

**COALINGA-HURON RECREATION  
AND PARK DISTRICT**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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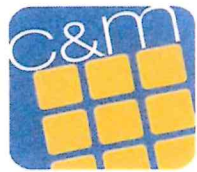
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**Board of Directors**

Wendy Luna	President
Michelle Martin	Vice-President
Monica Sigler	Treasurer
Tim Roderick	Director
Joe Zavala	Director

**Administration**

Mallory Griffith-Wells	General Manager
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Coalinga-Huron Recreation and Park District  
Coalinga, California

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, and each major fund of Coalinga-Huron Recreation and Park District (a special district), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Coalinga-Huron Recreation and Park District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Coalinga-Huron Recreation and Park District as of June 30, 2023, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalinga-Huron Recreation and Park District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalinga-Huron Recreation and Park District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coalinga-Huron Recreation and Park District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalinga-Huron Recreation and Park District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coalinga-Huron Recreation and Park District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Cuttone ? Mastro*

Fresno, California  
November 6, 2024

# COALINGA-HURON RECREATION AND PARK DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 2,201,532
Interest Receivable	12,649
Total Current Assets	<u>2,214,181</u>
Restricted cash	1,986,228
Capital Assets, Net of Accumulated Depreciation	<u>18,037,102</u>
Total Assets	<u>22,237,511</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Net OPEB Liability	431,603
Deferred Outflows Related to Net Pension Liability	<u>731,252</u>
Total Deferred Outflows of Resources	<u>1,162,855</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	249,203
Salaries and Benefits Payable	26,497
Accrued Vacation	28,520
Interest Payable	<u>231,156</u>
Total Current Liabilities	<u>535,376</u>
Noncurrent Liabilities	
General Obligation Bonds, Net of Current Portion	14,400,000
Bond Premium	561,347
Net OPEB Liability	1,655,725
Net Pension Liability	<u>1,100,500</u>
Total Noncurrent Liabilities	<u>17,717,572</u>
Total Liabilities	<u>18,252,948</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Net OPEB Liability	699,667
Deferred Inflows Related to Net Pension Liability	<u>163,535</u>
Total Deferred Inflows of Resources	<u>863,202</u>
<b>NET POSITION</b>	
Net Investment In Capital Assets	3,075,755
Restricted for:	
Construction of Capital Assets	1,905,702
Debt Service	11,139
Lighting and Landscape Maintenance	69,387
Unrestricted	<u>(777,767)</u>
Total Net Position	<u>\$ 4,284,216</u>

*The accompanying notes are an integral part of these financial statements.*

# COALINGA-HURON RECREATION AND PARK DISTRICT

## STATEMENT OF ACTIVITIES JUNE 30, 2023

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	<u>Governmental Activities</u>
Program Expenses	
Recreation and Park Services	\$ 2,437,049
Depreciation	530,514
Interest and Amortization on Long-term Debt	<u>534,349</u>
Total Program Expenses	<u>3,501,912</u>
Program Revenues	
Charges For Services	365,597
Grants and Contributions	<u>142,844</u>
Total Program Revenues	<u>508,441</u>
Net Program Expenses Over Revenues	<u>2,993,471</u>
General Revenues	
Taxes and Assessments	2,489,530
Investment Earnings	<u>35,338</u>
Total General Revenues	<u>2,524,868</u>
Change In Net Position	(468,603)
Net Position, Beginning of the Year	<u>4,752,819</u>
Net Position, End of the Year	<u>\$ 4,284,216</u>

# COALINGA-HURON RECREATION AND PARK DISTRICT

## BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Total June 30, 2023
<b>ASSETS</b>				
Cash	\$ 1,887,476	\$ 1,922,851	\$ 377,433	\$ 4,187,760
Interest Receivable	8,281	2,319	2,049	12,649
Due From Other Fund	-	139,523	-	139,523
<b>Total Assets</b>	<b>\$ 1,895,757</b>	<b>\$ 2,064,693</b>	<b>\$ 379,482</b>	<b>\$ 4,339,932</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 90,212	\$ 158,991	\$ -	\$ 249,203
Salaries and Benefits Payable	26,497	-	-	26,497
Due to Other Fund	2,336	-	137,187	139,523
Accrued Vacation	28,520	-	-	28,520
Interest Payable	-	-	231,156	231,156
<b>Total Liabilities</b>	<b>147,565</b>	<b>158,991</b>	<b>368,343</b>	<b>674,899</b>
<b>FUND BALANCE</b>				
Restricted	69,387	1,905,702	11,139	1,986,228
Committed	423,997	-	-	423,997
Unassigned	1,254,808	-	-	1,254,808
<b>Total Fund Balance</b>	<b>1,748,192</b>	<b>1,905,702</b>	<b>11,139</b>	<b>3,665,033</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,895,757</b>	<b>\$ 2,064,693</b>	<b>\$ 379,482</b>	<b>\$ 4,339,932</b>

