

**MONTEREY PENINSULA REGIONAL PARK DISTRICT**  
**BASIC FINANCIAL STATEMENTS**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**FISCAL YEAR ENDED JUNE 30, 2018**



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# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

**For the Fiscal Year Ended June 30, 2018**

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**MONTEREY PENINSULA REGIONAL PARK DISTRICT****For the Fiscal Year Ended June 30, 2018****Board of Directors**

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<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Kelly Sorenson	President	December 31, 2020
Katie Pofahl	Vice President	December 31, 2018
Shane Anderson	Secretary/Treasurer	December 31, 2020
Kathleen Lee	Director	December 31, 2018
John Dalessio	Director	December 31, 2018

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Monterey Peninsula Regional Park District  
Monterey, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of the Monterey Peninsula Regional Park District (the District), as of and for the 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 from 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, the State Controller's Minimum Audit Requirements for the California Special Districts, 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 auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Notes 1P and 14 to the financial statements, the District adopted Governmental Accounting Standards Board's Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", which required retrospective application resulting in a reduction of previously reported net position. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of contributions for the CalPERS pension plans, the schedule of changes in net pension liability and related ratios and the schedule for contributions for the PARS pension plan, the schedule of changes in the net OPEB liability and related ratio, and the budgetary comparison statement by department - general fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*White Nelson Nickle Evans LLP*

Irvine, California  
November 28, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MONTEREY PENINSULA REGIONAL PARK DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2018

This section of Monterey Peninsula Regional Park District's (the District) annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during Fiscal Year 2017-18 which ended June 30, 2018. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements. Comparisons to and analysis of the prior year are incorporated where appropriate.

## **FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$13,433,785 for the year ended June 30, 2018. Since the District engages only in governmental-type activities, the increase is fully represented in the category of "governmental-type" net position. Net position was \$83,989,060 as of June 30, 2018, and \$70,555,275 as restated for FY2016-17 which ended June 30, 2017.
- The District's total general revenues were \$4,143,861 and expenses were \$3,938,911 for the Fiscal Year 2017-18 which ended June 30, 2018.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide financial statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

The financial statements include: a Statement of Net Position; Statement of Activities; Balance Sheet – Governmental Fund; Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position; Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund; Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities; Notes to Basic Financial Statements; an Independent Auditor's Report thereon; a Budgetary Comparison Statement by Department – General Fund; and, this MD&A. Readers of these financial statements are encouraged to consider the report as a whole to obtain a complete understanding of the District's financial condition.

### **Statement of Net Position**

The Statement of Net Position is a report of the District's assets, deferred outflow of resources, liabilities, deferred inflows of resources and net position. Assets and liabilities are reported at book value on an accrual basis as of the statement date. Net position is reported in major categories reflecting any restriction thereon.

## **Statement of Activities**

The Statement of Activities presents the District's revenues earned and expenses incurred during the year on an accrual basis.

## **COMPARATIVE ANALYSIS**

### **Statement of Net Position**

A comparative summary of the District's Statement of Net Position as of June 30, 2018 and 2017 respectively is as follows:

	2018	2017
<b>ASSETS</b>		
Cash	\$ 1,386,383	\$ 409,126
Investments	13,571,522	14,104,459
Grants receivable	43,361	10,887
Other receivables	41,926	97,038
Prepaid expenses	91,050	94,348
Property acquisition deposit	420,000	360,000
Net OPEB asset	-	899,888
Pension asset	-	15,306
Capital assets	73,844,277	62,129,273
<b>Total assets</b>	<u>89,398,519</u>	<u>78,120,325</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred amounts on pensions	1,247,456	1,167,261
<b>Total deferred outflows</b>	<u>1,247,456</u>	<u>1,167,261</u>
<b>LIABILITIES</b>		
Current	260,719	292,042
Current portion of long-term debt	1,592,833	1,595,189
Long-term liabilities	982,470	2,493,549
Pension liability	3,098,895	2,767,371
OPEB Liability	556,796	-
<b>Total liabilities</b>	<u>6,491,713</u>	<u>7,148,151</u>
<b>DEFERRED INFLOWS</b>		
Deferred amount on pensions & OPEB	165,202	151,952
<b>Total deferred inflows</b>	<u>165,202</u>	<u>151,952</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	71,394,277	58,179,273
Restricted for:		
Purchase of coastal property	2,382,889	2,348,249
Unrestricted	10,211,894	10,027,753
<b>Total net assets</b>	<u>\$83,989,060</u>	<u>\$70,555,275</u>

## **MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION**

Net position increased by \$13,433,785 over the prior year primarily from grants and property tax revenues received which were used to acquire capital assets. Under GASB 34, capital assets acquired are capitalized as an asset and are no longer considered an expense in the statement of activities.

### **CAPITAL ASSETS**

As of June 30, 2018, the District's capital assets totaled \$73,844,277 which is an increase of \$11,715,004 over the capital asset balance at June 30, 2017, of \$62,129,273. The change is primarily due to the acquisition of land and vehicle fleet.

Additional information is reported in Note 4 to the financial statements.

### **LONG-TERM DEBT**

As of June 30, 2018, the District had \$2,575,203 in outstanding long-term debt compared to \$4,088,738 at June 30, 2017. The decrease is mainly due to the pay down of the note payable on the Joyce Stevens Monterey Pine Forest Preserve.

Additional information is reported in Note 5 to the financial statements.

### **Statement of Activities**

A comparative summary of the District's Statement of Activities for the years ended June 30, 2018 and 2017 respectively is as follows:

	<u>2018</u>	<u>2017</u>
<b>GENERAL REVENUES</b>		
Property taxes	\$3,913,528	\$3,689,571
Other	223,456	100,797
Donations, fees and other charges	6,877	7,819
Total general revenues	<u>4,143,861</u>	<u>3,798,187</u>
<b>PROGRAM REVENUES</b>		
Assessment district	1,235,679	1,212,450
Grants	<u>11,993,156</u>	<u>1,529,061</u>
Total program revenues	<u>13,228,835</u>	<u>2,741,511</u>
<b>EXPENSES</b>		
Operations and maintenance	1,258,934	1,030,252
General and administrative	1,364,012	1,256,472
Education and outreach	617,385	455,530
Planning and conservation management	321,250	354,479
Assessment district	377,330	252,018
Total expenses	<u>3,938,911</u>	<u>3,348,751</u>
Change in net position	<u>\$13,433,785</u>	<u>\$3,190,947</u>

## **MAJOR FACTORS AFFECTING THE STATEMENT OF ACTIVITIES**

The District collected property taxes of \$3,913,528; Assessment District revenues of \$1,235,679; capital contributions and grants of \$11,993,156; other income of \$230,333; and, expenses of \$3,938,911 that resulted in changes in net position of \$13,433,785 for the year ended June 30, 2018.

The District received grants for the purchase of land, or payment of associated debt of \$9,450,000 in 2018 and \$1.5 million in 2017. The District also received a donation from the Trust for Public Land of \$800,000 for land acquisition.

## **FACTORS AFFECTING FUTURE PERIODS AND OTHER ISSUES**

Significant factors noted by management affecting future periods are as follows:

The District acquired the 851-acre Rancho Aguajito property, now known as the Joyce Stevens Monterey Pine Forest Preserve, in FY2014-15. Funds for the acquisition were obtained from Proposition 117 Habitat Conservation funding. The District will make annual debt service payments of \$1.5 million on this acquisition through FY2019-20.

The District acquired the former 36-hole Rancho Canada Golf Club with the assistance of the Trust for Public Land, Santa Lucia Conservancy, and Trout Unlimited, who formed a partnership to negotiate the terms of, and raise funding for, the acquisition. This effort was successful and led to an agreement with the Monterey Peninsula Regional Park District to convert Rancho Canada to Palo Corona Regional Park and to dedicate almost all of the water formerly used to irrigate the golf courses to restoring the lower Carmel River and its threatened run of native steelhead trout. Numerous state and federal elected officials and agencies lent their support to this initiative, which was finalized when The Trust for Public Land conveyed the property to the Park District in April 2018. On July 28, 2018, Palo Corona Regional Park officially opened to the general public. This acquisition provides access to the existing 4,350-acre park. Prior to this more recent acquisition, the park's visitation was limited to a total of 21-permits per day, due to parking constraints at the park's Highway 1 and Rancho San Carlos Road entrance. The acquisition of the Rancho Canada Golf Club, due to its large parking area and facilities, now offers permit-free access to the site.

Grants were obtained for this acquisition from the State Coastal Conservancy \$2,000,000; California Department of Fish & Wildlife \$1,450,000; California Natural Resources Agency \$1,500,000; and the Wildlife Conservation Board \$4,500,000. The District will continue to seek grants for restoration of the property's riparian and up-land habitats.

