

**NORTH OF THE RIVER RECREATION AND PARK DISTRICT
BAKERSFIELD, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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INTRODUCTORY SECTION

NORTH OF THE RIVER RECREATION AND PARK DISTRICT ORGANIZATIONAL CHART

Citizens of District

Board of Directors

General Manager

Administration

Business Services

Creative/Support Services

Recreational Activities

Parks & Facilities

Community Services

Planning/Construction

Sports & Aquatics

Park Maintenance

Senior Services

Facility Maintenance

Children's Services

Safety & Security

NORTH OF THE RIVER RECREATION AND PARK DISTRICT

June 30, 2018

Board of Directors

Bobbie Roberson..... Chairperson
Brooks Douglass..... Vice-Chairperson
Jim Eckroth Board Member
Robert Lerude Board Member
Steve Ruettgers..... Board Member

Elaine Bush..... Clerk of the Board

Administrative Staff

David McArthur General Manager
Monya Jameson Finance Director
Steph Sanders Landscape Architect/Park Planner Director
Lisa Plank..... Marketing Director
Paul Anderson..... Park & Maintenance Superintendent

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Directors
North of the River Recreation and Park District
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund, and the aggregate remaining fund information of North of the River Recreation and Park District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise North of the River Recreation and Park 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 and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 our 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, we consider internal control relevant to North of the River Recreation and Park 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 North of the River Recreation and Park 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 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.

Opinions

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 North of the River 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 management's discussion and analysis, net pension liability information, and budgetary comparison information on pages 3-10 and page 38-40, as listed in the table of contents, 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 North of the River Recreation and Park District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements on pages 41-42 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section on pages 43-49 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2019, on our consideration of North of the River Recreation and Park District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North of the River Recreation and Park District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 15, 2019

North of the River Recreation and Park District (District) management offers readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the District's financial statements and the accompanying notes to the financial statements.

Financial Highlights

- At June 30, 2018, the District's net position was \$33,075,878. Of this total net position, \$26,332,288 is attributed to net investment in capital assets, and \$4,775,362 is restricted and may be used for the District's ongoing obligations with external restrictions. (For additional information on restricted net position, see Note 4.G). The remaining balance of the total net position is \$1,968,228 representing the unrestricted net position.
- District property valuations increased by 4.59% from the previous year, resulting in a 5.35% increase in property taxes. The increase in assessed valuation was mostly attributed to a 4.52% increase in secured, a 9.43% increase in mineral and an 11.62% reduction in unsecured property values.
- General fund expense exceeded revenue by \$96,689. However, the unrestricted reserve (board contingency) was reduced by \$1,246,608 due to a \$1,961,684 transfer to the capital projects funds (RiverLakes Administrative Complex \$1,747,634) and a \$714,076 transfer in from the Equipment Contingency Fund.

Overview of the Basic Financial Statements

Management's discussion and analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial report consists of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The ***Statement of Net Position*** presents information on all District assets and deferred outflows of resources less liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The ***Statement of Activities*** presents information illustrating how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event takes place regardless of when cash is received or paid. Thus, some revenues and expenses are reported in the Financial Statements for some items that will only result in cash inflows and outflows in future fiscal years (ie. accounts receivable and earned but unused vacation leave).

Both the ***Statement of Net Position*** and the ***Statement of Activities*** distinguish between activities that are primarily financed with taxes and intergovernmental revenues (governmental activities) and those that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities).

Fund Financial Statements

Fund Financial Statements provide more detailed information about the District's most significant funds – not the District as a whole. A fund is a fiscal and accounting entity designated to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The District's funds can be divided into two broad categories: Governmental funds and Proprietary funds.

Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on future inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating the District's future financing requirements and available resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to get a better understanding of the long-term impact of the District's future financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports one major fund, four capital projects funds, and four non-major special revenue funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major special revenue funds is provided in the form of combining statement located in the *Supplemental Information Section* of the report.

