PLEASANT HILL RECREATION AND PARK DISTRICT

PLEASANT HILL, CALIFORNIA

BASIC FINANCIAL REPORT

JUNE 30, 2014

PLEASANT HILL RECREATION AND PARK DISTRICT

Basic Financial Statements
June 30, 2014

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PLEASANT HILL RECREATION AND PARK DISTRICT

Board of Directors
June 30, 2014

NAME	TITLE
Sherry Sterrett	Chair
Sandra Bonato	Vice Chair
Zac Shess	Secretary
Bobby Glover	Member
Dennis Donaghu	Member

FECHTER & COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
Scott A. German, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pleasant Hill Recreation and Park District
Pleasant Hill, California

We have audited the accompanying financial statements of the governmental activities of each major fund, and the aggregate remaining fund information of the Pleasant Hill Recreation and Park District as of and for the year ended June 30, 2014, 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.

Auditor's 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. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and 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.

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and California Society of CPAs

Board of Directors
Pleasant Hill Recreation and Park District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pleasant Hill Recreation and Park District as of June 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fechter & Company, Certified Public Accountants

Fechter & Company, CPAs

Sacramento, CA
January 1, 2015

PLEASANT HILL RECREATION AND PARK DISTRICT

Management Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

Pleasant Hill Recreation and Park District's (the "District") Management Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

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.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, which report the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements which tell how basic services were financed in the short-term, as well as what remains for future spending.

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position as well as changes to the net position. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds; not the District as a whole. Funds are accounting devices for District use to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

Governmental Funds

The District's basic services are reported in governmental funds, which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of fund information, which helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table summarizes the District's Net Position as of June 30,

Table 1
Net Position

	2014	2013
Assets:		
Current and other assets	$ 3,435,714	$ 11,206,096
Capital assets and bond issuance costs	39,832,632	32,342,205
Total assets	43,268,346	43,548,301
Liabilities:		
Other liabilities	2,607,014	2,640,304
Long-term liabilities	30,406,925	31,076,543
Total liabilities	33,013,939	33,716,847
Net Position:		
Invested in capital assets, net of related debt	7,431,327	720,417
Restricted	1,274,286	7,798,189
Unrestricted	1,548,794	1,312,848
Total net position	$ 10,254,407	$ 9,831,454

The District's net position was $10,254,407 for the fiscal year ended June 30, 2014. Of this amount, $1,707,354 was unrestricted. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the board's ability to use those net assets for day-to-day operations.

The following table summarizes the District's change in net position for the years ended June 30,

Table 2
Changes in Net Position

	2014	2013
Expenses:		
Recreation and parks	$ 7,018,106	$ 5,853,114
Interest expense	2,142,934	1,291,840
Total expenses	9,161,040	7,144,954
Revenues:		
Program revenues:		
Charges for services	3,071,952	3,049,250
Total program revenues	3,071,952	3,049,250
General revenues:		
Property taxes	5,298,390	5,044,109
Interest and other income	1,213,651	189,333
Total general revenues	6,512,041	5,233,442
Total revenue	9,583,993	8,282,692
Change in net position	$ 422,953	$ 1,137,738

Government Activities

For the 2014 fiscal year, the total District revenues were $9,583,993 and the total District expenses were $9,161,040. The difference of $422,953 is the change in net position bringing the total net position to $10,254,407 on June 30, 2014. The main sources of revenue for the District are charges for services and property taxes. The cost of all governmental activities was $18,591,588 this year. District taxpayers ultimately financed $5,298,390 for these activities through local taxes and assessments. The increase in property tax revenues and interest expense are due to the Measure E property tax and related debt service.

Capital Assets

At June 30, 2014, the District had $39,057,934 in a broad range of capital assets, including land, buildings and furniture and equipment. The District uses $5,000 as its capitalization threshold.