On August 8, 2018, the District adopted the Palo Corona Regional Park General Development Plan Project Description and commenced a California Environmental Quality Act (CEQA) Environmental Review of the Plan.

The Environmental Education and Community Outreach program continues to develop. The District recently completed the Summer 2018 programs catalogue. In cooperation with other local agencies and organizations, the District's aim is to offer a variety of environmental education and outdoor recreation programs to residents. It is developing temporary and permanent exhibits for display at the Garland Ranch Regional Park visitor center and the recently opened Palo Corona Regional Park Discovery Center. The District is in the process of developing a comprehensive interpretive master plan. This plan will guide the development of individual park site master and management plans.

The District continues to explore opportunities for acquisition of open space, particularly as it relates to the expansion of existing parks and preserves. The District is involved with other agencies and not-for-profit organizations in the Lobos Corona Parkland Project planning effort. It also continues its discussions with the Fort Ord Reuse Authority and Monterey County on parkland planning and administration options at this site and Jacks Peak County Park.

In FY2017-18, the District awarded another \$114,421 in grants to several local agencies and organizations as part of the Parks, Open Space and Coastal Preservation grant program. This grant program is funded by the Parks, Open Space, and Coastal Preservation Assessment District, which was approved by voters in 2004 and expires at the end of FY2018-19.

The voter-approved Assessment District that funds this program is set to sunset in FY2018-19. The District placed a measure on the November 2016 General Election ballot, to replace the expiring Assessment District funds with funds at the same rate from a Community Facilities District. The ballot measure required a 2/3 super majority from balloted voters, rather than the simple-majority of 50% + 1 required in 2004. According to the Monterey County Election Results website page, the measure passed 71.33%. This measure will go into effect at the expiration of the current Assessment District in FY2018-19.

The District continues to fund other postemployment health care benefit (OPEB) liabilities for its retirees under GASB Statement 75, through the California Employer's Retiree Benefit Trust (Trust) prefunding program. Liabilities were determined by an independent actuarial consultant. The District will continue to make contributions to the trust as needed to continue pre-funding this future liability.

The District is continuing to aggressively search and apply for grants and other revenue generating opportunities.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide a general overview of the Monterey Peninsula Regional Park District's finances to all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Monterey Peninsula Regional Park District, Attn: Finance Manager, P.O. Box 223340, Carmel, CA 93922.

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## **BASIC FINANCIAL STATEMENTS**

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## MONTEREY PENINSULA REGIONAL PARK DISTRICT

## STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities
<b>ASSETS:</b>	
Cash and checking	\$ 1,386,383
Investments	13,571,522
Receivables:	
Administrative fee	2,307
Grants	43,361
Accrued interest	39,619
Prepaid expenses	91,050
Property acquisition deposit	420,000
Capital assets, not being depreciated	65,650,220
Capital assets, net of depreciation	<u>8,194,057</u>
 <b>TOTAL ASSETS</b>	 <u>89,398,519</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred amounts on pensions and OPEB	<u>1,247,456</u>
 <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>1,247,456</u>
 <b>LIABILITIES:</b>	
Accounts payable	78,487
Accrued payroll	154,532
Security deposits	27,700
Noncurrent liabilities:	
Compensated absences, due within one year	92,833
Compensated absences, due in more than one year	32,470
Notes payable, due within one year	1,500,000
Notes payable, due in more than one year	950,000
Net pension liability	3,098,895
Net OPEB liability	<u>556,796</u>
 <b>TOTAL LIABILITIES</b>	 <u>6,491,713</u>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred amounts on pensions and OPEB	<u>165,202</u>
 <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	 <u>165,202</u>
 <b>NET POSITION:</b>	
Net investment in capital assets	71,394,277
Restricted for purchase of coastal property	2,382,889
Unrestricted	<u>10,211,894</u>
 <b>TOTAL NET POSITION</b>	 <u>\$ 83,989,060</u>

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
	Expenses			Governmental Activities
<b>Governmental activities:</b>				
Operations and maintenance	\$ 1,258,934	\$ -	\$ -	\$ (1,258,934)
General and administrative	1,364,012	-	-	(1,364,012)
Education and outreach	617,385	-	-	(617,385)
Assessment district	377,330	-	1,235,679	11,993,156 12,851,505
Planning and conservation	321,250	-	-	(321,250)
Total governmental activities	<u>\$ 3,938,911</u>	<u>\$ -</u>	<u>\$ 1,235,679</u>	<u>\$ 11,993,156</u> 9,289,924
General revenues:				
Property taxes				3,913,528
Investment earnings				121,457
Rent				63,766
Other revenues				<u>45,110</u>
Total general revenues				<u>4,143,861</u>
Change in net position				13,433,785
Net Position at Beginning of Year as Restated				<u>70,555,275</u>
Net Position at End of Year				<u>\$ 83,989,060</u>

## MONTEREY PENINSULA REGIONAL PARK DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2018

	General Fund
<b>ASSETS</b>	
Cash and checking	\$ 1,386,383
Investments	13,571,522
Receivables:	
Administrative fee	2,307
Grants	43,361
Accrued interest	39,619
Prepaid expenses	<u>91,050</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,134,242</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES:</b>	
Accounts payable	\$ 78,487
Accrued payroll	154,532
Security deposits	<u>27,700</u>
<b>TOTAL LIABILITIES</b>	<u>260,719</u>
<b>FUND BALANCE:</b>	
Nonspendable:	
Prepaid expenses	91,050
Restricted:	
Purchase of coastal property	2,382,889
Assigned:	
Property acquisition	780,000
Unassigned	<u>11,619,584</u>
<b>TOTAL FUND BALANCE</b>	<u>14,873,523</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 15,134,242</u>

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF THE  
GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION

June 30, 2018

Fund balances - total governmental fund	\$ 14,873,523
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources in  
the governmental fund activity. 73,844,277

Long-term liabilities do not consume resources to pay for current-period expenditures and,  
therefore, are not reported in the governmental fund. Long-term liabilities consist  
of the following:

Note payable	(2,450,000)
Compensated absences	(125,303)
Net pension liability	(3,098,895)
Net OPEB liability	(556,796)

Long-term assets are not available to pay for current-period expenditures of the governmental  
fund and therefore are not reported as assets in the governmental fund:

Deposit for acquisition of property	420,000
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Items related to pensions and OPEB:

Deferred outflows related to pensions	1,159,761
Deferred outflows related to OPEB	87,695
Deferred inflows related to pensions	(101,983)
Deferred inflows to OPEB	<u>(63,219)</u>

Net position of governmental activities	<u>\$ 83,989,060</u>
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## MONTEREY PENINSULA REGIONAL PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the year ended June 30, 2018

	General Fund
<b>REVENUES:</b>	
Property taxes	\$ 3,913,528
Assessments	1,235,679
Grants	11,193,156
Investment earnings	121,457
Donations, fees and other charges	806,877
Rent	63,776
Other revenue	<u>38,223</u>
 <b>TOTAL REVENUES</b>	 <u>17,372,696</u>
 <b>EXPENDITURES:</b>	
Current:	
General and administrative	1,248,363
Operations and maintenance	2,201,383
Education and outreach	475,002
Assessment district	955,804
Planning and conservation management	304,452
Capital outlay	10,237,985
Debt service:	
Principal	<u>1,500,000</u>
 <b>TOTAL EXPENDITURES</b>	 <u>16,922,989</u>
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	  <u>449,707</u>
 <b>FUND BALANCE AT BEGINNING OF YEAR</b>	 <u>14,423,816</u>
 <b>FUND BALANCE AT END OF YEAR</b>	 <u>\$ 14,873,523</u>

See accompanying notes to basic financial statements.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES

June 30, 2018

Net change in fund balance - total governmental fund	\$ 449,707
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Amounts reported for governmental activities in the Statement of Activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	11,839,594
Depreciation	(124,590)

Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,500,000

Changes to pension related debt (due to differences in actual activity as compared to actuarial assumptions) are reported as changes in expenses in the Statement of Activities but do not require the use of current financial resources and, therefore, are excluded from governmental fund expenditures. (304,361)

Changes to OPEB related debt (due to differences in actual activity as compared to actuarial assumptions) are reported as changes in expenses in the Statement of Activities but do not require the use of current financial resources and, therefore, are excluded from governmental fund expenditures. -

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. 13,435

The governmental fund reports payment for deposits for acquisition of property as expenditures, however, this payment is reported as an expense in the Statement of Activities. 60,000

Change in net position of governmental activities \$ 13,433,785

**NOTES TO BASIC FINANCIAL STATEMENTS**

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# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of Reporting Entity**

The Monterey Peninsula Regional Park District (the District) was created in 1972 by a local voter initiative with the primary purpose of protecting and preserving open space and historical lands within Monterey County and adjacent areas. The District acquires lands through purchases, donation and joint partnership with other agencies and non-profit organizations. The District is supported primarily through revenues from property taxes, donor contributions and grants from governmental agencies.

