

**MONTE RIO  
RECREATION AND PARK DISTRICT  
FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**MONTE RIO  
RECREATION AND PARK DISTRICT**

**FINANCIAL STATEMENTS  
June 30, 2018**

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# LARRY BAIN, CPA

An Accounting Corporation

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Monte Rio Recreation and Park District  
Monte Rio, California

We have audited the accompanying financial statements of the governmental activities and fund information which comprise the basic financial statements of Monte Rio Recreation and Park District as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively make up the basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

### **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Monte Rio Recreation and Park District as of June 30, 2018, and the changes in financial position, of those activities and funds for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

**Other Matters***Required Supplementary Information*

The Monte Rio Recreation and Park District has not presented the Management Discussion and Analysis or the Budget to Actual Schedule that the accounting principles generally accepted in the United States has determined are necessary to supplement, although not required to be part of, the basic financial statements.

**Other Information**

The required supplementary information as listed in the table of contents as the budget to actual-general fund on page 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Larry Bain, CPA*  
*An Accounting Corporation*

January 5, 2019

**MONTE RIO RECREATION AND PARK DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments	\$ 429,501
Receivables	7,500
Prepaid expense	6,415
Capital assets:	
Land	73,177
Construction in progress	19,398
Site improvements	1,790,877
Buildings and improvements	1,589,505
Equipment	184,219
Less: accumulated depreciation	(1,027,218)
Total Assets	<u>\$ 3,073,374</u>
<b>Liabilities</b>	
Current liabilities:	
Claims payable	\$ 24,397
Accrued payroll	13,666
RCAC Loan	7,857
Noncurrent liabilities:	
RCAC Loan	<u>16,204</u>
Total Liabilities	<u>62,124</u>
<b>Net Position</b>	
Net investment in capital assets	2,605,897
Unrestricted	<u>405,353</u>
Total Net Position	<u>\$ 3,011,250</u>

The notes to financial statements are an integral part of this statement

**MONTE RIO RECREATION AND PARK DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Community services/recreation	\$ 435,933	\$ 166,573	\$ -	\$ (269,360)
Interest expense	793			(793)
Total Governmental Activities	<u>\$ 436,726</u>	<u>\$ 166,573</u>	<u>\$ -</u>	<u>(270,153)</u>

General Revenues:

Taxes:			
Property tax, levied for general purposes			207,407
Other general revenue			16,350
Investment income			856
Total general revenues			<u>224,613</u>
Change in net position			(45,540)
Net position' - beginning			<u>3,056,790</u>
Net position - ending			<u>\$ 3,011,250</u>

The notes to financial statements are an integral part of this statement

**MONTE RIO RECREATION AND PARK DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	General Fund	Totals Governmental Funds
	<u>        </u>	<u>        </u>
Assets		
Cash and investments	\$429,501	\$ 429,501
Receivables	7,500	7,500
Prepaid expense	6,415	6,415
	<u>        </u>	<u>        </u>
Total Assets	<u>\$443,416</u>	<u>\$ 443,416</u>
Liabilities and Fund Balances		
Liabilities		
Claims payable	\$ 24,397	\$ 24,397
Accrued payroll	13,666	13,666
	<u>        </u>	<u>        </u>
Total Liabilities	<u>38,063</u>	<u>38,063</u>
Fund Balances		
Fund balances		
Assigned		-
Unassigned	405,353	405,353
	<u>        </u>	<u>        </u>
Total Fund Balances	<u>405,353</u>	<u>405,353</u>
Total Liabilities and Fund Balances	<u>\$443,416</u>	<u>\$ 443,416</u>

The notes to financial statements are an integral part of this statement

**MONTE RIO RECREATION AND PARK DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

Fund Balances of Governmental Funds	\$ 405,353
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net investment in capital assets, are not current financial resources and are not included in the governmental funds.	2,629,958
Some liabilities, including long-term debt, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(24,061)</u>
Net position of governmental activities	<u>\$ 3,011,250</u>

The notes to financial statements are an integral part of this statement



**MONTE RIO RECREATION AND PARK DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General Fund	Total Governmental Funds
	<u>        </u>	<u>        </u>
Revenues		
Property taxes	\$ 207,407	\$ 207,407
Use of money and property	101,729	101,729
Charges for current services	65,700	65,700
Other revenues	<u>16,350</u>	<u>16,350</u>
 Total Revenues	 <u>391,186</u>	 <u>391,186</u>
 Expenditures		
Current Recreation Services:		
Salary and benefits	141,512	141,512
Services and Supplies	177,218	177,218
Debt service		
Principal	7,666	7,666
Interest	793	793
Capital outlay	<u>19,398</u>	<u>19,398</u>
 Total Expenditures	 <u>346,587</u>	 <u>346,587</u>
 Excess (Deficit) of Revenues over Expenditures	 44,599	 44,599
 Fund Balances, July 1, 2017	 <u>360,754</u>	 <u>360,754</u>
 Fund Balances, June 30, 2018	 <u><u>\$ 405,353</u></u>	 <u><u>\$ 405,353</u></u>

