PLEASANT VALLEY
RECREATION AND PARK DISTRICT

FINANCIAL STATEMENTS
JUNE 30, 2018

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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 fiduciary fund information of Pleasant Valley Recreation and Park District (District), as of and for the fiscal year ended June 30, 2018, 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 fiduciary fund information of Pleasant Valley Recreation and Park District, as of June 30, 2018, 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 effectively July 1, 2017, the Pleasant Valley Recreation and Park District adopted Governmental Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 9, the budgetary comparison information of pages 39 and 40, the schedule of changes in OPEB liability on page 41, the schedule of OPEB contributions on page 42, the schedule of proportionate share of pension liability on page 43, and the schedule of pension contributions on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2019, 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, 2017, and we expressed unmodified audit opinions on those audited financial statements in our report dated February 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2017, 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 19, 2019

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, 2018. 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 WIDE

- During the fiscal year ending June 30, 2018, PVRPD's net position decreased by $933 thousand (2.9%).
- Total revenues decreased by $2.613 million (-27.75%) due to the District not receiving any large amounts of Quimby Fees as they did in fiscal year 2016-2017 ($3.148 million).
- Total expenses increased by $320 thousand. Salaries & Benefits increased by $84 thousand (2.37%), Materials & Services increased by $571 thousand (16.42%), Capital Outlay decreased by $278 thousand (-69.03%), and the Debt Service decreased by $105 thousand (-10.53%).

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, deferred outflows, liabilities, and deferred inflows 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 year and is used to determine creditworthiness.

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

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 answers the question if the District's financial position is improving or deteriorating. These statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources 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 the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, or net position, can measure the District's financial health.

<u>Governmental Funds Financial Statements</u>

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 balances 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 and deferred outflows of resources are greater than liabilities and deferred inflows of resources by $30.3 million as of June 30, 2018.

Condensed Statement of Net Position
June 30,

	2018	2017
Assets:		
Current Assets	$ 12,075,724	$ 11,389,056
Capital Assets	37,557,130	38,554,237
Total Assets	49,632,854	49,943,293
Deferred Outflows of Resources:		
Pensions	1,642,117	1,279,306
Other Post Emplyment Benefits	11,571	0
Deferred Charge of Refunding	625,652	655,918
Total Deferred Outflows of Resource!	2,279,340	1,935,224
Liabilities:		
Current Liabiities	834,699	915,523
Long-Term Due in One Year	593,588	445,264
Long-Term Due in More than One Year	19,339,146	19,124,253
Total Liabilities	20,767,433	20,485,040
Deferred Inflows of Resources:		
Pensions	777,675	202,937
Other Post Employement Benefits	109,418	0
Total Deferred Inflows of Resources	887,093	202,937

Net Position:		
Net Investment in Capital Assets	24,675,240	25,511,206
Unrestricted	5,582,428	5,679,334
Total Net Position	$ 30,257,668	$ 31,190,540

The largest portion of the District's net position reflects its net investment of $24.7 million in capital assets (land, buildings, improvements, equipment, infrastructure, plus any construction in progress, all net of accumulated depreciation). The District uses these capital assets to provide services to citizens and they are not available for future spending.

The second largest portion 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 April 2017, the District refunded the 2009 Certificates of Participation in the amount of $13.0 million with a maturity date of November 1, 2045. By refunding the COP the District saved $644 thousand overall. In August 2012, the District obtained a bank loan in the amount of $1.8 million for refinancing the CalPERS Side-Fund which will be paid off in 2022. (For more information on the long-term obligations see Notes 5, 6, 7, 8, 9 & 10 in the Financial Statements).

The assets and deferred outflows of the District exceed the liabilities and deferred inflows by $30.3 million as of June 30, 2018. Unrestricted net position is in a positive position ($5.6 million) down $97 thousand (-1.7%). Due to CalPERS Unfunded Liability increasing annually and minimum wage continuing to increase along with Other Post-Employment Benefits (OPEB) and Compensated Absences, the District will closely monitor spending in other areas in order to meet these mandatory expenses.

Statement of Revenues, Expenditures, and Changes in Fund Balances

As shown on the table on page 6, the District's fund balances increased by $727 thousand during the fiscal year ending June 30, 2018. This increase is not as significant as the prior year due to the District receiving over $3.1 million in Quimby Fees in the prior fiscal year, but it continues to show the District's improving financial condition.

