

**NORTH COUNTY
RECREATION AND PARK DISTRICT**

**ANNUAL FINANCIAL REPORT
With
Independent Auditor's Report Thereon**

JUNE 30, 2019

**NORTH COUNTY RECREATION AND PARK DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
North County Recreation and Park District
Castroville, California

We have audited the accompanying financial statements of the governmental activities and the major fund of the North County Recreation and Park District (The District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's 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 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 opinions 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 from material misstatement.

An audit involves 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 entity'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 entity'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 presentation of the financial statements.

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

Board of Directors
North County Recreation and Park District
Castroville, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the North County Recreation and Park District as of June 30, 2019, 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

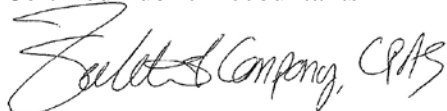
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 21-22, respectively, 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North County Recreation and Park District's basic financial statements. The accompanying Combining Schedule of Revenues and Expenditures – Governmental Fund Programs, as listed in the table of contents on pages 23 and 24, is presented for purposes of additional analysis and is not a required part of the financial statement of North County Recreation & Park District. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Fechter & Company,
Certified Public Accountants



Sacramento, California
September 11, 2020

NORTH COUNTY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2019

This discussion and analysis of the North County Recreation and Park District's (the District) financial performance provides an overview and analysis of the District's financial activities for the year ended June 30, 2019. It should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$83,369 for the year ended June 30, 2019. Net position was \$2,277,109 and \$2,193,740 as of June 30, 2019 and 2018, respectively.
- The District's total revenues were \$965,722 and expenses were \$889,810 for the year ended June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined.

Statement of Net Position

The Statement of Net Position represents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities

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

General Fund

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like all other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's general fund is a governmental fund. The governmental fund focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

NORTH COUNTY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS - continued

The District has adopted Governmental Accounting Standard Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of its fiscal year June 30, 2015 reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

COMPARATIVE ANALYSIS

Statement of Net Position

A comparative summary of the District's Statement of Net Position as of June 30 is as follows:

	<u>2019</u>	<u>2018</u>
ASSETS:		
Current and other assets	\$ 232,834	\$ 206,817
Capital assets – net	<u>2,123,358</u>	<u>2,103,556</u>
Total assets	<u>2,356,192</u>	<u>2,310,373</u>
LIABILITIES:		
Current	59,002	77,300
Long-term liabilities	<u>20,081</u>	<u>39,333</u>
Total liabilities	<u>79,083</u>	<u>116,633</u>
NET POSITION:		
Invested in capital assets, net of related debt	2,123,358	2,103,556
Unrestricted	<u>153,751</u>	<u>90,184</u>
Total liabilities and net position	<u>\$ 2,356,192</u>	<u>\$ 2,310,373</u>

Major Factors Affecting the Statement of Net Position

The decrease in current liabilities is primarily due to a decrease in compensated absences. The decrease in long-term and total liabilities balances is a result of the District paying down the municipal lease balance that was initiated in the 2016/17 fiscal year to finance equipment purchases.

NORTH COUNTY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2019

COMPARATIVE ANALYSIS - continued

Statement of Activities

A comparative summary of the District's Statement of Activities for the years ended June 30 is as follows:

	2019	2018
Revenues:		
Program revenues:		
Grants	\$ 330,810	\$ 231,857
Donations, facility fees, and other charges	127,123	107,491
General revenues:		
Property taxes	423,611	399,061
Other revenues	84,178	91,498
Total revenues	965,722	829,907
Expenses:		
Employee salaries and benefits	499,801	459,417
Recreation program costs	54,654	52,113
Senior nutrition cost	32,385	36,573
Repairs and maintenance	37,000	53,689
Office expense and supplies	41,480	37,529
Utilities, insurance, and other	138,723	122,858
Depreciation	83,396	86,129
Interest and other	2,371	3,572
Total expenses	889,810	851,880
Change in net position	\$ 75,912	\$ (21,973)

Major Factors Affecting the Statement of Activities

Overall revenue increased as a result of an increase in property taxes, grants and facility fees.

NORTH COUNTY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis For the Year Ended June 30, 2019

COMPARATIVE ANALYSIS - continued

Expenses are comparable to the prior year with the exception of an increase in employee salaries and benefits costs. Previous years costs were inflated due to amounts paid to a consultant to help with capital campaign and tax measure support survey.

