,646)
Total net position	$ 28,433,362	$ 28,199,481

The accompanying notes are an integral part of this financial statement.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2016
With Comparative Totals for Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expenses) Revenue and Changes in Net Position	2015
Governmental Activities:						
Recreation and park operations:	$ 8,315,041	$ 2,224,584	$103,917	$ 10,015	$ (5,976,525)	$ (2,706,232)
Total governmental activities	$ 8,315,041	$ 2,224,584	$103,917	$ 10,015	(5,976,525)	(2,706,232)
General Revenues:						
Property taxes					6,084,387	5,624,820
Investment earnings					31,951	6,582
Other revenues					107,618	110,957
Total general revenues					6,223,956	5,742,359
Change in net position					247,431	3,036,127
Net position - beginning of fiscal year					28,199,481	28,606,518
Prior-period adjustment					(13,550)	(3,443,164)
Net position - beginning of fiscal year, restated					28,185,931	25,163,354
Net position - end of fiscal year					$ 28,433,362	$ 28,199,481

The accompanying notes are an integral part of this financial statement.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016
With Comparative Totals for June 30, 2015

	General Fund	Assessment District Fund	Total Governmental Funds 2016	Total Governmental Funds 2015
ASSETS				
Cash and investments	$ 6,621,779	$ 597,463	$ 7,219,242	$ 6,246,961
Accrued interest receivable	2,140		2,140	1,750
Accounts receivable	63,422		63,422	85,562
Property taxes and assessments receivable	107,775	13,811	121,586	137,942
Due from other fund				35,967
Prepaid expenditures	280		280	14,225
Total assets	$ 6,795,396	$ 611,274	$ 7,406,670	$ 6,522,407
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	$ 329,955	$ 34,242	$ 364,197	$ 298,681
Accrued salaries and benefits	102,617		102,617	154,314
Due to other fund				35,967
Deposits	26,140		26,140	24,422
Unearned revenue	114,200		114,200	30,000
Total liabilities	572,912	34,242	607,154	543,384
Fund Balances				
Nonspendable:				
Prepaids	280		280	14,225
Restricted:				
Specified park projects reserve		375,379	375,379	691,132
Committed:				
Accrued interest payable		201,653	201,653	204,361
Assigned:				
Compensated absences	419,499		419,499	306,693
Post-employment benefits payable	128,574		128,574	104,282
Pension-related debt	1,385,000		1,385,000	1,543,000
Unassigned	4,289,131		4,289,131	3,115,330
Total fund balances	6,222,484	577,032	6,799,516	5,979,023
Total liabilities and fund balances	$ 6,795,396	$ 611,274	$ 7,406,670	$ 6,522,407

The accompanying notes are an integral part of this financial statement.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances - governmental funds		$ 6,799,516
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Net capital assets consist of:		
Capital assets at historical costs	$ 56,821,907	
Accumulated depreciation	(17,573,281)	
		39,248,626
Interest payable: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period it is incurred.		(222,197)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Certificates of participation	(12,280,000)	
Notes payable	(1,385,000)	
Capital lease payable	(48,455)	
Compensated absences	(419,499)	
Other postemployment benefits	(128,574)	
Net pension liability	(3,550,158)	
		(17,811,686)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred inflows of resources relating to pensions	(247,340)	
Deferred outflows of resources relating to pensions	666,443	
		419,103
Total net position - governmental activities		$ 28,433,362

The accompanying notes are an integral part of this financial statement.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2016
With Comparative Totals for Fiscal Year Ended June 30, 2015