*The accompanying notes are an integral part of these financial statements.*



## COALINGA-HURON RECREATION AND PARK DISTRICT

### RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSTION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2023

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Amounts reported for governmental activities in the Statement  
of Net Position are different because:

Total governmental fund balance	\$ 3,665,033
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	18,037,102
Long term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet. Due in more than one year	(14,400,000)
Net premium on bond issuance recorded on the Statement of Net Position	(561,347)
Net OPEB Liability and Deferred Outflows and Inflows of Resources for the Net OPEB liability are reported on the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statement.	(1,923,789)
Net Pension Liability and related Deferred Inflows and Outflows of Resources for pension plans are reported in the Statement of Net Position of the Governmental Activities but are not reported on the Fund Statement.	<u>(532,783)</u>
Net position of governmental activities	<u>\$ 4,284,216</u>

# COALINGA-HURON RECREATION AND PARK DISTRICT

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS JUNE 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Total June 30, 2023
<b>Revenues</b>				
Taxes and Assessments	\$ 1,934,686	\$ -	\$ 554,844	\$ 2,489,530
Programs, Concessions, and Related Income	365,597	-	-	365,597
Donations	10,294	-	-	10,294
Grants	132,550	-	-	132,550
Investment Earnings	<u>22,708</u>	<u>7,960</u>	<u>4,670</u>	<u>35,338</u>
<b>Total Revenues</b>	<u>2,465,835</u>	<u>7,960</u>	<u>559,514</u>	<u>3,033,309</u>
<b>Expenditures</b>				
Payroll and Benefits	1,249,200	-	-	1,249,200
Contract Services	121,515	-	2,250	123,765
Insurance	102,157	-	-	102,157
Miscellaneous	21,259	-	-	21,259
Office	814	-	-	814
Repairs and Maintenance	146,301	65,394	-	211,695
Supplies	34,838	-	-	34,838
Utilities	440,070	-	-	440,070
Capital Outlay	160,429	820,407	-	980,836
Debt Service				
Interest	<u>-</u>	<u>-</u>	<u>554,777</u>	<u>554,777</u>
<b>Total Expenditures</b>	<u>2,276,583</u>	<u>885,801</u>	<u>557,027</u>	<u>3,719,411</u>
Net Change in Fund Balance	189,252	(877,841)	2,487	(686,102)
Fund Balance at Beginning of Year	<u>1,558,940</u>	<u>2,783,543</u>	<u>8,652</u>	<u>4,351,135</u>
Fund Balance at End of Year	<u>\$ 1,748,192</u>	<u>\$ 1,905,702</u>	<u>\$ 11,139</u>	<u>\$ 3,665,033</u>

# COALINGA-HURON RECREATION AND PARK DISTRICT

## RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES JUNE 30, 2023

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Net Change in Fund Balance - Governmental Funds	\$ (686,102)
<p>All capital outlays to purchase or build capital assets are reported in governmental activities as expenditures. However, for governmental activities those capital outlays other than non-capitalized items are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Capital Outlay	980,836
Depreciation Expense	(530,514)
Bond Premium Amortization	20,427
<p>Changes in the Net OPEB Liability and related Deferred Outflows and Inflows of Resources results in increase or decrease to the OPEB expense reported in the Statement of Activities. For the fiscal year the effect of these adjustments resulted in an increase in the OPEB expense reported in the Statement of Activities.</p>	
	(92,558)
<p>Changes in the Net Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
	<u>(160,692)</u>
Change in Net Position of Governmental Activities in the Statement of Activities	<u>\$ (468,603)</u>

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1 – Summary of Significant Accounting Policies

#### Description of Entity

Coalinga-Huron Recreation and Park District was formed in 1972 as a special district in the State of California and is governed by a five-person board of directors. The District was established to provide recreation and park services for the southwestern portion of Fresno County.