Since 1972, the District has acquired and helped acquire over 20,000 acres of land, parks and preserves.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### **B. Government-wide and Fund Financial Statements**

##### **Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **B. Government-wide and Fund Financial Statements (Continued)**

##### **Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements provide information about the District's funds. Separate financial statements for the District's governmental fund are presented after the Government-wide Financial Statements. These statements display information about the major fund individually.

The District reports the following major governmental fund:

The General Fund is used to account for all financial activity in the District except for that which is required to be accounted for in other funds.

#### **C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported 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 are reported in the government-wide financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **C. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheets. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund financial statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spending resources” during a period.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means that amounts can be estimated, or otherwise determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Rental income, charges for services and interest associated with the current fiscal period are all considered to be measurable and available and have been recognized as revenues of the current fiscal period. All other revenue items are recorded as revenue when cash is received by the District.

#### **D. New Accounting Pronouncements**

##### **Current Year Standards**

In fiscal year 2017-2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017 by \$1,432,208.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the District.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the District.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **D. New Accounting Pronouncements (Continued)**

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the District.

#### **Pending Accounting Standards**

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.

#### **E. Investments**

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

#### **F. Receivables**

Management has determined that all receivables are collectible for the year ended June 30, 2018.

#### **G. Capital Assets**

Capital assets, which include land, buildings, improvements, and machinery and equipment, are reported in the Government-Wide Financial Statements. Capital assets are defined by the District as an individual cost \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition value at the date of donation or annexation.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **G. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the estimated useful life of the assets as follows:

Building and improvements	50 years
Tractors	10 years
Vehicles and machinery	7 years

#### **H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension and OPEB liability.
- Deferred outflow related to pensions for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans for the CalPERS plan and the average remaining service life for active and inactive members of the PARS plan.
- Deferred outflow related to pensions for the changes in employer's proportion and differences between employer's contributions and the employer's proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.
- Deferred outflow from pensions resulting from changes in assumptions. These amounts are amortized over the average remaining service life for active and inactive members of the PARS plan.

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **H. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans for the CalPERS plan.
- Deferred inflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the plans for the CalPERS plan.
- Deferred inflow related to pensions for the changes in employer's proportion and differences between employer's contributions and the employer's proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans for the CalPERS plan.
- Deferred inflows related to pensions resulting from the net differences between projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.
- Deferred inflows related to OPEB resulting from the net differences between projected and actual earnings on investments of the OPEB plans fiduciary net position. These amounts are amortized over five years.

#### **I. Claims and Judgments**

When it is probable that a claim liability has been incurred and the amount of the loss can be reasonably estimated, the District records the loss, net of any insurance coverage. In the opinion of District Counsel, the District had no material claims that require a provision to be made in these financial statements.

#### **J. Compensated Absences**

Compensated absences (vacation, compensatory time off and sick leave) are reported as expenditures in the general fund when paid. Any remaining unpaid liability at year-end is recorded on the Statement of Net Position since such obligation is not payable with currently available financial resources, and paid by resources in the District's General Fund.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **J. Compensated Absences (Continued)**

District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. Accumulated vacation pay to a maximum of twice the annual accrual rate of an employee may be paid upon termination of employment. Accumulated sick pay is not paid at termination.

#### **K. Property Taxes**

Property taxes are levied by Monterey County on January 1 and are payable in two installments on April 10 and December 10. Monterey County bills and collects the property taxes. Property tax revenues are recognized when levied to the extent they result in current receivables.

The County assesses properties and bills for and collects property tax as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates/(delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	March 1 (August 31)

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year end.

#### **L. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceed) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District’s practice to consider restricted - net position to have been depleted before unrestricted - net position is applied (if eligible).

# MONTEREY PENINSULA REGIONAL PARK DISTRICT

## Notes to Basic Financial Statements

June 30, 2018

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### M. Net Position

In the Government-Wide Financial Statements, net position may be classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position” as defined above.

#### N. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through council resolutions, etc., and that remain binding unless removed in the same manner. The Board of Directors is considered the highest authority for the District.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board of Directors has the authority to assign fund balance.

Unassigned - This category is for any balances that have no restrictions placed upon them.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **O. Spending Policy**

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the District's policy is to apply in the following order:

- Restricted
- Committed
- Assigned
- Unassigned

#### **P. Pensions and OPEB**

##### **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 District's California Public Employees' Retirement System (CalPERS) and the Public Agency Retirement System (PARS) plans (collectively, the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and PARS. 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.

##### **Postemployment Benefits Other Than Pensions (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 OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Q. Assessment District**

In 2004, voters approved a 15-year assessment on parcels within the Monterey Peninsula Regional Park District to benefit parks, open space and coastal preservation. A citizen's oversight committee serves the role of ensuring that annual expenses are consistent with the voter's intent. In 2018, the assessment was \$26.02 per Single Family Equivalent (SFE) in Zone A and \$13.01 per SFE in Zone B per parcel and resulted in land acquisition and conservation, environmental education, and community grants as well as park construction and maintenance. The Neighborhood and Community Grants Program awarded six grants totaling \$114,421 that went to local municipalities and non-profit organizations benefiting outdoor recreation. This assessment has also made possible the creation and operation of Palo Corona and Garland Ranch regional parks, as well as many other parks such as the Frog Pond Wetland Preserve, Marina Dunes Preserve and Locke-Paddon Wetland Community Park.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### R. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

### **2. CASH AND INVESTMENTS**

#### **Cash and Investments**

Cash and investments consist of deposits and investments, as noted below:

Deposits with financial institutions	\$ 1,386,383
Investments	<u>13,571,522</u>
Total cash and investments	<u>\$ 14,957,905</u>

The District has adopted an investment policy which authorizes it to invest in various investments.

#### **Investments Authorized by the California Government Code and the District's Investment Policy**

The District's Investment Policy is reviewed and adopted by the Board of Directors each year. Investment vehicles not specifically mentioned in the District's investment policy, are not authorized unless the policy is amended by the Board of Directors. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Issues	5 years	None	None
United States Government Sponsored			
Agency Securities	5 years	None	50%
Banker's Acceptance	180 days	None	30%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	N/A
California Pooled Investment Authority	None	None	None
The Investment Trust of California (CalTRUST)	N/A	None	None
Money Market Mutual Funds	N/A	None	10%

N/A - Not Applicable

# MONTEREY PENINSULA REGIONAL PARK DISTRICT

## Notes to Basic Financial Statements

June 30, 2018

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## 2. CASH AND INVESTMENTS (CONTINUED)

### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2018.

Investment Type	Remaining Maturity (in Months)		
	Less Than 12 Months	12 Months	
CalTRUST Investment Pool		\$ 13,464,887	
LAIF		106,635	
Total		\$ 13,571,522	

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table are the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual Standard & Poor's credit rating as of June 30, 2018 for each investment type.

Investment Type	Legal Rating	Minimum		
		Total	Not Rated	AA+
CalTRUST Investment Pool	N/A	\$ 13,464,887	\$ 11,081,998	\$ 2,382,889
LAIF	N/A	106,635	106,635	-
Total		\$ 13,571,522	\$ 11,188,633	\$ 2,382,889

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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## **2. CASH AND INVESTMENTS (CONTINUED)**

### **Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

### **Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the District 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 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, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and CalTRUST Investment Pool).

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 or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, all of the District's deposits with financial institutions were either covered by federal depository insurance limits or were held in collateralized accounts.

### **Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by 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 financial statements at 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.

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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## **2. CASH AND INVESTMENTS (CONTINUED)**

### **Investment in CalTRUST Investment Pool**

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Money Market, Short-Term, Medium-Term and Long-Term. The Money Market account permits daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested. The Short-Term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The Medium- and Long-Term accounts permit investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a \$250,000 minimum investment; however, there is no maximum limit. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

### **Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The District's investments are in LAIF and CalTRUST, which are not subject to the fair value hierarchy.