Capital Assets – As of June 30, 2019, the District's investment in capital assets amounted to \$2,123,358 (net of accumulated depreciation), a net increase from the prior year, as the result of additions of \$103,198 offset by \$83,396 of depreciation expense.

Debt Administration – As of June 30, 2019, the District had \$20,081 in long-term debt.

BUDGET HIGHLIGHTS/VARIANCES

The District prepared a general fund budget with projected total revenues of \$968,766 for the year ended June 30, 2019. The District finished the budget period with revenues of \$965,722, a shortfall of \$3,044 under budget. In addition, the District had budgeted total expenses of \$1,018,582. The District had actual expenditures of \$947,479. Expenditures came in under budget primarily due to postponed capital projects.

FACTORS AFFECTING FUTURE PERIODS AND OTHER ISSUES

Significant factors noted by management affecting future periods are as follows:

The District continues to carry a Municipal Lease which was used to acquire a new Maintenance vehicle, dump trailer and various amenities for the Recreation Center. The District owes a principle balance of \$39,333 as of June 30, 2019 for the Municipal Lease.

The District continues to be the lead provider of recreation services in the North Monterey County Area. The District received funding from the Community Action Partnership to provide youth services in the form of after school and summer programming in the calendar year 2019 and has secured funding for 2020. The Castroville Community Services District continues to contract with the District to provide extended recreational services in Castroville, site maintenance, and matching funds for capital improvement projects. In addition, the District continues to contract with Area Alliance on Aging to offer services, in the form of meals and health promotion activities, for area senior citizens.

The District has also been successful in acquiring another round of grant funding for outdoor improvements to the Recreation Center, totaling \$65,650, as well as, \$18,000 from Castroville Community Services District. Proposition 68 Per Capita Program's fund allocation is expected to be announced in fiscal year 2019/2020—this will provide additional funding for parks-related capital improvement projects.

The District continues to work on improving and finding new funding streams.

NORTH COUNTY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2019

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the North County Recreation and Park District finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North County Recreation and Park District, P.O. Box 652, Castroville, CA 95012.

BASIC FINANCIAL STATEMENTS

**NORTH COUNTY RECREATION AND PARK DISTRICT
BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2019**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 132,367	\$ -	\$ 132,367
Accounts receivable	100,467	-	100,467
Capital assets	-	2,123,358	2,123,358
	\$ 232,834	\$ 2,123,358	\$ 2,356,192
LIABILITIES AND FUND BALANCES/NET POSITION			
LIABILITIES			
Accounts payable	\$ 14,057	\$ -	\$ 14,057
Accrued payroll	14,353	-	14,353
Compensated absence liability	-	11,340	11,340
Non-current liabilities:			
Due within one year	-	19,252	19,252
Due in more than one year	-	20,081	20,081
	28,410	50,673	79,083
	Total liabilities		
FUND BALANCES			
Fund balances:			
Nonspendable -			
Unassigned	204,424	(204,424)	-
	204,424	(204,424)	-
	Total fund balances		
	\$ 232,834		
TOTAL LIABILITIES AND FUND BALANCES			
Net position			
Invested in capital assets, net of related debt		2,123,358	2,123,358
Unrestricted		153,751	153,751
		2,277,109	2,277,109
	Total net position		
		\$ 2,123,358	\$ 2,356,192
TOTAL LIABILITIES AND NET POSITION			

**NORTH COUNTY RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED
JUNE 30, 2019**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Employee salaries and benefits	\$ 520,152	\$ (20,351)	\$ 499,801
Recreation program costs	54,654	-	54,654
Senior nutrition costs	32,385	-	32,385
Repairs and maintenance	37,000	-	37,000
Office expense and supplies	41,480	-	41,480
Utilities	47,641	-	47,641
Insurance	65,719	-	65,719
Professional fees	25,363	-	25,363
Capital outlay	103,198	(103,198)	-
Depreciation	-	83,396	83,396
Debt service:			
Principal	17,516	(17,516)	-
Interest	2,371	-	2,371
Total expenditures/expenses	<u>947,479</u>	<u>(57,669)</u>	<u>889,810</u>
PROGRAM REVENUES			
Grants	330,810	-	330,810
Facility and equipment rentals	82,386	-	82,386
Recreation program fees	44,737	-	44,737
Total program revenues	<u>457,933</u>	<u>-</u>	<u>457,933</u>
GENERAL REVENUES			
Property taxes	423,611	-	423,611
Interest income (expense)	1,057	-	1,057
Other revenue	83,121	-	83,121
Total general revenues	<u>507,789</u>	<u>-</u>	<u>507,789</u>
Total revenues	<u>965,722</u>	<u>-</u>	<u>965,722</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES/CHANGE IN NET POSITION	<u>18,243</u>	<u>57,669</u>	<u>75,912</u>
FUND BALANCES/NET POSITION:			
Beginning of year	<u>186,181</u>	<u>2,015,016</u>	<u>2,201,197.00</u>
End of year	<u>\$ 204,424</u>	<u>\$ 2,072,685</u>	<u>\$ 2,277,109</u>

