

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Valley-Wide Recreation and Park District  
Hemet, California

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Valley-Wide Recreation and Park District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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, each major fund, and the aggregate remaining fund information of the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 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.

***Auditors' 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 auditors' 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 GAAS and *Government 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 GAAS and *Government 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 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 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**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability and schedule of contributions for defined benefit pension plans, schedule of changes in the total OPEB liability and related ratios, and the budgetary comparison schedules, identified as required supplementary information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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 District's basic financial statements. The combining nonmajor governmental 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 nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
July 19, 2024

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

As management of the Valley-Wide Recreation and Park District (the District), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. This information is presented in conjunction with the audited basic financial statements which follows this section.

**Financial Highlights for Fiscal Year 2023**

- On June 30, 2023, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$125.7 million (net position). Of this amount, \$(873,879) (unrestricted net position) may not be used to meet ongoing obligations to citizens and creditors, and the District has \$106,194,338 invested in capital assets.
- The District's government-wide net position increased by \$ 1.9 million during the fiscal year, primarily due to the increase in the District's collection of assessments from newly formed CFD's.
- June 30, 2023, the District's 15 governmental funds reported combined fund balances of \$29 million, an increase of \$2.5 million from the prior year. Approximately \$8.8 million of fund balance, or 30%, is in the General fund. A majority of the \$8.8 million is unassigned General fund Balance.
- The District as of June 30, 2023, has no outstanding debt.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

**Required Financial Statements**

Government-wide financial statements are designed to provide readers with a broad overview of District finances, in a manner like a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, and provides information about the nature and amounts of investments in resources and the obligations to District creditors. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business type activities). The governmental activities of the District are recreational and park activities. The business type activities are golf course activities.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related legal compliance. The funds of the District are governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required and other supplementary information, which can be found on pages 43 through 58 of this report.

General Fund Budgetary Highlights

At the close of the fiscal year 2022-2023, the General Fund revenues were up 4.4% compared to the final amended budget, which equates to a \$332,013 increase. Expenditures at the end of the fiscal year 2022-2023 were up 3.9% which equates to \$292,043 increase compared to the final amended budget.



**VALLEY-WIDE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Government-Wide Financial Analysis**

A summary of the District's statement of net position in comparison to the prior year is presented below.

**CONDENSED STATEMENT OF NET POSITION  
JUNE 30, 2023 AND 2022**

	Governmental Activities	
	2023	2022
<b>ASSETS</b>		
Current and Other Assets	\$ 31,941,018	\$ 30,491,702
Capital Assets	106,252,231	107,526,343
Total Assets	<u>138,193,249</u>	<u>138,018,045</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related	2,273,234	994,522
OPEB Related	1,475,439	1,685,479
Total Deferred Outflows	<u>3,748,673</u>	<u>2,680,001</u>
<b>LIABILITIES</b>		
Current Liabilities	1,929,452	2,672,514
Noncurrent	10,965,326	9,854,909
Total Liabilities	<u>12,894,778</u>	<u>12,527,423</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related	351,596	2,487,420
OPEB Related	2,052,574	669,965
Future Revenues	907,764	439,189
Lease Related	-	810,041
Total Deferred Inflows	<u>3,311,934</u>	<u>3,157,385</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	106,194,338	107,526,343
Restricted (Parks and Recreation)	20,414,751	17,797,576
Unrestricted	<u>(873,879)</u>	<u>(1,458,409)</u>
Total Net Position	<u>\$ 125,735,210</u>	<u>\$ 123,865,510</u>

The following is a brief explanation for the balance changes on the condensed statement of net position for the year ended June 30, 2023.

- At the end of fiscal year 2023, the District showed a negative balance in its unrestricted net position of \$ (873,879) which will need to be offset in future years, this is down \$584,530 from the previous year due to the districts ongoing efforts to reduce costs. This negative balance is due the net pension and OPEB liability..
- The decrease in the net investment in capital assets is due the excess of depreciation expense over new construction and improvements.
- The decrease in deferred inflows related to leases is due to sale of lease receivable during the year.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

A summary of the District's statement of activities in comparison to the prior year is presented below.

**CONDENSED STATEMENT OF ACTIVITIES  
JUNE 30, 2023 AND 2022**

	Governmental Activities	
	2023	2022
<b>REVENUES</b>		
Program Revenues:		
Charges for Services	\$ 19,569,764	\$ 17,356,469
Operating Grants and Contributions	504,741	607,296
Capital Contributions and Grants	397,952	50,000
Total Program Revenues	20,472,457	18,013,765
General Revenues:		
Taxes and Special Assessments	2,494,192	2,119,098
Investment Earnings	745,579	329,938
Miscellaneous	2,550,863	4,756,359
Total General Revenues	5,790,634	7,205,395
Total Revenues	26,263,091	25,219,160
<b>EXPENSES</b>		
Recreation and Park Activities	24,390,265	26,141,529
Interest on Long-Term Debt	3,126	4,729
Total Expenses	24,393,391	26,146,258
<b>CHANGE IN NET POSITION</b>	1,869,700	(927,098)
Net Position - Beginning of Year	123,865,510	124,792,608
<b>NET POSITION - END OF YEAR</b>	\$ 125,735,210	\$ 123,865,510

The following is a brief explanation for the balance changes of the condensed statement of activities for the year ended June 30, 2023.

- Charges for services showed a modest increase primarily due to increase in collection of assessments collected from the growing landscape maintenance districts (LMD) and community facilities districts (CFD).
- Miscellaneous revenues decreased mainly due to a decrease in collection of in-lieu fees.
- Recreation and park activities expenses decreased largely due to the decrease in the investments of fixed assets.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Capital Assets**

**CAPITAL ASSETS AT YEAR-END**

	Balance at July 1, 2022, Net of Accumulated Depreciation	Increases	Transfers/ Decreases	Current Year Depreciation	Balance at June 30, 2023, Net of Accumulated Depreciation
Governmental Activities:					
Land	\$ 28,775,041	\$ -	\$ -	\$ -	\$ 28,775,041
Historical Automobile	22,900	-	-	-	22,900
Construction in Progress	635,618	1,208,222	(635,618)	-	1,208,222
Building and Improvements	77,851,440	668,376	635,618	(3,438,152)	75,717,282
Equipment	177,663	281,647	-	(41,316)	417,994
Vehicles	65,559	-	-	(10,508)	55,051
Leased Asset	99,624	-	-	(43,883)	55,741
Total Governmental Activities	<u>\$ 107,627,845</u>	<u>\$ 2,158,245</u>	<u>\$ -</u>	<u>\$ (3,533,859)</u>	<u>\$ 106,252,231</u>

As of June 30, 2023, the District's investment in capital assets net of accumulated depreciation was \$106,252,231. The investment in capital assets includes land, site improvements, buildings and improvements, vehicles and equipment. The capital assets are presented in the government – wide statement of net position. The District made improvements to several parks in the 2022-2023 fiscal year utilizing Quimby funds, park development funds, grants, and donations.

The planning process for new parks which are going to be improved and dedicated to the District in fiscal year 2023-2024 and beyond include Eagle Crest Park and Veterans Park which were accepted in the next fiscal year. Pleasant Valley Park, Country View, North Sky Pocket Park, Prairie Crossing, Sky View and Willow Glen Parks are under construction along with 10 parks which are currently in the planning process. All these parks will add over 100 acres of additional parkland which may include lighted tennis courts, lighted soccer fields, lighted basketball courts, and pickle ball courts along with many other active recreation park amenities.

For more detailed information about the District's capital assets see Note 3

**Financial Analysis of the District's Funds**

At year-end, the District's governmental funds reported combined fund balance of \$29 million, which is an increase of \$ 2.5 million from the \$26.5 million at June 30, 2022.

- The general fund had a positive fund balance change of \$60,161 primarily due to receipt of some miscellaneous income and not having to pay for an election, as well as the District's ongoing effort to maximize efficient operations and utility cost management.
- The capital projects fund had a positive fund balance change of \$ 794,519 due the collection of Quimby Fees over the costs for new parks being added and the improvements made to existing parks.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Long-Term Debt**

As of June 30, 2023, the District had \$10,965,326 in noncurrent liabilities and \$ 64,898 of current portion of long-term debt as reported in the statement of net position. The outstanding debt consists of the District's obligation to its employees for compensated absences, the District's net OPEB obligation (Note 7), and the District's net pension liability (Note 6). For more detailed information about the District's long-term debt see Note 5.

