

**RIO LINDA & ELVERTA
RECREATION AND PARK DISTRICT**

**ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT
THEREON
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rio Linda-Elverta Recreation and Park District
Rio Linda, CA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rio Linda-Elverta Recreation and Park District as of and for the fiscal year ended June 30, 2018, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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.

Auditor's 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.

Board of Directors
Rio Linda-Elverta Recreation and Park District
Rio Linda, CA

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Rio Linda-Elverta Recreation and Park District as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 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 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 response 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.

The Rio Linda-Elverta Recreation and Park District has not presented the Management's discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Fechter & Company,
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in dark ink and is positioned below the printed name of the firm.

Sacramento, CA
November 1, 2018

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

Assets

Current assets		
Cash and investments	\$	1,028,453
Accounts receivable		15,885
Restricted cash and investments		404,545
		1,448,883
Total current assets		1,448,883
		2,491,890
Total Assets		3,940,773

Liabilities

Current liabilities		
Claims payable		172,264
Accrued payroll		33,707
Deposits		8,529
Noncurrent liabilities:		
Due in more than one year		29,156
		243,656
Total Liabilities		243,656

Net Position

Net invested in capital assets		2,462,734
Restricted developer fees		413,755
Restricted for foundation		25,168
Unrestricted		795,460
		3,697,117
Net Position	\$	3,697,117

**RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Capital Contributions and Grants	
Governmental Activities:				
Recreation	\$ 1,207,105	161,561	\$ -	\$ (1,045,544)
Total Governmental Activities	<u>\$ 1,207,105</u>	<u>\$ 161,561</u>	<u>\$ -</u>	<u>(1,045,544)</u>

General Revenues:

Taxes and assessments	1,109,192
Use of money and property	135,338
Other revenues	<u>36,202</u>
Total general revenues	1,280,732
Change in net position	235,188
Net position at beginning of fiscal year	<u>3,461,929</u>
Net position at end of fiscal year	<u>\$ 3,697,117</u>

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
BALANCE SHEET
JUNE 30, 2018

	General Fund	Developer In-Lieu Fund	Park Development Fees Fund	RLE Foundation For the Future	Total Governmental Funds
Assets					
Cash and investments	\$ 1,003,285	\$ -	\$ -	\$ 25,168	\$ 1,028,453
Accounts receivable	6,675	-	9,210	-	15,885
Restricted cash and investments	-	12,400	392,145	-	404,545
Total Assets	1,009,960	12,400	401,355	25,168	1,448,883
Liabilities					
Current liabilities					
Claims payable	172,264	-	-	-	172,264
Accrued payroll	33,707	-	-	-	33,707
Deposits	8,529	-	-	-	8,529
Total Liabilities	214,500	-	-	-	214,500
Fund Balances					
Restricted developer fees	-	12,400	401,355	-	413,755
Restricted for Foundation	-	-	-	25,168	25,168
Unassigned	795,460	-	-	-	795,460
Total Fund Balances	795,460	12,400	401,355	25,168	1,234,383
Total Liabilities and Fund Balances	\$ 1,009,960	\$ 12,400	\$ 401,355	\$ 25,168	\$ 1,448,883

**RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018**

Fund Balances of Governmental Funds	\$ 1,234,383
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds	2,491,890
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	<u>(29,156)</u>
Net position of governmental activities	<u>\$ 3,697,117</u>

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Developer In-Lieu Fund	Park Development Fees Fund	RLE Foundation For the Future	Total Governmental Funds
Revenues					
Property taxes	\$ 988,358	\$ -	\$ -	\$ -	\$ 988,358
Assessments	10,147	120	110,567	-	120,834
Use of money and property	132,615	94	2,629	-	135,338
Charges for current services	161,561	-	-	-	161,561
Other revenues	14,065	-	-	22,137	36,202
Total Revenues	1,306,746	214	113,196	22,137	1,442,293
Expenditures					
Current:					
Recreation services	1,059,448	-	-	16,697	1,076,145
Capital outlay	256,547	-	-	-	256,547
Total Expenditures	1,315,995	-	-	16,697	1,332,692
Excess (Deficit) of Revenues Over (Under) Expenditures	(9,249)	214	113,196	5,440	109,601
Other Financing Sources (Uses)					
Operating transfers in	-	-	173,885	-	173,885
Operating transfers (out)	(173,885)	-	-	-	(173,885)
Total Other Financing Sources (Uses)	(173,885)	-	173,885	-	-
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(183,134)	214	287,081	5,440	109,601
Fund Balances, July 1, 2017	978,594	12,186	114,274	19,728	1,124,782
Fund Balances, June 30, 2018	\$ 795,460	\$ 12,400	\$ 401,355	\$ 25,168	\$ 1,234,383

**RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
 CONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ 109,601

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	251,362
Depreciation expense	<u>(121,676)</u>

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	<u>(4,099)</u>
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Change in net position of governmental activities	<u><u>\$ 235,188</u></u>
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RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies

The District was established in 1990, as a reorganization consisting of the formation of the District and the dissolution of County Service Area No. 3. It is operated under the advisement of a five member Board of Directors duly elected and empowered by the electorate with sole authority over the District's operations. Although the District is now independent from the Sacramento County's Board of Supervisors, its financial activities are still processed through the Sacramento County Auditor-Controller's Office.