## **3. OTHER LONG-TERM ASSET - OPTION TO PURCHASE**

In January 2008, the District entered into a lease for the Sherar property which consists of approximately 30 acres in Carmel Valley. The lease is for five years with an option to purchase the property for \$1.2 million. The District paid \$60,000 for an option to purchase the property, and paid annual rent of \$60,000 until June 30, 2012. Rent payments starting after the first five (5) year period and until close of escrow shall be applied to the final purchase price. The District made its 10<sup>th</sup> payment in the fiscal year ended June 30, 2018, which was applied towards the purchase option deposit. Total deposit on hand for the option to purchase at June 30, 2018 was \$420,000. This amount is reported as a property acquisition deposit in the statement of net position.

# MONTEREY PENINSULA REGIONAL PARK DISTRICT

## Notes to Basic Financial Statements

**June 30, 2018**

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### **4. CAPITAL ASSETS**

The following is a summary of capital assets for governmental activities for the year ended June 30, 2018:

#### Governmental Activities

	Balance at July 1, 2017	Additions	Deletions/ Transfers	Balance at June 30, 2018
Capital assets, not depreciated:				
Land and improvements	\$ 60,591,880	\$ 5,441,220	\$ (382,880)	\$ 65,650,220
Total capital assets, not depreciated	<u>60,591,880</u>	<u>5,441,220</u>	<u>(382,880)</u>	<u>65,650,220</u>
Capital assets, being depreciated:				
Buildings	1,677,226	6,260,279	382,880	8,320,385
Equipment	990,041	138,095	(57,093)	1,071,043
Total capital assets, being depreciated	<u>2,667,267</u>	<u>6,398,374</u>	<u>325,787</u>	<u>9,391,428</u>
Less accumulated depreciation for:				
Buildings	(550,021)	(60,070)	-	(610,091)
Equipment	(579,853)	(64,520)	57,093	(587,280)
Total accumulated depreciation	<u>(1,129,874)</u>	<u>(124,590)</u>	<u>57,093</u>	<u>(1,197,371)</u>
Total capital assets, being depreciated, net	<u>1,537,393</u>	<u>6,273,784</u>	<u>382,880</u>	<u>8,194,057</u>
Capital assets, net	<u>\$62,129,273</u>	<u>\$11,715,004</u>	<u>\$ -</u>	<u>\$73,844,277</u>

Depreciation expense of \$124,590 was charged to functions/programs of the governmental activities as follows:

General and administrative	\$ 165
Operations maintenance	109,971
Education and outreach	7,070
Planning and conservation management	<u>7,384</u>
 Total depreciation expense - governmental activities	 <u>\$ 124,590</u>

# MONTEREY PENINSULA REGIONAL PARK DISTRICT

## Notes to Basic Financial Statements

June 30, 2018

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### 5. LONG-TERM DEBT

The following is a summary of changes in the District's long-term liabilities for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
Pebble Beach Company Note Payable	\$ 3,950,000	\$ -	\$ (1,500,000)	\$ 2,450,000	\$ 1,500,000
Compensated absences	138,738	95,189	(108,724)	125,203	92,833
	<u>\$ 4,088,738</u>	<u>\$ 95,189</u>	<u>\$ (1,608,724)</u>	<u>\$ 2,575,203</u>	<u>\$ 1,592,833</u>

#### Pebble Beach Company Note Payable

On January 20, 2015, the District signed a promissory note for a principal amount of \$6,950,000 with no stated interest rate. Proceeds of the loan were used to purchase real property in Monterey County, California. The note is secured by a deed of trust reflecting a first priority lien on the property. The note is payable in five equal annual installments in the amount of \$1,500,000 due on December 31 of each calendar year beginning December 31, 2015, with a final payment of the entire outstanding principal balance and any other amounts due under the note on or before December 31, 2019.

The annual requirements to amortize the Pebble Beach Company Note Payable outstanding at June 30, 2018 are as follows:

Year Ending	Principal
June 30, 2019	\$ 1,500,000
2020	950,000
	<u>\$ 2,450,000</u>

#### Compensated Absences

The District employees accumulate earned but unused vacation and sick pay benefits, which can be converted to cash at termination of employment which amounted to \$125,203 at June 30, 2018.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)**

#### A. General Information about the Pension Plans

##### **Plan Descriptions**

All qualified permanent and probationary employees are eligible to participate in the District's 2.7% at 55 and 2.0% at 62 (PEPRA) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute 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 non-duty 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:

	<b>Miscellaneous</b>	
	<b>Prior to January 1, 2013</b>	<b>On or After January 1, 2013</b>
Hire date		
Benefit formula	2.7%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates:		
Normal cost rate	12.92%	7.05%
Payment of unfunded liability	\$ 210,500	\$ 108

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)**

#### A. General Information about the Pension Plans (Continued)

##### **Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 3,091,498</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan 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 update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018****6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)****B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The District's proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2017 and 2016 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016	0.07966%
Proportion - June 30, 2017	0.07842%
Change - Increase (Decrease)	-0.00124%

For the year ended June 30, 2018, the District recognized pension expense of \$134,828. 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
Pension contributions subsequent to measurement date	\$ 358,507	\$ -
Differences between expected and actual experience	3,429	(49,127)
Change in assumptions	425,463	(32,442)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	250,342	(18,489)
Net differences between projected and actual earnings on plan investments	<u>96,222</u>	<u>-</u>
Total	<u>\$ 1,133,963</u>	<u>\$ (100,058)</u>

\$358,507 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 226,417
2020	299,957
2021	186,153
2022	(57,129)
2023	-
Thereafter	-

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (*CalPERS*) (CONTINUED)**

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

#### **Actuarial Assumptions**

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and 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%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service.  
(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 April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.  
(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

#### **Change of Assumptions**

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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#### **6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)**

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

##### **Discount Rate**

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result 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% 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% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF 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.

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018****6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS) (CONTINUED)**

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

**Discount Rate (Continued)**

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. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-9.00%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

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

The following presents the District's proportionate share of the net pension liability for all Plans, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$ 4,493,945
Current Discount Rate	7.15%
Net Pension Liability	\$ 3,091,498
1% Increase	8.15%
Net Pension Liability	\$ 1,929,967

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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#### **6. PENSION PLANS - PUBLIC EMPLOYEES' RETIREMENT SYSTEM (*CalPERS*) (CONTINUED)**

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

##### **Pension Plans Fiduciary Net Position**

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

- C. Payable to the Pension Plans

At June 30, 2018, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

#### **7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS)**

- A. General Information about the Pension Plan

##### **Plan Description and Benefits**

Effective July 1, 2006, pursuant to sections 401(a), 415(m) and 501(a) of the Internal Revenue Code, the District adopted a tax-qualified single-employer governmental defined benefit plan and qualified governmental excess benefit program that is to be administered for the District by Public Agency Retirement Service (PARS), a third-party administrator. The plan was established to provide eligible employees employed on or after January 1, 2006 supplemental retirement benefits in addition to the benefits employees will receive from the California Public Employees Retirement System (CalPERS). Eligible employees are those who have accumulated prior CalPERS service credit from previous employers before employment with the District. For those employees whose combined CalPERS and PARS benefit exceed the Section 415(b) limitations for defined benefit plans, PARS benefits shall be paid through the Section 415(m) excess benefit plan established by the District instead of the 401(a) plan. This benefit has been discontinued for employees hired after May 15, 2012.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)**

#### **A. General Information about the Pension Plan (Continued)**

##### **Plan Description and Benefits (Continued)**

The supplemental benefit for covered employees is equal to the difference between the CalPERS “2.7% at 55” formula and the CalPERS “2% at 55” formula for years of CalPERS service with other CalPERS covered agencies, up to a maximum of 10 years. Employees will be eligible for the benefit upon attaining age 55 and concurrently retiring under CalPERS with either (a) at least five years of District service and 20 or more years of prior CalPERS services, or (b) at least seven years of District service.

##### **Contributions**

The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the actuarially determined rate. For the year ended June 30, 2018, the District’s average contribution rate was 5.8% of annual payroll.