**NORTH COUNTY RECREATION & PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund Balances of Governmental Funds	\$ 204,424
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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	2,123,358
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Some liabilities, including long-term debt, compensated absences, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(50,673)</u>
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Net position of governmental activities	<u><u>\$ 2,277,109</u></u>
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**NORTH COUNTY RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$	18,243
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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 are 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:

Depreciation expense		(83,396)
Capital outlay		103,198

Repayments of long-term debt and capital leases are reported as an expense in the fund financial statements but as a reduction of debt in the statement of net position		17,516
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Change in long-term compensated absence liability		<u>20,351</u>
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Change in net position of governmental activities	\$	<u><u>75,912</u></u>
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NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 1: ORGANIZATION AND DESCRIPTION OF DISTRICT

Organization – The North County Recreation and Park District (the District) was organized on November 22, 1954, by a local voter initiative to develop a community center and recreational facilities in Castroville. The District’s mission has expanded to provision of both active and passive recreational programs and facilities throughout the District.

The District is approximately 46 square miles, composed mostly of farmlands and small communities. The District’s fields, parks, and community center are located in Castroville, the largest city of the North County Region. Elkhorn, Moss Landing, Oak Hills, and Moro Cojo residential-neighborhoods lie within the District boundaries. The Moro Cojo, Castroville, Elkhorn, and Tembladero Sloughs also help shape the landscape and character of the District. Remaining land uses are industrial and coastal commercial developments in Moss Landing and Castroville.

The District currently operates under California Public Resources Code, Section 5780, et seq. The District is governed by a five-member Board of Directors serving two-year and four-year terms by appointment of the Monterey County Board of Supervisors.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of North County Recreation and Park District conform to generally accepted accounting principles. The following is a summary of the significant policies:

Basis of Presentation and Accounting – The District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined.

The government-wide financial statements are reported using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Government-wide financial statements do not provide information by fund or account groups but report on the District as a whole and consist of a Statement of Net Position and Statement of Activities.

The governmental fund financial statements are prepared using the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days of year end of the current

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources. Governmental fund financial statements report information at the individual fund level and consist of a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The District presents the following fund:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Cash in Monterey County Treasury – Cash accounts which essentially operate as demand deposit accounts are maintained by the Monterey County Treasurer’s Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity, and high investment returns for all funds. Earnings from these funds are generally credited to the District’s accounts on a quarterly basis.

The Monterey County Treasurer’s policy is to invest in any security authorized by Section 53635 of the Government Code of the State of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies.

Accounts and Grants Receivable – Receivables from customers are recorded when revenues are earned under the accrual basis of accounting. Receivables from other governments are recorded when revenue meets both the “measurable” and “available” criteria for recognition in the current period.

Inventory – Food and supplies are valued at the lower of cost or market, using the first-in, first-out (FIFO) method.

Capital Assets – Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are depreciated on a straight-line basis over their estimated useful lives:

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Buildings and improvements	30 - 50 Years
Furniture and fixtures	5-15 Years
Equipment and machinery	5-10 Years
Vehicles	5 Years

Compensated Absences – District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, retirement, or death. Accumulated vacation pay up to a maximum of twice the annual accrual rate of an employee may be paid upon termination of employment. Accumulated sick pay is not paid at termination. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Revenue – Deferred revenue in the government-wide financial statements consists of cash received as prepayments for rental of the Community Center and ballpark facilities in the amount of \$0. The District recognizes rental revenue as earned at the time it makes the facilities available for which the rental payments have been received. In addition, the fund financial statements have deferred some property taxes that are not both measurable and available.

Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Net Position – The Statement of Net Position presents the District’s assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

- *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances on debt attributable to the acquisition of those assets, if any.
- *Restricted net position* results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are 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 means 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.