Proprietary Funds are reported as enterprise funds. Enterprise funds are reported as business-type activities in the government-wide financial statements. The District's enterprise fund provides transportation services funded with user fees and grant revenues.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of the government's financial position over time. At June 30, 2018, the District's total net position was \$33,075,878.

Over 73.0% of total net position is the net investment in capital assets of \$26,332,288. The investment in capital assets includes land, buildings and improvements, machinery and equipment, less accumulated depreciation and amortization and any related outstanding debt used to acquire those assets. The District uses these assets to provide services to citizens, and, as a result, these assets are not available for future spending. Because the investment in capital assets is reported net of related debt, and since the capital assets themselves cannot be used to liquidate the debt liabilities, it should be noted that the resources needed to repay this debt must be provided from other sources.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

***North of the River Recreation
and Park District***

Of the District's total net position, \$4,775,362 is restricted, which represents external restrictions on how these resources may be used. The remaining \$1,968,228 balance of net position represents unrestricted resources. The condensed comparative statement below identifies total assets, total liabilities and the total net position of the District (Government Activities) and the Transportation program (Business-Type Activities) as of June 30, 2018 and 2017 respectively.

**CONDENSED COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets | | | | | | |
| Current and other assets | \$14,499,471 | \$15,798,154 | \$114,657 | \$57,332 | \$14,614,128 | \$15,855,486 |
| Capital assets, net | 27,602,109 | 26,713,491 | 37,386 | 80,770 | 27,639,495 | 26,794,261 |
| Total Assets | <u>42,101,580</u> | <u>42,511,645</u> | <u>152,043</u> | <u>138,102</u> | <u>42,253,623</u> | <u>42,649,747</u> |
| Deferred Outflows of Resources | 900,248 | 1,055,654 | - | - | 900,248 | 1,055,654 |
| Liabilities | | | | | | |
| Current liabilities | 6,314,225 | 5,866,716 | 90,825 | 6,916 | 6,405,050 | 5,873,632 |
| Long-term liabilities | 3,407,786 | 2,777,730 | - | - | 3,407,786 | 2,777,730 |
| Total liabilities | <u>9,722,011</u> | <u>8,644,446</u> | <u>90,825</u> | <u>6,916</u> | <u>9,812,836</u> | <u>8,651,362</u> |
| Deferred Inflows of Resources | 203,939 | 464,487 | - | - | 203,939 | 464,487 |
| Net Position | | | | | | |
| Invested in capital assets | 26,332,288 | 25,321,358 | 32,896 | 80,770 | 26,365,184 | 25,402,128 |
| Restricted | 4,775,362 | 4,973,957 | - | - | 4,775,362 | 4,973,957 |
| Unrestricted | 1,968,228 | 4,161,051 | 28,322 | 48,416 | 1,996,550 | 4,209,467 |
| Total Net Position | <u>\$33,075,878</u> | <u>\$34,456,366</u> | <u>\$ 61,218</u> | <u>\$129,186</u> | <u>\$33,137,096</u> | <u>\$34,585,552</u> |

Changes in Net Position: District expenses exceeded revenues and capital contributions in fiscal year 2017-18 by \$1,382,488 with the District maintaining both recreational activity offerings, and facility expansion and maintenance. At fiscal year end, governmental funds had a fund balance available of \$8,185,248. However, under the district-wide accounting model, this amount is reduced by long term debt related to compensated absences (\$1,087,614), capital lease financing (\$1,269,821) and changes to pension asset/liability (\$696,309). The capital lease financing liability is currently funded within each annual budget appropriation.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

***North of the River Recreation
and Park District***

As shown in the Condensed Comparative Statement of Activities below, the District’s total net position was reduced by \$1,382,488 which a large portion represents the construction costs for the RiverLakes Administrative Complex.