##### **Employees Covered**

At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>4</u>
Total	<u>8</u>

#### **B. Net Pension Liability**

The District’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of January 31, 2018. There were no significant changes between the valuation date and the measurement date. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)**

#### **B. Net Pension Liability (Continued)**

##### **Actuarial Assumptions**

The total pension liabilities in the January 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	January 31, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method:	
Level percent or level dollar	Level Dollar
Closed, Open, or layered periods	Closed
Amortization period at January 31, 2018	7.90%
Amortization growth rate	0.00%
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	6.50%
Cost of Living Adjustments	2.00%
Withdrawal/Disability	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Retirement	Participants are assumed to retire at age 59, or current age, if older.
Maximum Benefits and Salary	Final compensation is subject to IRC 401(a)(17) limitations. Limit is assumed to index with rate of inflation.
Form of Payment	Single Life Annuity

##### **Change of Assumptions**

The investment rate of return was changed from 7.0 % in the January 31, 2016 valuation to 6.5% in the January 31, 2018 valuation.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)**

#### **B. Net Pension Liability (Continued)**

##### **Discount Rate**

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the District:

- The District has at least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the actuary's opinion that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

# MONTEREY PENINSULA REGIONAL PARK DISTRICT

## Notes to Basic Financial Statements

June 30, 2018

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### 7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)

#### B. Net Pension Liability (Continued)

##### Discount Rate (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of June 30, 2018.

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	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	Bank of America Merrill Lynch 3-Month T-Bills	2.16%	0.31%	0.31%
U.S. Core Fixed Income	Barclays Aggregate	36.42%	2.14%	2.02%
U.S. Equity Market	Russell 3000	45.60%	4.59%	3.32%
Foreign Developed Equity	MSCI EAFE NR	10.00%	5.52%	3.91%
Emerging Markets Equity	MSCI EM NR	4.07%	7.82%	4.59%
U.S. REITs	FTSW NAREIT Equity REIT	1.75%	5.04%	3.27%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			3.84%	3.31%
Portfolio Nominal Mean Return			6.15%	5.68%
Portfolio Standard Deviation				10.20%
Long-Term Expected Rate of Return				6.50%

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018****7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)****C. Changes in the Net Pension Liability (Asset)**

The changes in the net pension liability (asset) for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balance at June 30, 2017</b>	<u>\$ 567,819</u>	<u>\$ 583,125</u>	<u>\$ (15,306)</u>
<b>Changes in the Year:</b>			
Service cost	4,567	-	4,567
Interest on the total pension liability	38,873	-	38,873
Differences between expected and actual experience	6,038	-	6,038
Changes in assumptions	35,883	-	35,883
Changes in benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(34,690)	(34,690)	-
Contributions - employer	-	19,000	(19,000)
Contributions - members	-	-	-
Net investment income	-	47,095	(47,095)
Administrative expenses	-	(3,437)	3,437
<b>Net Changes</b>	<u>50,671</u>	<u>27,968</u>	<u>22,703</u>
<b>Balance at June 30, 2018</b>	<u>\$ 618,490</u>	<u>\$ 611,093</u>	<u>\$ 7,397</u>

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018****7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)****C. Changes in the Net Pension Liability (Asset) (Continued)****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of the District for the Plan, calculated using the discount rate for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	5.50%
Net Pension Liability	\$ 74,628
Current Discount Rate	6.50%
Net Pension Liability (Asset)	\$ 7,397
1% Increase	7.50%
Net Pension Liability (Asset)	\$ (53,393)

**Pension Plan Fiduciary Net Position**

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

**D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, the District recognized pension expense of \$31,598. 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
Pension contributions subsequent to measurement date	\$ -	\$ -
Differences between expected and actual experience	3,716	-
Change in assumptions	22,082	-
Net differences between projected and actual earnings on plan investments	-	(1,925)
Total	<u>\$ 25,798</u>	<u>\$ (1,925)</u>

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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#### **7. PENSION PLAN - PUBLIC AGENCY RETIREMENT SYSTEM (PARS) (CONTINUED)**

##### **D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

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

Year Ending June 30,	Amount
2019	\$ 21,533
2020	10,988
2021	(7,398)
2022	(1,250)
2023	-
Thereafter	-

##### **E. Payable to the Pension Plan**

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

#### **8. DEFERRED COMPENSATION PLAN**

The District offers a deferred compensation plan for its eligible employees wherein amounts earned by the employee are paid at a future date. All full-time, regular, salaried employees are permitted to participate in the Plan beginning on the first day of the month following their hire date. The employee may elect to make contributions up to the limits established by the Internal Revenue Service for this type of plan. The employees become 100% vested in their own contributions from the first date of participation.

The Plan was originally established in conformity with Section 457 of the Internal Revenue Code which prevented governments from placing plan assets in trust for the benefit of participants. Consequently, the participating employees' assets were potentially at risk of loss by the claims of the District's general creditors. In 1996, Congress amended Section 457 by requiring governments to place plan assets in a trust for the exclusive benefit of participants and their beneficiaries thus protecting the Plan assets from the District's general creditors.

Through its attorney, the District has complied with the amended Section 457 requirements. Governmental Accounting Standards Board Statement (GASB) No. 32 states that if a fiduciary relationship no longer exists between the governmental entity and the Section 457 deferred compensation plan, the government entity should not report the assets of the plan in its financial statements.

# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Notes to Basic Financial Statements**

**June 30, 2018**

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### **8. DEFERRED COMPENSATION PLAN (CONTINUED)**

The District believes that, since it does not provide investment advice or administer the Plan, it does not maintain a fiduciary relationship with the Plan. Therefore, the District does not report the Plan assets in its financial statements.

### **9. OTHER POST-EMPLOYMENT BENEFIT OBLIGATION**

#### A. General Information About the OPEB Plan

##### **Plan Description**

The District has established an agent multiple-employer Defined Benefit Postemployment Healthcare Plan (DPHP) that provides post-retirement medical benefits to retirees through the California Public Employees Medical and Hospital Care Act (PEMCHA) and managed through the California Retiree Benefit Trust (CEBRT). The Plan provides benefits for its retirees, spouses, and survivors. The District is obligated to contribute toward health insurance premiums for certain employees retired from the District at the age of 55 or older with at least five years of continuous employment with the District. The District pays a maximum contribution of \$1,592 for health insurance premiums for all eligible employees and retirees. For non-Medicare eligible retirees, premiums are the same as for active employees. Reduced premiums are applied for Medicare eligible retirees and the coverage is adjusted to supplement Medicare.

The District Plan does not issue a separate financial report. The District contracts with an actuarial consultant to provide an actuarial valuation of the District's OPEB liability under GASB Statement 75.

##### **Employees Covered**

As of the July 1, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	12
Active employees	<u>7</u>
	<u><u>19</u></u>

##### **Contributions**

The OPEP plan and its contribution requirements are established by District policy and may be amended by the District, District's Board of Directors, and/or the employee associations. Currently, contributions are not required from plan members. The District has established a trust to fund future OPEB benefits with California Employers' Retiree Benefit Trust (CERBT). CERBT issues financial statements that are available on the CalPERS website. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the District's cash contributions were \$87,265.

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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#### **9. OTHER POST-EMPLOYMENT BENEFITS OBLIGATION (CONTINUED)**

##### **B. Net OPEB Liability**

The District's net 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 dated July 1, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

##### **Actuarial Assumptions**

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

Valuation Date	July 1, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	6.50%
Long-Term Expected	
Rate of Return on Investments	6.50%
General Inflation	2.75%
Payroll Increases	2.75%
Health Care Trend	Increase 4% per year after 2017
Mortality Factors	2014 CalPERS OPEB assumptions model for public agency miscellaneous
Retirement Factors	2014 CalPERS OPEB assumptions model for public agency miscellaneous

##### **Change in Assumptions**

The assumed discount rate has been changed from 7.00% to 6.50%. The assumed probabilities of retirement have been changed from the 2010 CalPERS OPEB Assumptions Model to the 2014 CalPERS OPEB Assumptions Model. All other actuarial assumptions are unchanged from the July 1, 2015 valuation.

##### **Long Term Expected Rate of Return on Investments**

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund:

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018**

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**9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)****B. Net OPEB Liability (Continued)**

The long-term expected real rates of return for each major asset class in the CERBT, included in the OPEB's plan's target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Real return, next 10 years
CERBT Trust:		
Global equity	57.00%	5.25%
Fixed income	27.00%	0.99%
Treasury securities	5.00%	0.45%
Real estate trusts	8.00%	0.45%
Commodities	3.00%	390.00%
Total	<u>100.00%</u>	

The estimated yield of 3.9% for commodities was obtained from various sources, and is an estimated. Using these figures, the weighted-average real rate of return is estimated to be 3.73%. Adding estimated inflation of 2.75%, we obtain 6.48% as an estimate of the expected rate of return, which is rounded to: 6.50%.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50%. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount so the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.50%.

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018****9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

C. The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
<b>Balance at June 30, 2016 (Measurement Date)</b>	<u>\$ 2,477,967</u>	<u>\$ 1,945,647</u>	<u>\$ 532,320</u>
<b>Changes in the Year:</b>			
Service cost	70,546	-	70,546
Interest on the total OPEB liability	158,389	-	158,389
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	-	-
Net investment income	-	205,459	(205,459)
Benefit payments	(82,412)	(82,412)	-
Administrative expenses	-	(1,000)	1,000
<b>Net Changes</b>	<u>146,523</u>	<u>122,047</u>	<u>24,476</u>
<b>Balance at June 30, 2017 (Measurement Date)</b>	<u>\$ 2,624,490</u>	<u>\$ 2,067,694</u>	<u>\$ 556,796</u>

**Change of Benefit Terms**

There were no changes of benefit terms.

