

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**MONTE RIO
RECREATION AND PARK DISTRICT**

**FINANCIAL STATEMENTS
June 30, 2020**

Table of Contents

Independent Auditor's Report.....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities.....	4
Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances.....	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes In Fund Balances to the Statement of Activities.....	8
Proprietary Funds:	
Statement of Net Position.....	9
Statement of Revenues, Expenses and Changes in Net Position.....	10
Statement of Cash Flows.....	11
Notes to the Financial Statements.....	12
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund.....	21
Note to the Required Supplementary Information.....	22

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA / 916.601-8894

lpbain@sbcglobal.net

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, business-type activities and the 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, 2020, 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, the business-type activities and the fund information of the Monte Rio Recreation and Park District as of June 30, 2020, and the changes in financial position, of those activities and funds and where applicable, cash flows thereof, 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.

The required supplementary information as listed in the table of contents as the budget to actual-general fund on page 21 is 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Larry Bain, CPA
An Accounting Corporation

January 8, 2021

MONTE RIO RECREATION AND PARK DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets			
Cash and investments	\$ 503,551	\$ 6,217	\$ 509,768
Insurance claims receivable	48,930		48,930
Due from other governments		5,000	5,000
Total current assets	<u>552,481</u>	<u>11,217</u>	<u>563,698</u>
Non Current Assets			
Capital assets:			
Land	73,177		73,177
Intangible assets	12,360		12,360
Site improvements	1,952,288		1,952,288
Buildings and improvements	1,811,315		1,811,315
Equipment	182,521		182,521
Less: accumulated depreciation	<u>(1,284,559)</u>		<u>(1,284,559)</u>
Total non current assets	<u>2,747,102</u>		<u>2,747,102</u>
Total assets	<u>3,299,583</u>	<u>11,217</u>	<u>3,310,800</u>
Liabilities			
Current Liabilities:			
Claims payable	57,007		57,007
Accrued payroll	11,849		11,849
Customer deposits	3,091		3,091
Total liabilities	<u>71,947</u>		<u>71,947</u>
Net Position			
Net investment in capital assets	2,747,102		2,747,102
Unrestricted	<u>480,534</u>	<u>11,217</u>	<u>491,751</u>
Total net position	<u>\$ 3,227,636</u>	<u>\$ 11,217</u>	<u>\$ 3,238,853</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, 2020**

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Community services/recreation	\$ 482,618	\$ 144,604	\$ 109,520	\$ 9,279	\$ (219,215)	\$ -	\$ (219,215)
Interest expense	204				(204)		(204)
Total governmental activities	<u>\$ 482,822</u>	<u>\$144,604</u>	<u>\$ 109,520</u>	<u>\$ 9,279</u>	<u>(219,419)</u>		<u>(219,419)</u>
Business-type Activities:							
Wastewater	4,843			5,000		157	157
Total Business-type Activities	<u>4,843</u>					<u>157</u>	<u>157</u>
Total Government	<u>\$ 487,665</u>	<u>\$144,604</u>	<u>\$ 109,520</u>	<u>\$ 9,279</u>	<u>(219,419)</u>	<u>157</u>	<u>(219,262)</u>
General Revenues:							
Taxes:							
Property tax, levied for general purposes					237,436		237,436
Other general revenue					451		451
Investment income					4,445		4,445
Total general revenues					<u>242,332</u>		<u>242,332</u>
Change in net position					22,913	157	23,070
Net position' - beginning (restated)					<u>3,204,723</u>	<u>11,060</u>	<u>3,215,783</u>
Net position - ending					<u>\$ 3,227,636</u>	<u>\$ 11,217</u>	<u>\$ 3,238,853</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, 2020**

	General Fund	Totals Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 503,551	\$ 503,551
Insurance claims receivable	48,930	48,930
Total assets	<u>\$552,481</u>	<u>\$ 552,481</u>
Liabilities and Fund Balances		
Liabilities		
Claims payable	\$ 57,007	\$ 57,007
Accrued payroll	11,849	11,849
Customer deposits	3,091	3,091
Total liabilities	<u>71,947</u>	<u>71,947</u>
Fund Balances		
Fund balances		
Unassigned	480,534	480,534
Total fund balances	<u>480,534</u>	<u>480,534</u>
Total liabilities and fund balances	<u>\$552,481</u>	<u>\$ 552,481</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, 2020