Condensed Statement of Revenues, Expenditures and Changes in Fund Balances
June 30,

	2018	2017
Revenues:		
Charges for Services	$ 2,460,388	$ 5,456,441
Operating Grants and Contributions	85,570	96,365
Capital Grants and Contributions	16,500	28,183
General Revenue		
Property Taxes	6,323,491	6,159,125
Investment Income	100,976	49,671
Other	430,276	240,729
Total Revenues	9,417,201	12,030,514
Expenditures:		
Recreation and Park Operations	8,689,848	8,418,110
Excess of revenues over expenditures	727,353	3,612,404
Other Financing Sources		281,274
Change in Fund Balance	727,353	3,893,678
Fund Balance - Beginning of Year	10,693,194	6,799,516
Fund Balance - End of Year	$ 11,420,547	$ 10,693,194

Charges for services includes programs, class fees, facility & other rental fees, cell tower income, senior services income, activity guide advertising income, indemnity income and Quimby Fees. The Charges for Services decreased by $2.996 million (-54.91%) which is due to the Quimby Fund (Fund 30) being established and moving all Quimby Funds and future Quimby revenue from Fund 10 (General Fund) to Fund 30 (Quimby Fund)

Operating Grants and Contributions decreased by $11 thousand (-11.2%).

Capital Grants and Contribution decreased by $12 thousand (41.45%).

Property tax revenue, the District's primary source of revenue, increased by $164 thousand or 2.67%.

Investment income increased by $51 thousand (103.29%) and Other Income increased by $190 thousand (78.74%) respectively.

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 2017-2018, Total Governmental Funds reported a combined ending fund balance of $11,420 million, an increase of $727 thousand in comparison with the prior year.

The following are the District's major funds:

General Fund
The General Fund is the District's primary operating fund. It showed a net change in fund balance of -$5.5 million (page 15) in fiscal year 2017-2018 in comparison to $4.521 million for the year ended June 30, 2017. This was due to the Quimby Fund (Fund 30) being established and moving all Quimby Funds from Fund 10 (General Fund) to Fund 30 (Quimby Fund). Revenues exceeded expenses by $330 thousand for period ended 2017-2018.

Special Assessment District Special Revenue Fund
The Special Assessment District Fund is used primarily for district-wide park landscape maintenance. It is also used to pay for a portion of the Park's personnel salaries and fringes. The Assessment District Fund showed a net change in fund balance of $172 thousand. The revenue for period ended June 30, 2018 exceeded expenses by $222 thousand.

The revenues increased by $6 thousand and the expenditures decrease by $459 thousand compared to prior year. The expenditure decrease is primarily due to the principal payment of the debt service is now charged to Fund 10 and only the interest is charged to Fund 20.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets (net of accumulated depreciation)
June 30,

		2018		2017
Land	$	22,732,253	$	22,732,253
Buildings	$	5,636,377	$	5,878,693
Improvements	$	8,540,361	$	9,224,776
Equipment	$	622,789	$	718,515
Construction in Progress	$	25,350	$	-
		37,557,130	$	38,554,237

Long-term Debt

The District's long-term debt as of period ending June 30, 2018 is $19.9 million. That is a $363 thousand increase from the year ended June 30, 2017. There are three major sources of long-term debt obligations: $12.8 million for the development of Pleasant Valley Fields Sports Complex, and $1.0 million loan for refinancing the CalPERS Side-Fund.

Outstanding Long-Term Debt

	2018	2017
Compensated Absences	$ 435,376	$ 381,077
Notes Payable-Pension Related debt	$ 1,028,000	$ 1,214,000
2017 Certificates of Participation	$ 12,865,000	$ 13,010,000
Certificates of Participation Premium	$ 73,730	$ 76,584
Capital lease payable- software	$ 16,890	$ 33,031
Other Post Employment Benefits	$ 840,685	$ 153,141
Net Pension Liability	$ 4,673,053	$ 4,701,684
Total Outstanding Long Term Debt	**$ 19,932,734**	**$ 19,569,517**

*Net Pension Liability decreased due to CalPERS Board approved to lower the financial reporting discount rate from 7.65% to 7.15% in fiscal year 2017-2018.

ECONOMIC FACTORS

The District's primary revenue source is property taxes, which continues to improve each fiscal year. The District has seen an increase in property tax revenue and the housing market is mirroring the trend. Ventura County Assessor's office is showing a 4.4% increase for FY 17-18 over prior fiscal year. The District received $118 thousand in fees from developers (Quimby Fees) in FY 17-18, 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. One of the biggest economic factors for the District is the CalPERS Unfunded Liability. For fiscal year 2018-2019 the District's payment to CalPERS will be $357,677. This payment will increase every year until fiscal year 2032-2033 at that time it will top out at $604,744. This obligation to CalPERS will continue until the year 2047.