Table 3
Capital Assets at Year End

	2014	2013
Land	$ 6,638,913	$ 6,638,913
Construction in progress	-	7,927,548
Land and park improvements	9,913,340	5,831,511
Building and structure	27,605,625	15,796,130
Swimming pool	1,599,173	1,585,804
Furniture and equipment	1,992,024	1,406,113
Accumulated depreciation	(8,691,140)	(7,646,724)
Net capital assets	$ 39,057,935	$ 31,539,295

Debt Administration

The District made all scheduled repayments of existing debt. Each of the District's debt issues is discussed in detail in Note 4 to the basic financial statements. As of June 30, 2014, the District's debt comprised:

General Obligation Bond – Measure E	$ 27,120,000
Certificates of Participation	2,260,000
Municipal Finance Corporation FF&E loan	262,304
Total	$ 29,642,304

General Fund Budgetary Highlights

The Pleasant Hill Recreation & Park District Board of Directors has made increasing the District's General Reserves a priority. The fiscal year ending 2013-14 will reflect another positive reserve balance. This enabled the District to refinance two existing loans that will save the District approximately $15,000 per year with a $220,000 total savings over the term of the loan. Standard & Poor's gave the Refunding COP's a rating of "BBB+" which is an improvement from the Moody's rating of "Baa3." The improved rating helped the District secure the approval for Bond insurance, which allowed for the District's credit COP's rating to increase to "AA-."

The District has started to receive additional tax revenue through the abolishment of Redevelopment Agencies by the State of California. Pleasant Hill Recreation & Park District was affected by both the City of Pleasant Hill's Redevelopment Agency as well as the Contra Costa County's Redevelopment Agency. Both agencies have long term debt to pay off so the District will not receive all of the redevelopment tax proceeds.

The following are some of the highlights for the fiscal year 2013 - 2014 budget:

1. Employees will contribute an additional 2.75% to the Public Employees Retirement System. This increase, along with the past two year's contribution, brings the employees' total to 7% which is the total employee match for the retirement program. The Board agreed to a 5% cost of living adjustment for employees.
2. New Rental/Program Coordinator position will be added to handle the rentals of the new Community Center, Senior Center, Teen Center & Winslow Center.
3. Establishment of a new account entitled "Special Events" category to better monitor these events.
4. Capital expenditures for the fiscal year include: improvements to the Community Center site, HVAC and parking lot improvements at the Senior Center, building maintenance equipment and replacement equipment for Park Maintenance.

The Measure E Bond Projects are continuing as scheduled. The Community Center opened in December with a Grand Opening on January 22. Pleasant Oaks Park was also completed and held a Grand Opening in spring of 2014, right on time for the Baseball season. We are extremely excited about the progress and what the new facilities have added to providing recreation programs and park opportunities for the people of our community.

The Strategic Business Plan Committee made up of Board Members and Staff continues to meet to review and establish both short term and long term goals for each division/department of the District. The committee has placed emphasis on revenue enhancement, reducing subsidy to programs, increased marketing efforts and monitoring expenditures to meet both the current and future financial challenges of the District.

Contacting the District Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the General Manager, Pleasant Hill Recreation and Park District, 147 Gregory Lane, Pleasant Hill, California 94523.

PLEASANT HILL RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS		
Cash and investments	$	1,957,560
Restricted cash		1,285,958
Accounts receivable		192,196
Prepaid items		-
Bond issuance costs, net		774,698
Non-depreciable capital assets		6,638,913
Depreciable capital assets, net		32,419,021
Total Assets		43,268,346
LIABILITIES		
Accounts payable		504,554
Accrued payroll		13,058
Deferred revenue		560,371
Accrued interest		1,136,733
Long-term debt:		
Due within one year		392,298
Due after one year		30,097,576
Compensated absences		309,349
Total long-term liabilities		30,799,223
Total Liabilities		33,013,939
NET POSITION		
Invested in capital assets, net of related debt		7,431,327
Restricted for:		
Debt service		1,285,958
Measure E		-
Unrestricted		1,537,122
Net Position	$	10,254,407

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Assets
Governmental Activities:					
Administration	$ 439,349	$ 324,682	$ -	$ -	$ (114,667)
Recreation	394,910	-	-	-	(394,910)
Senior citizens	869,093	597,125	-	-	(271,968)
Winslow center	49,839	33,565	-	-	(16,274)
Community center rental	317,905	94,248	-	-	(223,657)
Adult activities	128,439	169,958	-	-	41,519
Athletics & teens	746,295	736,481	-	-	(9,814)
Preschool, youth, & special	372,878	776,066	-	-	403,188
Child care	271,177	-	-	-	(271,177)
Aquatics	647,265	339,827	-	-	(307,438)
Communications	224,006	-	-	-	(224,006)
Parks	1,186,977	-	-	-	(1,186,977)
Maintenance	328,700	-	-	-	(328,700)
Interest and fees	2,142,934	-	-	-	(2,142,934)
Depreciation expense	1,041,273	-	-	-	(1,041,273)
Total Governmental Activities	$ 9,161,040	$ 3,071,952	$ -	$ -	(6,089,088)