**Economic Factors and Next Year's Budget**

**FISCAL AND OPERATING CHALLENGES**

The 2023/2024 fiscal year is expected to prove to be a challenge. The number one threat to the economy currently and in subsequent years is inflation. Management is carefully monitoring the costs to operate facilities as prices continue to increase, and management in July 2023 amended the rental fee schedule to close the gap on rental shortages for fields and facilities.

The District continues to monitor the inflationary economic conditions and will make necessary financial adjustments needed to lessen the impact of inflation. Another area of concern is rising pension costs in which the District addressed by establishing a Pension Stabilization 115 Trust along with an OPEB benefit Trust with Shuster Advisory Group LLC. The District continues to operate our facilities at full capacity and keep our parks well maintained and safe for the public. However the duration and financial impact of inflation cannot be determined at this time and we will continue to monitor it and continue to use cost conscious measures to minimize the effect.

**Additional Financial Information**

This financial report is designed to provide the District's customers, investors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Valley-Wide Recreation and Park District, General Manager at 901 West Esplanade Avenue, San Jacinto, California 92581, (951) 654-1505, or via email at [fun@gorecreation.org](mailto:fun@gorecreation.org).

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>Government Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 24,408,390
Accounts Receivable	145,205
Taxes Receivable	348,431
Intergovernmental Receivable	121,232
Interest Receivable	85,486
Inventories	1,583
Prepaid Items	17,361
Restricted Assets:	
Cash and Investments	6,785,300
Interest Receivable	28,030
Total Current Assets	<u>31,941,018</u>
Noncurrent Assets:	
Capital Assets:	
Not being Depreciated/Amortized	30,006,163
Capital Assets, Net of Depreciation/Amortization	76,246,068
Total Capital Assets	<u>106,252,231</u>
Total Assets	<u>138,193,249</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Amounts from Pension	2,273,234
Deferred Amounts from OPEB	1,475,439
Total Deferred Outflows of Resources	<u>3,748,673</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	1,929,452
Noncurrent Liabilities:	
Long-term Debt, Due Within One Year	64,898
Due in More than One Year	
Long-term Debt	178,580
Net Pension Liability	5,197,018
Total OPEB Liability	<u>5,524,830</u>
Total Liabilities	<u>12,894,778</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Amounts from Pension	351,596
Deferred Amounts from OPEB	2,052,574
Deferred Amounts for Future Revenues	907,764
Total Deferred Inflows of Resources	<u>3,311,934</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	106,194,338
Restricted for Parks and Recreation	20,414,751
Unrestricted	<u>(873,879)</u>
Total Net Position	<u>\$ 125,735,210</u>

See accompanying Notes to Basic Financial Statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	Program Revenues			Changes in Net Position Primary Government
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>FUNCTIONS/PROGRAMS</b>				
Primary Government:				
Governmental Activities:				
General Government	\$ 2,720,851	\$ 231,489	\$ 504,741	\$ (1,984,621)
Parks and Recreation	6,931,754	1,366,755	-	(5,167,047)
Public Works - Landscape Maintenance	14,737,660	17,971,520	-	3,233,860
Interest on Long-Term Debt	3,126	-	-	(3,126)
Total Governmental Activities	<u>\$ 24,393,391</u>	<u>\$ 19,569,764</u>	<u>\$ 504,741</u>	<u>\$ (3,920,934)</u>
<b>GENERAL REVENUES</b>				
Taxes				2,494,192
Investment Earnings				745,579
In Lieu Fees				2,083,586
Other Revenues				467,277
Total General Revenues				<u>5,790,634</u>
<b>CHANGES IN NET POSITION</b>				
				1,869,700
Net Position - Beginning of Year				<u>123,865,510</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 125,735,210</u>

See accompanying Notes to Basic Financial Statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	Special Revenue Funds			French Valley CFD
		Menifee Landscape Maintenance District	Menifee North Landscape Maintenance District	French Valley Landscape Maintenance District	
<b>ASSETS</b>					
Cash and Investments	\$ 9,745,342	\$ 122,271	\$ 1,198,643	\$ 4,089,345	\$ 4,248,015
Restricted Cash	-	-	-	-	-
Accounts Receivable	83,439	12,595	23,353	21,357	4,384
Taxes Receivable	162,138	33,238	35,933	67,902	18,958
Inventory	1,583	-	-	-	-
Intergovernmental Receivable	74,796	36,883	-	9,553	-
Due from Other Funds	113,549	-	-	-	-
Interest Receivable	45,485	3,127	-	12,057	15,956
Prepaid Items	17,177	184	-	-	-
<b>Total Assets</b>	<b>\$ 10,243,509</b>	<b>\$ 208,298</b>	<b>\$ 1,257,929</b>	<b>\$ 4,200,214</b>	<b>\$ 4,287,313</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 431,363	\$ 310,080	\$ 382,404	\$ 454,879	\$ 133,866
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>431,363</b>	<b>310,080</b>	<b>382,404</b>	<b>454,879</b>	<b>133,866</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	54,935	12,340	14,193	35,520	-
Future revenues	907,764	-	-	-	-
Resources	962,699	12,340	14,193	35,520	-
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid Items	17,177	184	-	-	-
Inventory	1,583	-	-	-	-
Restricted for:					
Parks and Recreation	-	-	861,332	3,709,815	4,153,447
Unassigned	8,830,687	(114,306)	-	-	-
<b>Total Fund Balances</b>	<b>8,849,447</b>	<b>(114,122)</b>	<b>861,332</b>	<b>3,709,815</b>	<b>4,153,447</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,243,509</b>	<b>\$ 208,298</b>	<b>\$ 1,257,929</b>	<b>\$ 4,200,214</b>	<b>\$ 4,287,313</b>

See accompanying Notes to Basic Financial Statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023**

	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ 5,004,774	\$ 24,408,390
Restricted Cash	6,785,300	-	6,785,300
Accounts Receivable	-	77	145,205
Taxes Receivable	-	30,262	348,431
Inventory	-	-	1,583
Intergovernmental Receivable	-	-	121,232
Due from Other Funds	-	-	113,549
Interest Receivable	28,030	8,861	113,516
Prepaid Items	-	-	17,361
	<u>\$ 6,813,330</u>	<u>\$ 5,043,974</u>	<u>\$ 32,054,567</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 67,605	\$ 149,255	\$ 1,929,452
Due to Other Funds	-	113,549	113,549
Total Liabilities	<u>67,605</u>	<u>262,804</u>	<u>2,043,001</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	11,305	128,293
Future revenues	-	-	907,764
Resources	<u>-</u>	<u>11,305</u>	<u>1,036,057</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Items	-	-	17,361
Inventory	-	-	1,583
Restricted for:			
Parks and Recreation	6,745,725	4,883,414	20,353,733
Unassigned	-	(113,549)	8,602,832
Total Fund Balances	<u>6,745,725</u>	<u>4,769,865</u>	<u>28,975,509</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,813,330</u>	<u>\$ 5,043,974</u>	<u>\$ 32,054,567</u>

See accompanying Notes to Basic Financial Statements.