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, 2018
With Comparative Totals for June 30, 2017

	Total Governmental Activities	
	2018	2017
ASSETS		
Cash and investments	$ 11,782,287	$ 11,027,042
Accrued interest receivable		15,914
Accounts receivable	128,388	129,722
Property taxes and assessments receivable	148,876	210,675
Prepaid items	16,173	5,703
Capital assets - not being depreciated	22,757,603	22,732,253
Depreciable capital assets, net of accumulated depreciation	14,799,527	15,821,984
Total assets	49,632,854	49,943,293
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	1,642,117	1,279,306
Other Postemployment benefits	11,571	
Deferred charge on refunding	625,652	655,918
Total deferred outflows of resources	2,279,340	1,935,224
LIABILITIES		
Bank overdraft		40,533
Accounts payable	329,234	372,325
Accrued salaries and benefits	94,822	127,032
Unearned revenue and customer deposits	231,121	155,972
Accrued interest payable	179,522	219,661
Long-term liabilities - due in one year		
Compensated absences	108,844	95,269
Pension related debt	200,000	186,000
Certificates of participation	265,000	145,000
Certificates of participation premium	2,854	2,854
Captial lease payable - software	16,890	16,141
Long-term liabilities - due in more than one year		
Compensated absences	326,532	285,808
Other postemployment benefits payable	840,685	153,141
Pension related debt	828,000	1,028,000
Certificates of participation	12,600,000	12,865,000
Certificates of participation premium	70,876	73,730
Captial lease payable - software		16,890
Net pension liability	4,673,053	4,701,684
Total liabilities	20,767,433	20,485,040
DEFERRED INFLOWS OF RESOURCES		
Pensions	777,675	202,937
Other Postemployment Benefits	109,418	
Total deferred inflows of resources	887,093	202,937
NET POSITION		
Net investment in capital assets	24,675,240	25,511,206
Unrestricted	5,582,428	5,679,334
Total net position	$ 30,257,668	$ 31,190,540

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, 2018
With Comparative Totals for Fiscal Year Ended June 30, 2017

		Program Revenues			Net (Expenses)	
Functions/Programs	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenue and Changes in Net Position	2017
Governmental Activities:						
Recreation and park operations:	$ 9,593,152	$ 2,460,388	$ 85,570	$ 16,500	$ (7,030,694)	$ (3,692,347)
Total governmental activities	$ 9,593,152	$ 2,460,388	$ 85,570	$ 16,500	(7,030,694)	(3,692,347)
General Revenues:						
Property taxes					6,323,491	6,159,125
Investment earnings					100,976	49,671
Other revenues					430,276	240,729
Total general revenues					6,854,743	6,449,525
Change in net position					(175,951)	2,757,178
Net position - beginning of fiscal year					31,190,540	28,433,362
Restatement					(756,921)	
Net position - beginning of fiscal year, restated					30,433,619	28,433,362
Net position - end of fiscal year					$ 30,257,668	$ 31,190,540

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

PLEASANT VALLEY RECREATION AND PARK DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018
With Comparative Totals for June 30, 2017

	General Fund	Assessment District Fund	Quimby Fund	Total Governmental Funds 2018	Total Governmental Funds 2017
ASSETS					
Cash and investments	$ 5,661,497	$ 140,938	$ 5,979,852	$ 11,782,287	$ 11,027,042
Accrued interest receivable					15,914
Accounts receivable	60,543	19,448	48,397	128,388	129,722
Property taxes and assessments receivable	148,876			148,876	210,675
Prepaid expenditures	16,173			16,173	5,703
Total assets	$ 5,887,089	$ 160,386	$ 6,028,249	$ 12,075,724	$ 11,389,056
LIABILITIES AND FUND BALANCES					
Liabilities					
Bank overdraft	$ -	$ -	$ -	$ -	$ 40,533
Accounts payable and accrued expenditures	289,770	39,464		329,234	372,325
Accrued salaries and benefits	94,822			94,822	127,032
Deposits	32,567			32,567	36,825
Unearned revenue	198,554			198,554	119,147
Total liabilities	615,713	39,464		655,177	695,862
Fund Balances					
Nonspendable:					
Prepaids	16,173			16,173	5,703
Restricted:					
Specified park projects			6,028,249	6,028,249	
Assigned:					
Compensated absences	435,376			435,376	381,077
Postemployment benefits payable	840,685			840,685	153,141
Pension-related debt	1,028,000			1,028,000	1,214,000
Unassigned	2,951,142	120,922		3,072,064	8,939,273
Total fund balances	5,271,376	120,922	6,028,249	11,420,547	10,693,194
Total liabilities and fund balances	$ 5,887,089	$ 160,386	$ 6,028,249	$ 12,075,724	$ 11,389,056