General Revenues:	
Taxes	5,298,390
Use of money and property	9,666
Inter-governmental revenues	1,203,985
Total general revenues	6,512,041
Change in net position	422,953
Net position at beginning of fiscal year	9,831,454
Net position at end of fiscal year	$ 10,254,407

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General Fund	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	$ 1,695,174	$ 66,637	$ -	$ -	$ 195,749	$ 1,957,560
Restricted cash	215,189	-	-	1,070,769	-	1,285,958
Accounts receivable	192,196	-	-	-	-	192,196
Due from other funds	-	8,530	5,836	-	38,481	52,847
Prepaid items	-	-	-	-	-	-
Total Assets	$ 2,102,559	$ 75,167	$ 5,836	$ 1,070,769	$ 234,230	$ 3,488,561
LIABILITIES						
Accounts payable	$ 382,754	$ -	$ 5,836	$ -	$ 473	$ 389,063
Accrued payroll	13,058	-	-	-	-	13,058
Deferred revenue	560,371	-	-	-	-	560,371
Due to other funds	40,346	-	-	-	12,501	52,847
Other liabilities	115,491	-	-	-	-	115,491
Total Liabilities	1,112,020	-	5,836	-	12,974	1,130,830
FUND BALANCES						
Restricted	215,189	-	-	1,070,769	-	1,285,958
Nonspendable for prepaids	-	-	-	-	-	-
Assigned for:						
Special revenue funds	-	75,167	-	-	221,256	296,423
Unassigned	775,350	-	-	-	-	775,350
Total fund balances	990,539	75,167	-	1,070,769	221,256	2,357,731
Total liabilities and fund balances	$ 2,102,559	$ 75,167	$ 5,836	$ 1,070,769	$ 234,230	$ 3,488,561

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Fund Balances of Governmental Funds	$ 2,357,731
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	39,057,934
Bond issue costs, net, related to the general obligation advanced refunding issue are not financial resources and, therefore, are not reported in the funds.	774,698
Some liabilities, including long-term debt, compensated absences and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	(31,935,956)
Net position of governmental activities	$ 10,254,407

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Landscape Fund	Measure E Project Fund	Measure E Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 3,546,770	$ -	$ -	$ 1,703,506	$ 48,114	$ 5,298,390
Administration	324,682	-	-	-	-	324,682
Senior citizens	597,125	-	-	-	-	597,125
Winslow center	33,565	-	-	-	-	33,565
Community center rental	94,248	-	-	-	-	94,248
Adult activities	169,958	-	-	-	-	169,958
Athletics & teens	736,481	-	-	-	-	736,481
Preschool, youth, & special	776,066	-	-	-	-	776,066
Child care	-	-	-	-	-	-
Aquatics	339,827	-	-	-	-	339,827
Interest	3,694	-	5,742	-	230	9,666
Inter-governmental revenues	-	-	1,203,985	-	-	1,203,985
Total Revenues	6,622,416		1,209,727	1,703,506	48,344	9,583,993
Expenditures						
Administration	387,666	-	-	-	-	387,666
Recreation	394,910	-	-	-	-	394,910
Senior citizens	869,093	-	-	-	-	869,093
Winslow center	49,839	-	-	-	-	49,839
Community center rental	317,905	-	-	-	-	317,905
Adult activities	128,439	-	-	-	-	128,439
Athletics & teens	746,295	-	-	-	-	746,295
Preschool, youth, & special	372,878	-	-	-	-	372,878
Child care	271,177	-	-	-	-	271,177
Aquatics	647,265	-	-	-	-	647,265
Communications	224,006	-	-	-	-	224,006
Parks	1,152,704	-	-	-	34,273	1,186,977
Maintenance	328,700	-	-	-	-	328,700
Capital outlay	410,597	-	8,152,207	-	-	8,562,804
Debt service:						
Principal	2,358,696	-	-	305,000	-	2,663,696
Interest and fees	211,878	-	-	1,228,060	-	1,439,938
Total Expenditures	8,872,048	-	8,152,207	1,533,060	34,273	18,591,588
Excess (Deficit) of Revenues Over (Under) Expenditures	(2,249,632)	-	(6,942,480)	170,446	14,071	(9,007,595)
Other Financing Sources (Uses)						
Proceeds on long-term debt	2,366,000	-	-	-	-	2,366,000
Transfers in	-	-	259,801	-	33,212	293,013
Transfers out	(203,444)	-	-	-	(89,569)	(293,013)
Total Other Financing Sources (Uses)	2,162,556	-	259,801	-	(56,357)	2,366,000
Net change in Fund Balances	(87,076)	-	(6,682,679)	170,446	(42,286)	(6,641,595)
Fund Balances, beginning of period	1,077,615	75,167	6,682,679	900,323	263,542	8,999,326
Fund Balances, end of period	$ 990,539	$ 75,167	$ -	$ 1,070,769	$ 221,256	$ 2,357,731