Property Taxes – Property taxes in the State of California are administrated for all local agencies at the County level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

Property Valuations – These are established by the Assessor of the County of Monterey for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change of ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies – These are limited to 1% of full market value, which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter approved indebtedness are excluded from this limitation.

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Tax Levy Dates and Tax Collections – These are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, and are relieved by subsequent renewal or change in ownership. Tax collections are the responsibility of the County tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Use of Estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Deferred Inflows and Outflows of Resources - The District adopted the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* during the 2013 fiscal year. GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of net assets to net position, and consequently, the statement of net assets to the statement of net position. The District had no deferred inflows or outflows of resources as of June 30, 2019.

NOTE 3: DEPOSITS AND INVESTMENTS

The District maintains cash deposits with the County of Monterey Treasury and a commercial banking institution.

Cash and Investments in County Treasury – Cash deposited with the County Treasurer in the amount of \$85,585 at June 30, 2019, is part of the common investment pool of the county. It is the policy of the Treasurer-Tax Collector of Monterey County to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands, or liquidity needs of the treasury pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity and as prescribed by California Government Code. These pooled funds are carried at cost, which approximates market value at June 30, 2019. Interest earned is deposited quarterly

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS - continued

into participating funds. Any investment losses are shared proportionately by all funds in the pool.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District has a deposit policy that complies with California Government Code Section 53638 (Public Deposit Act). As of June 30, 2019, none of the District’s cash balances held with the County Treasury were exposed to custodial credit risk as uninsured and collateralized by the pledging bank’s trust department not in the District’s name. The District held \$38,281 with an outside banking institution that was fully insured by Federal Depository Insurance.

NOTE 4: CAPITAL ASSETS

The following is a summary of the changes in Capital Assets for the year ended June 30, 2019:

	Balance July 1, 2018	Additions & Adjustments	Deletions & Transfers	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 668,749	\$ -	\$ -	\$ 668,749
Total capital assets, not being depreciated	<u>668,749</u>	<u>-</u>	<u>-</u>	<u>668,749</u>
Capital assets, being depreciated				
Buildings and improvements	2,552,489	78,528	-	2,631,017
Office furniture and equipment	110,717	-	-	110,717
Kitchen equipment	45,531	19,334	-	64,865
Garden machinery and sporting equipment	314,153	5,336	-	319,489
Vehicle	201,632	-	-	201,632
Software	761	-	-	761
Total capital assets, being Depreciated	<u>3,225,283</u>	<u>103,198</u>	<u>-</u>	<u>3,328,481</u>
Less accumulated depreciation:	<u>1,790,476</u>	<u>83,396</u>	<u>-</u>	<u>1,873,872</u>
Total accumulated depreciation	<u>1,790,476</u>	<u>83,396</u>	<u>-</u>	<u>1,873,872</u>
Total capital assets being depreciated, net	<u>1,434,807</u>	<u>19,802</u>	<u>-</u>	<u>1,454,609</u>
Total capital assets, net	<u>\$ 2,103,556</u>	<u>\$ 19,802</u>	<u>\$ -</u>	<u>\$ 2,123,358</u>

Depreciation expense for the year ended June 30, 2019 was \$83,396.

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 5: LONG-TERM LIABILITIES

The activity for long-term debt for the year ended June 30, 2019, was as follows:

	<u>Balance July 1, 2018</u>	<u>Additions & Adjustments</u>	<u>Deletions & Transfers</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Notes payable:					
Muni Asset Management	\$ 56,849	\$ -	\$ 17,516	\$ 39,333	\$ 19,252
Subtotal	56,849	-	17,516	39,333	19,252
Other liabilities:					
Compensated absences	31,691	-	20,351	11,340	-
Total	<u>\$ 88,540</u>	<u>\$ -</u>	<u>\$ 37,867</u>	<u>\$ 50,673</u>	<u>\$ 19,252</u>

During the 2017 fiscal year, the District took out a long-term lease with Municipal Asset Management, Inc., to finance certain improvements. The total note was for \$88,497 with monthly payments of \$1,657. The annual payments due on the note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 18,385	\$ 1,503
2021	19,297	591
2022	1,651	7
Total	<u>\$ 39,333</u>	<u>\$ 2,101</u>

NOTE 6: RISK FINANCING

The District is exposed to various risks of loss related to torts, thefts, damage or destruction of assets, errors and omissions, injuries to workers, and natural disasters. These risks are covered by a combination of participation in the California Association for Park and Recreation Indemnity (CAPRI), and Special District Risk Management Authority (SDRMA), which are public entity risk pools. There have not been any significant reductions in coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

CAPRI was formed under a Joint Powers Agreement (JPA), pursuant to California Government Code Section 6500 et. seq., effective in 1986. CAPRI has 63 member districts and is administered by a Board of Directors. The Board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on the Board. Each member district pays a premium commensurate with the amount of predicted losses and shares surpluses and deficits proportionate to their participation in the JPA.