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, 2018

Total fund balances - governmental funds		$ 11,420,547
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	$ 57,308,140	
Accumulated depreciation	(19,751,010)	
		37,557,130
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.		(179,522)
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	(12,865,000)	
Certificates of participation premiums	(73,730)	
Notes payable-pension related debt	(1,028,000)	
Capital lease payable	(16,890)	
Compensated absences	(435,376)	
Other postemployment benefits	(840,685)	
Net pension liability	(4,673,053)	
		(19,932,734)
In governmental funds, loss on refunding is recognized as an expenditure in the period incurred. In the government-wide statements, loss on refunding is amortized over the life of the debt.		625,652
Deferred outflows and inflows of resources relating to pensions and other postemployment benefits: In governmental funds, deferred outflows and inflows of resources relating to pensions and other postemployment benefits 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 and other postemployment benefits reported.		
Deferred inflows of resources relating to pensions	(777,675)	
Deferred inflows of resources relating to other postemployment benefits	(109,418)	
Deferred outflows of resources relating to other postemployment benefits	11,571	
Deferred outflows of resources relating to pensions	1,642,117	
		766,595
Total net position - governmental activities		$ 30,257,668

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, 2018
With Comparative Totals for Fiscal Year Ended June 30, 2017

	General Fund	Assessment District Fund	Quimby Fund	Total Governmental Funds 2018	Total Governmental Funds 2017
Revenues					
Property taxes	$ 6,323,491	$ -	$ -	$ 6,323,491	$ 6,159,125
Charges for services:					
Special assessments		1,067,075	118,004	1,185,079	4,210,281
Registration and other fees	702,291			702,291	712,478
Facility and other rental fees	573,018			573,018	533,682
Operating grants and contributions	85,570			85,570	96,365
Capital grants and contributions	16,500			16,500	28,183
Investment earnings	42,416	1,007	57,553	100,976	49,671
Other revenues	430,276			430,276	240,729
Total revenues	8,173,562	1,068,082	175,557	9,417,201	12,030,514
Expenditures					
Salaries and benefits	3,538,112	82,305		3,620,417	3,536,515
Materials and services	3,533,855	515,853	30	4,049,738	3,478,504
Capital outlay	124,706			124,706	402,743
Debt service:					
Principal	347,141			347,141	336,424
Interest	299,987	247,859		547,846	663,924
Total expenditures	7,843,801	846,017	30	8,689,848	8,418,110
Excess of revenues over (under) expenditures	329,761	222,065	175,527	727,353	3,612,404
Other Financing Sources (Uses)					
Proceeds from sale of Certificates of Participation					13,087,060
Payment to escrow account					(12,805,786)
Transfers in			5,852,722	5,852,722	385,251
Transfers out	(5,802,510)	(50,212)		(5,852,722)	(385,251)
Total other financing sources and uses	(5,802,510)	(50,212)	5,852,722		281,274
Net change in fund balances	(5,472,749)	171,853	6,028,249	727,353	3,893,678
Fund balances - beginning of fiscal year	10,744,125	(50,931)		10,693,194	6,799,516
Fund balances - end of fiscal year	$ 5,271,376	$ 120,922	$ 6,028,249	$ 11,420,547	$ 10,693,194

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
FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds		$	727,353
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets is less than depreciation expense.			
Capital outlays which were capitalized as capital assets	$ 149,909		
Depreciation expense	(1,105,602)		
			(955,693)
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:			(54,299)
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.			347,141
In governmental funds, if debt is issued at a premium, the premium is recognized as an Other financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of debt issue premium for the period was:			2,854
In governmental funds, the gain/(loss) on the disposal of capital assets is not reported. In the statement of activities, the difference between the book value of the disposed asset and the accumulated depreciation is recorded as a gain/(loss).			(41,414)
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:			40,139
In governmental funds, loss on debt refunding is recognized as an expenditure in the period they are incurred. In the government-wide statements, the loss is amortized over the life of the debt. Loss on refunding amortization for the period was:			(30,266)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual basis OPEB costs and actual employer contributions was:			(28,470)
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:			(183,296)
Total change in net position - governmental activities		$	(175,951)

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

PLEASANT VALLEY RECREATION AND PARK DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018
With Comparative Totals for June 30, 2017

	Part-Time Employees Retirement Trust Fund	
	2018	2017
Assets		
Cash and investments	$ 68,404	$ 74,252
Total assets	68,404	74,252
Net Position		
Retirement funds payable to recipients	68,404	74,252
Total net position	$ 68,404	$ 74,252

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, 2018
With Comparative Totals for Fiscal Year Ended June 30, 2017

	Part-Time Employees Retirement Trust Fund	
	2018	2017
Additions		
Contributions to retirement trust fund	$ 16,304	$ 11,428
Investment earnings	190	187
Total revenues	16,494	11,615
Deductions		
Claims paid or payable to claimant:	22,342	12,021
Total deductions	22,342	12,021
Change in net position	(5,848)	(406)
Net position - beginning of fiscal year	74,252	74,658
Net position - end of fiscal year	$ 68,404	$ 74,252

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 28 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, No. 61, and No. 80.