The accompanying notes are an integral part of these financial statements

PLEASANT HILL RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Total Governmental Funds	$ (6,641,595)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Governmental funds report 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 or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized	8,563,056
Depreciation expense	(1,044,416)
Loan proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond prinicpal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities	(2,366,000)
Interest accrued on long-term debt is reported as an expenditure in the government-wide financial statements but not in the fund financial statements	(703,200)
Repayments of long-term debt and capital leases are reported as an expense in the fund financial statements but as a reduction of debt in the statement of net assets	2,663,696
Amortization of bond issuance costs is reported as an expense on the statement of activities	3,143
Changes in long-term compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds	(51,731)
Change in net position of governmental activities	$ 422,953

The accompanying notes are an integral part of these financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Description

The Pleasant Hill Recreation and Park District (the "District") was formed January 22, 1951, under the laws of the State of California Public Resources Division 5, Chapter 4, Section 5780. The District is governed by a board of five elected directors who hold regularly scheduled meetings twice a month.

The District offers a wide variety of recreational activities for persons of all ages, from preschoolers to senior citizens. Some of the major activities include: a wide range of aquatic programs, varied cooking classes, adult and youth sports programs, dance classes, special events, excursions, fitness classes, special interest classes, and many other types of classes and activities for one's leisure time. Along with these activities, the District also sponsors over fifteen special clubs and organizations, such as the Camera Club, Garden Club, Hiking Club, Las Juntas Artists, Tennis Club and others for public participation and enjoyment.

To facilitate this wide range of recreational activities, the District has over 250 acres of park-lands including: thirteen park sites, three pools, a community center facility, a senior citizens' complex, a cultural center, and many joint efforts with the local school district at various local school sites.

B. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2014, the District does not have any component units and is not a component unit of any other reporting entity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Accounting Principles

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

(a) Government-wide and Fund Financial Statements:

The government-wide financial statements (the statement of net position and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses of the District's functions are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the District's functions. *Program revenues* include charges for services, which are mainly from park and recreation fees. Other items not properly included among program revenues are reported instead as *general revenues.* Separate financial statements are provided for the governmental fund of the District (balance sheet and the statement of revenues, expenditures and changes in fund balances).

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Government-wide Financial Statements
The statement of net position and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements
Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Accounting Principles – continued

Fund Financial Statements - continued
The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds in a single column, regardless of their fund type. Major funds are those that have assets, liabilities, revenue or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The government reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Landscape Fund: The Landscape Fund is used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for landscape purposes.

Measure E Project Fund: The Measure E Project Fund is used to account for financial resources to be used for the acquisition or construction of capital facilities.

Measure E Debt Service Fund: The Measure E Debt Service Fund is used to account for financial resources to be used to pay the annual borrowing costs of long-term debt.