**VALLEY-WIDE RECREATION AND PARK DISTRICT  
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO STATEMENT OF NET POSITION  
JUNE 30, 2023**

Fund Balances for Governmental Funds \$ 28,975,509

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in governmental funds (net of accumulated depreciation). 106,252,231

Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the statement of net position:

Lease Payable	(57,893)	
Compensated Absences	(185,585)	
		(243,478)

OPEB related debts applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred Outflows of Resources	1,475,439	
Deferred Inflows of Resources	(2,052,574)	
Total OPEB Liability	(5,524,830)	
Total		(6,101,965)

Certain receivables are not available and are not recognized as revenue on the full-accrual basis and therefore are not reported in the fund statements. 128,293

Pension related debts applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pension are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred Outflows of Resources	2,273,234	
Deferred Inflows of Resources	(351,596)	
Net Pension Liability	(5,197,018)	
Total		(3,275,380)

Net Position of Governmental Activities \$ 125,735,210

See accompanying Notes to Basic Financial Statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Funds			French Valley CFD
		Menifee Landscape Maintenance District	Menifee North Landscape Maintenance District	French Valley Landscape Maintenance District	
<b>REVENUES</b>					
Taxes	\$ 2,461,375	\$ -	\$ -	\$ -	\$ -
Revenues from Use of Money and Property	344,839	99,430	2,398	148,020	45,767
Intergovernmental Revenues	504,741	-	-	-	-
Charges for Services	2,118,937	2,518,876	2,946,443	5,903,823	2,929,204
In-Lieu Fees	-	-	-	-	-
Other Revenues	2,462,971	48,299	33,415	-	6,133
<b>Total Revenues</b>	<b>7,892,863</b>	<b>2,666,605</b>	<b>2,982,256</b>	<b>6,051,843</b>	<b>2,981,104</b>
<b>EXPENDITURES</b>					
Current:					
General Government	1,849,497	628,491	565,025	1,193,280	534,612
Parks and Recreation	2,596,358	465,839	1,279	432,078	-
Public Works - Landscape Maintenance	3,176,302	1,967,056	2,450,498	4,447,837	1,313,501
Capital Outlay	177,325	-	-	334,596	12,525
Debt Service:					
Principal	31,068	2,876	-	9,665	-
Interest and Fiscal Charges	2,152	174	-	800	-
<b>Total Expenditures</b>	<b>7,832,702</b>	<b>3,064,436</b>	<b>3,016,802</b>	<b>6,418,256</b>	<b>1,860,638</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>60,161</b>	<b>(397,831)</b>	<b>(34,546)</b>	<b>(366,413)</b>	<b>1,120,466</b>
Fund Balances - Beginning of Year	8,789,286	283,709	895,878	4,076,228	3,032,981
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 8,849,447</b>	<b>\$ (114,122)</b>	<b>\$ 861,332</b>	<b>\$ 3,709,815</b>	<b>\$ 4,153,447</b>

See accompanying Notes to Basic Financial Statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 2,461,375
Revenues from Use of Money and Property	74,015	31,110	745,579
Intergovernmental Revenues	397,952	-	902,693
Charges for Services	-	3,152,481	19,569,764
In-Lieu Fees	2,083,586	-	2,083,586
Other Revenues	152,999	1,405	2,705,222
Total Revenues	<u>2,708,552</u>	<u>3,184,996</u>	<u>28,468,219</u>
<b>EXPENDITURES</b>			
General Government	-	797,611	5,568,516
Parks and Recreation	419	-	3,495,973
Public Works - Landscape Maintenance	-	1,062,714	14,417,908
Capital Outlay	1,913,614	-	2,438,060
Debt Service:			
Principal	-	-	43,609
Interest and Fiscal Charges	-	-	3,126
Total Expenditures	<u>1,914,033</u>	<u>1,860,325</u>	<u>25,967,192</u>
<b>NET CHANGES IN FUND BALANCES</b>	794,519	1,324,671	2,501,027
Fund Balances - Beginning of Year	<u>5,951,206</u>	<u>3,445,194</u>	<u>26,474,482</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,745,725</u>	<u>\$ 4,769,865</u>	<u>\$ 28,975,509</u>

See accompanying Notes to Basic Financial Statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Net Changes in Fund Balances - Total Governmental Funds \$ 2,501,027

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital assets acquisitions as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Acquisition	2,158,246	
Depreciation Expense	<u>(3,533,860)</u>	
Total		(1,375,614)

Taxes and special assessment revenues in the statement of activities differ from the amounts reported in governmental funds due to accrued property taxes received after the availability period for governmental funds.		32,817
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The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes current financial resources of governmental funds. However, these transactions have no effect on net position:

Principal payment	43,609	
Net Change in Compensated Absences Payable	<u>(22,702)</u>	
		20,907

Pension expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		999,294
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OPEB expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net OPEB liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		<u>(308,731)</u>
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Changes in Net Position of Governmental Activities		<u><u>\$ 1,869,700</u></u>
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See accompanying Notes to Basic Financial Statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Valley-Wide Recreation and Park District (the District) was incorporated on July 27, 1972, under the statutory authority of the State of California Public Resources Code Section 5780 as a recreation and park district in western Riverside County, California. As required by accounting principles generally accepted in the United States of America, these financial statements present the District and its component units, entities for which the District is considered financially accountable.

A component unit is included in the primary government's financial statements if the District appoints a voting majority of the component unit's governing body and (1) it is able to impose its will on the component unit, or (2) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the District. The component unit discussed below is controlled by common governing boards, which are substantively the same as the District's governing boards. In addition, the component units provide services or other benefits almost entirely to the District, and there is a potential for the component unit to impose financial burden on the District. Therefore, the component unit is presented as blended component unit for financial reporting purposes. The component unit has the same fiscal year-end as the District. The blended component unit discussed below, although a legally separate entity, is in substance part of the government operation and has been combined herein.

The Valley-Wide Recreation Foundation (Foundation) was incorporated on September 29, 1980, as a nonprofit public benefit corporation under the State of California Nonprofit Public Benefit Corporation Law. The Foundation was organized for the purposes of rendering assistance to the District by acquiring, constructing, and financing recreation and park improvements, buildings, and the acquisition of land and related facilities for the use, benefit, and enjoyment of the public. Separate The Foundation had no transactions during the year and has no assets or liabilities as of June 30, 2023.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

**VALLEY-WIDE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

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

Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The District has no discretely presented component units. Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

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

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

Separate financial statements for the District's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate for governmental funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**VALLEY-WIDE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
**(Continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statement of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Under 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so are recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The District reports the following major governmental funds:

The *General Fund* is the primary operating fund. It accounts for and reports all financial resources of the general government, except those not accounted for and reported in another fund.

The *Menifee Landscape Maintenance District (MLMD) Special Revenue Fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the administration and maintenance of the improvements within the legal boundaries of MLMD.

The *Menifee North Landscape Maintenance District (MNLMD) Special Revenue Fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the administration and maintenance of the improvements within the legal boundaries of MNLMD.

The *French Valley Landscape Maintenance District (FVLMD) Special Revenue Fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the administration and maintenance of the improvements within the legal boundaries of FVLMD.

The *French Valley Community Facilities District (FVCFD) Special Revenue Fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the administration and maintenance of the improvements within the legal boundaries of FVCFD.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.



**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

The District's fund structure also includes nonmajor special revenue funds that are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

Amounts reported as program revenues include (1) fees and charges to customers, applicants, and citizens; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenues include all taxes. Program revenues and expenditures are classified by function. Each function is defined as a major department with a department head and separate budget.

**D. New Accounting Pronouncements**

GASB 96

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The District adopted the requirements of the guidance effective July 1, 2022 and had not impact on the District.

**E. Investments**

Investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as revenues from use of money and property. Revenues from use of money and property include interest earnings, any gains or losses realized upon liquidation, maturity, or sale of investments.

The District pools investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as investments. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis based on each fund's average cash and investment balance.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/due from other funds.”

Management estimates all receivables at June 30, 2023, to be collectable, as any receivables deemed uncollectable have been written off.

**G. Lease Receivable**

The District measures lease receivable at the present value of lease payments expected to be received during the lease term. Interest revenue is recognized ratably over the contract term.

**H. Compensated Absences**

Vacation pay is payable to employees at the time used or upon termination of employment. In the government-wide financial statements, the cost of vacation pay is recorded as a liability when incurred. Compensated absences are expected to be paid primarily by the general fund.

**I. Claims and Judgments**

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the District records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2023, in the opinion of the District’s counsel, the District is unaware of material claims that would require loss provision in the financial statements, including losses for claims that are incurred but not reported. Small-dollar claims and judgments are recorded as expenditures when paid, if any.

**J. Property Taxes**

Under California law, property taxes are assessed and collected by the counties for up to 1% of the assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the governmental entities based on complex formulas. Accordingly, the District accrues only those taxes that are received within 60 days after year-end.