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018****9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)****C. Changes in the Net OPEB Liability (Continued)****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the current discount rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 935,956	\$ 556,796	\$ 246,700

**Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's net 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 3%	Current Healthcare Cost Trend Rates 4%	1% Increase 5%
Net OPEB Liability	\$ 338,465	\$ 556,796	\$ 735,160

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$87,695. At June 30, 2018, the District reported deferred outflows of resources 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	\$ 87,695	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Differences between projected and actual earnings	-	(63,219)
Total	\$ 87,695	\$ (63,219)

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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#### **9. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

##### **D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)**

The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

\$87,295 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (15,805)
2020	(15,805)
2021	(15,805)
2022	(15,804)
Thereafter	

##### **E. Payable to the OPEB Plan**

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

#### **10. RISK MANAGEMENT**

##### **Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The Monterey Peninsula Regional Park District is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq.

The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Insurance Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a nine-member Executive Committee.

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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#### **10. RISK MANAGEMENT (CONTINUED)**

##### **Self-Insurance Programs of the Insurance Authority**

Each member pays an annual contribution to cover estimated losses for the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

*Primary Liability Program* - In the primary liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

*Workers' Compensation Program* - The District also participates in the workers' compensation pool administered by the Insurance Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18, the Insurance Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2018**

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#### **10. RISK MANAGEMENT (CONTINUED)**

##### **Purchased Insurance**

*Crime Insurance* - The District purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority.

*Property Insurance* - The District participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The currently insured according to a schedule of covered property submitted by the District to the Authority. The District property currently has all-risk property insurance protection in the amount of \$3,920,779. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible

##### **Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in the fiscal year 2017-18.

#### **11. SEAWALL MITIGATION FEE**

The District was notified on September 22, 2009 by California Coastal Commission that the District is assigned as a beneficiary of Irrevocable Standby Letter of Credit No. LCCA 20-14882, dated March 19, 2007. Five annual drafts, each in the amount of \$430,011 were received, and the District received its final payment in the fiscal year ended June 30, 2011.

California Coastal Commission assigned the Letter of Credit to the District on September 22, 2009, with the condition of purchase of beachfront/dune property for public recreational use in the southern Monterey Bay area. The entire fee and any accrued interest shall be used for the above stated purpose, in consultation with the Executive Director of California Coastal Commission, within ten years of the fee being deposited into the District account.

Any portion of the fee that remains after ten years shall be donated to one or more of the State Parks located along southern Monterey Bay (Fort Ord State Park, Marina State Beach, Seaside State Beach), or other organization acceptable to the Executive Director of California Coastal Commission, for the purpose of providing public access and recreation improvements to and along the shoreline, including improvements to the California Coastal Trail.

**MONTEREY PENINSULA REGIONAL PARK DISTRICT****Notes to Basic Financial Statements****June 30, 2018**

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**12. FUND BALANCE ASSIGNMENTS/RESTRICTIONS**

As of June 30, 2018, the District had restricted fund balances/net position of \$2,382,889, which pertains to the Seawall Mitigation fees.

During the year ended June 30, 2018, the Directors of the District approved an assignment of fund balance for the purpose of funding the acquisition of the Sherar property. The amount assigned for this purpose at June 30, 2018 was \$780,000.

**13. BOARD DESIGNATION OF (UNASSIGNED) GENERAL FUND BALANCE**

As of June 30, 2018, the District had unassigned fund balance reserves of \$11,619,584. The District's Board approved a policy to establish prudent target reserve levels to assist the District in managing financial risks. The Board's designated (unassigned) fund balance reserves are as follows:

	Principal
Operating budget (50%)	\$ 3,429,628
Accumulated depreciation (100%)	1,129,874
Emergency contingency	<u>1,000,000</u>
 Total Board Designated Reserve	 <u>\$ 5,559,502</u>

**14. RESTATEMENT OF NET POSITION**

Beginning balances of net position as of July 1, 2017 have been restated as follows:

Net position at July 1, 2017, as originally reported	\$ 71,987,483
Implementation of GASB Statement 75 to record the net OPEB liability as of the beginning of the year	<u>(1,432,208)</u>
 Net position at July 1, 2017, as restated	 <u>\$ 70,555,275</u>

**15. SUBSEQUENT EVENTS**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 28, 2018, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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MONTEREY PENINSULA REGIONAL PARK DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
CalPERS PENSION PLANS**

Last Ten Fiscal Years\*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.03117%	0.03198%	0.03410%	0.03171%
Plan's proportionate share of the net pension liability	\$ 3,091,498	\$ 2,767,371	\$ 2,340,633	\$ 1,973,232
Plan's covered - employee payroll	\$ 1,318,917	\$ 1,201,877	\$ 1,018,700	\$ 989,029
Plan's proportionate share of the net pension liability as a percentage of its covered - employee payroll	234.40%	230.25%	229.77%	199.51%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.60%	78.40%	76.83%
Plan's proportionate share of aggregate employer contributions	\$ 268,814	\$ 239,757	\$ 226,858	\$ 176,921

Notes to Schedule:

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

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

## MONTEREY PENINSULA REGIONAL PARK DISTRICT

SCHEDULE OF CONTRIBUTIONS  
CalPERS PENSION PLANS

Last Ten Fiscal Years\*

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 358,807	\$ 340,407	\$ 307,912	\$ 265,789
Contributions in relation to the actuarially determined contributions	<u>(358,807)</u>	<u>(340,407)</u>	<u>(307,912)</u>	<u>(265,789)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 1,276,980	\$ 1,318,917	\$ 1,201,877	\$ 1,018,700
Contributions as a percentage of covered - employee payroll	28.10%	25.81%	25.62%	26.09%

Notes to Schedule:

Valuation Date	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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## Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, services and type of employment**
Investment rate of return	7.5%, net of pension plan investment expense, including inflation**
Retirement age	2.7%@55 retirement age 50 - 67, 2%@62 retirement age 52-67**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study

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

\*\* The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 respectively) included the same actuarial assumptions.

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

MONTEREY PENINSULA REGIONAL PARK DISTRICT

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
PARS PENSION PLAN**

Last Ten Fiscal Years\*

	2018	2017	2016	2015
<b>Total Pension Liability:</b>				
Service cost	\$ 4,567	\$ 4,405	\$ 4,277	\$ 4,360
Interest on total pension liability	38,873	38,279	34,787	34,341
Differences between expected and actual experience	6,038	-	27,118	-
Changes in assumptions	35,883	-	18,051	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(34,690)	(34,010)	(34,940)	(29,640)
Net Change in Total Pension Liability	50,671	8,674	49,293	9,061
Total Pension Liability - Beginning of Year	<u>567,819</u>	<u>559,145</u>	<u>509,852</u>	<u>500,791</u>
Total Pension Liability - End of Year (a)	<u>\$ 618,490</u>	<u>\$ 567,819</u>	<u>\$ 559,145</u>	<u>\$ 509,852</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	\$ 19,000	\$ 19,000	\$ 19,000	\$ 19,000
Contributions - employee	-	-	-	-
Net investment income (loss)	47,095	67,466	(5,184)	14,913
Benefit payments	(34,690)	(34,010)	(34,940)	(29,640)
Administrative expenses	(3,437)	(2,854)	(2,680)	-
Net Change in Plan Fiduciary Net Position	27,968	49,602	(23,804)	4,273
Plan Fiduciary Net Position - Beginning of Year	<u>583,125</u>	<u>533,523</u>	<u>557,327</u>	<u>553,054</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 611,093</u>	<u>\$ 583,125</u>	<u>\$ 533,523</u>	<u>\$ 557,327</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 7,397</u>	<u>\$ (15,306)</u>	<u>\$ 25,622</u>	<u>\$ (47,475)</u>
Plan fiduciary net position as a percentage of the total pension liability	98.80%	102.70%	95.42%	109.31%
Covered - employee payroll	\$ 337,819	\$ 325,778	\$ 316,289	\$ 379,340
Net pension (asset ) liability as a percentage of covered- employee payroll	2.19%	-4.70%	8.10%	-12.52%

Notes to Schedule:

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

There were no changes in assumptions.