	General Fund	Assessment District Fund	Total Governmental Funds 2016	Total Governmental Funds 2015
Revenues				
Property taxes	$ 6,084,387	$ -	$ 6,084,387	$ 5,624,820
Charges for services:				
Special assessments		1,007,402	1,007,402	1,007,893
Registration and other fees	737,542		737,542	755,989
Facility and other rental fees	479,640		479,640	397,248
Operating grants and contributions	103,917		103,917	91,803
Capital grants and contributions	10,015		10,015	3,163,618
Investment earnings	30,254	1,697	31,951	6,582
Other revenues	107,617	1	107,618	110,957
Total revenues	7,553,372	1,009,100	8,562,472	11,158,910
Expenditures				
Salaries and benefits	3,470,145	145,220	3,615,365	3,524,879
Materials and services	2,601,685	396,944	2,998,629	2,966,657
Capital outlay	198,897		198,897	342,839
Debt service:				
Principal	175,675	130,000	305,675	251,000
Interest	66,972	609,021	675,993	690,073
Total expenditures	6,513,374	1,281,185	7,794,559	7,775,448
Excess of revenues over (under) expenditures	1,039,998	(272,085)	767,913	3,383,462
Other Financing Sources (Uses)				
Capital lease proceeds	66,130		66,130	
Transfers in	46,376		46,376	110,967
Transfers out		(46,376)	(46,376)	(110,967)
Total other financing sources and uses	112,506	(46,376)	66,130	
Net change in fund balances	1,152,504	(318,461)	834,043	3,383,462
Fund balances - beginning of fiscal year	5,083,530	895,493	5,979,023	2,595,561
Prior-period adjustments	(13,550)		(13,550)	
Fund balances - beginning of fiscal year, restated	5,069,980	895,493	5,965,473	2,595,561
Fund balances - end of fiscal year	$ 6,222,484	$ 577,032	$ 6,799,516	$ 5,979,023

The accompanying notes are an integral part of this financial statement.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2016

Total net change in fund balances - governmental funds			$	834,043
Amounts reported for governmental activities in the statement of activities are different because:				
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of individual capital assets in excess of the capitalization threshold of $5,000 are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures which were capitalized and depreciation expense and the cost of capital assets disposed of for the period is:				
Capital outlays which were capitalized as capital assets	$	198,897		
Loss on disposal of capital assets		(22,356)		
Depreciation expense		(1,079,910)		
				(903,369)
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The differences between compensated absences paid and compensated absences earned was:				(112,806)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.				305,675
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during but owing from the prior period was:				5,052
In statement of activities, the long-term liability for other postemployment benefits is recognized. This does not require the use of current financial resources and is not reported in governmental funds.				(24,292)
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, was:				(66,130)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:				209,258
Total change in net position - governmental activities			$	247,431

The accompanying notes are an integral part of this financial statement.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
With Comparative Totals for June 30, 2015

	Part-Time Employees Retirement Trust Fund	
	2016	2015
Assets		
Cash and investments	$ 74,658	$ 55,399
Total assets	74,658	55,399
Net Position		
Retirement funds payable to recipients	74,658	55,399
Total net position	$ 74,658	$ 55,399

The accompanying notes are an integral part of this financial statement.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiscal Year Ended June 30, 2016
With Comparative Totals for Fiscal Year Ended June 30, 2015

	Part-Time Employees Retirement Trust Fund	
	2016	2015
Additions		
Contributions to retirement trust fund	$ 22,327	$ 816
Investment earnings	177	158
Total revenues	22,504	974
Deductions		
Claims paid or payable to claimants:	3,245	8,649
Total deductions	3,245	8,649
Change in net position	19,259	(7,675)
Net position - beginning of fiscal year	55,399	63,074
Net position - end of fiscal year	$ 74,658	$ 55,399

The accompanying notes are an integral part of this financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Reporting Entity

The Pleasant Valley Recreation & Park District (the District) is located in and around the City of Camarillo, approximately 10 miles inland from the Pacific Ocean. The District was formed in January 1962 under the State Public Resource Code of California. The District serves an area of approximately 45 square miles and has grown from one park to 27 parks since its inception 53 years ago. Within the District, a variety of recreational facilities exists including: indoor swimming pool, 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.

The District's basic financial statements include the operations of which the District's Board of Directors exercises oversight responsibility. There are no component units included in this report which meet the criteria of the GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61.

B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

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

<u>Government-wide Financial Statements</u>

Government-wide financial statements display information about the reporting government as a whole. These statements include separate columns for the governmental activities of the primary government. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the District.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

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. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (continued)

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column, however the District has no nonmajor funds. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With the measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net position.

Fiduciary funds are reported using the economic resources measurement focus.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified - accrual basis of accounting.* Their revenues are recognized when they become *measurable* and *available* as net current position. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. Revenue recognition is subject to the measurable and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net position. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current position. Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the fiscal year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenditures/expense are considered to be paid first from restricted resources, and then from unrestricted resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation (continued)

The District reports the following major governmental funds:

- **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

- **Assessment District Fund** is used for the assessment revenues and expenditures from a special assessment for specific park and recreation facilities and operations.

The District reports the following fiduciary fund:

- **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 11).

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. 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

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 of investment 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 LAIF is the same as the value of its pooled shared. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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	January 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

F. Prepaid Items

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.