Lien Date	January 1
Levy Date	July 1
Due Dates	November 1 and February 1
Delinquent Dates	December 11 and April 11

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**K. Capital Assets**

The District's capital assets that have an estimated useful life greater than one year are valued at historical cost or estimated historical cost if actual historical cost is not available. Capital assets include land and buildings, vehicles, computers, equipment, and right-to-use assets. Donated capital assets are valued at their acquisition value on the date donated. The cost of normal maintenance and repairs that does not add to the value of the assets or materially extend asset lives is not capitalized. Construction-in-progress costs are capitalized and transferred to their respective fixed asset category upon completion of the project. The District's policy has set the capitalization threshold for reporting capital assets as follows:

Buildings	\$50,000
Improvements other than Buildings	25,000
Equipment (except Vehicles)	10,000
Vehicles	5,000

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	50 Years
Improvements other than Buildings	25 Years
Equipment and Vehicles	5 to 20 Years
Right-to-Use Assets	1-3 Years

**L. Deferred Outflows/Inflows of Resources**

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

- Deferred outflows related to pensions and other postemployment benefits (OPEB) for employer contributions made after the measurement date of the net pension liability and total OPEB liability.
- Deferred outflows related to pensions for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employee that are provided with pensions through the plans.
- Deferred outflows related to pensions for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**L. Deferred Outflows/Inflows of Resources (Continued)**

- Deferred outflows related to pensions and OPEB for changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pension and OPEB through the plans.
- Deferred outflows from pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

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

- Deferred inflows from unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, which are taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows resulting from sale of future rent revenues. the District entered into agreements under which the District sold its rights to rental payments under certain lease agreements for certain real property. The District received a lump-sum payments totaling of \$940,500. The total rental payments sold, based on the projected payment schedule in the Lease Agreements, adjusted for annual 3% increase, is estimated to be approximately \$1,906,000. The deferred inflow of resources is recognized as revenue over the life of the agreements.
- Deferred inflows related to pension and OPEB for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension and OPEB through the plan.
- Deferred inflows from OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with OPEB through the plan.
- Deferred inflows related to pensions for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**M. Net Position Classification (Continued)**

Net position of the District is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets

*Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed

**N. Fund Balances**

The fund balances reported on the fund statements consist of the following categories:

*Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally contractually required to be maintained intact.

*Restricted* – This classification includes amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers, or through enabling legislation. The District receives funding from Quimby Fees, which is accounted for in the capital projects fund. Quimby Fee expenditures are restricted in use by the Quimby Act of 1975. Revenues guaranteed through the Quimby Act cannot be used for the operation and maintenance of park facilities.

*Committed* – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s Board of Directors.

*Assigned* – This classification includes amounts to be used by the government, authorized by the Board of Directors for specific purposes, but they do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

**VALLEY-WIDE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**O. Fund Balances (Continued)**

*Unassigned* – This classification includes the residual balance for the government’s general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**P. 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) plans and additions to/deductions from these 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.

**Q. Use of Estimates**

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

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments at June 30, 2023, are reported in the accompanying basic financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 24,408,390
Restricted:	
Cash and Investments	<u>6,785,300</u>
Total Cash and Investments	<u><u>\$ 31,193,690</u></u>

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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

Petty Cash	\$ 1,983
Deposits with Financial Institutions	20,372,470
Investments	<u>10,819,237</u>
Total Cash and Investments	<u>\$ 31,193,690</u>

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Amount or Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Bonds, and Notes	5 Years	None	None
U.S. Government-Sponsored Entities	5 Years	None	None
Banker's Acceptance Notes	180 Days	40%	None
State of California Notes or Bonds	5 Years	None	None
Repurchase Agreements	1 Year	None	None
Riverside County Investment Pool	N/A	None	None
Medium-Term Corporate Notes	5 Years	30%	30%
Commercial Paper	270 Days	25%	20%
Local Agency Investment Fund	N/A	None	None
Money Market Mutual Funds	N/A	20%	20%

N/A = Not Applicable

**B. Disclosures Relating to Interest Rate Risk**

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

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**B. Disclosures Relating to Interest Rate Risk (Continued)**

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

Investment Type	12 Months or Less
Local Agency Investment Fund	\$ 10,524,820
Riverside County Investment Pool	294,417
Total	\$ 10,819,237

**C. 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. At June 30, 2023, the District's investment in the Riverside County Investment Pool is rated AA+ by Fitch Ratings; the investment in the Local Agency Investment Fund (LAIF) is not rated.

**D. Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of and during the year ended June 30, 2023, the District had no investments in any one issuer that represented 5% or more of total District investments.

**E. 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 investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, all the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.



**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**F. Investments in State Investment Pool**

The District is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with state statute. The State Treasurer's Office audits the fund annually. 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.

**G. Investments in County Investment Pool**

The District is a voluntary participant in the County of Riverside Treasurer's Pooled Investment Fund (TPIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of County of Riverside. 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 TPIF for the entire TPIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by TPIF, which are recorded on an amortized cost basis.

**H. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The District's investments in the Riverside County Investment Pool and LAIF are not subject to the fair value hierarchy.

**NOTE 3 LEASE RECEIVABLE**

The District, acting as lessor, leases land under long-term, noncancelable lease agreement. The lease expire at 2046 and provide various renewal options. In September 2022, the Board approved the purchase and sale of telecom easement and assignment agreement. Pursuant to the agreement, the District granted and conveyed an exclusive easement in a Telecom Easement Area and also transferred and assigned all its right, title and interest in the lease agreement. As a result, the lease receivable was removed from the general ledger.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 CAPITAL ASSETS**

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

	Balance at July 1, 2022	Additions	Deletions	Transfers*	Balance at June 30, 2023
Capital Assets, Not Being Depreciated:					
Land	\$ 28,775,041	\$ -	\$ -	\$ -	\$ 28,775,041
Historical Automobile	22,900	-	-	-	22,900
Construction in Progress	635,618	1,208,222	-	(635,618)	1,208,222
Total Capital Assets, Not Being Depreciated	<u>29,433,559</u>	<u>1,208,222</u>	<u>-</u>	<u>(635,618)</u>	<u>30,006,163</u>
Capital Assets, Being Depreciated/Amortized:					
Building and Improvements	113,398,481	668,376	-	635,618	114,702,475
Equipment	437,243	281,647	(19,298)	-	699,592
Vehicles	311,878	-	-	-	311,878
Leased asset	143,508	-	-	-	143,508
Total Capital Assets, Being Depreciated/Amortized	<u>114,291,110</u>	<u>950,023</u>	<u>(19,298)</u>	<u>635,618</u>	<u>115,857,453</u>
Less Accumulated Depreciation for:					
Building and Improvements	(35,547,041)	(3,438,152)	-	-	(38,985,193)
Equipment	(259,580)	(41,316)	19,298	-	(281,598)
Vehicles	(246,319)	(10,508)	-	-	(256,827)
Less Accumulated Amortization for:					
Leased asset	(43,884)	(43,883)	-	-	(87,767)
Total Accumulated Depreciation/Amortization	<u>(36,096,824)</u>	<u>(3,533,860)</u>	<u>19,298</u>	<u>-</u>	<u>(39,611,385)</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>78,194,286</u>	<u>(2,583,837)</u>	<u>-</u>	<u>635,618</u>	<u>76,246,068</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 107,627,845</u>	<u>\$ (1,375,615)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,252,231</u>

Depreciation expense was charged in the following functions in the statement of activities for the year ended June 30, 2023, as follows:

General Government	\$ 58,141
Parks And Recreation	3,435,781
Public Works - Landscape Maintenance	39,938
Total Depreciation/Amortization	<u>\$ 3,533,860</u>

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 LONG-TERM LIABILITIES**

A summary of changes in the long-term liabilities of the District for the year ended June 30, 2023, is as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
Lease Payable	\$ 101,502	\$ -	\$ (43,609)	\$ 57,893	\$ 34,703
Compensated Absences	162,883	118,698	(95,996)	185,585	30,195
Total Long-Term Debt	<u>\$ 264,385</u>	<u>\$ 118,698</u>	<u>\$ (139,605)</u>	<u>\$ 243,478</u>	<u>\$ 64,898</u>

**Lease Payable**

The District leases office equipment and vehicles for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2025.