Fund balances of governmental funds	\$ 480,534
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.	2,747,102
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.	<hr/>
Net position of governmental activities	<u><u>\$ 3,227,636</u></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, 2020**

Fund Balances of Governmental Funds	\$ 501,179
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.	2,711,694
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>(8,150)</u>
Net position of governmental activities	<u>\$ 3,204,723</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, 2020**

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Property taxes	\$ 236,051	\$ 236,051
Intergovernmental	3,164	3,164
Use of money and property	149,048	149,048
Charges for current services	-	-
Other revenues	7,951	7,951
Total revenues	<u>396,214</u>	<u>396,214</u>
 Expenditures		
Current Recreation Services:		
Salary and benefits	142,139	142,139
Services and supplies	209,065	209,065
Debt service		
Principal	8,150	8,150
Interest	204	204
Capital outlay	57,301	57,301
Total expenditures	<u>416,859</u>	<u>416,859</u>
Net change in fund balance	<u>(20,645)</u>	<u>(20,645)</u>
Fund balances, beginning of fiscal year	<u>501,179</u>	<u>501,179</u>
 Fund balances, end of fiscal year	<u><u>\$ 480,534</u></u>	<u><u>\$ 480,534</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, 2020**

Net change in fund balances - total governmental funds \$ (20,645)

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	166,822
Depreciation expense	(131,414)

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.

8,150

Change in net position of governmental activities \$ 22,913

MONTE RIO RECREATION AND PARK DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Assets

Cash and cash equivalents	\$ 6,217
Due from other governments	<u>5,000</u>
Total assets	<u>11,217</u>

Net Position

Unrestricted	<u>11,217</u>
Total net position	<u>\$ 11,217</u>

-

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

MONTE RIO RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue	
Sewer maintenance charge	<u>\$ 5,000</u>
Total operating revenues	<u>5,000</u>
Operating Expenses	
Treatment	3,573
Administration and general	<u>1,270</u>
Total operating expenses	<u>4,843</u>
Increase (decrease) in net position	<u>157</u>
Net position, beginning of fiscal year (restated)	<u>11,060</u>
Net position, end of fiscal year	<u><u>\$ 11,217</u></u>

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

MONTE RIO RECREATION AND PARK DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2020**

Cash Flows From Operating Activities:

Cash receipts from customers	\$ -
Cash payments to suppliers for goods and services	<u>(4,843)</u>
Net cash provided (used) by operating activities	<u>(4,843)</u>
Net increase (decrease) in cash and cash equivalents	(4,843)
Cash and cash equivalents, beginning of fiscal year	<u>11,060</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 6,217</u></u>
Reconciliation of cash and cash equivalents to the balance sheet:	
Cash and cash equivalents	<u>\$ 6,217</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 6,217</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating Income (Loss)	\$ 157
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	<u>(5,000)</u>
Net cash provided (used) by operating activities	<u><u>\$ (4,843)</u></u>

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

MONTE RIO RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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 activities of the Creekside Wastewater Authority were combined with the Monte Rio Recreation and Park District by resolution on February 10, 2020. The District is responsible for maintenance of the wastewater septic system in Creekside Park.

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

The government-wide and proprietary fund 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. Revenue from sales tax is recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

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, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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.

The District reports the following major governmental fund type.

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.

The District reports the following major enterprise fund.

The Enterprise fund is used to account for the Creekside Wastewater operations that is financed and operated in a manner similar to a private business enterprise, where the intent of the Board of Directors is that the costs of providing services on a continuing basis be financed or recovered primarily through user charges. The two users of the system are Monte Rio Recreation and Park District and Monte Rio Fire Protection District.

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.