G. 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 governmental funds 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
FB Fields — Ball Fields	20	FB Fields — Land improvements	20
FB Fields — Lighting	20	FB Fields — Land Grading	20
FB Fields — Turf and Landscape	20		

H. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences (continued)

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 with 10 plus years of employment fifty percent (50%) of the unused sick leave up to 1,000 hours; employees with 5-10 years of service will compensated at twenty-five percent (25%) of the unused sick leave up to 500 hours.

I. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pleasant Valley Recreation and Park District's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred inflows of resources the District has reported.

K. Budgets

The budget is reported on the same basis as the fund types and on a basis consistent with accounting principles generally accepted in the United States of America. Additional appropriations or other changes during the fiscal year may be submitted by the department for Board review and approval.

L. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

M. Fund Balances

In the financial statements, governmental funds report fund balances 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balances (continued)

- 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.
- 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.
- 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.

<u>Fund Balance Policy</u>
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.

N. Comparative Data/Totals Only

Comparative total data for the prior fiscal year has been presented in certain accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain prior fiscal amounts have been reclassified to conform to the current fiscal year financial statements presentation.

L. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 72

For the fiscal year ended June 30, 2016, the District implemented Governmental Accounting Standards (GASB) Statement No. 72 "Fair Value Measurement and Application." This Statement is effective for periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell and asset or paid to transfer a lability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Implementation of the GASB Statement No. 72 and the impact on the District's financial statements are explained in Note 2 – Cash and Investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Future Accounting Pronouncements

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

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

NOTE 2 - CASH AND INVESTMENTS

Cash at June 30, 2016, consists of the following:

Cash on hand	$ 892
Deposits held with financial institutions	3,302,223
Investments	3,990,785
Total cash and investments	$ 7,293,900

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	$ 7,219,242
Cash in and investments, statement of fiduciary net position	74,658
Total cash and investments	$ 7,293,900

NOTE 2 - CASH AND INVESTMENTS (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in money market funds and LAIF, however, these are not measured under Level 1, 2 or 3.

Level 2 Investments held by the District are the negotiable Certificates of Deposit with a market value of $1,153,044.

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) to the financial statements.

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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Carrying Amount	12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
State investment pool (LAIF)	$ 5,105	$ 5,105	$ -	$ -	$ -
Ventura County Investment Pool	2,831,296	2,831,296			
Certificates of deposit	1,153,044	245,416	246,387	661,241	
Money market funds	1,340	1,340			
	$ 3,990,785	$ 3,083,157	$ 246,387	$ 661,241	$ -

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. LAIF investment funds are unrated.

Investment Type	Carrying Amount	Minimum Legal Rating	Rating as of Fiscal Year End AAA	A+	Baa
State investment pool (LAIF)	$ 5,105	N/A	$ -	$ -	$ -
Ventura County Investment Pool	2,831,296	N/A			
Certificates of deposit	1,153,044	N/A			
Money market funds	1,340	N/A			
	$ 3,990,785		$ -	$ -	$ -

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of the total City's investments.

NOTE 2 - CASH AND INVESTMENTS (continued)

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 City's investment policy do 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

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 California Government Code and the City's investment policy do not contain legal or 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 governmental investment pools (such as LAIF and the Ventura County Investment Pool).

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. Each entity may invest up to $50,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements. Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers In/Out:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	$ 46,376	$ -
Assessment District Fund		46,376
Totals	$ 46,376	$ 46,376

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Non-depreciable capital assets				
Land	$ 22,732,253	$ -	$ -	$ 22,732,253
Total non-depreciable capital assets	$ 22,732,253	$ -	$ -	$ 22,732,253
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
Freedom ball fields	516,963			516,963
Freedom ball fields lighting	225,128			225,128
Freedom ball fields land grading	305,852			305,852
Freedom ball fields turfs & landscaping	518,363			518,363
Freedom ball fields land improvements	452,855			452,855
Land Improvements	7,840,119	94,568	(22,294)	7,912,393
Assessment assets	128,560			128,560
Buildings, structures and improvements	8,017,573			8,017,573
Furniture, fixtures and office equipment	275,932	66,130		342,062
Machinery and heavy equipment	445,738			445,738
Playground equipment	792,773	38,199		830,972
Vehicles	385,334			385,334
Total depreciable capital assets	33,913,051	198,897	(22,294)	34,089,654