Other Governmental Funds are comprised of several non-major funds that include funds for separate smaller landscaping districts not included in the main Lighting and Landscape Fund, funds reserved for specific capital acquisitions and other miscellaneous fund balances.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Accounting Principles - continued

Fund Financial Statements - continued

(c) Use of Estimates:

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

D. Budget and Budgetary Accounting

During the month of April, the District staff prepares an annual budget. The full Board is presented the budget in May to be adopted in June as a preliminary budget and as a final budget by the last meeting in July. The preliminary budget is published in a newspaper thirty days prior to acceptance as a final budget.

Budget amounts in the combined financial statements reflect the annual budget and revisions approved during the year. Budgets are based upon the District's estimate of expenditures for each year and their proposed means of financing.

Expenditures are controlled on the major object level within the Funds. Any amendments of appropriations are approved by the Board. Budgeted amounts are reported as amended. All appropriations lapse at year-end.

E. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

The District participates in the Contra Costa County Treasury. Contra Costa County (the County) pools its funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Cash and Investments - continued

Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

F. Prepaid Items

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

G. Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Land	N/A
Land improvements	20
Building and structures	50
Portable classrooms	25
Kitchen equipment	15
Copiers	5
Musical instruments	10
Vehicles	5
Grounds equipment	5

H. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

H. Deferred Revenue – continued

Deferred revenue consists primarily of class registration and rental fees received during the current year for programs or trips to be conducted subsequent to June 30, 2014. As of June 30, 2014, the deferred revenue balance was $560,371.

I. Compensated Absences

The District grants employees vacation and sick leave in varying amounts. In the event of retirement or termination, an employee is reimbursed at full salary rates for accumulated vacation days and at one-quarter of salary rates for sick leave days in excess of 30 days. The current portion of accumulated vacation and sick leave is recognized in the general fund. All compensated absences are accrued when incurred in the government-wide financial statements.

As of June 30, 2014, the liability for accrued vacation, administrative and compensatory time-off leave was $309,349. This liability is paid from funds related to the accrued personnel costs.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Premiums, discounts and issuance costs are deferred and amortized over the life of the debt using the effective-interest method.

In the fund financial statements, governmental funds recognize premiums, discounts and issuance costs during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses. Designations for the ending fund balance indicate tentative plans for financial resource utilization in a future period.

K. Restricted Cash

Restricted cash represents assets either held by bond trustees or the District, which are governed by a trust indenture specifying their uses. These assets all relate to various debt issuances.

L. Revenue Limit/Property Tax

The County is responsible for assessing, collecting, and apportioning property taxes on behalf of the District. Taxes are levied for each fiscal year on taxable real and personal property in the County. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Revenue Limit /Property Tax - continued

are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on January 1 and become delinquent if unpaid by August 31.

The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

M. Inter-fund Transactions

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

N. GASB 63

The District adopted the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the year ended June 30, 2013. GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of net assets to net position, and consequently, the statement of net assets to the statement of net position. The District had no deferred inflows or outflows of resources as of June 30, 2014.

NOTE 2: CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent possible pursuant to the District Board Approved Investment Policy and Guidelines and State Government Code. Cash on deposit as of June 30, 2014, amounted to $3,243,518 and was deposited

NOTE 2: CASH AND INVESTMENTS – continued

in the following depositories:

Deposits and Investments	Carrying Amount	Market Value	Investment Risk
Cash in County Treasury	$ 1,515,024	$ 1,515,024	AA
Cash in bank	622,319	622,319	N/A
Cash with fiscal agent (restricted)	210,012	210,012	N/A
Investments in LAIF (includes rest.)	896,163	896,163	Not Rated
Total cash and Investments	$ 3,243,518	$ 3,243,518	

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

B. Investments

The District's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment

NOTE 2: CASH AND INVESTMENTS – continued

B. Investments - continued

in this pool is reported in the accompanying financial statements 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 management of the State of California Pooled Money Investment Account has indicated to the District that as of June 30, 2014 the carrying amount of the pool was $64,846,169,129 and the estimated market value of the pool (including accrued interest) was $64,850,840,279. The District's proportionate share of that value is $896,163. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling $800,000,000 and asset-backed securities totaling $1,297,405,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hour notice. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

C. Restricted and Designated Cash and Equivalents

The District segregates certain cash and equivalents that have legal or Board of Directors' designated restrictions as to their uses. The District is required under the terms of certain long-term debt covenants to segregate and maintain $215,189 restricted for debt service in the general fund and $1,070,769 in the Measure E fund for debt service as of June 30, 2014.