In accordance with the requirements of *The Financial Reporting Entity, of the Governmental Accounting Standards Board (GASB)*, the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

#### Basic Financial Statements

The financial statements of the Coalinga-Huron Recreation and Park District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's policies are described below.

Basic financial statements are presented at both the government-wide and fund financial level. Government-wide financial statements report information about the reporting unit as a whole. The effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The funds for the District are classified as governmental.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1 – Summary of Significant Accounting Policies (continued)

The District reports the following governmental funds:

**General Fund** – The General Fund is the general operating fund of the District. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the District such as park and recreation services and general administration services.

**Capital Projects Fund** – A capital projects fund has been established to account for all of the bond proceeds for the acquisition, improvement and/or construction of major capital facilities by the District.

**Debt Service Fund** – A debt service fund accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest. The governmental long-term debt services by the Debt Service Fund consists of general obligation bonds issued in May 2017, August 2018, and June 2019.

#### **Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements are reported 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified 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 after year end. Expenditures are recorded when the related fund liability is incurred.

*Cash Equivalents and Investments* – It is the policy of the District to invest only in banks or savings and loans, the California Local Agency Investment Fund (LAIF), or the Fresno County Investment Pool. Investments are stated at fair value as of the end of the year.

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank certificates of deposit and deposits with the State of California and County of Fresno investment pools.

*Receivables* – Uncollectible accounts included in receivables are considered to be immaterial. Therefore, no allowance for uncollectible accounts has been established.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Capital Assets* – Capital assets which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are recorded at historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation. The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

The estimated useful lives of the various assets of the District are as follows:

<u>Type of Assets</u>	<u>Estimated Useful Life In Years</u>
Buildings and Improvements	15 – 40
Equipment	5 – 15

*Property Tax Revenues* – The County of Fresno is the collection agency for taxes within the County. Taxes are recognized as revenues in the current year when the District is notified by the County of the amounts. They become a lien against the property on the date of levy. Taxes are generally due and payable at the County on April 10 and December 10 for real property and August 15 for personal property, and collections are then remitted to the District.

*Economic Dependency* – The District receives a substantial amount of its support from property tax revenue. During the year ended June 30, 2023, property tax and assessments revenues represent 82% of total revenue.

*Compensated Absences* – Full-time, permanent employees are granted vacation benefits in specified maximums depending on tenure with the District. Limited unused vacation may be accumulated beyond each calendar year. Sick leave is granted to employees. Upon separation of service, employees are not entitled to compensation for any unused portion of sick leave.

*Net Position* – The government-wide and business-type activities financial statements utilize a net position presentation. Net position are categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category presents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the District not restricted for any project or other purpose.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Fund Balance* – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors. The Board of Directors has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the Board of Directors for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

*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) plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Note 2 – Stewardship, Compliance and Accountability

The District adopts annual budgets for the General Fund of the District. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP").

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the District prepares a budget for the succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. At a regular meeting of the Board of Directors, the Board adopts the budget as presented or after adjustments as the Board deems necessary.
3. Once a budget is approved, it can be amended by approval of the Board.
4. All budget appropriations lapse at year-end.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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### Note 3 - Cash and Cash Equivalents

Cash and equivalents as of June 30, 2023, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and equivalents	\$ 2,201,532
Restricted cash	<u>1,986,228</u>
Total cash and equivalents	<u>\$ 4,187,760</u>

Cash and cash equivalents at June 30, 2023 consisted of the following:

Cash On Hand	\$ 133
Cash In Bank - Union Bank	413,183
Cash In Bank - Five Star Bank	1,745,198
Investment in Fresno County Investment Fund	1,574,791
Investment in Local Agency Investment Fund	<u>454,455</u>
Total Cash	<u>\$ 4,187,760</u>

### Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2: Inputs to valuation methodology include inputs –other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
County of Fresno Treasurer Pooled Cash Fund	\$ 1,574,791	\$ -	\$ 1,574,791	\$ -
Local Agency Investment Fund	<u>454,455</u>	<u>-</u>	<u>454,455</u>	<u>-</u>
	<u>\$ 2,029,246</u>	<u>\$ -</u>	<u>\$ 2,029,246</u>	<u>\$ -</u>



# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 3 - Cash and Cash Equivalents (continued)

#### **Fresno County Treasurer Fund**

The Fresno County Treasurer's Pooled Cash Portfolio (Pool) is a pooled investment fund program governed by the Fresno County Board of Supervisors and administered by the Fresno County Treasurer. Investments in the Pool are highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. The Fresno County's bank deposits are either federally insured or collateralized in accordance with the California Government Code.