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 34,703	\$ 1,599	\$ 36,302
2025	23,190	360	23,550
Totals	<u>\$ 57,893</u>	<u>\$ 1,959</u>	<u>\$ 59,852</u>

**Compensated Absences**

The District's policies relating to compensated absences are described in Note 1H. This liability, amounting to \$185,585 at June 30, 2023, will be paid in future years from the general fund.

**NOTE 6 INSURANCE JOINT POWERS AGENCY**

The District is a member of the California Association for Park and Recreation Indemnity (CAPRI), a joint powers agency composed of California Special Districts. Each member District pays for its proportionate share of its individually contracted insurance coverage.

The District is insured against claims and judgments for public liability and workers' compensation with insurance coverage as follows:

	<u>Insurance Per Occurrence</u>	<u>Excess Coverage Per Occurrence Over Insurance Retention</u>
General Liability (Including Automobile)	\$ 1,000,000	\$ 24,000,000
Public Officials and Employee	1,000,000	25,000,000
Workers' Compensation	350,000	State Statutory Limits

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 INSURANCE JOINT POWERS AGENCY (CONTINUED)**

Under the terms of the District's agreement, CAPRI acts as servicing agent in administering the workers' compensation claims program. Settled claims have not exceeded any of the District's coverage amounts in any of the last three fiscal years, and there were no reductions in the District's insurance coverage during the year ended June 30, 2023. The District's insurance coverage with CAPRI also includes general liability (casualty), automotive, property, and excess umbrella liability. There is no deductible on the general and automobile liability insurance or workers' compensation. There is a \$5,000 deductible for employment liability claims.

The District has an all-risk property loss coverage including boiler and machinery coverage, which has a limit of \$1,000,000,000 per occurrence shared by the membership with an excess limit of \$100,000,000 (limited to insurable value). There is a \$2,000 deductible per occurrence payable by the District.

In addition, the District has flood and earthquake insurance coverage with an annual aggregate limit of \$10,000,000 and \$5,000,000, respectively. The deductible for all loss or damage arising from the risk of flood is \$50,000. The deductible for all loss or damage arising from the risk of an earthquake is \$50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

**NOTE 7 PENSION PLANS**

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

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's 2.5% at 55 (Tier 1 Miscellaneous Plan), the 2.0% at 60 (Tier 2 Miscellaneous Plan), and 2.0% at 62 (California Public Employees' Pension Reform Act (PEPRA) Miscellaneous Plan) employee pension plans, which are cost-sharing multiple employer defined benefit pension plans administered by CalPERS. Benefit provisions under the plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five 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. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 PENSION PLANS (CONTINUED)**

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

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at the June 30, 2022 measurement date are summarized as follows:

	Miscellaneous		
	Tier 1 Plan	Tier 2 Plan	PEPRA Plan
Benefit Formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	Five Years of Service	Five Years of Service	Five Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50 to 55	50 to 63	52 to 67
Monthly Benefits, as a Percentage of Eligible Compensation	2.000% to 2.500%	1.092% to 2.418%	1.000% to 2.500%
Required Employee Contribution Rates	8.00%	7.00%	6.75%
Required Employer Contribution Rates			
Normal Cost Rate	12.21%	8.63%	7.47%
Payment of Unfunded Liability	\$ 404,971	\$ 6,205	\$ 9,308

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through CalPERS's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by pension plan terms as plan member contributions requirements are classified as plan member contributions. For the fiscal year ended June 30, 2023, the District contributed \$666,763.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 PENSION PLANS (CONTINUED)**

**B. 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 share of the net pension liability of all plans as follows:

	Proportionate Share Net Pension Liability <hr style="width: 100%;"/>
Miscellaneous Plans	\$ 5,197,018 <hr style="width: 100%;"/>

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

The District's proportionate share of the net pension liability for all Plans as of the measurement dates ended June 30, 2022 and 2021, was as follows:

	Miscellaneous <hr style="width: 100%;"/>
Proportion - June 30, 2021	0.14650%
Proportion - June 30, 2022	0.11070%
Change - Decrease	-0.03580% <hr style="width: 100%;"/>

For the year ended June 30, 2023, the District recognized pension income of \$332,533. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 666,763	\$ -
Differences between Actual and Expected Experience	104,366	(69,900)
Change in Assumptions	532,543	-
Change in Employer's Proportion and Differences between the Employer's Contributions and the Employer's Proportionate Share of Contributions	17,606	(281,696)
Net Differences between Projected and Actual Earnings on Plan Investments	951,956	-
Total	\$ 2,273,234	\$ (351,596)

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 PENSION PLANS (CONTINUED)**

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

An amount of \$666,763 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 301,323
2025	241,250
2026	130,055
2027	582,247
Total	<u>\$ 1,254,875</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022, measurement period was determined by an actuarial valuation as of June 30, 2021, with updated procedures used to roll forward the total pension liability to June 30, 2022. The total pension liability was based on the following assumptions:

Valuation Date	<u>Miscellaneous</u>
Measurement Date	June 30, 2021
Actuarial Cost Method	June 30, 2022
	Entry-Age
	Normal Cost
 Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(a)
Mortality Rate Table	(b)
Postretirement Benefit Increase	(c)

(a) Varies by entry age and service.

(b) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Preretirement and postretirement mortality rates includes generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(c) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 PENSION PLANS (CONTINUED)**

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

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all PERF 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a) (b)</u>
Global Equity - Cap-weighted	30.00 %	4.45%
Global Equity - Non-Cap-weighted	12.00 %	3.84%
Private Equity	13.00 %	7.28%
Treasury	5.00 %	0.27%
Mortgage-backed Securities	5.00 %	0.50%
Investment Grade Corporates	10.00 %	1.56%
High Yield	5.00 %	2.27%
Emerging Market Debt	5.00 %	2.48%
Private Debt	5.00 %	3.57%
Real Assets	15.00 %	3.21%
Leverage	(5.00)%	-0.59%
Total	<u>100.00%</u>	

(a) An expected inflation of 2.30% used for this period

(b) Figures are based on the 2021 Asset Liability Management study.



**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 PENSION PLANS (CONTINUED)**

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

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. 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.

Change in Assumptions

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30% from the measurement date June 30, 2021 to June 30, 2022.

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 calculated using the discount rate for each plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous Plan
1% Decrease	5.90 %
Net Pension Liability	\$7,627,161
Current Discount Rate	6.90 %
Net Pension Liability	\$5,197,018
1% Increase	7.90 %
Net Pension Liability	\$3,197,613

Pension Plan Fiduciary Net Position

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

**C. Payable to the Pension Plans**

At June 30, 2023, the District had no outstanding amounts of contributions to the pension plans required for the year ended June 30, 2023.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (PEMHCA), an agent multiple-employer plan, commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

Those who retire directly from the District with at least 50 years in age and 5 years of CalPERS service if hired before January 1, 2013, and 52 years in age and 5 years of CalPERS service if hired on or after January 1, 2013, are eligible.

For administrative personnel, the District contributes the full premium for the retired participant and all eligible dependents. The contribution continues for the lifetime of the retiree and, if applicable, the eligible surviving spouse.

For miscellaneous/clerical, the District contributes to the employee-only premium for the retired participant. The contribution continues for the lifetime of the retiree.

In addition, the District pays the PEMHCA administrative fee. The District does not contribute dental, vision, and life benefits for retirees.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report.

Employees Covered

As of the June 30, 2022 measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	8
Active Employees	26
Total	34

Contributions

Contribution requirements are established by District policy and may be amended by the Board of Directors. For the measurement period June 30, 2022, the District made contributions of \$106,681 in the form of premium payments and \$61,028 in implicit subsidy benefit payments for a total contribution of \$167,709.