**CONDENSED COMPARATIVE STATEMENT OF ACTIVITIES
JUNE 30, 2018 AND 2017**

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$1,655,661 | \$1,812,484 | \$89,640 | \$188,680 | \$1,745,301 | \$2,001,164 |
| Operating grants and contributions | 656,492 | 611,494 | 1,097,541 | 965,668 | 1,754,033 | 1,577,162 |
| Capital grants and contributions | - | - | - | - | - | - |
| General Revenues: | | | | | | |
| Property taxes and subventions | 8,720,747 | 7,704,897 | - | - | 8,720,747 | 7,704,897 |
| Other | 789,886 | 566,662 | 1,855 | 5,256 | 791,741 | 571,918 |
| Total Revenues | <u>11,822,786</u> | <u>10,695,537</u> | <u>1,189,036</u> | <u>1,159,604</u> | <u>13,011,822</u> | <u>11,855,141</u> |
| Expenses | | | | | | |
| Recreational activities | 4,865,951 | 4,149,387 | - | - | 4,865,951 | 4,149,387 |
| Parks and facilities | 8,339,323 | 6,719,436 | - | - | 8,339,323 | 6,719,436 |
| Transportation | - | - | 1,257,004 | 1,257,675 | 1,257,004 | 1,257,675 |
| Total Expenses | <u>13,205,274</u> | <u>10,868,823</u> | <u>1,257,004</u> | <u>1,257,675</u> | <u>14,462,278</u> | <u>12,126,498</u> |
| Change in Net Position | (1,382,488) | (173,286) | (67,968) | (98,071) | (1,450,456) | (271,357) |
| Net Position Beginning of Year | <u>34,458,366</u> | <u>34,631,652</u> | <u>129,186</u> | <u>227,257</u> | <u>34,587,552</u> | <u>34,858,909</u> |
| Net Position End of Year | <u>\$33,075,878</u> | <u>\$34,458,366</u> | <u>\$61,218</u> | <u>\$129,186</u> | <u>\$33,137,096</u> | <u>\$34,587,552</u> |

Governmental Activities

The general fund is the District’s chief operating fund. Government funds also include capital projects, NOR park maintenance, North Meadows maintenance, maintenance and equipment contingency and NOR Recreation Foundation. The following reflects operational results of the Government Funds:

- At June 30, 2018, cash on hand and in banks was \$13,418,629.
- Total liabilities were \$746,914 or 5.1% of total assets at June 30, 2018.
- At June 30, 2018, deferred revenue from developer fees increased by \$389,514 for a total of \$5,738,290 which will provide funding for future capital projects.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

*North of the River Recreation
and Park District*

Property Tax Revenues

- Taxes that are generated locally provide the Board of Directors with most of its discretionary spending power. The taxable valuation of property within the District increased by 4.59% to \$18.0 billion in fiscal year 2017-18, due to a 4.59% increase in secured taxes and a 9.43% increase in mineral valuation. As a result, property tax revenues increased to \$7.48 million in 2017-18. Mineral valuation, chiefly from heavy crude in the Kern River Fields, provided 20.0% of the total property taxes (an increase from last year of 2.0%) and secured property taxes represented 81.0%.

| | 2017-2018 VALUATION (millions of dollars) | 2016-2017 VALUATION (millions of dollars) |
|---------------------|----------------------------------------------------|----------------------------------------------------|
| Secured | \$13,908 | \$13,306 |
| Mobile Home | 17 | 17 |
| Mineral | 3,423 | 3,128 |
| Utility | 2 | 3 |
| Unsecured | 814 | 921 |
| Homeowner Exemption | (146) | (147) |
| Total | \$18,018 | \$17,228 |
| Property Taxes | \$7.48 | \$7.10 |

Other Major Sources of Revenues

Other major sources of revenues included charges for services, grants, and developer fees. Combined, these sources were 25% more than the prior year. Grant revenues also increased by 7.0%. Developer fee draw downs to reimburse park development costs were \$717,386 which is mostly related to the North Beardsley Skatepark Project. Overall, governmental fund revenue increased by \$1.13 million to \$11.82 million which is directly related to the increase in property tax revenue and developer fee draw downs.