NOTE 4 – CAPITAL ASSETS (continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Accumulated depreciation:				
PV Fields-Buildings	534,640	98,703		633,343
PV Fields-Land grading	112,107	20,697		132,804
PV Fields-Land improvements	609,759	112,571		722,330
PV Fields-Lighting	315,456	58,238		373,694
PV Fields-Other assets	38,465	332		38,797
PV Fields-Playground equipment	31,119	5,745		36,864
PV Fields-Turf and landscaping	1,383,383	255,394		1,638,777
Freedom ball fields	64,620	25,848		90,468
Freedom ball fields lighting	28,140	11,256		39,396
Freedom ball fields land grading	38,232	15,293		53,525
Freedom ball fields turfs & landscaping	64,795	25,918		90,713
Freedom ball fields land improvements	56,607	22,643		79,250
Land Improvements	6,920,429	116,206	62	7,036,697
Assessment assets	101,941	8,571		110,512
Buildings, structures and improvements	4,778,272	238,944		5,017,216
Furniture, fixtures and office equipment	254,566	11,355		265,921
Machinery and heavy equipment	394,805	9,501		404,306
Playground equipment	407,180	36,379		443,559
Vehicles	358,793	6,316		365,109
Total accumulated depreciation	16,493,309	1,079,910	62	17,573,281
Total depreciable capital assets, net	$ 17,419,742	$ (881,013)	$ (22,356)	$ 16,516,373
Total capital assets, net	$ 40,151,995	$ (881,013)	$ (22,356)	$ 39,248,626

Depreciation expense for the fiscal year ended June 30, 2016, was $1,079,910.

NOTE 5 – 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.

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 $48,443. Principal and interest are payable semi-annually on August 31 and February 28 each fiscal year as follows on the next page:

NOTE 5 – PENSION RELATED DEBT – CALPERS SIDE-FUND (continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	$ 171,000	$ 59,808	$ 230,808
2018	186,000	52,043	238,043
2019	200,000	43,610	243,610
2020	216,000	34,532	250,532
2021	232,000	24,742	256,742
2022-2023	380,000	17,110	397,110
Total	$ 1,385,000	$ 231,845	$ 1,616,845

NOTE 6 – 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 Ending June 30,	Principal	Interest	Total
2017	$ 150,000	$ 601,865	$ 751,865
2018	175,000	595,096	770,096
2019	195,000	587,277	782,277
2020	220,000	578,404	798,404
2021	245,000	568,314	813,314
2022-2026	1,675,000	2,637,755	4,312,755
2027-2031	2,610,000	2,128,613	4,738,613
2032-2036	3,890,000	1,323,966	5,213,966
2037-2039	3,120,000	247,537	3,367,537
Total	$ 12,280,000	$ 9,268,827	$ 21,548,827

NOTE 7 – POSTEMPLOYMENT BENEFITS PAYABLE OTHER THAN PENSIONS

Plan Description

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. 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. The District will reimburse the retiree for retiree and/or retiree's dependent health insurance premiums (medical) up to a maximum of $122 per month. At June 30, 2016, there were twenty-seven eligible employees, with six retirees currently receiving benefits.

Funding Policy

The District accounts for this benefit on a pay-as-you-go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. For the fiscal year ended June 30, 2016, the District paid $13,214 in contributions.

NOTE 7 – POSTEMPLOYMENT BENEFITS PAYABLE OTHER THAN PENSIONS (continued)

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the current fiscal year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	$ 37,897
Interest on net OPEB obligation	4,199
Adjustment to annual required contribution	(4,590)
Annual OPEB cost (expense)	37,506
Contributions made	(13,214)
Increase (decrease in net OPEB obligation)	24,292
Net OPEB obligation, beginning of fiscal year	104,282
Net OPEB obligation, end of fiscal year	$ 128,574

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2016, were as follows:

For Fiscal Year Ended June 30	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 38,250	47.05%	$ 81,299
2015	$ 35,353	33.90%	$ 104,282
2016	$ 37,506	29.17%	$ 128,574

Funded Status and Funding Progress

As of July 1, 2014, the actuarial accrued liability for benefits was $512,376, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was $1,994,641, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 25.7 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of the Plan's assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, the entry age normal cost method was used. The amortization period is 30 years, level percent of payroll.

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 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 Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous		
Hire Date	Prior to March 12, 2011	March 12, 2011 through December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-65	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.250%
Required employer contribution rates	9.067% + $173,679	6.709% + $393	6.250%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the District were $347,493 for the fiscal year ended June 30, 2016.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of $3,550,158 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2015, the District's proportion was 0.05172% and at June 30, 2014 the District's proportion was 0.04365%, an increase of 0.00807%.