**B. Total OPEB Liability**

The District's OPEB liability of \$5,524,830 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022 using standard update procedures.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Total OPEB Liability (Continued)**

Actuarial Assumptions and Other Inputs

The total OPEB liability as of the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	3.69%
Projected Salary Increase	3.00%
Inflation Rate	2.50%
Healthcare Cost Trend Rates	(a)
Mortality	(b)

- (a) 5.20% for 2022 THROUGH 2034; 5.0% for 2035 through 2049; 4.50% for 2050 through 2064; and 4.00% for 2065 and later years.  
(b) Based on the RP-2014 Employee Mortality table for Males or Females, as appropriate, without projection.

Discount Rate

The discount rate was based on the Fidelity GO AA 20-Year municipal index. The municipal bond rate utilized was 3.69%.

Change in Assumption

Discount rate was changed from 1.92% to 3.69%.

Change in Total OPEB Liability

The change in total OPEB liability is as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2021 (Measurement Date)	\$ 6,808,748
Changes in the Year:	
Service Cost	502,821
Interest on the Total OPEB Liability	138,937
Changes of Assumptions	(1,774,375)
Benefit Payments	(151,301)
Net Changes	<u>(1,283,918)</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 5,524,830</u>

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Total OPEB Liability (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, calculated using the discount rate for the plan, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	<u>\$ 6,438,394</u>	<u>\$ 5,524,830</u>	<u>\$ 4,789,869</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rates:

	1% Decrease (4.20% current, 3.00% Ultimate, 3.00% Medicare)	Current Healthcare Cost Trend Rates (5.20% current, 4.00% Ultimate, 4.00% Medicare)	1% Increase (6.20% current, 5.00% Ultimate, 5.00% Medicare)
Total OPEB Liability	<u>\$ 4,632,260</u>	<u>\$ 5,524,830</u>	<u>\$ 6,686,629</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$521,546. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 167,709	\$ -
Change in Assumptions	1,307,730	1,668,763
Differences between Expected and Actual Experience	-	383,811
Total	<u>\$ 1,475,439</u>	<u>\$ 2,052,574</u>

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Total OPEB Liability (Continued)**

An amount of \$167,709 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (120,211)
2025	(43,720)
2026	(98,060)
2027	(98,060)
2028	(98,060)
Thereafter	(286,733)

**NOTE 9 COMMITMENTS AND CONTINGENT LIABILITIES**

**A. Grant Audit Contingencies**

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. District management believes disallowances, if any, will be immaterial.

**B. Litigation**

At June 30, 2023, the District is a defendant in certain legal actions in the normal course of operations. Management is not aware of any liability resulting from these actions that will result in a material adverse effect on the District's financial position

**NOTE 10 INTERFUND TRANSACTIONS**

Individual interfund receivables and payables at June 30, 2023, were as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	<u>\$ 113,549</u>	Other Governmental Funds	<u>\$ 113,549</u>

The above interfund transactions were for short-term borrowings to fund operations.

**VALLEY-WIDE RECREATION AND PARK DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 INDIVIDUAL FUND DISCLOSURES**

The following funds contained deficit fund balances/net position as of June 30, 2023:

	<u>Deficit Amount</u>
Menifee Landscapate Maintenance District	
Special Revenue Fund	\$ 114,122
Other Governmental Special Revenue Funds:	
Wheatfield Landscape Maintenance District	113,549

The fund balance deficit will be eliminated by excess revenues over expenditures.

**NOTE 12 COMMUNITY CENTER**

On May 17, 2011, the District entered into a lease agreement with the County of Riverside (County). The agreement states that the County will convey its ownership interest in a 12-acre community and childcare center (Center) located at 25625 Briggs Road, Menifee, California, on real property currently owned by the County to the District after a 49-year lease period. The agreement calls for an annual payment of \$1 per year of the lease. The District has the option to purchase the Center for \$1 at the end of the lease. The District agrees to operate and maintain the Center's community center, childcare facility, and park area. Operation and maintenance will be at the sole cost and expense of the District. In the event that the Center is abandoned or no longer used in accordance with the agreement, the Center will revert to the County unless alternate use is approved by the County. This lease agreement was extended for an additional three years and expired on May 17, 2020. The lease is currently on a month-to-month.

**NOTE 13 ELLER PARK**

On April 6, 2010, the Park District entered into an agreement with the County for the maintenance and operation of Eller Park located at 25926 Antelope Road in Menifee. All operations at the park will be managed by the District and any and all fees collected for the services and programs shall be retained by the District. This five-acre park has a wide variety of amenities, including a lighted ball field, outdoor basketball courts, running/jogging track, playground equipment, and restroom facilities. Eller Park will service the residents in the Romoland, Homeland, and Menifee area. In the event that the park is abandoned or no longer used in accordance with the agreement, the park will revert to the County unless alternate use is approved by the County. The agreement states that if and when a notice of completion is approved by the County's Board of Supervisors for a Caltrans connection, the County will convey its ownership interest in the property to the District. This property has not been conveyed to the District as of June 30, 2023.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS\***

	Fiscal Year Ended			
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Plan's Proportion of the Net Pension Liability	0.10402%	0.14650%	0.10670%	0.10476%
Plan's Proportionate Share of the Net Pension Liability	\$ 5,197,018	\$ 2,781,776	\$ 4,499,490	\$ 4,197,145
Plan's Covered Payroll	\$ 2,372,993	\$ 2,027,805	\$ 2,464,404	\$ 2,367,573
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	219.01%	137.18%	182.58%	177.28%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	70.85%	83.72%	72.13%	75.26%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 666,763	\$ 626,539	\$ 520,393	\$ 450,261

**NOTES TO SCHEDULE**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

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

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

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

There were no changes in assumptions.

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

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

From fiscal year June 30, 2018, to June 30, 2019:

There were no changes in assumptions.

From fiscal year June 30, 2019, to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020, to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021, to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022, to June 30, 2023:

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.5% to 2.3%

\*Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.

See accompanying Note to Required Supplementary Information.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)  
LAST TEN FISCAL YEARS\***

	Fiscal Year Ended				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.10293%	0.10033%	0.09958%	0.10310%	0.08969%
Plan's Proportionate Share of the Net Pension Liability	\$ 3,879,198	\$ 3,955,018	\$ 3,459,147	\$ 2,828,422	\$ 2,196,948
Plan's Covered Payroll	\$ 2,172,665	\$ 2,132,386	\$ 2,202,481	\$ 2,080,642	\$ 2,254,756
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	178.55%	185.47%	157.06%	135.94%	97.44%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.26%	73.31%	74.06%	75.27%	80.13%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 398,678	\$ 355,525	\$ 327,337	\$ 329,468	\$ 241,879

\* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

*See accompanying Note to Required Supplementary Information.*



**VALLEY-WIDE RECREATION AND PARK DISTRICT  
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS  
LAST TEN FISCAL YEARS\***

	Fiscal Year Ended			
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually Required Contribution (Actuarially Determined)	\$ 666,763	\$ 626,539	\$ 553,819	\$ 533,936
Contributions In Relation to the Actuarially Determined Contributions	<u>666,763</u>	<u>626,539</u>	<u>553,819</u>	<u>533,936</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,467,826	\$ 2,372,993	\$ 2,027,805	\$ 2,464,404
Contributions as a Percentage of Covered Payroll	27.02%	26.40%	27.31%	21.67%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(a)	(a)	(a)	(a)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value

Inflation	2.50%	2.75%	2.75%	2.625%
Salary Increases	(b)	(b)	(b)	(b)
Investment Rate of Return	7.00% (c)	7.15% (c)	7.15% (c)	7.25% (c)
Retirement Age	(d)	(d)	(d)	(d)
Mortality	(e)	(e)	(e)	(e)

- (a) Level Percentage of Payroll, Closed
- (b) Depending on Age, Service, and Type of Employment
- (c) Net of Pension Plan Investment Expense, including Inflation
- (d) 50 for All Plans with the Exception of 52 for Miscellaneous PEPRA 2% @ 62
- (e) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\*Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS (CONTINUED)  
LAST TEN FISCAL YEARS\***

	Fiscal Year Ended				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	\$ 467,745	\$ 395,647	\$ 379,956	\$ 329,674	\$ 292,330
Contributions In Relation to the Actuarially Determined Contributions	467,745	395,647	379,956	329,674	292,330
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,367,573	\$ 2,172,665	\$ 2,132,386	\$ 2,202,481	\$ 2,080,642
Contributions as a Percentage of Covered Payroll	19.76%	18.21%	17.82%	14.97%	14.05%

**NOTES TO SCHEDULE**

Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(a)	(a)	(a)	(a)	(a)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(b)	(b)	(b)	(b)	(b)
Investment Rate of Return	7.375% (c)	7.50% (c)	7.50% (c)	7.50% (c)	7.50% (c)
Retirement Age	(d)	(d)	(d)	(d)	(d)
Mortality	(e)	(e)	(e)	(e)	(e)

\*Fiscal year 2015 was the first year of implementation; therefore, only nine years are shown.