| | 2017-2018 | 2016-2017 |
|----------------------|-------------|-------------|
| Charges for Services | \$1,655,661 | \$1,812,484 |
| Grants | 656,492 | 611,494 |
| Developer Fees | 717,386 | - |
| | \$3,029,539 | \$2,423,978 |

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

*North of the River Recreation
and Park District*

Expenditures

Overall, District governmental expenditures for fiscal year 2017-18 increased by \$2,007,068 from fiscal year ended 2016-17. Departmental services and activities increased by 8.7%; park maintenance costs increased by 7.4%; and recreation programs decreased by .47%. Capital Improvement Projects increased by 109% mostly due to the RiverLakes Administrative Complex and North Beardsley Skatepark Construction.

| <u>EXPENDITURES</u> | <u>2017-2018</u> | <u>2016-2017</u> |
|----------------------------------------|---------------------|---------------------|
| Administration Services | \$823,991 | \$763,094 |
| Business Services | 660,619 | 662,396 |
| District Insurance | 283,813 | 192,027 |
| Creative/Support Services | 446,376 | 440,559 |
| Planning Services | 218,785 | 180,116 |
| Capital Improvement Projects | 2,857,889 | 1,365,409 |
| Park and Facility Maintenance Services | 4,660,472 | 4,338,664 |
| Recreation Programs | 2,780,697 | 2,783,214 |
| Recreation Foundation | 25,115 | 25,210 |
| Total | <u>\$12,757,757</u> | <u>\$10,750,689</u> |

Capital Improvement Projects

North of the River Recreation and Park District maintains an ongoing capital improvement program. This program is funded by revenue from Quimby Act fees paid by developers for land acquisition, park development fees, interest earnings from capital project reserves, and grants. Capital project fund expenditures for fiscal year 2017-18 and 2016-17 are listed below:

| | <u>2017-2018</u> | <u>2016-2017</u> |
|------------------------------------------------------------|--------------------|--------------------|
| Riverview Park | 928 | - |
| Coffee and Echart | 1,900 | - |
| NOR Park | 55,796 | - |
| Greenacres Park | 12,347 | - |
| North Beardsley Park | 602,585 | - |
| Nord/Hageman | 85,002 | - |
| Riverlakes Ranch Community Park and Administrative Complex | 1,747,634 | 1,365,409 |
| CIP Contingency Expense | - | - |
| | 152,210 | - |
| Total | <u>\$2,658,402</u> | <u>\$1,365,409</u> |

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

*North of the River Recreation
and Park District*

General Fund Budgetary Highlights

There were no budget amendments during fiscal year 2017-2018.

Overall revenues were greater than budgetary estimates by \$324,198 and expenditures were less than budgetary appropriations by \$444,367, and fund transfers of \$474,660 resulted in a net fund variance of \$1,243,224.

Business-Type Funds

Proprietary Fund – The CTSA Transportation Fund is shown as a business-type activity and in detail as a major fund in the government-wide financial statements, and also in the Condensed Comparative Statements in the MD&A section. The net assets of this fund are capital assets used to provide transportation services for seniors and disabled members of the community.

Capital Assets and Long-Term Debt

Capital Assets have been categorized by land, buildings, equipment and site improvements. The District’s accounting threshold for identifying capital assets is \$5,000. Purchased capital assets in fiscal year 2017-18 amounted to \$258,849. Depreciation expense in general fixed assets has been calculated at \$1,683,325 as compared to \$1,676,659 in the prior fiscal year, and accumulated depreciation at year-end is included in the schedule of capital assets below:

| | 2017-2018 | 2016-2017 |
|--------------------------------|---------------------|---------------------|
| Land | \$5,526,230 | \$5,524,061 |
| Construction in Progress | 3,723,375 | 1,365,409 |
| Buildings | 12,303,288 | 12,755,196 |
| Equipment | 3,515,175 | 3,256,326 |
| Site Improvements | 31,730,250 | 31,694,863 |
| | 56,798,318 | 54,595,855 |
| Less: Accumulated depreciation | (29,196,209) | (27,882,364) |
| Net Capital Assets | <u>\$27,602,109</u> | <u>\$26,713,491</u> |