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

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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.

#### **Authorized Deposits and Investments**

The District's investment policy authorizes investments in the County of Fresno Treasurer's Pooled Cash Portfolio and the California Local Agency Investment Fund (LAIF). The District's investment policy does not contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

#### **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. The District does not have a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

#### **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; however, the Fresno County Pool and LAIF are not rated.

#### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District's deposit portfolio with governmental agencies, Fresno County is 37.68% and LAIF is 10.87% as of June 30, 2023, of the District's total depository and investment portfolio. The District does not have a formal investment policy that would further limit exposure to concentration of credit risk.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 3 - Cash and Cash Equivalents (continued)

#### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. 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.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Fresno County Pool or LAIF).

### Note 4 – Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Land	\$ 328,797	\$ -	\$ -	\$ 328,797
Structures and Improvements	11,890,964	-	-	11,890,964
Equipment	1,809,114	239,357	-	2,048,471
Construction in Progress	<u>9,808,887</u>	<u>741,479</u>	-	<u>10,550,366</u>
	23,837,762	980,836	-	24,818,598
Less Accumulated Depreciation	<u>(6,250,982)</u>	<u>(530,514)</u>	-	<u>(6,781,496)</u>
	<u>\$ 17,586,780</u>	<u>\$ 450,322</u>	<u>\$ -</u>	<u>\$ 18,037,102</u>

Depreciation expense charged to the statements of activities for June 30, 2023 was \$530,514.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 5 – Long Term Debt

Long-term debt at June 30, 2023, consisted of the following:

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>July 1, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2023</b>	<b>Portion</b>
<i>Direct Placements:</i>					
Bonds payable					
Bond payable, Series A	\$ 3,690,000	\$ -	\$ -	\$ 3,690,000	\$ -
Bond payable, Series B	5,385,000	-	-	5,385,000	-
Bond payable, Series C	<u>5,325,000</u>	<u>-</u>	<u>-</u>	<u>5,325,000</u>	<u>-</u>
Total Bonds payable:	<u>14,400,000</u>	<u>-</u>	<u>-</u>	<u>14,400,000</u>	<u>-</u>
Bond premiums:	<u>581,774</u>	<u>-</u>	<u>(20,427)</u>	<u>561,347</u>	<u>-</u>
Other Noncurrent Liabilities					
Net OPEB Liability	1,974,418	-	(318,693)	1,655,725	-
Net Pension Liability	<u>253,777</u>	<u>846,723</u>	<u>-</u>	<u>1,100,500</u>	<u>-</u>
Total Other Noncurrent Liabilities:	<u>2,228,195</u>	<u>846,723</u>	<u>(318,693)</u>	<u>2,756,225</u>	<u>-</u>
Total Noncurrent Liabilities	<u>\$ 17,209,969</u>	<u>\$ 846,723</u>	<u>\$ (339,120)</u>	<u>\$ 17,717,572</u>	<u>\$ -</u>

#### Bonds Payable

In May 2017, the District issued general obligation bonds of \$4,000,000. The bond proceeds are restricted to be used to finance the renovation, repair, replacement or upgrade of facilities and to construct new facilities and pay costs of issuing the Bonds. The bonds are payable from the levy of ad valorem taxes upon all property within the District subject to taxation by the District. The Bonds shall mature on August 1 in each of the years, 2029, 2032, 2033, 2034, 2035, 2037, 2039, 2042 and 2046. The bonds shall bear interest at rates 3.125% to 8.0% per annum. Debt service payments are due in variable amounts, semiannually, from \$55,000 to \$1,545,000 on February 1 and August 1 each year.

In August 2018, the District issued general obligation bonds of \$5,500,000. The bond proceeds are restricted to be used to finance the renovation, repair, replacement or upgrade of facilities and to construct new facilities and pay costs of issuing the Bonds. The bonds are payable from the levy of ad valorem taxes upon all property within the District subject to taxation by the District. The bonds are the second issuance pursuant to the Bond Authorization. The Bonds shall mature on August 1 in each of the years, 2028 through 2050. The bonds shall bear interest at rates 3.0% to 5.0% per annum. Debt service payments are due in variable amounts, semiannually, from \$30,000 to \$565,000 on February 1 and August 1 of each year.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 5 – Long Term Debt (continued)

In June 2020, the District issued general obligation bonds of \$5,400,000. The bond proceeds are restricted to be used to finance the renovation, repair, replacement or upgrade of facilities and to construct new facilities and pay costs of issuing the Bonds. The bonds are payable from the levy of ad valorem taxes upon all property within the District subject to taxation by the District. The bonds are the third issuance pursuant to the Bond Authorization. The Bonds shall mature on August 1 in each of the years, 2027, and 2047 through 2053. The bonds shall bear interest at rates 3.0% to 4.0% per annum. Debt service payments are due in variable amounts, semiannually, from \$25,000 to \$1,140,000 on February 1 and August 1 each year.