NOTE 8 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2016, the District recognized pension expense of $138,235. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,414	$ -
Changes in assumptions	-	164,749
Net difference between projected and actual earnings on retirement plan investments	-	82,591
Changes in proportion and differences between District contributions and proportionate share of contributions	127,349	-
Adjustment due to differences in proportion	174,187	-
District contributions subsequent to the measurement date	347,493	-
	$ 666,443	$ 247,340

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. $347,493 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

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

Fiscal Year Ending June 30,	Amount
2017	$ (8,432)
2018	(7,993)
2019	(17,532)
2020	105,567
	$ 71,610

NOTE 8 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions

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

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)

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

Changes in Assumptions

GASB 68, paragraph 68 states that the long term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expenses. The discount rate was changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of June 30, 2015 to correct the adjustment which previously reduced the discount rate for administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would be most likely resulted in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

NOTE 8 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate (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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% was used for this period.
(b) An expected inflation of 3.0% was used for this period.

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

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65 percent) or 1- percentage point higher (8.65 percent) than the current rate:

	1% Decrease 6.65%	Discount Rate 7.65%	1% Increase 8.65%
District's proportionate share of the net pension plan liability	$ 5,953,863	$ 3,550,158	$ 1,565,620

Pension Plan Fiduciary Net Position

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

C. Payable to Pension Plan

At June 30, 2016, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2016.

NOTE 9 – LONG-TERM DEBT

The following is a summary of long-term liability for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due within One year
Compensated absences	$ 306,693	$ 168,677	$ (55,871)	$ 419,499	$ 104,875
Notes payable - pension related debt	1,543,000		(158,000)	1,385,000	171,000
Certificates of participation	12,410,000		(130,000)	12,280,000	150,000
Capital lease payable - software		66,130	(17,675)	48,455	15,424
Other post employment benefits	104,282	37,506	(13,214)	128,574	
Net pension liability	2,715,962	1,323,266	(489,070)	3,550,158	
Total	$ 17,079,937	$ 1,595,579	$ (863,830)	$ 17,811,686	$ 441,299

NOTE 10 – 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, 2016 was $774,071 and $72,125, 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 position.

NOTE 11 – 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 nonassignable, and his interest in benefits under the Plan is not subject to attachment, garnishment or other legal process. Currently, one retired employee is receiving monthly benefit check from this Plan and three retired employees are 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.

NOTE 12 – RISK MANAGEMENT

The District is a member of the Park and Recreation District Employee Compensation with the California Association for Park and Recreation Insurance (CAPRI).

A. Description of CAPRI

CAPRI is comprised of 63 members and is organized under a Joint Exercise Powers Agreement pursuant to the California Government Code. The purpose of the CAPRI is to arrange and administer programs of insurance, risk management, and loss prevention for the pooling of self-insured losses and to purchase excess insurance coverage.

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.

B. Self-Insurance Programs of CAPRI

General and auto liability, public officials and employees' liability programs have total risk financing insurance limits of $1,000,000 with various deductibles of $2,000 to $20,000 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 $5,000,000 per occurrence for earthquakes and $10,000,000 for flood 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 $350,000 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, 2016, 2015 and 2014. 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, 2016, 2015, and 2014.

NOTE 13 – 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 will not materially affect its financial condition.

NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations by object in any individual funds is as follows:

		Excess Expenditures
General Fund		
Debt service - principal	$	29,674
Assessment District Fund		
Salaries and benefits	$	11,633
Debt service - principal	$	25,000

NOTE 15 – PRIOR-PERIOD ADJUSTMENT

A prior period adjustment of $(13,550) was made to the General Fund and the Government-wide Financial Statements. The prior period adjustment was the net of a $(93,916) adjustment to record unearned revenue for the July through December 2015 ROPS and a $80,366 adjustment to payroll benefit liabilities.