Long-Term Debt: In fiscal year 2010-11 the District finalized a \$2 million Capital Lease Financing Agreement to complete a new gymnasium and community center at Riverlakes Ranch Community Park. Payments began in fiscal year 2011-12 and the mandatory five year (10 payments) lease period expired in June 2017. Consequently, the balance owed at the end of fiscal year 2017-2018 is \$1.269 million which the District now has the option to pay off in a lump sum payment.

A calculation for compensated absences liability is also included as long-term debt under the district-wide accounting model to arrive at net assets.

| | 2017-2018 | 2016-2017 |
|--------------------------------|--------------------|--------------------|
| Capital Lease Financing | \$1,269,821 | \$1,392,133 |
| Compensated Absences Liability | 1,087,614 | 709,230 |
| Total Long-Term Debt | <u>\$2,357,435</u> | <u>\$2,101,363</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Residential property valuation is projected to increase by 3.0% and Mineral is expected to increase by 3.0%. Total assessed valuation is estimated at \$18.01 billion, and total property tax revenues to the District are projected to increase this year from \$7.4 to \$7.5 million.

Other economic factors include an increase in the employer contribution to the employee retirement fund (CalPERS), and an increase in the minimum wage continuing over the next three years. The State of California has experienced a great number of casualty losses due to floods, fires and other natural disasters that may result in an increase in insurance premiums moving forward. Additionally, due to the continuing fiscal volatility of the State budget process, and possible legislative action, the District must continue to employ a very conservative fiscal strategy in future budget years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Anyone having questions about this report or if additional financial information is needed, contact: North of the River Recreation and Park District, 3825 Riverlakes Dr., Bakersfield, CA 93312; or wmcarthur@norrecreation.org.

BASIC FINANCIAL STATEMENTS

North of the River Recreation and Park District
STATEMENT OF NET POSITION
June 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|------------------------------------------------------|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash on hand and in banks | \$ 13,418,629 | \$ 1,103 | \$ 13,419,732 |
| Accounts receivable | 989,283 | 113,554 | 1,102,837 |
| Internal balance | 77,182 | (77,182) | - |
| Inventory | 14,377 | - | 14,377 |
| Prepaid expenses | - | - | - |
| Deposit | - | 4,490 | 4,490 |
| Capital assets: | | | |
| Non-depreciable assets | 9,249,605 | - | 9,249,605 |
| Depreciable assets (net of depreciation) | 18,352,504 | 32,896 | 18,385,400 |
| Total assets | <u>42,101,580</u> | <u>74,861</u> | <u>42,176,441</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | <u>900,248</u> | - | <u>900,248</u> |
| LIABILITIES | | | |
| Accounts payable | 558,075 | 13,643 | 571,718 |
| Payroll and benefits payable | 17,860 | - | 17,860 |
| Unearned income | 5,738,290 | - | 5,738,290 |
| Noncurrent liabilities: | | | |
| Due within one year | 129,547 | - | 129,547 |
| Due in more than one year | 2,227,888 | - | 2,227,888 |
| Net pension liability | <u>1,050,351</u> | - | <u>1,050,351</u> |
| Total liabilities | <u>9,722,011</u> | <u>13,643</u> | <u>9,735,654</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | <u>203,939</u> | - | <u>203,939</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 26,332,288 | 32,896 | 26,365,184 |
| Restricted for: | | | |
| Grants, contributions and fees for specific purposes | 4,775,362 | - | 4,775,362 |
| Unrestricted | <u>1,968,228</u> | <u>28,322</u> | <u>1,996,550</u> |
| Total net position | <u>\$ 33,075,878</u> | <u>\$ 61,218</u> | <u>\$ 33,137,096</u> |