The notes to financial statements are an integral part of this statement

**MONTE RIO RECREATION AND PARK DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ 44,599

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	19,398
Depreciation expense	(117,203)

Payments of long-term debt principal is an expenditure in the governmental funds, but the principal portion is recorded as long-term liabilities in the Statement of Net Position.

7,666

Change in net position of governmental activities \$ (45,540)

## MONTE RIO RECREATION AND PARK DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

#### Note 1: Summary of Significant Accounting Policies

The District was formed on November 25, 1948 as a County Recreation District and was reorganized under the Public Resource Code, Section 5780 et seq., by Resolution #21133 on November 1, 1960. It is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. The District is fiscally independent of the Sonoma County Board of Supervisors and its financial activities are processed at the District administration office.

The accounting policies of the District conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

#### A. Reporting Entity

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. All such component units have been "blended" with the District's other fund types and account groups. Based upon the aforementioned oversight criteria, the District reports no component units.

#### B. Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

# MONTE RIO RECREATION AND PARK DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

### Note 1: Summary of Significant Accounting Policies (Continued)

#### C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

#### D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund types discussed below.

##### Governmental Fund Types

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following are the District's major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

Capital Projects Funds – Used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities such as park improvements.

#### E. Use of Estimates

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

#### F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

**MONTE RIO RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line bases over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Building and improvements	30 years
Equipment	10 years

H. Property Tax

The District receives property taxes from the County of Sonoma, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two instalments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on delinquent taxes. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

I. Interfund Transactions

Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period. Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

**MONTE RIO RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

Note 2: Cash and Investments

Cash and investments at June 30, 2018, consisted of the following:

Checking account	\$	159,158
Savings account		54,285
Imprest cash		97
Cash and investment in the County Treasurer		215,961
Total cash and investments	\$	429,501

A. Investments Authorized by the California Government Code and the Entity’s Investment Policy

The table below identifies the **investment types** that are authorized for the Monte Rio Recreation and Park 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**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

**MONTE RIO RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 2: Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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 investment maturity:

Investment Type	Totals	Remaining Maturity (in Months)	
		12 Months or Less	13-48 Months
Sonoma County*	\$ 215,961	\$ 215,961	\$ -
Totals	\$ 215,961	\$ 215,961	\$ -

\*Not subject to categorization

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. 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 deposit 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 of 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 secured 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 government unit). The fair 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 the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2018, the District's deposits balance was \$209,305 and the carrying amount was \$213,443. The difference between the bank balance and the carrying amount was due to normal outstanding checks and/or deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance and none was covered by collateral held in the pledging bank's trust department in the District's name.

**MONTE RIO RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

Note 2: Cash and Investments (Continued)

E. Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Sonoma County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

Note 3: Property, Plant and Equipment

Activity for general fixed assets capitalized by the District is summarized below:

	Balance July 1, 2017	Additions	Retirement/ Adjustments	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 73,177	\$ -	\$ -	\$ 73,177
Construction in progress		19,398		19,398
Capital assets, being depreciated:				
Site improvements	1,790,877	-	-	1,790,877
Structures and improvements	1,589,505	-	-	1,589,505
Equipment	184,219	-	-	184,219
Total capital assets, being depreciated	3,564,601	-	-	3,564,601
Less accumulated depreciation	(910,015)	(117,203)	-	(1,027,218)
Total capital assets, being depreciated, net	2,892,632	(117,203)	-	2,537,383
Governmental activities, capital assets, net	\$ 2,965,809	\$ (117,203)	\$ -	\$ 2,610,560

Note 4: Long-Term Liabilities

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
<b>Governmental Activities</b>				
RCAC Loan	\$ 31,727	\$ -	\$ (7,666)	\$ 24,061
Totals	\$ 31,727	\$ -	\$ (7,666)	\$ 24,061

RCAC Loan

On July 11, 2014 the District entered into a loan agreement with the Rural Community Assistance Corporation whereby they borrowed \$67,425 with final payment due July 1, 2019. The interest rate on the loan is 5% per annum and semi-annual principal and interest payments of \$8,458.92 are due beginning January 1, 2015 as follows:



**MONTE RIO RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$ 7,857	\$ 602	\$ 8,459
2020	8,054	405	8,459
2021	8,150	204	8,354
Totals	<u>\$ 24,061</u>	<u>\$ 1,211</u>	<u>\$ 25,272</u>

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other districts in the State carry California Association For Park And Recreation Insurance (CAPRI), a public entity risk pool currently operating as a common risk management and insurance program for member districts. The District pays an annual premium to CAPRI for its general insurance coverage. Furthermore the District carries workers compensation coverage with other districts in the State through the CAPRI. Membership in the California Association of Recreation and Park Districts is required when applying for CAPRI.