NOTE 3: CAPITAL ASSETS

An analysis of fixed assets at June 30, 2014, is as follows:

Governmental Activities	Balance 6/30/13	Increase	Decrease	Adjustments	Balance 6/30/14
Capital assets, not being depreciated:					
Land	$ 6,638,913	$ -	$ -	$ -	$ 6,638,913
Construction in progress	7,927,548	-	-	(7,927,548)	-
Total capital assets, not being depreciated	14,566,461	-	-	(7,927,548)	6,638,913
Capital assets, being depreciated:					
Land and park improvements	5,831,511	3,362,270	-	719,559	9,913,340
Building and structure	15,796,130	4,790,097	-	7,019,398	27,605,625
Swimming pool	1,585,804	13,369	-	-	1,599,173
Furniture and equipment	1,406,113	397,320	-	188,591	1,992,024
Total capital assets, being depreciated	24,619,558	8,563,056	-	7,927,548	41,110,162
Less accumulated depreciation:					
Land and park improvements	(4,693,556)	(227,665)	-	-	(4,921,221)
Building and structure	(1,169,494)	(555,336)	-	-	(1,724,830)
Swimming pool	(842,439)	(30,595)	-	-	(873,034)
Furniture and equipment	(941,235)	(230,820)	-	-	(1,172,055)
Total accumulated depreciation	(7,646,724)	(1,044,416)	-	-	(8,691,140)
Total capital assets being depreciated – net	16,972,834	7,518,640	-	7,927,548	32,419,022
Capital assets – net	$ 31,539,295	$ 7,518,640	$ -	$ -	$ 39,057,935

All depreciation expense was charged to the parks & recreation function.

NOTE 4: LONG-TERM DEBT

A. Change in Long-Term Debt

The following is a summary of changes in long-term debt as of June 30, 2014:

	6/30/13	Additions	Retirements	6/30/14	Current
Certificates of Participation	$ 2,215,000	$ -	$ 2,215,000	$ -	$ -
General obligation	27,425,000	-	305,000	27,120,000	230,000
Issuance/premiums, net	(75,957)	3,153	-	(72,804)	-
Loan payable	300,000	-	37,696	262,304	39,298
2013 COP	-	2,366,000	106,000	2,260,000	123,000
Accrued interest	433,534	1,136,734	433,534	1,136,734	1,136,734
Compensated absences	257,666	51,683	-	309,349	-
Total	$ 30,555,243	$ 3,557,570	$ 3,097,230	$ 31,015,583	$ 1,529,032

NOTE 4: LONG-TERM DEBT – continued

B. Certificates of Participation ("COP")

1998 COP
The District issued certificates of participation in January of 1998 to finance the acquisition of Pleasant Oaks Park. The total amount of the issue was $1,895,000 with an average interest rate of 5.56%. The certificates were defeased during the 2013/2014 fiscal year.

2000 COP
The District entered into a purchase agreement with the City of Pleasant Hill for 2.25 acres of land beneath and surrounding the community center. The purchase price was $953,000, including a promissory note in the amount of $650,000. The note was refinanced in May 2000 with Certificates of Participation in the amount of $1,285,000. The additional money was used for repairs and upgrades to the community center. The note will be amortized over 30 years at a simple interest rate of 5.80% with monthly installments commencing May 1, 2000. The certificates were defeased during the 2013/2014 fiscal year.

2013 COP
The District issued certificates of participation in August of 2013 to refinance the prior two certificates. The total amount of the issue was $2,366,000 with an interest rate bearing 3.65%. The 2013 certificates mature as follows:

Year Ending June 30	Principal	Interest	Debt Service
2015	$ 123,000	$ 82,490	$ 205,490
2016	132,000	78,001	210,001
2017	131,000	73,183	204,183
2018	139,000	68,401	207,401
2019	142,000	63,328	205,328
2020-2024	801,000	234,257	1,035,257
2025-2030	792,000	84,571	876,571
Total	$ 2,260,000	$ 684,231	$ 2,944,231

C. Measure E General Obligation Bond

The District issued general obligation bonds in August of 2009 to finance the acquisition, expansion and improvement of District facilities. Measure E was authorized by an election of registered voters of the District. The total amount of the two issues of these Measure E bonds were $28,000,000 with an average interest rate of 4.63%.