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

## MONTEREY PENINSULA REGIONAL PARK DISTRICT

SCHEDULE OF CONTRIBUTIONS  
PARS PENSION PLAN

### Last Ten Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 10,490	\$ 10,185	\$ 4,492	\$ 4,361
Contributions in relation to the actuarially determined contributions	<u>(19,000)</u>	<u>(19,000)</u>	<u>(19,000)</u>	<u>(19,000)</u>
Contribution deficiency (excess)	<u>\$ (8,510)</u>	<u>\$ (8,815)</u>	<u>\$ (14,508)</u>	<u>\$ (14,639)</u>
Covered - employee payroll	\$ 337,819	\$ 325,778	\$ 316,289	\$ 379,340
Contributions as a percentage of covered - employee payroll	5.62%	5.83%	6.01%	5.01%

### Notes to Schedule:

Valuation Date 01/31/2018

#### Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	7.8 years at January 31, 2018
Asset valuation method	None
Inflation	2.50%
Salary increases	3.00%
Cost of living adjustment	2.00%
Investment rate of return	6.50%
Retirement age	Age 59 or current age if older
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS

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

MONTEREY PENINSULA REGIONAL PARK DISTRICT

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

Last Ten Fiscal Years\*

Fiscal year end	<u>6/30/2018</u>
Measurement date	<u>6/30/2017</u>
Total OPEB Pension Liability:	
Service cost	\$      70,546
Interest	158,389
Changes of assumptions	-
Differences between expected and actual experience	-
Benefit payments, including refunds of employee contributions	<u>(82,412)</u>
Net Change in Total OPEB Liability	146,523
Total OPEB Liability - Beginning of Year	<u>2,477,967</u>
Total OPEB Liability - End of Year (a)	<u>2,624,490</u>
Plan Fiduciary Net Position:	
Contributions - employer	-
Net investment income	205,459
Administrative expenses	(1,000)
Benefit payments, including refunds of employee contributions	<u>(82,412)</u>
Net Change in Plan Fiduciary Net Position	122,047
Plan Fiduciary Net Position - Beginning of Year	<u>1,945,647</u>
Plan Fiduciary Net Position - End of Year (b)	<u>2,067,694</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$      556,796</u>
Plan fiduciary net position as a percentage of the total OPEB liability	78.78%
Covered - employee payroll	\$ 1,293,817
Net OPEB liability as percentage of covered - employee payroll	43.04%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

\* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

MONTEREY PENINSULA REGIONAL PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT - GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 3,581,100	\$ 3,581,100	\$ 3,913,528	\$ 332,428
Assessment district	1,251,400	1,251,400	1,235,679	(15,721)
Grants	1,500,000	11,168,000	11,193,156	25,156
Investment earnings	50,000	125,000	121,457	(3,543)
Donations, fees and other charges	8,000	8,000	806,877	798,877
Rent	-	33,000	63,776	30,776
Other revenue	6,000	12,000	38,223	26,223
<b>TOTAL REVENUES</b>	<b>6,396,500</b>	<b>16,178,500</b>	<b>17,372,696</b>	<b>1,194,196</b>
<b>EXPENDITURES:</b>				
Current:				
General and Administrative:				
Salaries and wages	366,200	366,200	379,570	(13,370)
Employee benefits and payroll taxes	399,700	399,700	411,326	(11,626)
Insurance	150,000	150,000	101,970	48,030
Professional services	200,000	200,000	166,136	33,864
Office lease	36,000	64,000	64,322	(322)
Other post-employment benefits	11,000	11,000	16,443	(5,443)
Utilities	30,000	30,000	29,003	997
Publications and memberships	15,000	15,000	10,235	4,765
Computer maintenance and supplies	20,000	20,000	18,636	1,364
Board compensation	7,000	7,000	5,100	1,900
Travel, conferences and meetings	15,000	15,000	12,185	2,815
Equipment rentals and leases	10,500	10,500	2,823	7,677
Office supplies and equipment	8,500	8,500	10,952	(2,452)
Legal	8,000	8,000	4,475	3,525
Job training and education	5,000	5,000	6,223	(1,223)
Taxes and assessments	25,000	5,000	1,768	3,232
Postage	3,000	3,000	1,439	1,561
Vehicle maintenance and fuel	1,500	1,500	1,077	423
Miscellaneous	-	-	-	-
Printing	5,000	5,000	1,260	3,740
Elections	10,000	10,000	3,420	6,580
Advertising	10,000	10,000	-	10,000
<b>Total General and Administrative</b>	<b>1,336,400</b>	<b>1,344,400</b>	<b>1,248,363</b>	<b>96,037</b>

(Continued)

MONTEREY PENINSULA REGIONAL PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT - GENERAL FUND  
(CONTINUED)

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)		
	Original	Final				
<b>EXPENDITURES (CONTINUED):</b>						
Current (Continued):						
Operations and Maintenance:						
Salaries and wages	\$ 615,200	\$ 510,000	\$ 543,059	\$ (33,059)		
Employee benefits	291,400	228,000	246,951	(18,951)		
Other post-employment benefits	34,000	34,000	45,674	(11,674)		
Utilities	50,000	50,000	37,101	12,899		
Vehicle maintenance and fuel	20,000	20,000	28,287	(8,287)		
Supplies	20,000	15,000	16,820	(1,820)		
Building repairs	20,000	20,000	34,764	(14,764)		
Computer maintenance and supplies	11,000	10,000	11,046	(1,046)		
Capital outlay	1,770,800	1,770,800	1,196,455	574,345		
Janitorial supplies	10,000	12,000	10,326	1,674		
Equipment maintenance	15,000	12,000	11,683	317		
Tools	7,500	5,000	7,143	(2,143)		
Uniforms	3,000	3,000	3,000	-		
Miscellaneous	10,550	11,550	1,436	10,114		
Job training and education	10,000	10,000	2,054	7,946		
Natural resource maintenance	2,500	2,500	3,165	(665)		
Trail maintenance	2,000	2,000	879	1,121		
Printing	2,500	2,500	1,540	960		
Total Operations and Maintenance	2,895,450	2,718,350	2,201,383	516,967		
Education and Outreach:						
Salaries and wages	232,800	238,800	237,248	1,552		
Employee benefits	91,700	91,700	83,400	8,300		
Other post-employment benefits	11,000	11,000	16,443	(5,443)		
Printing	22,000	22,000	21,560	440		
Postage	21,500	21,500	21,275	225		
Professional services	7,500	7,500	8,872	(1,372)		
Equipment	2,000	2,000	3,708	(1,708)		
Environmental education - schools	3,000	3,000	859	2,141		
Interpretive programs - parks	15,000	15,000	14,849	151		
Computer maintenance and supplies	6,000	6,000	6,222	(222)		
Docent and volunteer programs	7,000	7,000	5,232	1,768		
Utilities	8,800	8,800	7,966	834		
Advertising	3,000	3,000	1,759	1,241		
Miscellaneous	1,000	1,000	1,150	(150)		
Supplies	1,200	1,200	2,828	(1,628)		
Job training and education	2,500	2,500	2,814	(314)		
Vehicle maintenance and fuel	3,000	3,000	1,366	1,634		
Special events - outreach	1,000	1,000	518	482		
Travel, conferences and meetings	1,000	1,000	1,000	-		
Insurance	1,500	1,500	369	1,131		
BTW Grant	-	78,000	35,564	42,436		
Total Education and Outreach	442,500	526,500	475,002	51,498		

See accompanying note to required supplementary information.

(Continued)

MONTEREY PENINSULA REGIONAL PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT - GENERAL FUND  
(CONTINUED)