In addition to providing recreational programs and services to the community, the District maintains park sites. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide 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.

Based upon the aforementioned oversight criteria, the following is a component unit:

The Rio Linda-Elverta Foundation for the Future (Foundation) was created as a nonprofit entity under section 501(C)(3) to receive donations, obtain grants, and conduct fundraising events to generate revenues that will enhance the Districts recreation and park programs. The Foundation also accounts for the activities of several partner groups that are organized and provide services within the District. The Foundation is reported as a blended component unit of the District because the District governing body is also the governing body of the Foundation. The Foundation is accounted for as a special revenue fund in the Districts fund financial statements.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

Note 1: Summary of Significant Accounting Policies - continued

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 financing sources.

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.

Following are the District's governmental funds:

Note 1: Summary of Significant Accounting Policies - continued

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

D. Basis of Presentation - continued

Governmental Fund Types - continued

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.

Special Revenue Funds – These funds account for the activity of the developer in lieu fees and the Rio Linda-Elverta Foundation for the Future that are legally restricted to expenditures for specific purposes.

E. Use of Estimates

The preparation of financial statements in conformity 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 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.

G. Fund Equity

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

H. Compensated Absences

Compensated absences represent the vested portion of accumulated vacation. In accordance with GASB 16, the liability for accumulated leave includes all salary-related payments that are directly and incrementally connected with leave payments to employees, such as retirement pay. A current liability has been recorded in the governmental fund type to account for these vested leave accruals, which are expected to be used within the next fiscal year. At June 30, 2018, a long-term liability of \$29,156 for unpaid vacation and sick leave has been recorded in the government-wide statement of net position.

Note 1: Summary of Significant Accounting Policies - continued

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

I. Property Taxes

The District receives property taxes from the County of Sacramento, 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 installments 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. 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.

J. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in the 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 \$5,000.

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 basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	50 years
Building improvements	10-20 years
Site improvements	10-20 years
Equipment and machinery	5 to 20 years

K. Fund Balances

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the

Note 1: Summary of Significant Accounting Policies – continued

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

K. Fund Balances - continued

government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e., – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (i.e., – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

Note 2: Cash and Investments

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

Checking account	\$	-
Imprest cash		300
Cash in Holding Account		19,033
Cash in Foundation Account		25,168
Cash and investments with County Treasurer		1,388,497
Total Cash and Investments	\$	<u>1,432,998</u>

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 Rio Linda 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.

Note 2: Cash and Investments – continued

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
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

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 an 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:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>	
		<u>12 Months or Less</u>	<u>13 – 48 Months</u>
Sacramento County*	\$ 1,388,497	\$ 1,388,497	\$ -
Total	<u>\$ 1,388,497</u>	<u>\$ 1,388,497</u>	<u>\$ -</u>

*Not subject to categorization

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

Note 2: Cash and Investments - continued

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 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 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 \$19,033 and the carrying amount was \$19,033. 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.

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 Sacramento 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.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

Note 3: Property, Plant, and Equipment

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 494,927	\$ -	\$ -	\$ 494,927
Construction in progress	8,405	92,748	(8,405)	92,748
Total capital assets, not being depreciated	<u>503,332</u>	<u>92,748</u>	<u>(8,405)</u>	<u>587,675</u>
Capital assets, being depreciated:				
Buildings and improvements	1,654,915	-	-	1,654,914
Site improvements	1,528,734	117,392	8,405	1,654,532
Equipment	420,432	41,222	-	461,654
Total capital assets, being depreciated	<u>3,604,081</u>	<u>158,614</u>	<u>8,405</u>	<u>3,771,100</u>
Less: Accumulated depreciation:				
Total accumulated depreciation	<u>(1,745,209)</u>	<u>(121,676)</u>	<u>-</u>	<u>(1,866,885)</u>
Total capital assets, being depreciated, net	<u>1,858,872</u>	<u>36,938</u>	<u>-</u>	<u>1,904,215</u>
Governmental activities, capital assets, net	<u>\$ 2,362,204</u>	<u>\$ 129,686</u>	<u>\$ -</u>	<u>\$ 2,491,890</u>

Depreciation expense for the fiscal year ended June 30, 2018, was \$121,676

Note 4: Long-Term Liabilities

The following is a summary of changes in the long-term liabilities for the fiscal year ended June 30, 2018:

Long-term obligations consisted of the following:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Compensated absences	\$ 25,057	\$ 4,099	\$ -	\$ 29,156
Totals	<u>\$ 25,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,156</u>

Compensated Absences

The District recognizes the accumulated unpaid employee vacation time off as a liability and the long-term portion is recorded as compensated absences in the government-wide statement of net position. The current portion, if any, is also recorded in the fund financial statement in the general fund.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

Note 5: Park Dedication Fund

The County maintains two separate funds for the benefit of the Rio Linda-Elverta Recreation and Park District. The corpus of the fund consists of in-lieu fees paid by developers of subdivisions within the boundaries of the District. The use of these funds by the District is restricted for the purpose of providing park and recreation facilities to serve the population. The activity of this fund is recorded in the special revenue fund of the District.