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 another 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/expenses 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)

Governmental Funds (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.

- **Quimby Fees Fund** is used to track the Quimby fees collected by the District

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 12).

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, Ventura County Investment Pool 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 value at the date of donation. Capital outlay is recorded as expenditures of the governmental funds and as capital 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 for union employees:

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 14	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)

I. Compensated Absences (continued)

For non-union employees, each employee is subject to the accrual limitations below for full time and part time year- round respectively:

Years of Service	Annual Accrual	Maximum Accrual
0-5 Years	80	160
6-8 Years	100	200
9-12 Years	120	240
13-15 Years	140	280
15+ Years	160	320

Years of Service	Annual Accrual	Maximum Accrual
0-5 Years	60	80
6-8 Years	75	100
9-12 Years	90	120
13-15 Years	105	140
15+ Years	120	160

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 be 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 and Note 9 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 and Note 9 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 non-spendable, 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.

- Non-spendable 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 establishes, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

O. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. New Accounting Pronouncements

For the fiscal year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This Statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Implementation of the GASB Statements No. 75 and the impact on the City's financial statements are explained in Note 8-Postemployment Benefits and Note 16-Restatements.

Q. Future Accounting Pronouncements

Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 88	"Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred Before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

NOTE 2 - CASH AND INVESTMENTS

Cash at June 30, 2018, consists of the following:

Cash on hand	$ 892
Deposits held with financial institutions	2,309,367
Investments	9,540,432
Total cash and investments	$ 11,850,691

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

NOTE 2 - CASH AND INVESTMENTS (continued)

Cash and investments, statement of net position	$ 11,782,287
Cash and investments, statement of fiduciary net position	68,404
Total cash and investments	$ 11,850,691

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 LAIF and the Ventura County Investment Pool, 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 $631,145.

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:

		Remaining Maturity (in Months)			
Investment Type	Carrying Amount	12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
State investment pool (LAIF)	$ 2,138,956	$ 2,138,956	$ -	$ -	$ -
Ventura County Investment Pool	6,770,331	6,770,331			
Certificates of deposit	631,145		631,145		
	$ 9,540,432	$ 8,909,287	$ 631,145	$ -	$ -

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.

			Rating as of Fiscal Year End			
Investment Type	Carrying Amount	Minimum Legal Rating	AAA	A+	Baa	Not Rated
State investment pool (LAIF)	$ 2,138,956	N/A	$ -	$ -	$ -	$ 2,138,956
Ventura County Investment Pool	6,770,331	N/A				6,770,331
Certificates of deposit	631,145	N/A				631,145
	$ 9,540,432		$ -	$ -	$ -	$ 9,540,432

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of the total District'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 District'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 District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District'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 District'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	$ -	$ 5,802,510
Assessment District Fund		50,212
Quimby Fees Fund	5,852,722	
Totals	$ 5,852,722	$ 5,852,722

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Non-depreciable capital assets				
Land	$ 22,732,253	$ -	$ -	$ 22,732,253
Construction in progress		25,350		25,350
Total non-depreciable capital assets	$ 22,732,253	$ 25,350	$ -	$ 22,757,603
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	8,086,568	33,200	(49,438)	8,070,330
Assessment assets	128,560			128,560
Buildings, structures and improvements	8,017,573	91,359		8,108,932
Furniture, fixtures and office equipment	357,145			357,145
Machinery and heavy equipment	445,738			445,738
Playground equipment	1,020,860			1,020,860
Vehicles	391,950			391,950
Total depreciable capital assets	34,475,416	124,559	(49,438)	34,550,537

NOTE 4 – CAPITAL ASSETS (continued)