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>EXPENDITURES (CONTINUED):</b>				
Current (Continued):				
Assessment District:				
Community and neighborhood parks	\$ 155,000	\$ 155,000	\$ 129,945	\$ 25,055
Palo Corona improvements	88,000	58,000	35,240	22,760
Sherar property lease/option payment	60,000	60,000	60,000	-
Seasonal and contract services	20,000	15,000	19,206	(4,206)
Professional services	245,000	245,000	135,155	109,845
Equipment maintenance	65,000	65,000	64,904	96
Vehicle acquisition	130,000	130,000	73,191	56,809
Garland Park improvements	45,000	25,000	13,481	11,519
Trail construction and rehabilitation	15,000	10,000	8,524	1,476
Park security systems	10,000	10,000	9,020	980
Cachagua center play equipment	40,000	40,000	7,883	32,117
Land acquisition/improvements	850,000	850,000	399,255	450,745
Joyce Stevens Improvements	-	-	-	-
Mill Creek Improvements	-	-	-	-
Total Assessment District	<u>1,973,000</u>	<u>1,663,000</u>	<u>955,804</u>	<u>707,196</u>
Planning and Conservation Management:				
Salaries and wages	220,500	146,000	125,230	20,770
Resource management - PCRP	56,000	35,000	33,480	1,520
Employee benefits	72,000	69,100	81,850	(12,750)
Other post-employment benefits	6,000	6,000	9,135	(3,135)
Professional services	45,000	45,000	23,304	21,696
Resource management - Marina Dunes	20,000	20,000	19,940	60
Resource management - GRRP	37,000	5,000	1,705	3,295
Vehicle maintenance and fuel	2,500	1,500	1,194	306
Miscellaneous	7,300	4,000	4,197	(197)
Computer maintenance and supplies	2,500	2,500	4,417	(1,917)
Total Planning and Conservation Management	<u>468,800</u>	<u>334,100</u>	<u>304,452</u>	<u>29,648</u>
Capital Outlay:				
Land and property acquisition	-	9,140,000	10,237,985	(1,097,985)
Total Capital Outlay	<u>-</u>	<u>9,140,000</u>	<u>10,237,985</u>	<u>(1,097,985)</u>
Debt Service:				
Principal	1,500,000	1,500,000	1,500,000	-
Total Debt Service	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>8,616,150</b>	<b>17,226,350</b>	<b>16,922,989</b>	<b>303,361</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,219,650)</b>	<b>(1,047,850)</b>	<b>449,707</b>	<b>1,497,557</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>14,423,816</b>	<b>14,423,816</b>	<b>14,423,816</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 12,204,166</b>	<b>\$ 13,375,966</b>	<b>\$ 14,873,523</b>	<b>\$ 1,497,557</b>

See accompanying note to required supplementary information.

## **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

### **Notes to Required Supplementary Information**

**June 30, 2018**

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#### ***1. BUDGETS***

The Board of Directors of the District legally adopts an annual budget on a basis consistent with generally accepted accounting principles. The budget may be amended by the Board of Directors throughout the year. The budget is prepared on the modified accrual basis of accounting.

Budget amounts reflect the original budget adopted by the Board of Directors, and the final budget after all applicable amendments. The Board approves all budget amendments. The budget appropriations lapse at year-end.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Monterey Peninsula Regional Park District  
Monterey, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Monterey Peninsula Regional Park District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*White Nelson Siehl Evans LLP*

Irvine, California

November 28, 2018

## **STATISTICAL SECTION**

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# **MONTEREY PENINSULA REGIONAL PARK DISTRICT**

## **Description of Statistical Section Contents**

**June 30, 2018**

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This part of the District's financial statements presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:

Pages

Financial Trends theses schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

65 - 68

Operating Information this schedule contains service and infrastructure data to help the reader understand how the information in the District's financial statements relates to the services the District provides and the activities it performs.

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**NET POSITION BY COMPONENT**

Last Ten Fiscal Years  
(accrual bases of accounting)

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 41,670,250	\$ 43,630,455	\$ 46,230,823	\$ 49,332,358
Restricted	97,500	1,892,730	2,322,741	2,385,409
Unrestricted	<u>7,739,626</u>	<u>7,891,474</u>	<u>7,279,799</u>	<u>6,217,644</u>
Total governmental activities net position	<u>\$ 49,507,376</u>	<u>\$ 53,414,659</u>	<u>\$ 55,833,363</u>	<u>\$ 57,935,411</u>

Fiscal Year Ended June 30,

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 50,426,792	\$ 52,536,873	\$ 54,741,932	\$ 56,538,897	\$ 58,179,273	\$ 71,394,277
2,349,824	2,306,896	2,314,109	2,329,847	2,348,249	2,382,889
<u>8,803,133</u>	<u>9,498,442</u>	<u>8,112,689</u>	<u>9,927,792</u>	<u>11,459,961</u>	<u>10,211,894</u>
<u>\$ 61,579,749</u>	<u>\$ 64,342,211</u>	<u>\$ 65,168,730</u>	<u>\$ 68,796,536</u>	<u>\$ 71,987,483</u>	<u>\$ 83,989,060</u>

MONTEREY PENINSULA REGIONAL PARK DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Revenues:				
Property taxes	\$ 2,943,276	\$ 2,952,591	\$ 2,835,268	\$ 2,865,447
Seawall mitigation fee	-	1,795,230	430,011	-
Assessments	925,885	973,139	1,010,970	1,020,075
Grants	1,541,415	1,608,449	1,687,015	1,546,420
Investment earnings	174,960	136,837	139,949	89,641
Donations fees and other charges	178,448	54,198	74,605	76,425
Rent	35,104	37,778	36,436	37,863
Other	21,422	1,887	3,765	5,930
Total revenues	<u>5,820,510</u>	<u>7,560,109</u>	<u>6,218,019</u>	<u>5,641,801</u>
Expenditures				
Current:				
General and administrative	915,640	839,456	909,259	781,479
Operations and maintenance	939,742	950,018	1,019,420	1,000,000
Education and outreach	611,274	594,898	603,622	578,002
Assessment district	202,031	120,231	225,732	254,563
Planning and conservation management	633,093	640,501	805,863	547,523
Capital outlay	1,501,688	1,502,722	2,123,942	914,689
Debt service:				
Principal retirement	678,594	530,881	539,675	1,148,242
Interest and fiscal charges	<u>115,642</u>	<u>108,623</u>	<u>104,496</u>	<u>91,018</u>
Total expenditures	<u>5,597,704</u>	<u>5,287,330</u>	<u>6,332,009</u>	<u>5,315,516</u>
Excess (deficiency) of revenues over (under) expenditures	<u>222,806</u>	<u>2,272,779</u>	<u>(113,990)</u>	<u>326,285</u>
Other financing sources (uses):				
Sale of equipment and property	-	-	16,198	-
Issuance of notes	-	-	81,394	-
Capital lease	<u>51,555</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>51,555</u>	<u>-</u>	<u>97,592</u>	<u>-</u>
Net change in fund balances	<u>\$ 274,361</u>	<u>\$ 2,272,779</u>	<u>\$ (16,398)</u>	<u>\$ 326,285</u>

Fiscal Year Ended June 30,											
2013		2014		2015		2016	2017	2018			
\$	3,119,076	\$	3,197,620	\$	3,253,592	\$	3,548,890	\$	3,689,571	\$	3,913,528
-	-	-	-	-	-	-	-	-	-	-	-
1,021,218	1,095,396		1,130,794		1,164,640		1,212,450		1,235,679		
2,116,417	1,570,788		2,050,000		1,789,255		1,529,061		11,193,156		
25,305	83,355		45,615		153,757		59,066		121,457		
55,476	36,269		16,887		10,502		7,819		806,877		
36,749	38,869		31,508		33,013		31,765		63,776		
4,186	95,126		71,036		20,742		9,966		38,223		
<u>6,378,427</u>	<u>6,117,423</u>		<u>6,599,432</u>		<u>6,720,799</u>		<u>6,539,698</u>		<u>17,372,696</u>		
2,558,532	951,459		1,146,076		1,193,396		1,348,342		1,248,363		
917,210	924,291		786,793		851,986		968,927		2,201,383		
566,533	609,113		517,122		424,904		456,683		475,002		
295,428	843,643		409,365		636,526		545,467		955,804		
484,503	490,366		850,247		426,779		354,598		304,452		
4,222,877	-		6,950,000		-		-		10,237,985		
2,067,807	1,587,233		1,605,273		1,500,000		1,500,000		1,500,000		
55,626	15,848		2,483		-		-		-		
<u>11,168,516</u>	<u>5,421,953</u>		<u>12,267,359</u>		<u>5,033,591</u>		<u>5,174,017</u>		<u>16,922,989</u>		
(4,790,089)	695,470		(5,667,927)		1,687,208		1,365,681		449,707		
-	-		-		-		-		-		
4,000,000	-		6,950,000		-		-		-		
-	-		-		-		-		-		
4,000,000	-		6,950,000		-		-		-		
<u>\$ (790,089)</u>	<u>\$ 695,470</u>		<u>\$ 1,282,073</u>		<u>\$ 1,687,208</u>		<u>\$ 1,365,681</u>		<u>\$ 449,707</u>		

**BY FUNCTION**

Last Ten Fiscal Years

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Administration	3.25	3.10	3.10	3.00	3.00	3.00	2.50	3.00	3.25	3.25
Operations & Maintenance	7.75	8.15	8.15	8.15	7.00	7.00	7.00	7.50	7.25	7.25
Environmental Education & Community Outreach	4.00	4.00	4.00	4.25	4.25	4.25	3.25	2.25	2.25	2.25
Planning & Conservation	1.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
<b>Total</b>	<b>16.75</b>	<b>16.50</b>	<b>16.50</b>	<b>16.65</b>	<b>15.50</b>	<b>15.50</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>