NOTE 4: LONG-TERM DEBT – continued

The Series A certificates mature through 2041 as follows:

Year Ending June 30	Principal	Interest	Debt Service
2015	$ 405,000	$ 880,825	$1,285,825
2016	420,000	864,625	1,284,625
2017	435,000	852,025	1,287,025
2018	445,000	838,975	1,283,975
2019	460,000	825,625	1,285,625
2020-2024	2,545,000	3,879,775	6,424,775
2025-2029	3,130,000	3,298,550	6,428,550
2030-2034	3,970,000	2,448,845	6,418,845
2035-2040	5,045,000	1,378,500	6,423,500
2041-2042	2,390,000	180,750	2,570,750
Total	$ 19,245,000	$ 15,448,495	$ 34,693,495

The Series B certificates mature through 2042 as follows:

Year Ending June 30	Principal	Interest	Debt Service
2015	$ 50,000	$ 341,760	$ 391,760
2016	90,000	340,260	430,260
2017	125,000	337,560	462,560
2018	160,000	333,810	493,810
2019	165,000	327,410	492,410
2019-2023	955,000	1,531,250	2,486,250
2024-2028	1,200,000	1,287,550	2,487,550
2029-2033	1,470,000	964,850	2,434,850
2034-2038	1,840,000	623,870	2,463,870
2039-2042	1,820,000	197,626	2,017,626
Total	$ 7,875,000	$ 6,285,946	$ 14,160,946

NOTE 5: INTER-FUND RECEIVABLES AND PAYABLES

Current inter-fund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2014, inter-fund balances comprised the following:

Fund	Inter-fund Receivable	Inter-fund Payable
General fund	$ -	$ 40,346
Special revenue funds:		
Measure E	5,836	
Parkland	38,481	12,501
Landscape	8,530	-
Total inter-fund receivable/payable	$ 52,847	$ 52,847

NOTE 6: DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The District is required to contribute at an actuarially determined rate; the current rate is 13.463% for employees of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

Annual Pension Cost

For 2014, the District's annual pension cost of $251,073 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. A summary of principle assumptions and methods used to determine the

NOTE 6: DEFINED BENEFIT PENSION PLAN - continued

Annual Required Contribution (ARC) is shown below.

Actual Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.5% (net of administrative expense)
Projected Salary Increase	3.30% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assured annual inflation component of 3.0% and an annual production growth of 0.25%

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	APC Contributed	Net Pension Obligation+
6/30/2012	$ 314,823	100%	$ -
6/30/2013	$ 270,967	100%	$ -
6/30/2014	$ 251,073	100%	$ -

The Schedule of Funding Progress below shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll:

Valuation Date	(A) Accrued Liabilities (AL)	(B) Actuarial Value of Assets (AVA)	(C) Unfunded Liabilities (UL)	(D) Funded Ratio (AVA/AL)	(E) Annual Covered Payroll	(F) UL as of % of Payroll
6/30/2012	$ 11,301,215	$ 9,700,314	$ 1,600,901	85.8%	$ 2,402,525	66.63%

NOTE 7: RISK MANAGEMENT

The District manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

The District is a member of a program through which certain specified and limited self-insured general liability, property loss and automobile liability are administered by the California Association for Park and Recreation Insurance (CAPRI) and shared by its participating members.

Complete audited financial statements for CAPRI can be obtained from CAPRI's office at 6341 Auburn Boulevard, Suite A, Citrus Heights, CA 95621.

CAPRI provides comprehensive general liability coverage with a $10,000,000 limit per occurrence for personal injury and property damage to which the coverage applies. There is no deductible to the District.

CAPRI also provides public officials and employee liability coverage with a $10,000,000 annual aggregate limit per member district because of a wrongful act(s) which occurs during the coverage period for which the coverage applies. There is a $25,000 deductible for any covered claim for wrongful termination payable by the District.

All-Risk Property Loss coverage including Boiler & Machinery coverage is subject to a $2,000 deductible per occurrence payable by the District.