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 6: RISK FINANCING - continued

SDRMA was formed under a joint powers agreement (JPA) pursuant to California Government Code Section 6500 et. seq., effective August 1, 1986. SDRMA serves over 580 diversified members and is administered by a Board of Directors consisting of seven directors elected from member agencies participating in either SDRMA's Property/Liability and/or Workers' Compensation Programs. The Board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on the Board. Each member district pays a premium commensurate with the amount of predicted losses and shares surpluses and deficits proportionate to their participation in the JPA.

NOTE 7: DEFERRED COMPENSATION PLAN

The District offers a deferred compensation plan for its eligible employees wherein amounts earned by the employee are paid at a future date. All full-time, regular, salaried employees are permitted to participate in the Plan beginning on the first day of the month following their hire date. The employee may elect to make contributions up to the limits established by the Internal Revenue Service for this type of plan. The employees become 100% vested in their own contributions from the first date of participation.

The Plan was originally established in conformity with Section 457 of the Internal Revenue Code which prevented governments from placing plan assets in trust for the benefit of participants. Consequently, the participating employees' assets were potentially at risk of loss by the claims of the District's general creditors. In 1996, Congress amended Section 457 by requiring governments to place plan assets in a trust for the exclusive benefit of participants and their beneficiaries, thus protecting the Plan assets from the District's general creditors.

Through its attorney, the District has complied with the amended Section 457 requirements. Governmental Accounting Standards Board Statement (GASB) No. 32 states that if a fiduciary relationship no longer exists between the governmental entity and the Section 457 deferred compensation plan, the governmental entity should not report the assets of the plan in its financial statements.

The District believes that, since it does not provide investment advice or administer the Plan, it does not maintain a fiduciary relationship with the Plan. Therefore, the District does not report the Plan assets in its financial statements.

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 8: OPERATING LEASES

The District has a long-term operating lease agreement for a copier. There are no material restrictions imposed by this agreement. Lease rent expense for the fiscal year ended June 30, 2019 is \$2,237.

The minimum rental payments required under the operating lease commitments at June 30, 2019, are:

Fiscal Year Ended June 30	Payments
2020	2,294
2021	2,294
2022	1,912
2023	-
Thereafter	-
Total	<u>\$6,500</u>

NOTE 9: SUBSEQUENT EVENTS

In January 2020, the virus SARS-CoV-2 was transmitted to the United States from overseas sources, this virus, responsible for the Coronavirus disease COVID-19 has provided to be extremely virulent with transmission rates as yet unknown. The economic impact in the State of California as yet has not been determined and therefore any impact on the District is not yet known.

The date of the final management review is through September 11, 2020. No events occurred subsequent to the balance sheet that warranted accrual or adjustments to the carrying balances of assets and liabilities on the balance sheet.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH COUNTY RECREATION AND PARK DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE,
BUDGET AND ACTUAL
For the Year Ended
June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Employee salaries and benefits	\$ 451,035	\$ 543,327	\$ 520,152	\$ 23,175
Recreation program costs	49,749	49,749	54,654	(4,905)
Senior Nutrition costs	35,880	35,880	32,385	3,495
Repairs and maintenance	38,691	44,961	37,000	7,961
Office expense and supplies	59,593	66,145	41,480	24,665
Utilities	47,675	49,007	47,641	1,366
Insurance	38,541	38,541	65,719	(27,178)
Professional fees	26,970	26,970	25,363	1,607
Capital outlay	54,052	164,002	103,198	60,804
Debt service:				
Principal	-	-	17,516	(17,516)
Interest	-	-	2,371	(2,371)
Total expenditures/expenses	<u>802,186</u>	<u>1,018,582</u>	<u>947,479</u>	<u>71,103</u>
PROGRAM REVENUES				
Grants	256,984	340,037	330,810	(9,227)
Facility and equipment rentals	66,410	80,920	82,386	1,466
Recreation program fees	40,150	45,488	44,737	(751)
Total program revenues	<u>363,544</u>	<u>466,445</u>	<u>457,933</u>	<u>(8,512)</u>
GENERAL REVENUES				
Property taxes	386,891	398,117	423,611	25,494
Interest income	494	519	1,057	538
Other revenue	90,993	103,685	83,121	(20,564)
Total general revenues	<u>478,378</u>	<u>502,321</u>	<u>507,789</u>	<u>5,468</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>\$ 39,736</u>	<u>\$ (49,816)</u>	<u>\$ 18,243</u>	<u>\$ (74,147)</u>