Accumulated depreciation:				
PV Fields-Buildings	732,046	98,703		830,749
PV Fields-Land grading	153,501	20,697		174,198
PV Fields-Land improvements	834,901	112,571		947,472
PV Fields-Lighting	431,932	58,238		490,170
PV Fields-Other assets	39,129	332		39,461
PV Fields-Playground equipment	42,609	5,745		48,354
PV Fields-Turf and landscaping	1,894,171	255,394		2,149,565
Freedom ball fields	116,316	25,848		142,164
Freedom ball fields lighting	50,652	11,256		61,908
Freedom ball fields land grading	68,818	15,293		84,111
Freedom ball fields turfs & landscaping	116,631	25,918		142,549
Freedom ball fields land improvements	101,884	22,643		124,527
Land Improvements	7,155,927	122,902	(8,024)	7,270,805
Assessment assets	117,928	5,106		123,034
Buildings, structures and improvements	5,256,241	234,974		5,491,215
Furniture, fixtures and office equipment	284,352	20,032		304,384
Machinery and heavy equipment	413,807	9,501		423,308
Playground equipment	487,698	49,413		537,111
Vehicles	354,889	11,036		365,925
Total accumulated depreciation	18,653,432	1,105,602	(8,024)	19,751,010
Total depreciable capital assets, net	$ 15,821,984	$ (981,043)	$ (41,414)	$ 14,799,527
Total capital assets, net	$ 38,554,237	$ (955,693)	$ (41,414)	$ 37,557,130

Depreciation expense for the fiscal year ended June 30, 2018, was $1,105,602.

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
2019	$ 200,000	$ 43,610	$ 243,610
2020	216,000	34,532	250,532
2021	232,000	24,742	256,742
2022	250,000	14,218	264,218
2023	130,000	2,893	132,893
Total	$ 1,028,000	$ 119,995	$ 1,147,995

NOTE 6 – CERTIFICATES OF PARTICIPATION – SERIES 2017

On April 11, 2017, the District issued $13,010,000 of refunding Certificates-of-Participation, with interest rates ranging from 2% to 5%. The proceeds were used to refund the 2009 certificates of $12,130,000. The District had an accounting loss on the bond funding of $880,000 which is being amortized over the life of the 2009 issuance. The District realized an economic gain of $644,446 on the refunding.

The certificates mature November 1, 2045, as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ 265,000	$ 492,817	$ 757,817
2020	275,000	484,869	759,869
2021	290,000	471,119	761,119
2022	300,000	459,519	759,519
2023	310,000	447,519	757,519
2024-2028	1,750,000	2,048,194	3,798,194
2029-2033	2,085,000	1,716,837	3,801,837
2034-2038	2,480,000	1,323,099	3,803,099
2039-2043	3,005,000	791,200	3,796,200
2044-2046	2,105,000	170,600	2,275,600
Total	$ 12,865,000	$ 8,405,773	$ 21,270,773

NOTE 7 – LEASE PAYABLE

On July 1, 2015, the District entered into a lease agreement with the Government Capital Corporation in order to purchase Springbook software. The lease carries an interest rate of 4.644% with four yearly payments of $17,674. Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2019	$ 17,674
Total minimum lease payments	17,674
Less amount representing interest	(784)
Present value on net minimum lease payments	$ 16,890

NOTE 8 – OTHER 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

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

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 $128 per month. At June 30, 2018, there were forty-two eligible employees, with seven 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, 2018, the District paid $11,571 in contributions.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's plan:

Active plan members	42
Inactive plan members of beneficiaries currently receiving benefits	7
	49

OPEB Liability

The District's OPEB Liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of June 30, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.25%
Healthcare cost trend rate	7.95% pre age 65, 5.15% post 65
Assumed wage inflation	2.25%
General inflation rate	2.25%

Pre-retirement mortality rates used in this valuation are those used in the most recent CalPERS valuations.

Discount rate. GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
b) A yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher-to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's fiduciary net position (if any) and the amount of projected benefit payments is compared to each period of projected benefit payments. The discount rate used to measure the District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	N/A	3.58%	3.58%

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 910,062
(Valuation Date June 30, 2016)	
Changes recognized for the measurement period:	
Service cost	37,677
Interest cost	26,847
Changes of benefit terms	
Difference between expected and actual experience	(15,167)
Changes of assumptions	(107,163)
Benefit payments	(11,571)
Net Changes	(69,377)
Balance at June 30, 2018	$ 840,685
(Measurement Date June 30, 2017)	

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58) or 1-percentage point higher (4.58) than the current discount rate:

	1% Decrease 2.58%	Current 3.58%	1% Increase 4.58%
OPEB Liability	$ 992,447	$ 840,685	$ 720,346

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 2.58%	Current 3.58%	1% Increase 4.58%
OPEB Liability	$ 709,969	$ 840,685	$ 1,008,755