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

NOTE 8: CONTINGENCIES

The District is involved in various claims and litigation arising in the ordinary course of business. District management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the District's financial position or results of operations.

NOTE 9: PART-TIME AND SEASONAL EMPLOYEE RETIREMENT PLAN

The District uses a FICA alternative (457) plan for the District's seasonal and part-time employees. This plan satisfies the requirements of Internal Revenue Code Section 3121, which requires the District to either include these employees under the Social Security System or a qualified pension plan. The District contributed $22,379 during the year ended June 30, 2014.

NOTE 10: DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time and permanent part-time employees, permits them to defer a portion of their salary until future years. Under this plan, participants are not taxed on the deferred portion of the compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

NOTE 11: NET POSITION AND FUND BALANCES

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis. GASB 63 changed this terminology to "Net Position".

A. Net Position

Net position is the excess of all the District's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital, net of related debt describes the portion of net assets that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

NOTE 11: NET POSITION AND FUND BALANCES – continued

A. Net position - continued

Restricted describes the portion of net assets that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter. These include amounts for debt service requirements.

Unrestricted describes the portion of net assets that is not restricted to use.

B. Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision making authority. The Board of Directors serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

NOTE 11: NET POSITION AND FUND BALANCES – continued

B. Fund Equity - continued

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District's policy specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

NOTE 12: TRANSFERS

Transactions which constitute reimbursement of a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed. The funds below were combined with the general fund in previous years. The following schedule summarizes the transfers in and out for the fiscal year ended June 30, 2014:

	Transfers In	Transfers Out
Major Funds:		
General fund	$ -	$ 203,444
Other funds	293,013	89,569
Totals	$ 293,013	$ 293,013

NOTE 13: SUBSEQUENT EVENTS

Subsequent events were reviewed through January 1, 2015. No additional events were found that will materially affect the District's financial position.

PLEASANT HILL RECREATION AND PARK DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive
Revenues				
Property taxes	$ 3,159,500	$ 3,239,997	$ 3,546,770	$ 306,773
Non-recreation	426,550	636,850	324,682	(312,168)
Senior citizens	457,000	525,381	597,125	71,744
Winslow center	29,000	32,000	33,565	1,565
Community center rental	134,000	79,000	94,248	15,248
Adult activities	182,000	165,000	169,958	4,958
Athletics & teens	630,000	692,500	736,481	43,981
Preschool, youth, & special	476,900	475,540	776,066	300,526
Child care	320,000	263,000	-	(263,000)
Aquatics	330,800	339,425	339,827	402
Interest	-	-	3,694	3,694
Total Revenues	6,145,750	6,448,693	6,622,416	173,723
Expenditures				
Administration	338,372	310,730	387,666	(76,936)
Recreation	368,419	386,390	394,910	(8,520)
Senior citizens	814,318	835,243	869,093	(33,850)
Winslow center	48,930	49,385	49,839	(454)
Community center rental	352,624	327,400	317,905	9,495
Adult activities	141,693	131,264	128,439	2,825
Athletics & teens	687,175	709,533	746,295	(36,762)
Preschool, youth, & special	366,994	354,895	372,878	(17,983)
Child care	256,391	263,550	271,177	(7,627)
Aquatics	659,848	655,700	647,265	8,435
Communications	217,740	222,720	224,006	(1,286)
Parks	1,171,372	1,160,436	1,152,704	7,732
Maintenance	319,200	321,855	328,700	(6,845)
Capital outlay	133,000	445,000	410,597	34,403
Debt service:				
Principal	132,700	143,700	2,358,696	(2,214,996)
Interest	122,800	87,400	211,878	(124,478)
Total Expenditures	6,131,576	6,405,201	8,872,048	(2,466,847)
Excess (Deficit) of Revenues Over (Under) Expenditures	14,174	43,492	(2,249,632)	(2,293,124)
Other Financing Sources (Uses)				
Issuance of debt	-	-	2,366,000	(2,366,000)
Transfers in	-	-	-	-
Transfers out	-	-	(203,444)	203,444
Total Other Financing Sources (Uses)	-	-	2,162,556	(2,162,556)
Net change in Fund Balances			(87,076)	
Fund Balances, beginning of period			1,077,615	
Fund Balances, end of period			$ 990,539	