MONTE RIO RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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, 2020**

Note 2: Cash and Investments

Cash and investments at June 30, 2020, consisted of the following:

Checking accounts	\$	182,469
Savings accounts		33,425
Imprest cash		97
Cash and investment in the County Treasurer		293,777
Total cash and investments	\$	509,768

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, 2020**

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*	\$ 293,777	\$ 293,777	\$ -
Totals	\$ 293,777	\$ 293,777	\$ -

*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, 2020, the District’s deposits balance was \$218,947 and the carrying amount was \$215,894. 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, 2020**

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, 2019	Additions	Retirement/ Adjustments	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 73,177	\$ -	\$ -	\$ 73,177
Capital assets, being depreciated:				
Intangible assets	15,449		(3,089)	12,360
Site improvements	1,820,864	131,424	-	1,952,288
Structures and improvements	1,785,929	25,386		1,811,315
Equipment	150,606	31,915		182,521
Total capital assets, being depreciated	3,772,848	188,725	(3,089)	3,958,484
Less accumulated depreciation	(1,134,331)	(150,228)		(1,284,559)
Total capital assets, being depreciated, net	2,638,517	38,497	(3,089)	2,673,925
Governmental activities, capital assets, net	\$ 2,711,694	\$ 38,497	\$ (3,089)	\$ 2,747,102

Note 4: Long-Term Liabilities

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
RCAC Loan	\$ 8,150	\$ -	\$ (8,150)	\$ -
Totals	\$ 8,150	\$ -	\$ (8,150)	\$ -

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 was paid off during the current fiscal year.

MONTE RIO RECREATION AND PARK DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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, 2020.

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

MONTE RIO RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 8: Restatement of Net Position

The net position in the enterprise fund was restated \$11,060 to add the beginning net position of the Creekside Wastewater enterprise fund. Creekside Wastewater had operated as an independent Authority until February 10, 2020, when the Board members of the Authority voted to dissolve the Authority and the Board of Monte Rio Recreation and Park District voted to accept responsibility for administration and maintenance of the Creekside Wastewater operations.

Note 9: Gann Limit

Total Subject Revenue 2019-20	\$ 237,436
Amount of limit for 2019-20	<u>342,649</u>
Amount (under)/over limit (all sources)	<u>\$ (105,213)</u>

Note 10: Operations 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 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 was owned by the Authority and the Districts 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 had 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.

This agreement was dissolved by a unanimous vote of each District's Board of Directors on February 10, 2020 and Monte Rio Recreation and Park District took over all operations of the system and all assets associated with the system were transferred to Monte Rio Recreation and Park District. Each District will continue to contribute the \$2,500 annual assessment.

Note 11: 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.

MONTE RIO RECREATION AND PARK DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Note 11: Commitments and Contingencies (Continued)

Commercial Loan Rehabilitation Program

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, 2020 was \$30,000, all of which is expected to be forgiven. Because these are forgivable loans the liability has not been recorded in these financial statements.

COVID 19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of Monte Rio Recreation and Park District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

**MONTE RIO RECREATION AND PARK DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Property taxes	\$ 220,852	\$ 220,852	\$ 236,051	\$ 15,199
Intergovernmental	18,750.0	18,750	3,164	(15,586)
Use of money and property	176,621	176,621	149,048	(27,573)
Other revenues	125,000	125,000	7,951	(117,049)
Total revenues	541,223	541,223	396,214	(145,009)
Expenditures				
Salaries and benefits	166,276	166,276	142,139	24,137
Services and supplies	252,219	252,219	209,065	43,154
Principal expense	7,956	7,956	8,150	(194)
Interest expense	503	503	204	299
Capital Outlay	83,000	83,000	57,301	25,699
Total expenditures	509,954	509,954	416,859	93,095
Net change in fund balance	\$ 31,269	\$ 31,269	(20,645)	\$ (51,914)
Fund balance, beginning of fiscal year			501,179	
Fund balance, end of fiscal year			<u>\$ 480,534</u>	

MONTE RIO RECREATION AND PARK DISTRICT

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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.