North of the River Recreation and Park District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

| Functions/ Programs | Expenses | Program Revenues | | | Net (Expense) and Revenue and Changes in Net Assets | | Total |
|-------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-----------------------------------------------------|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| PRIMARY GOVERNMENT: | | | | | | | |
| Governmental activities: | | | | | | | |
| Recreational activities | \$ 4,865,951 | \$ 993,397 | \$ 656,492 | \$ - | \$ (3,216,062) | \$ - | \$ (3,216,062) |
| Parks and facilities | 8,339,323 | 662,264 | - | - | (7,677,059) | - | (7,677,059) |
| Total governmental activities | <u>13,205,274</u> | <u>1,655,661</u> | <u>656,492</u> | <u>-</u> | <u>(10,893,121)</u> | <u>-</u> | <u>(10,893,121)</u> |
| Business-type activities: | | | | | | | |
| Transportation | <u>1,257,004</u> | <u>89,640</u> | <u>1,097,541</u> | <u>-</u> | <u>-</u> | <u>(69,823)</u> | <u>(69,823)</u> |
| Total primary government | <u>\$ 14,462,278</u> | <u>\$ 1,745,301</u> | <u>\$ 1,754,033</u> | <u>\$ -</u> | <u>(10,893,121)</u> | <u>(69,823)</u> | <u>(10,962,944)</u> |
| General revenues: | | | | | | | |
| Taxes and subventions: | | | | | | | |
| Taxes levied for general purposes | | | | | 8,720,747 | - | 8,720,747 |
| Interest and investment earnings | | | | | 205,071 | 230 | 205,301 |
| Miscellaneous | | | | | 584,815 | 1,625 | 586,440 |
| Total general revenue and transfers | | | | | <u>9,510,633</u> | <u>1,855</u> | <u>9,512,488</u> |
| Change in net assets | | | | | (1,382,488) | (67,968) | (1,450,456) |
| Net assets beginning of year | | | | | <u>34,458,366</u> | <u>129,186</u> | <u>34,587,552</u> |
| Net assets ending of year | | | | | <u>\$ 33,075,878</u> | <u>\$ 61,218</u> | <u>\$ 33,137,096</u> |

North of the River Recreation and Park District

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

| | General Fund | Capital Projects Funds | Other Governmental Funds | Total |
|----------------------------------------------|---------------------|------------------------------|--------------------------------|----------------------|
| <u>ASSETS</u> | | | | |
| Cash on hand and in banks | \$ 6,214,447 | \$ 5,002,974 | \$ 2,201,208 | \$ 13,418,629 |
| Accounts receivable | 165,897 | 823,386 | - | 989,283 |
| Inventory | 14,377 | - | - | 14,377 |
| Due from other funds | 248,163 | - | - | 248,163 |
| TOTAL ASSETS | <u>\$ 6,642,884</u> | <u>\$ 5,826,360</u> | <u>\$ 2,201,208</u> | <u>\$ 14,670,452</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ 262,170 | \$ 291,038 | \$ 4,865 | \$ 558,073 |
| Payroll and benefits payable | 16,529 | 1,331 | - | 17,860 |
| Due to other funds | - | - | 170,981 | 170,981 |
| Unearned revenue | - | 5,738,290 | - | 5,738,290 |
| TOTAL LIABILITIES | <u>278,699</u> | <u>6,030,659</u> | <u>175,846</u> | <u>6,485,204</u> |
| Fund Balances: | | | | |
| Non-spendable | 14,377 | - | - | 14,377 |
| Committed | - | - | 151,926 | 151,926 |
| Assigned | 2,750,000 | - | 1,873,436 | 4,623,436 |
| Unassigned | 3,599,808 | (204,299) | - | 3,395,509 |
| TOTAL FUND BALANCES | <u>6,364,185</u> | <u>(204,299)</u> | <u>2,025,362</u> | <u>8,185,248</u> |
| TOTAL LIABILITIES & FUND BALANCES | <u>\$ 6,642,884</u> | <u>\$ 5,826,360</u> | <u>\$ 2,201,208</u> | <u>\$ 14,670,452</u> |

