

### Summary:

## Pleasant Valley Recreation & Park District, California; Appropriations

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## Credit Profile

### Pleasant Vy Recre & Pk Dist certs of part (Pk Facs Proj)

*Unenhanced Rating*

AA-(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

## Rationale

Standard & Poor's Ratings Services affirmed its 'AA-' long-term rating and underlying rating (SPUR) on Pleasant Valley Recreation and Park District, Calif.'s certificates of participation outstanding. The outlook is stable.

The ratings reflect our view of the district's:

- Access to employment in the large and diverse Ventura County regional economy;
- Robust wealth and income indicators; and
- Very strong financial position and willingness to adjust expenditures to offset revenue pressures.

Pleasant Valley Recreation and Park District serves an estimated population of 70,000 and is located between Los Angeles and Santa Barbara along U.S. Highway 101, roughly 10 miles inland from the Pacific Ocean. Income levels in the district are very strong, in our opinion, with median household effective buying income in Camarillo (its core city) at 149% of the national level. Total assessed value for fiscal 2012 is down from its peak in fiscal 2009, but by just 2% in aggregate to \$11.5 billion. Per capita market value is extremely strong, in our view, at \$163,920.

In our view, the district's ample financial position, the stability of a property tax-dominant revenue structure, and management's willingness to adjust expenditures serve as credit strengths. Property taxes made up 73% of general fund revenues in fiscal 2011, followed by program and other fees, at 16%. In fiscal 2011 a \$1 million property sale boosted the district's available balance to 70% of expenditures (\$5.5 million), which we consider very strong, from 50% in fiscal 2010. Excluding these one-time proceeds, the district's operations were negative by \$337,000, or 4% of expenditures, due in part to a \$196,000 reduction in property tax revenues. Management reports that the deficit would have been larger if it were not for \$237,000 in personnel and service and supplies reductions. Although the district's budget shows an operating deficit that would put its ending available balance at about 50% of expenditures, management reports that spending holdbacks and stronger-than-budgeted revenues could translate into a much smaller operating deficit, which we calculate would result in an ending balance of about 60% of expenditures.

We consider the district's management practices "standard" under our Financial Management Assessment (FMA) methodology. An FMA of "standard" indicates that the finance department maintains adequate policies in some, but not all, key areas.

We consider the district's overall net debt burden to be moderate on a per capita basis, at \$2,067, and low as a

percent of market value, at 1.3%. Carrying charges are 8.2% of governmentwide noncapital expenditures, which we consider moderate. Management reports that the district is considering issuing about \$1.9 million in private-placement obligations to retire its state-managed amortizing pension "side fund" in fiscal 2013.

The district participates in California Public Employees' Retirement System, and contributed \$547,000 in fiscal 2011. The pension contribution represents 6.4% of total government expenditures for fiscal 2011. The district does not report an other postemployment benefits liability.

## **Outlook**

The stable outlook reflects our opinion of the resiliency of the district's economic base in recent years and the district's very strong financial position, which we believe positions it well to absorb major unexpected costs, should they occur. We do not expect to change our rating during our two-year outlook horizon.

## **Related Criteria And Research**

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Key General Obligation Ratio Credit Ranges – Analysis Vs. Reality, April 2, 2008
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007

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