See accompanying Note to Required Supplementary Information.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

	Fiscal Year Ended				
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:					
Service Cost	\$ 502,821	\$ 324,581	\$ 211,182	\$ 203,389	\$ 145,126
Interest on Total OPEB Liability	138,937	139,630	149,989	176,027	150,917
Difference between Expected and Actual Experience	-	(411,900)	-	(261,133)	-
Changes of Assumptions	(1,774,375)	1,429,509	526,664	(110,052)	(375,973)
Benefit Payments	<u>(151,301)</u>	<u>(94,774)</u>	<u>(93,121)</u>	<u>(80,217)</u>	<u>(84,808)</u>
Net Change in Total OPEB Liability	(1,283,918)	1,387,046	794,714	(71,986)	(164,738)
Total OPEB Liability - Beginning of Year	<u>6,808,748</u>	<u>5,421,702</u>	<u>4,626,988</u>	<u>4,698,974</u>	<u>4,863,712</u>
Total OPEB Liability - Ending (A)-(B)	<u>\$ 5,524,830</u>	<u>\$ 6,808,748</u>	<u>\$ 5,421,702</u>	<u>\$ 4,626,988</u>	<u>\$ 4,698,974</u>
Covered - Employee Payroll	\$ 1,922,375	\$ 1,695,512	\$ 1,662,541	\$ 1,547,380	\$ 1,551,559
Total OPEB Liability as a Percentage of Covered - Employee Payroll	287.40%	401.57%	326.11%	299.02%	302.85%

**NOTES TO SCHEDULE**

Benefit Changes:

There were no changes in benefits.

Changes In Assumptions:

From fiscal year June 30, 2018, to June 30, 2019:

The discount rate was increased from 3.13% to 3.62%.

From fiscal year June 30, 2019, to June 30, 2020:

The discount rate was decreased from 3.62% to 3.13%

From fiscal year June 30, 2020, to June 30, 2021:

The discount rate was decreased from 3.13% to 2.45%

From fiscal year June 30, 2021, to June 30, 2022:

The discount rate was decreased from 2.45% to 1.92%

From fiscal year June 30, 2022, to June 30, 2023:

The discount rate was increased from 1.92% to 3.69%

\*Fiscal year 2018 was the first year of implementation.

See accompanying Note to Required Supplementary Information.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,247,500	\$ 3,247,500	\$ 2,461,375	\$ (786,125)
Revenues from Use of Money and Property	261,888	261,888	344,839	82,951
Intergovernmental Revenues	890,000	890,000	504,741	(385,259)
Charges for Services	938,512	938,512	2,118,937	1,180,425
Other Revenues	2,222,950	2,222,950	2,462,971	240,021
Total Revenues	<u>7,560,850</u>	<u>7,560,850</u>	<u>7,892,863</u>	<u>332,013</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,728,179	1,728,179	1,849,497	(121,318)
Parks and Recreation	3,388,932	3,388,932	2,596,358	792,574
Public Works - Landscape Maintenance	2,418,548	2,418,548	3,176,302	(757,754)
Capital Outlay	5,000	5,000	177,325	(172,325)
Debt Service				
Principal	-	-	31,068	(31,068)
Interest	-	-	2,152	(2,152)
Total Expenditures	<u>7,540,659</u>	<u>7,540,659</u>	<u>7,832,702</u>	<u>(292,043)</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	20,191	20,191	60,161	39,970
Fund Balance - Beginning of Year	<u>8,789,286</u>	<u>8,789,286</u>	<u>8,789,286</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 8,809,477</u></u>	<u><u>\$ 8,809,477</u></u>	<u><u>\$ 8,849,447</u></u>	<u><u>\$ 39,970</u></u>

See accompanying Note to Required Supplementary Information.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
MENIFEE LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenues from Use of Money and Property	\$ 60,000	\$ 60,000	\$ 99,430	\$ 39,430
Charges for Services	2,422,500	2,422,500	2,518,876	96,376
Other Revenues	77,500	77,500	48,299	(29,201)
Total Revenues	<u>2,560,000</u>	<u>2,560,000</u>	<u>2,666,605</u>	<u>106,605</u>
<b>EXPENDITURES</b>				
Current:				
General Government	765,642	765,642	628,491	137,151
Parks and Recreation	431,630	431,630	465,839	(34,209)
Public Works - Landscape Landscape Maintenance	1,360,228	1,360,228	1,967,056	(606,828)
Debt Service:				
Principal	2,500	2,500	2,876	(376)
Interest	-	-	174	(174)
Total Expenditures	<u>2,560,000</u>	<u>2,560,000</u>	<u>3,064,436</u>	<u>(504,436)</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES</b>	-	-	(397,831)	(397,831)
Fund Balance - Beginning of Year	<u>283,709</u>	<u>283,709</u>	<u>283,709</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 283,709</u>	<u>\$ 283,709</u>	<u>\$ (114,122)</u>	<u>\$ (397,831)</u>

See accompanying Note to Required Supplementary Information.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
MENIFEE NORTH LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Revenues from Use of Money and Property	\$ 1,500	\$ 1,500	\$ 2,398	\$ 898
Charges for Services	2,156,000	2,156,000	2,946,443	790,443
Other Revenues	22,500	22,500	33,415	10,915
Total Revenues	<u>2,180,000</u>	<u>2,180,000</u>	<u>2,982,256</u>	<u>802,256</u>
<b>EXPENDITURES</b>				
Current:				
General Government	431,008	431,008	565,025	(134,017)
Parks and Recreation	-	-	1,279	(1,279)
Public Works - Landscape Maintenance	<u>1,675,000</u>	<u>1,675,000</u>	<u>2,450,498</u>	<u>(775,498)</u>
Total Expenditures	<u>2,106,008</u>	<u>2,106,008</u>	<u>3,016,802</u>	<u>(910,794)</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES</b>	73,992	73,992	(34,546)	(108,538)
Fund Balance - Beginning of Year	<u>895,878</u>	<u>895,878</u>	<u>895,878</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 969,870</u></u>	<u><u>\$ 969,870</u></u>	<u><u>\$ 861,332</u></u>	<u><u>\$ (108,538)</u></u>

See accompanying Note to Required Supplementary Information.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FRENCH VALLEY LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenues from Use of Money and Property	\$ 113,685	\$ 113,685	\$ 148,020	\$ 34,335
Charges for Services	5,293,635	5,293,635	5,903,823	610,188
Other Revenues	17,680	17,680	-	(17,680)
Total Revenues	<u>5,425,000</u>	<u>5,425,000</u>	<u>6,051,843</u>	<u>626,843</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,153,284	1,153,284	1,193,280	(39,996)
Parks and Recreation	391,346	391,346	432,078	(40,732)
Public Works - Landscape Maintenance	3,800,000	3,800,000	4,447,837	(647,837)
Capital Outlay	-	-	334,596	(334,596)
Debt Service:				
Principal	-	-	9,665	(9,665)
Interest	-	-	800	(800)
Total Expenditures	<u>5,344,630</u>	<u>5,344,630</u>	<u>6,418,256</u>	<u>(1,073,626)</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES</b>	80,370	80,370	(366,413)	(446,783)
Fund Balance - Beginning of Year	<u>4,076,228</u>	<u>4,076,228</u>	<u>4,076,228</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 4,156,598</u></u>	<u><u>\$ 4,156,598</u></u>	<u><u>\$ 3,709,815</u></u>	<u><u>\$ (446,783)</u></u>

See accompanying Note to Required Supplementary Information.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FRENCH VALLEY COMMUNITY FACILITIES DISTRICT SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Revenues from Use of Money and Property	\$ 2,000	\$ 2,000	\$ 45,767	\$ 43,767
Charges for Services	1,628,000	1,628,000	2,929,204	1,301,204
Other Revenues	-	-	6,133	6,133
Total Revenues	<u>1,630,000</u>	<u>1,630,000</u>	<u>2,981,104</u>	<u>1,351,104</u>
<b>EXPENDITURES</b>				
Current:				
General Government	331,217	331,217	534,612	(203,395)
Public Works - Landscape Maintenance	914,308	914,308	1,313,501	(399,193)
Capital Outlay	-	-	12,525	(12,525)
Total Expenditures	<u>1,245,525</u>	<u>914,308</u>	<u>1,860,638</u>	<u>(411,718)</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	384,475	715,692	1,120,466	939,386
Fund Balance - Beginning of Year	<u>3,032,981</u>	<u>3,032,981</u>	<u>3,032,981</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,417,456</u>	<u>\$ 3,748,673</u>	<u>\$ 4,153,447</u>	<u>\$ 939,386</u>

See accompanying Note to Required Supplementary Information.