The District's future debt service requirements relating to outstanding bond and loan obligations consist of the following. The future maturities presented below does not include the amortization of the bond premium:

Year Ending June 30:	Principal	Interest	Total
2024	\$ -	\$ 554,775	\$ 554,775
2025	-	554,775	554,775
2026	-	554,775	554,775
2027	-	554,775	554,775
2028	25,000	554,275	579,275
2029 - 2033	535,000	2,723,959	3,258,959
2034 - 2038	1,330,000	2,561,034	3,891,034
2039 - 2043	2,305,000	2,251,338	4,556,338
2044 - 2048	3,825,000	1,686,725	5,511,725
2049 - 2053	6,380,000	778,100	7,158,100
	<u>\$ 14,400,000</u>	<u>\$ 12,774,532</u>	<u>\$ 27,174,532</u>

### Note 6 – Restricted Fund Balance

Construction of Capital Assets – Bond proceeds were first received in 2018 and are restricted for construction of capital assets and debt service. As of June 30, 2023 the restricted fund balances of the debt service and the capital projects funds were \$11,139 and \$1,908,748, respectively.

Lighting and Landscape Maintenance – The restricted fund balance in the General Fund is from a special assessment of property owners for the specific purpose of lighting and landscape maintenance within the District. Revenues are collected through County property assessments. The balance as of June 30, 2023 was \$69,387.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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### Note 7 - Deferred Compensation Plan

The District has a 457 deferred compensation plan. Participants are permitted, in accordance with the provision of Section 457 of the Internal Revenue Code, to contribute up to \$19,000 of their earnings into the plan. The District makes no contributions to this plan and the participants pay all administrative costs.

### Note 8 – Deferred Outflows and Deferred 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 element, deferred outflows or resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports the following deferred outflows:

- The District has \$431,603 in other post-employment health care benefits related items that qualify to be reported in deferred outflows of resources. The other post-employment health care benefits related items are described in Note 8.
- The District has \$731,252 in pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports the following deferred inflows of resources:

- The District has \$699,667 in other post-employment health care benefits related items that qualify to be reported in deferred inflows of resources. The other post-employment health care benefits related items are described in Note 8.
- The District has \$163,535 in pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in Note 9.

### Note 9 – Post-Employment Health Care Benefits

#### Plan Description

The District reported that the only OPEB provided is medical plan coverage.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires (1) attainment of age 50 (age 52, if a new miscellaneous member to PERS on or after January 1, 2013) with 5 years of State or public agency service or (2) an approved disability retirement.

As a PEMHCA employer, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. This District most recently executed resolution with CalPERS defines the level of the District's contribution to be 100% of the retiree's monthly medical premium, but not more than \$1,250 per month.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

### Note 9 – Post-Employment Health Care Benefits (continued)

#### Employees Covered

Membership in the plan consisted of the following at June 30, 2022 measurement date. Participant data used in the valuation was provided by the District as of June 30, 2021. It is assumed data is representative of the population at June 30, 2022.

Summary of Plan Member Counts	
Number of active plan members	11
Number of retired members and beneficiaries	6
Retired participants who waived	6

#### Contributions

The contribution requirements of plan members and the District are established and may be amended by the District. The District determines the required contributions using the Entry Age Normal Cost Method. The required contribution is based on projected pay-as-you-go financing requirements.

#### Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date as of June 30, 2021.