NORTH COUNTY RECREATION AND PARK DISTRICT

Notes to Required Supplementary Information
For the Year Ended June 30, 2019

NOTE 1: BUDGET

The Board of Directors legally adopts an annual operating budget which may be amended by the Board throughout the year. The budget is prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. Budget amounts reflect the original budget adopted by the Board and the final budget after all applicable amendments. All budget appropriations lapse at year-end.

**NORTH COUNTY RECREATION AND PARK DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
GOVERNMENTAL FUND PROGRAMS
SENIOR NUTRITION PROGRAM SUMMARY
FOR THE YEAR ENDED
JUNE 30, 2019**

	Congregate Meals	Health Promotion	Total Senior Nutrition
Expenditures:			
Employee Salaries & Benefits			
Salaries	\$ 41,351	\$ 17,337	\$ 58,688
Benefits	5,986	1,990	7,976
Payroll Taxes	5,643	2,562	8,205
Total	52,980	21,889	74,869
Program Costs	27,056	-	27,056
Repairs and Maintenance	1,749	-	1,749
Office Expenses	82	-	82
Utilities, Insurance, and other	5,323	-	5,323
Equipment	9,497	-	9,497
	96,687	21,889	118,576
Total Cash Expenditures	96,687	21,889	118,576
In Kind Expenditures	59,496	4,836	64,332
Total Expenditures	\$ 156,183	\$ 26,725	\$ 182,908
Revenues			
Program Revenues:			
Grants			
III - C1 Congregate/Nutrition Services CFDA#93.045	58,608	-	58,608
III - Health Promotion CFDA#93.043	-	19,516	19,516
NSIP - C1 CFDA#93.053	6,508	-	6,508
Donations, fees, and other charges	6,518	-	6,518
General Revenues:			
Property Tax	-	-	-
Other Revenues	-	-	-
Total Revenue	\$ 71,634	\$ 19,516	\$ 91,150
Cash Match	\$ 25,053	\$ 2,373	\$ 27,426
In Kind Match	\$ 59,496	\$ 4,836	\$ 64,332

**Notes below on following page are notes to the P/L for program income
that was received for prior periods in current year and receipts after June 30th.

	P/L @ 6/30/2019	2017/18 funds posted in 2018/19	2018/19 funds posted in 2019/20	Total Program Revenues
Account Description:				
4914 - Title III One Time Only	\$ -	\$ -	\$ 24,995	\$ 24,995
4914.01 CA-Congregate CFDA #93.045	43,608	-	-	43,608
4914.03 Health Promotion CFDA #93.043	8,507	-	1,014	9,521
4915 NSIP CFDA #93.053	6,508	-	-	6,508
	58,623	-	26,009	84,632
Total Program Revenue	\$ 58,623	\$ -	\$ 26,009	\$ 84,632

**NORTH COUNTY RECREATION AND PARK DISTRICT
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES -
 GOVERNMENTAL FUND PROGRAMS
 CAP FUNDING PROGRAM SUMMARY
 FOR THE YEAR ENDED
 JUNE 30, 2019**

Program Expenditures:

Employee Salaries:	
Administrative Salaries	\$ 27,518
After School Rec Leader	15,880
TOTAL SALARIES	\$ 43,398

Program Supplies and Training:

Service Fees	\$ -
Equipment & Supplies	1,241
Staff Training	363
Vehicle Operation/Travel	-
Total Supplies and Training	\$ 1,604

Total Program Expenditures

\$ 45,002

Program Revenues:

Grants:	
Community Action Partnership (CAP)	\$ 45,002

Total Program Revenue

\$ 45,002

**Notes below are notes to the P/L for program income
 that was received for prior periods in current year and receipts after June 30th.

Account Description	P/L @ 6/30/2019	2017/18 funds posted in 2018/19	2018/19 funds posted in 2019/20	Total Program Revenues
4316 · After School Grants	\$ 42,852.00	\$ (7,457.00)	\$ 9,607.00	\$ 45,002.00