**VALLEY-WIDE RECREATION AND PARK DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**BUDGETS AND BUDGETARY ACCOUNTING**

The District follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

1. The annual budget adopted by the Board of Directors provides for the general operation of the District. It includes proposed expenditures and the means of financing them.
2. The Board of Directors approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers substantially all District expenditures, with the exception of debt service on bond issues and capital improvement projects, which expenditures constitute legally authorized “nonappropriated budget.” There were no significant nonbudgeted financial activities. Actual expenditures may exceed budgeted appropriations at the fund level. However, the District’s general manager is authorized to transfer budgeted amounts between individual departments. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year.
3. Formal budgetary integration is employed as a management control device. Appropriations that are encumbered at year-end lapse and then are added to the following year’s budgeted appropriations.
4. Budget information is adopted for general, special revenue, and capital project funds and presented only for the general fund and major special revenue funds as required supplemental information. The presentation represents original appropriations adjusted for supplemental appropriations, if any, made during the year. Budgets for the general and special revenue funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America.

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	Special Revenue Funds				
	Menifee LMD 88-1 CFD	Menifee South Landscape Maintenance District	Winchester CFD	Wheatfield Landscape Maintenance District	Rivercrest Landscape Maintenance District
<b>ASSETS</b>					
Cash and Investments	\$ 343,035	\$ 2,422,948	\$ 1,210,531	\$ -	\$ 157,983
Accounts Receivable	-	77	-	-	-
Taxes Receivable	-	18,563	3,795	-	763
Interest Receivable	-	8,861	-	-	-
Total Assets	<u>\$ 343,035</u>	<u>\$ 2,450,449</u>	<u>\$ 1,214,326</u>	<u>\$ -</u>	<u>\$ 158,746</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 2,226	\$ 79,752	\$ 48,704	\$ -	\$ 2,137
Due to Other Funds	-	-	-	113,549	-
Total Liabilities	<u>2,226</u>	<u>79,752</u>	<u>48,704</u>	<u>113,549</u>	<u>2,137</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	-	7,558	-	-	349
<b>FUND BALANCE</b>					
Restricted for:					
Parks and Recreation	340,809	2,363,139	1,165,622	-	156,260
Unassigned	-	-	-	(113,549)	-
Total Fund Balance	<u>340,809</u>	<u>2,363,139</u>	<u>1,165,622</u>	<u>(113,549)</u>	<u>156,260</u>
Total Liabilities and Fund Balance	<u>\$ 343,035</u>	<u>\$ 2,450,449</u>	<u>\$ 1,214,326</u>	<u>\$ -</u>	<u>\$ 158,746</u>

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023**

	Special Revenue Funds				Total Other Governmental Funds
	Winchester/Hunter Landscape Maintenance District	Menifee South CFD	Menifee North CFD	Water Quality Management Plan CFD	
<b>ASSETS</b>					
Cash and Investments	\$ 587,607	\$ 146,939	\$ 37,576	\$ 98,155	\$ 5,004,774
Accounts Receivable	-	-	-	-	77
Taxes Receivable	5,454	631	-	1,056	30,262
Interest Receivable	-	-	-	-	8,861
<b>Total Assets</b>	<b>\$ 593,061</b>	<b>\$ 147,570</b>	<b>\$ 37,576</b>	<b>\$ 99,211</b>	<b>\$ 5,043,974</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 13,579	\$ 522	\$ 2,335	\$ -	\$ 149,255
Due to Other Funds	-	-	-	-	113,549
<b>Total Liabilities</b>	<b>13,579</b>	<b>522</b>	<b>2,335</b>	<b>-</b>	<b>262,804</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	3,398	-	-	-	11,305
<b>FUND BALANCE</b>					
Restricted for:					
Parks and Recreation	576,084	147,048	35,241	99,211	4,883,414
Unassigned	-	-	-	-	(113,549)
<b>Total Fund Balance</b>	<b>576,084</b>	<b>147,048</b>	<b>35,241</b>	<b>99,211</b>	<b>4,769,865</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 593,061</b>	<b>\$ 147,570</b>	<b>\$ 37,576</b>	<b>\$ 99,211</b>	<b>\$ 5,043,974</b>

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	Special Revenue Funds				
	Menifee LMD 88-1 CFD	Menifee South Landscape Maintenance District	Winchester CFD	Wheatfield Landscape Maintenance District	Rivercrest Landscape Maintenance District
<b>REVENUES</b>					
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from Use of Money and Property	-	27,384	2,692	-	-
Charges for Services	126,763	1,220,950	981,755	-	44,170
Other Revenues	624	781	-	-	-
Total Revenues	<u>127,387</u>	<u>1,249,115</u>	<u>984,447</u>	<u>-</u>	<u>44,170</u>
<b>EXPENDITURES</b>					
Current:					
General Government	21,111	293,455	294,863	1,152	12,276
Public Works - Landscape Maintenance	11,336	826,666	114,677	17	29,857
Capital outlay	-	-	-	-	-
Total Expenditures	<u>32,447</u>	<u>1,120,121</u>	<u>409,540</u>	<u>1,169</u>	<u>42,133</u>
<b>NET CHANGES IN FUND BALANCES</b>	94,940	128,994	574,907	(1,169)	2,037
Fund Balances - Beginning of Year	<u>245,869</u>	<u>2,234,145</u>	<u>590,715</u>	<u>(112,380)</u>	<u>154,223</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 340,809</u>	<u>\$ 2,363,139</u>	<u>\$ 1,165,622</u>	<u>\$ (113,549)</u>	<u>\$ 156,260</u>

**VALLEY-WIDE RECREATION AND PARK DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023**

	Special Revenue Funds				
	Winchester/ Hunter Landscape Maintenance District	Menifee South CFD	Menifee North CFD	Water Quality Management Plan CFD	Total Other Governmental Funds
<b>REVENUES</b>					
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from Use of Money and Property	1,034	-	-	-	31,110
Charges for Services	451,676	158,469	51,327	117,371	3,152,481
Other Revenues	-	-	-	-	1,405
Total Revenues	<u>452,710</u>	<u>158,469</u>	<u>51,327</u>	<u>117,371</u>	<u>3,184,996</u>
<b>EXPENDITURES</b>					
Current:					
General Government	84,771	24,799	43,783	21,401	797,611
Public Works - Landscape Maintenance	71,576	4,828	3,757	-	1,062,714
Capital outlay	-	-	-	-	-
Total Expenditures	<u>156,347</u>	<u>29,627</u>	<u>47,540</u>	<u>21,401</u>	<u>1,860,325</u>
<b>NET CHANGES IN FUND BALANCES</b>	296,363	128,842	3,787	95,970	1,324,671
Fund Balances - Beginning of Year	<u>279,721</u>	<u>18,206</u>	<u>31,454</u>	<u>3,241</u>	<u>3,445,194</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 576,084</u>	<u>\$ 147,048</u>	<u>\$ 35,241</u>	<u>\$ 99,211</u>	<u>\$ 4,769,865</u>



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