Valuation Date	6/30/2021
Funding Method	Entry Age Normal Cost, percent of pay
Asset Valuation Method	Market Value (\$0, plan is not yet funded)
Actuarial Assumptions:	
Discount Rate	2.16% as of June 30, 2021 3.69% as of June 30, 2022
Inflation Rate	2.26%
Salary Increase	3.25%
Health Cost Trend Rates	Medical premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	
	Pre-65	Post-65
2022	Actual	Actual
2023	6.87%	5.15%
2024	6.62%	5.00%
2025	6.37%	5.00%
2026	6.00%	5.00%
2027	6.00%	5.00%
2028	5.75%	5.00%
2029	5.50%	5.00%
2030	5.25%	5.00%
2031-2037	5.00%	5.00%
2038-2050	4.75%	4.75%
2051-2068	4.50%	4.50%
2068 & later	4.00%	4.00%

Mortality rate Pre-retirement and post-retirement mortality rates were based on CalPERS 2017 Mortality.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

### Note 9 – Post-Employment Health Care Benefits (continued)

#### Long Term Expected Rate of Return

Not applicable, the District has reported no plan assets as of June 30, 2022.

#### Discount Rate

The rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The Fidelity Municipal General Obligation 20-year Bond Index and the Bond Buyer 20-Bond General Obligation Index were used in determining the discount rate used to measure the Total OPEB Liability as of June 30, 2022 and June 30, 2021 (measurement dates under GASB 75).

#### Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balance at 06/30/22 (Measurement date 6/30/21)</b>	\$ 1,974,418	\$ -	\$ 1,974,418
<b>Changes for the year:</b>			
Service cost	190,861	-	190,861
Interest	46,089	-	46,089
Differences between expected and actual experience	(10,559)	-	(10,559)
Changes of assumptions	(481,709)	-	(481,709)
Contributions - employer	-	63,375	(63,375)
Benefit payments	(63,375)	(63,375)	-
<b>Net changes</b>	<u>(318,693)</u>	<u>-</u>	<u>(318,693)</u>
<b>Balance at 06/30/23 (Measurement date 6/30/22)</b>	<u>\$ 1,655,725</u>	<u>\$ -</u>	<u>\$ 1,655,725</u>

The discount rate was changed from 2.16% to 3.69%.

#### Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the net OPEB 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:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Net OPEB Liability	\$ 1,947,760	\$ 1,655,725	\$ 1,429,154

**COALINGA-HURON RECREATION AND PARK DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**Note 9 – Post-Employment Health Care Benefits (continued)**

**Sensitivity of the District’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>Current Trend -1%</u>	<u>Current Trend</u>	<u>Current Trend +1%</u>
Net OPEB Liability	\$ 1,428,815	\$ 1,655,725	\$ 1,936,709

Healthcare cost trend rate was assumed to start at 6.87% and grade down to 4.00% for years 2069 and thereafter.

**OPEB Expense and Deferred Outflows/Inflows Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of \$159,233. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 66,675	\$ -
Differences between expected and actual experience	-	(133,705)
Changes in assumptions	364,928	(565,962)
	<u>\$ 431,603</u>	<u>\$ (699,667)</u>

OPEB contributions subsequent to measurement date were determined as of June 30, 2023. The District will recognize the deferred contributions in the next fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended <u>June 30:</u>	
2024	\$ (77,717)
2025	(77,717)
2026	(77,717)
2027	(77,717)
2028	(77,717)
Thereafter	<u>53,846</u>
Total	<u>\$ (334,739)</u>



**COALINGA-HURON RECREATION AND PARK DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**Note 10 – Defined Benefit 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 6.25 – 7% percent of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for fiscal year ended June 30, 2023 was 7.590 – 8.650%. The contribution requirements of plan members and the District are established and may be amended by PERS

**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, 2023, are summarized as follows:

	Classic	PEPRA
	Prior to January 1, 2013	After January 1, 2013
Hire Date		
Benefit Formula	2.0% at 60; maximum 2%	2.0% at 62; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	60	62
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	6.75%
Required Employer Contribution Rates	8.630%	7.470%

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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### Note 10 – Defined Benefit Plan (continued)

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following the notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as part of the pension expense totaled \$109,467.

**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**  
As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of <u>Net Pension Liability</u>
Total Net Pension Liability	\$1,100,500

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of each Plan is measured as of June 30, 2022, 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, 2021 rolled forward to June 30, 2022 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

Proportion – June 30, 2022	0.013365%
Proportion – June 30, 2023	<u>0.023519%</u>
Change – Increase/(Decrease)	0.010154%

**COALINGA-HURON RECREATION AND PARK DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**Note 10 – Defined Benefit Plan (continued)**