The Agreement for Formation provides that CAPRI will be self-sustaining through member premiums. CAPRI reinsures through commercial companies for excess claims for general and automobile liability and all risk property insurance, including boiler and machinery coverage, is subject to a \$2,000 deductible occurrence payable by the District. Financial statements for CAPRI are available at the District’s office for fiscal year ending June 30, 2018.

Note 6: Net Position/Fund Balances

**Net Position**

The government-wide activities fund financial statements utilize a net position presentation. Net position are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

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

Fund Balances – Governmental Funds

GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District’s various governmental funds were revised, the implementation of this standard had no effect on total fund balance.

Note 7: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District’s ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition

**MONTE RIO RECREATION AND PARK DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 8: Gann Limit

Total Subject Revenue 2017-18	\$	210,072
Amount of limit for 2017-18		<u>331,890</u>
Amount (under)/over limit (all sources)	\$	<u>(121,818)</u>

Note 9: Joint Powers Agreement

On September 1, 2013 the District entered into a Joint Powers Agreement establishing the Creekside Wastewater Authority (CWA). The District along with Monte Rio Fire Protection District are the parties to this agreement and collectively have agreed to build a wastewater treatment system on the Monte Rio Recreation and Park District property to serve both Districts wastewater needs. The CWA system is owned by the Authority and the Districts have agreed to share equally in the cost of building, operating, maintaining and repairing the CWA System. During the 2013/14 fiscal year the Monte Rio Fire Protection District transferred \$131,424 to Monte Rio Recreation and Park District as their half of the actual and estimated cost to build the CWA system. Each District has agreed to transfer \$2,500 to the CWA designated for the CWA maintenance contingency. The CWA has its own 5 member Board of Directors two of which are appointed by each District and the fifth selected by the four appointed members. The fifth Board member cannot be affiliated with either the Recreation and Park District or the Fire District.

Note 10: Commitments and Contingencies

**Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

The District is a participant in the Commercial Rehabilitation Loan Program through the Sonoma County Community Development Commission. The Commission provided the District with funding to make façade improvements on District property. The loans are forgivable over a period of 5 years contingent on the District complying with terms of the loan agreement. The amount of outstanding loans as of June 30, 2018 was \$29,986.86, all of which is expected to be forgiven. Because these are forgivable loans the liability has not been recorded in these financial statements.

**MONTE RIO RECREATION AND PARK DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 186,646	\$ 186,646	\$ 207,407	\$ 20,761
Charges for current services	105,000	105,000	65,700	(39,300)
Use of money and property	68,900	68,900	101,729	32,829
Other revenues	7,500	7,500	16,350	8,850
<b>Total Revenues</b>	<b>368,046</b>	<b>368,046</b>	<b>391,186</b>	<b>23,140</b>
<b>Expenditures</b>				
Salaries and benefits	147,200	147,200	141,512	5,688
Services and supplies	203,928	203,928	177,218	26,710
Principal expense	14,775	14,775	7,666	7,109
Interest expense	2,143	2,143	793	1,350
Capital Outlay	50,000	50,000	19,398	30,602
<b>Total Expenditures</b>	<b>418,046</b>	<b>418,046</b>	<b>346,587</b>	<b>71,459</b>
<b>Net Change in Fund Balance</b>	<b>\$ (50,000)</b>	<b>\$ (50,000)</b>	<b>44,599</b>	<b>\$ 94,599</b>
Fund Balance, July 1, 2017			<u>360,754</u>	
Fund Balance, June 30, 2018			<u>\$ 405,353</u>	

\*Budget is balanced using carryover fund balance

**MONTE RIO RECREATION AND PARK DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Note 1: Budgets and Budgetary Accounting

As required by State law the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the source of financing.

Budgets for the general and special revenue funds are adopted on the modified accrual basis of accounting. The budgets for the general and special revenue funds are the only legally adopted budgets.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Board of Directors.

**MONTE RIO RECREATION AND PARK DISTRICT**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**