Note 6: 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 claims up to \$10,000,000 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.

The District carries commercial insurance for other risks of loss, including employees' health insurance.

Note 7: Lease Agreement

The District acting as lessor is providing the community center facility to serve meals to senior citizens under the Sacramento Elderly Nutrition Program. This lease is treated as an operating lease by the District. The agreement is entered into on a yearly basis and has been renewed for the 2017-18 fiscal year. The District also has operating leases for agricultural production use of the Ponderosa Park Site.

Note 8: Defined Contribution Pension Plan

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

The District participates in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is established as an alternative plan to social security and requires all District full-time and part-time employees to defer a portion of their salary until future years. The District contributes 7.5% of full-time salaries and matches 3.75% of part-time salaries. The total wages earned, during the fiscal year, by full time, and part time participants, \$531,386. The contributions made by the District, during the fiscal year on behalf of full time participants was \$35,512. The retirement plan includes 7 full time employees, and 2 part time employees at June 30, 2018. Participants vest at service inception and are entitled to 100% of vested contributions.

Note 9: Contracts and Commitments

The District has entered into an agreement with the Fulton-El Camino Police, whereby they provide security for the Park District and are reimbursed on a monthly basis. The District also has entered into an agreement with SAFCA for debris cleanup within the District. SAFCA bills the District for services performed.

Note 10: Related Party Transactions

The District Board is the same Board for the nonprofit organization known as the Rio Linda-Elverta Foundation for the Future. The Foundation maintains a separate bank account where donations, grants, and charges for services are deposited for the nonprofit organization. The District Board can apply these funds towards paying for programs for disadvantaged enrollee's or for other approved expenditures and other organizations. The Foundation activity is recorded as a special revenue fund in these financial statements.

Note 11: Net Position/Fund Balances

Net Position

The government-wide activities fund financial statements utilize a net position presentation. Net positions 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 of the District, not restricted for any project or other purpose.

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Financial Statements
June 30, 2018

Note 11: Net Position/Fund Balances - continued

Fund Balances

In the fund financial statements, restrictions segregate portions of fund balance that are either not available or have been earmarked for specific purposes.

As of June 30, 2018, restrictions of fund balance are described below:

The term “restricted” is used to indicate that a portion of reported fund balance is legally restricted to a specific purpose or is not available for appropriation or expenditure. The District has restricted fund balances as follows:

- *Restricted developer fees*- unavailable for appropriation because the District must use these funds for future capital improvements in lieu of developers directly making improvements.
- *Restricted for foundation* – unavailable for use by the District as it is funds held on behalf of the Foundation (see Note 10).

Note 12: Contingent Liabilities

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.

Note 13: Gann Limit

Subject revenue 2017-18	\$	988,358
Amount of limit for 2017-18		<u>1,228,217</u>
Amount (under)/over limit	\$	<u>(239,859)</u>

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriation from proceeds of taxes. Under Section 10.5 of Article XIII B, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for inflation and population factors as supplied by the State Department of Finance.

Note 14: Subsequent Events

Subsequent events have been reviewed through November 1, 2018, the date the financial statements were available to be issued. Management has determined that no events have occurred that should be disclosed.

**RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 959,829	\$ 959,829	\$ 988,358	\$ 28,529
Assessments	10,500	10,500	10,147	(353)
Intergovernment revenues		-	-	-
Use of money and property	31,700	31,700	132,615	100,915
Charges for current services	158,520	158,520	161,561	3,041
Other revenues	3,700	3,700	14,065	10,365
	<u>1,164,249</u>	<u>1,164,249</u>	<u>1,306,746</u>	<u>142,497</u>
Expenditures				
Salaries and benefits	690,961	690,961	678,870	12,091
Services and supplies	475,281	510,537	397,275	113,262
Capital outlay	277,730	277,730	256,547	21,183
Contingency	143,000	143,000	-	143,000
	<u>1,586,972</u>	<u>1,622,228</u>	<u>1,332,692</u>	<u>-</u>
Total Expenditures	<u>1,586,972</u>	<u>1,622,228</u>	<u>1,332,692</u>	<u>289,536</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(422,723)</u>	<u>(457,979)</u>	<u>(25,946)</u>	<u>(147,039)</u>
Fund Balances, July 1, 2016			<u>978,594</u>	
Fund Balances, June 30, 2017			<u><u>\$ 952,648</u></u>	

RIO LINDA & ELVERTA RECREATION AND PARK DISTRICT

Notes to the Required Supplementary Information
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 sources of financing.

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general fund is 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 accompanying financial statements includes all revisions approved by the Board of Directors.