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $51,612. As of the fiscal year ended June 30, 2018, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 11,571	$ -
Difference between expected and actual experience in the measurement of TOL		13,566
Change in assumptions		95,852
	$ 11,571	$ 109,418

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows on the following page:

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PAYABLE (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

Fiscal year ending June 30,		Amount
2019	$	(1,341)
2020		(12,912)
2021		(12,912)
2022		(12,912)
2023		(12,912)
Thereafter		(44,858)
	$	(97,847)

NOTE 9 – 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, 2018, 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	9.539% + $239,623	7.200% + $961	6.533% + $316

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

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Contributions (continued)

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 $367,229 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $4,673,053 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard roll-forward procedures. 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, 2017, the District's proportion was 0.04712% and at June 30, 2016 the District's proportion was 0.05434%, a decrease of 0.00721%.

For the fiscal year ended June 30, 2018, the District recognized pension expense of $989,313. 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, 2018, 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	$ 5,956	$ 85,336
Changes in assumptions	739,046	56,353
Net difference between projected and actual earnings on retirement plan investments	167,142	
Changes in proportion and differences between District contributions and proportionate share of contributions		183,960
Adjustment due to differences in proportion	362,744	452,026
District contributions subsequent to the measurement date	367,229	
	$ 1,642,117	$ 777,675

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. $367,229 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, 2019.

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
2019	$ 240,290
2020	253,400
2021	102,758
2022	(99,235)
	$ 497,213

NOTE 9 – 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return (1)	7.00%
Mortality (2)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	2% until PPPA floor on purchasing power applies 2.75% thereafter

(1) Net of pension plan investment and administrative expenses including inflation.

(2) 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

In December 2016, as part of the Asset Liability Management (ALM) review cycle, the CalPERS Board approved to lower the financial reporting discount rate for PERF B from 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 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 7.15 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 2022. 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 2021-22 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.

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

NOTE 9 – PENSION PLAN (continued)

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

Discount Rate (continued)

approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
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 7.15 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 (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability	$ 7,109,160	$ 4,673,053	$ 2,655,426

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, 2018, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2018.

NOTE 10 – LONG-TERM DEBT

The following is a summary of long-term liability for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Restatement	Balance June 30, 2018	Due within One year
Compensated absences	$ 381,077	$ 128,374	$ (74,075)	$ -	$ 435,376	$ 108,844
Notes payable - pension related debt	1,214,000		(186,000)		1,028,000	200,000
2017 Certificates of participation	13,010,000		(145,000)		12,865,000	265,000
Certificates of participation premium	76,584		(2,854)		73,730	2,854
Capital lease payable - software	33,031		(16,141)		16,890	16,890
Other post employment benefits	153,141	64,524	(133,901)	756,921	840,685	
Net pension liability	4,701,684	989,313	(1,017,944)		4,673,053	
Total	$ 19,569,517	$ 1,182,211	$ (1,575,915)	$ 756,921	$ 19,932,734	$ 593,588

NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN – FULL-TIME EMPLOYEES

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by ICMA Retirement Corporation and MetLife at June 30, 2018 was $774,071 and $68,404 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 12 – DEFERRED COMPENSATION SAVINGS PLAN – PART-TIME EMPLOYEES

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

With certain limitations, a Participant may elect the time and manner by which his or her deferred amounts will be distributed. The election must be made prior to the date any such amounts become payable to the Participant. If the Participant fails to make a timely election concerning distribution of the deferred amounts, the amounts shall be in a lump sum distribution as prescribed by the Plan. The manner and time of benefit payout must meet the distribution requirements of the Internal Revenue Code Section 401(a) and 457(d)(2).

The Plan provides that all amounts deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, or rights will remain (until made available to the participant) solely the property and rights of the District, subject only to claims of such District's general creditors. The rights of any Participant or beneficiary to payments pursuant to the Plan are non-assignable, and his interest in benefits under the Plan is not subject to attachment, garnishment or other legal process. Currently, 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 13 – DEFERRED OUTFLOWS OF RESOURCES-REFUNDING OF DEBT

At June 30, 2018, deferred outflows of resources, reported in the statement of net position relating to the defeasance of the 2009 general obligation bonds, consisted of the following:

	Governmental Activities
Deferred charge of refunding	$ 625,652

NOTE 14 – 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, 2018, 2017, and 2016. 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, 2018, 2017, and 2016.

NOTE 15 – 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 16 – RESTATEMENTS

Due to the implementation of GASB Statement No. 75, an adjustment is required to the OPEB liability of $(756,921) at June 30, 2017 in the governmental activities and the government-wide statements of net position.