For the year ended June 30, 2023, the District recognized pension expense of \$289,060. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 128,367	\$ -
Change in employer's proportion	266,433	-
Changes of assumptions	112,769	-
Differences between expected and actual experience	22,100	(14,802)
Difference in employer's contribution and proportionate share of contribution	-	(148,733)
Differences between projected and actual investment earnings	201,583	-
Total	<u>\$ 731,252</u>	<u>\$ (163,535)</u>

\$128,367 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 ended June 30, 2024. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2024	\$ 121,903
2025	119,364
2026	74,788
2027	123,295

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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### Note 10 – Defined Benefit Plan (continued)

**Actuarial Methods and Assumptions** – The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.59%
Inflation	2.30%
Payroll Growth	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>1</sup> The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

**Change of assumptions** – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 10 – Defined Benefit Plan (continued)

**Discount rate** – The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of 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 cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

The long-term expected real rates of return by asset class can be found in CalPERS’ Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022.

The table below reflects long-term expected real rates 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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 <sup>1,2</sup>
Global equity - cap-weighted	30%	4.45%
Global equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Leverage	-5%	-0.59%
Total	100%	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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### Note 10 – Defined Benefit Plan (continued)

**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 each Plan, calculating using the discount rate of 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 (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	\$1,833,257	\$ 1,100,500	\$ 497,624

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan** – At June 30, 2023, the District has no reported outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2023.

### Note 10 – Risk Management

The District is exposed to various risk of losses related to torts, theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance. The District belongs to the California Association for Park and Recreation Indemnity (CAPRI) for general liability and casualty coverage and Park and Recreation District Employee Compensation (PARDEC) for workman’s compensation liability.

CAPRI provides comprehensive coverage with a limit of \$25,000,000 per occurrence for personal injury or property damage and a limit of \$25,000,000 annual aggregate per member district for errors and omissions of public officials. CAPRI self-funds coverage up to \$1,000,000. CSAC Excess Insurance Authority provides \$24,000,000 of coverage over self-insured retention of \$1,000,000. The program also includes Employment Practices Liability which is subjected to a \$20,000 deductible. The June 30, 2023, financial statements (the most recent available financial statements) present a self-insured pool with total assets of \$32,851,231 deferred outflows of \$353,979, total liabilities of \$19,953,837, deferred inflows of \$82,989, and net position of \$13,528,384.

### Note 11 – Subsequent Event

The District evaluated subsequent events for recognition and disclosure through October 30, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in such financial statements.

***REQUIRED SUPPLEMENTARY INFORMATION***

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# COALINGA-HURON RECREATION AND PARK DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO FUND BALANCE – BUDGET TO ACTUAL JUNE 30, 2023

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes and Assessments	\$ 1,560,000	\$ 1,560,000	\$ 1,934,686	\$ 374,686
Programs, Concessions, and Related Income	330,980	330,980	365,597	34,617
Donations	-	-	10,294	10,294
Grants	-	-	132,550	132,550
Investment Earnings	<u>6,000</u>	<u>6,000</u>	<u>22,708</u>	<u>16,708</u>
Total Revenues	<u>1,896,980</u>	<u>1,896,980</u>	<u>2,465,835</u>	<u>568,855</u>
<b>Expenditures</b>				
Payroll and Benefits	1,283,268	1,283,268	1,249,200	34,068
Contract Services	108,890	108,890	121,515	(12,625)
Insurance	91,300	91,300	102,157	(10,857)
Miscellaneous	12,177	12,177	21,259	(9,082)
Office	1,460	1,460	814	646
Repairs and Maintenance	133,450	133,450	146,301	(12,851)
Supplies	35,275	35,275	34,838	437
Utilities	401,260	401,260	440,070	(38,810)
Capital Outlay	<u>-</u>	<u>-</u>	<u>160,429</u>	<u>(160,429)</u>
Total Expenditures	<u>2,067,080</u>	<u>2,067,080</u>	<u>2,276,583</u>	<u>(209,503)</u>
Change in Fund Balance	<u>\$ (170,100)</u>	<u>\$ (170,100)</u>	189,252	<u>\$ 359,352</u>
Fund Balance at Beginning of Year			<u>1,558,940</u>	
Fund Balance at End of Year			<u>\$ 1,748,192</u>	