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REQUIRED SUPPLEMENTARY INFORMATION

PLEASANT VALLEY RECREATION AND PARK DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2016

	General Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	$ 5,761,223	$ 5,778,155	$ 6,084,387	$ 306,232
Charges for services:				
Registration and other fees	685,494	746,344	737,542	(8,802)
Facility and other rental fees	363,150	359,980	479,640	119,660
Operating grants and contributions	92,350	91,050	103,917	12,867
Capital grants and contributions			10,015	10,015
Investment earnings	4,335	5,573	30,254	24,681
Other revenues	79,254	71,864	107,617	35,753
Total revenues	6,985,806	7,052,966	7,553,372	500,406
Expenditures				
Salaries and benefits	3,513,432	3,737,057	3,470,145	266,912
Materials and services	2,786,164	2,724,349	2,601,685	122,664
Capital outlay	479,000	509,000	198,897	310,103
Debt service:				
Principal	146,000	146,000	175,675	(29,675)
Interest	253,045	78,973	66,972	12,001
Total expenditures	7,177,641	7,195,379	6,513,374	682,005
Excess of revenues over (under) expenditures	(191,835)	(142,413)	1,039,998	1,182,411
Other Financing Sources (Uses)				
Capital lease proceeds			66,130	66,130
Transfers in			46,376	46,376
Total other financing sources and uses			112,506	112,506
Net change in fund balance	(191,835)	(142,413)	1,152,504	1,294,917
Fund balance - beginning of fiscal year	5,083,530	5,083,530	5,083,530	
Prior-period adjustments			(13,550)	(13,550)
Fund balances - beginning of fiscal year, restated	5,083,530	5,083,530	5,069,980	(13,550)
Fund balance - end of fiscal year	$ 4,891,695	$ 4,941,117	$ 6,222,484	$ 1,281,367

PLEASANT VALLEY RECREATION AND PARK DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For Fiscal Year Ended June 30, 2016

	Assessment District Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Charges for services:				
Special assessments	$ 1,017,150	$ 1,017,150	$ 1,007,402	$ (9,748)
Investment earnings	1,238	1,238	1,697	459
Other revenues			1	1
Total revenues	1,018,388	1,018,388	1,009,100	(9,288)
Expenditures				
Salaries and benefits	133,587	133,587	145,220	(11,633)
Materials and services	430,702	430,702	396,944	33,758
Debt service:				
Principal	105,000	105,000	130,000	(25,000)
Interest	634,021	634,021	609,021	25,000
Total expenditures	1,303,310	1,303,310	1,281,185	22,125
Excess of revenues over (under) expenditures	(284,922)	(284,922)	(272,085)	12,837
Other Financing Sources (Uses)				
Transfers out			(46,376)	(46,376)
Total other financing sources and uses			(46,376)	(46,376)
Net change in fund balance	(284,922)	(284,922)	(318,461)	(33,539)
Fund balance - beginning of fiscal year	895,493	895,493	895,493	
Fund balance - end of fiscal year	$ 610,571	$ 610,571	$ 577,032	$ (33,539)

PLEASANT VALLEY RECREATION AND PARK DIS
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The following table provides required supplementary information regarding the District's postemployment healthcare benefits.

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
7/1/2012	$ -	$ 404,568	$ 404,568	0.0%	$ 2,512,874	16.1%
7/1/2013	$ -	$ 432,444	$ 432,444	0.0%	$ 2,074,478	20.8%
7/1/2014	$ -	$ 512,376	$ 512,376	0.0%	$ 1,994,641	25.7%

PLEASANT VALLEY RECREATION AND PARK DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2016

The following table provides required supplementary information regarding the District's Pension Plan.

	2016	2015
Proportion of the net pension liability	0.05172%	0.04365%
Proportionate share of the net pension liability	$ 3,550,158	$ 2,715,962
Covered- employee payroll	$ 2,058,236	$ 2,127,640
Proportionate share of the net pension liability as percentage of covered-employee payroll	172.49%	127.65%
Plan's total pension liability	$ 31,771,217,402	$ 30,829,966,631
Plan's fiduciary net position	$ 24,907,305,871	$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

Notes to Schedule:
Changes in assumptions - In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
SCHEDULE OF CONTRIBUTIONS
Last 10 Years*
As of June 30, 2016

The following table provides required supplementary information regarding the District's Pension Plan.

		2016		2015
Contractually required contribution (actuarially determined)	$	347,493	$	273,584
Contribution in relation to the actuarially determined contributions		(347,493)		(273,584)
Contribution deficiency (excess)	$	-	$	-
Covered- employee payroll	$	2,100,839	$	2,058,236
Contributions as a percentage of covered-employee payroll		16.54%		13.29%

Notes to Schedule

Valuation Date:	6/30/2013
Methods and assumptions used to determine contribution rates:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

Valuation Date:	6/30/2014
Discount Rate	7.65%

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.