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, 2018

	General Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	$ 6,126,646	$ 6,126,646	$ 6,323,491	$ 196,845
Charges for services:				
Special assessments				
Registration and other fees	706,374	706,374	702,291	(4,083)
Facility and other rental fees	649,751	649,751	573,018	(76,733)
Operating grants and contributions	70,000	70,000	85,570	15,570
Capital grants and contributions			16,500	16,500
Investment earnings	18,690	18,690	42,416	23,726
Other revenues	161,290	161,290	430,276	268,986
Total revenues	7,732,751	7,732,751	8,173,562	440,811
Expenditures				
Salaries and benefits	4,136,484	4,136,484	3,538,112	598,372
Materials and services	3,217,439	3,217,439	3,533,855	(316,416)
Capital outlay	804,400	804,400	124,706	679,694
Debt service:				
Principal			347,141	(347,141)
Interest	246,409	246,409	299,987	
Total expenditures	8,404,732	8,404,732	7,843,801	614,509
Excess of revenues over (under) expenditures	(671,981)	(671,981)	329,761	1,055,320
Other Financing Sources (Uses)				
Transfer out			(5,802,510)	(5,802,510)
Total other financing sources and uses			(5,802,510)	(5,802,510)
Net change in fund balance	(671,981)	(671,981)	(5,472,749)	(4,800,768)
Fund balance - beginning of fiscal year	10,744,125	10,744,125	10,744,125	
Fund balance - end of fiscal year	$ 10,072,144	$ 10,072,144	$ 5,271,376	$ (4,800,768)

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, 2018

	Assessment District Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services:				
Special assessments	$ 1,072,301	$ 1,072,301	$ 1,067,075	$ (5,226)
Investment earnings	389	389	1,007	618
Total revenues	1,072,690	1,072,690	1,068,082	(4,608)
Expenditures				
Salaries and benefits	120,380	120,380	82,305	38,075
Materials and services	557,500	557,500	515,853	41,647
Debt service:				
Principal				
Interest	392,859	392,859	247,859	145,000
Total expenditures	1,070,739	1,070,739	846,017	224,722
Excess of revenues over (under) expenditures	1,951	1,951	222,065	220,114
Other Financing Sources (Uses)				
Transfers out			(50,212)	(50,212)
Total other financing sources and uses			(50,212)	(50,212)
Net change in fund balance	1,951	1,951	171,853	169,902
Fund balance - beginning of fiscal year	(50,931)	(50,931)	(50,931)	
Fund balance - end of fiscal year	$ (48,980)	$ (48,980)	$ 120,922	$ 169,902

PLEASANT VALLEY RECREATION AND PARK DISTRICT
SCHEDULE OF CHANGES IN THE OPEB LIABILITY
Last 10 Years*
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Measurement Period	**2017**
Total OPEB liability	
Service Cost	$ 37,677
Interest on the total OPEB liability	26,847
Actual and expected experience difference	(15,167)
Changes in assumptions	(107,163)
Benefit payments	(11,571)
Net change in total OPEB liability	(69,377)
Total OPEB liability-beginning	910,062
Total OPEB liability-ending	$ 840,685

*-Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The District's contributions for the fiscal year ended was $11,571. The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore, the District does not need to comply with the GASB 75's Required Supplementary Information requirements.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2018

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

	2018	2017	2016	2015
Proportion of the net pension liability	0.05032%	0.05434%	0.05172%	0.04365%
Proportionate share of the net pension liability	$ 4,673,053	$ 4,701,684	$ 3,550,158	$ 2,715,962
Covered- payroll	$ 2,333,876	$ 2,100,839	$ 2,058,236	$ 2,127,640
Proportionate share of the net pension liability as percentage of covered payroll	200.23%	223.80%	172.49%	127.65%
Plan's total pension liability	$37,161,348,332	$33,358,627,624	$31,771,217,402	$30,829,966,631
Plan's fiduciary net position	$27,244,095,376	$24,705,532,291	$24,907,305,871	$24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:
Changes in assumptions-In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65% to 7.15%.

Changes in assumptions-In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

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 four years are shown.

PLEASANT VALLEY RECREATION AND PARK DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2018

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

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 367,229	$ 364,537	$ 347,493	$ 273,584
Contribution in relation to the actuarially determined contributions	(367,229)	(364,537)	(347,493)	(273,584)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered- payroll	$ 2,333,876	$2,333,876	$2,100,839	$2,058,236
Contributions as a percentage of covered payroll	15.73%	15.62%	16.54%	13.29%

Notes to Schedule

Valuation Date:	6/30/2014
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:	6/30/2015
Discount Rate	7.65%
Valuation Date:	6/30/2016
Discount Rate	7.15%

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