# COALINGA-HURON RECREATION AND PARK DISTRICT

## SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

LAST 10 YEARS\*

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019
<b>Fiscal Year Ending</b>					
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount rate on measurement date	2.16%	2.16%	2.21%	3.50%	3.87%
<b>Total OPEB Liability - beginning (a)</b>	\$ 1,974,418	\$ 2,039,424	\$ 1,507,482	\$ 1,299,226	\$ 1,227,042
<b>Total OPEB Liability - ending (b)</b>	\$ 1,655,725	\$ 1,974,418	\$ 2,039,424	\$ 1,507,482	\$ 1,299,226
<b>Total OPEB Liability</b>					
Service Cost	\$ 190,861	\$ 210,707	\$ 144,901	\$ 126,061	\$ 128,869
Interest	46,089	49,174	57,046	54,479	48,117
Differences between expected and actual experience	(10,559)	(123,283)	(8,762)	(10,098)	(27,964)
Changes of assumptions	(481,709)	(151,214)	384,190	73,298	(52,863)
Benefit payments	(63,375)	(50,390)	(45,433)	(35,484)	(23,975)
<b>Net Change In Total OPEB Liability</b>	(318,693)	(65,006)	531,942	208,256	72,184
<b>Net change in Plan Fiduciary Net Position</b>	-	-	-	-	-
<b>Plan Fiduciary Net Position - beginning (c)</b>	-	-	-	-	-
<b>Plan Fiduciary Net Position - ending (d)</b>	-	-	-	-	-
<b>Net OPEB Liability - beginning (a) - (c)</b>	1,974,418	2,039,424	1,507,482	1,299,226	1,227,042
<b>Net OPEB Liability, Ending (b) - (d)</b>	\$ 1,655,725	\$ 1,974,418	\$ 2,039,424	\$ 1,507,482	\$ 1,299,226
Covered-employee payroll	\$ 766,175	N/A	\$ 653,697	\$ 572,009	\$ 503,343
District's net OPEB liability as a percentage of covered-employee payroll	216.00%	N/A	311.98%	263.54%	258.12%

\* Fiscal year 2018 was the 1st year of implementation, however, calculation was not available, therefore only five years are presented.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS\* JUNE 30, 2023

	Proportion of the net pension liability/(asset)		Proportionate share of the net pension liability/(asset) as		Proportionate share of the net pension liability/(asset) as		Plan's fiduciary net position as a percentage of the Total Pension Liability
	liability/(asset)	liability/(asset)	Covered - employee payroll	employee payroll	employee payroll	net position	
2015	0.01396%	\$ 344,877	\$ 372,175	92.67%	\$ 3,316,277	90.58%	
2016	0.00842%	\$ 231,076	\$ 481,263	48.01%	\$ 3,643,634	94.04%	
2017	0.01423%	\$ 494,226	\$ 524,339	94.26%	\$ 3,632,056	88.02%	
2018	0.01627%	\$ 641,193	\$ 466,511	137.44%	\$ 3,945,947	86.02%	
2019	0.01651%	\$ 622,381	\$ 561,036	110.93%	\$ 4,102,075	86.83%	
2020	0.01831%	\$ 733,222	\$ 497,256	147.45%	\$ 4,298,754	85.43%	
2021	0.02023%	\$ 853,450	\$ 559,525	152.53%	\$ 4,260,744	83.31%	
2022	0.01337%	\$ 253,777	\$ 495,687	51.20%	\$ 5,054,808	95.22%	
2023	0.02352%	\$ 1,100,500	\$ 460,936	238.75%	\$ 4,274,844	79.53%	

\*Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

Changes of Assumptions: None.

# COALINGA-HURON RECREATION AND PARK DISTRICT

## SCHEDULE OF CONTRIBUTIONS

LAST 10 YEARS\*

JUNE 30, 2023

	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered -employee payroll	Contributions as a percentage of covered-employee payroll
2015	\$ 27,373	\$ (27,373)	\$ -	\$ 372,175	7.35%
2016	\$ 31,956	\$ (31,956)	\$ -	\$ 481,263	6.64%
2017	\$ 34,550	\$ (34,550)	\$ -	\$ 524,339	6.59%
2018	\$ 39,852	\$ (39,852)	\$ -	\$ 466,511	8.54%
2019	\$ 49,662	\$ (49,662)	\$ -	\$ 561,036	8.85%
2020	\$ 70,203	\$ (70,203)	\$ -	\$ 497,256	14.12%
2021	\$ 87,498	\$ (87,498)	\$ -	\$ 559,525	15.64%
2022	\$ 100,550	\$ (100,550)	\$ -	\$ 495,687	20.28%
2023	\$ 109,467	\$ (109,467)	\$ -	\$ 460,936	23.75%

\*Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.