North of the River Recreation and Park District
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET POSITION
June 30, 2018

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------|----|-------------------|
| Total Fund Balances - governmental funds balance sheet | \$ | 8,185,248 |
| <p style="margin-left: 40px;">Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| Capital assets used in governmental activities are not reported in the funds | | 27,602,107 |
| Payables for capital leases which are not due in the current period are not reported in the funds | | (1,269,821) |
| Deferred resource outflows related to pension | | 900,248 |
| Net pension liability not reported in funds | | (1,050,351) |
| Payables for compensated absences which are not due in the current period are not reported in the funds | | (1,087,614) |
| Deferred resource inflows related to pension | | <u>(203,939)</u> |
| Net position of governmental activities - Statement of Net Position | \$ | <u>33,075,878</u> |

North of the River Recreation and Park District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

| | General Fund | Capital Projects Funds | Other Governmental Funds | Total |
|------------------------------------------------------|---------------------|------------------------------|--------------------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 7,432,710 | \$ - | \$ - | \$ 7,432,710 |
| Grants | 604,290 | - | 52,202 | 656,492 |
| Charges for programs and services | 1,561,704 | - | 93,957 | 1,655,661 |
| Interest | 70,051 | 106,000 | 29,020 | 205,071 |
| Special assessment revenue | | 717,386 | 570,651 | 1,288,037 |
| Other revenue | 299,649 | 87,305 | 197,861 | 584,815 |
| TOTAL REVENUES | <u>9,968,404</u> | <u>910,691</u> | <u>943,691</u> | <u>11,822,786</u> |
| EXPENDITURES | | | | |
| Salaries and employee benefits | 5,914,384 | 201,457 | 175,391 | 6,291,232 |
| Services | 2,553,503 | 16,349 | 163,007 | 2,732,859 |
| Materials and supplies | 858,826 | 979 | 14,045 | 873,850 |
| Capital maintenance | 377,413 | - | - | 377,413 |
| Capital outlays | 360,967 | 2,658,401 | 74,767 | 3,094,135 |
| Debt service | | | | |
| Principal | - | 122,527 | - | 122,527 |
| Interest | - | 76,961 | - | 76,961 |
| TOTAL EXPENDITURES | <u>10,065,093</u> | <u>3,076,674</u> | <u>427,210</u> | <u>13,568,977</u> |
| Excess (deficiency) of revenues over expenditures | <u>(96,689)</u> | <u>(2,165,983)</u> | <u>516,481</u> | <u>(1,746,191)</u> |
| NET POSITION | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 715,076 | 1,961,684 | - | 2,676,760 |
| Transfers out | (1,961,684) | - | (715,076) | (2,676,760) |
| Total other financing sources (uses) | <u>(1,246,608)</u> | <u>1,961,684</u> | <u>(715,076)</u> | <u>-</u> |
| Total net position | | | | |
| Net change in fund balance | (1,343,297) | (204,299) | (198,595) | (1,746,191) |
| Fund Balance at beginning of year | <u>7,707,482</u> | <u>-</u> | <u>2,223,957</u> | <u>9,931,439</u> |
| Fund Balance at end of year | <u>\$ 6,364,185</u> | <u>\$ (204,299)</u> | <u>\$ 2,025,362</u> | <u>\$ 8,185,248</u> |

North of the River Recreation and Park District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

| | |
|-------------------------------------------------------------------------------------------------------------|-----------------------|
| Net change in fund balances - total governmental funds | \$ (1,746,191) |
| | |
| Amounts reported for governmental activities in the Statement of Activities (SOA) are different because: | |
| Capital outlays over \$5,000 are not reported as expenses in the SOA | 2,571,943 |
| The depreciation of capital assets used in governmental activities is not reported in the funds | (1,683,325) |
| Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds | (378,385) |
| Principle paid for capital lease is not reported as expense in the SOA | 122,312 |
| Pension Expense | <u>(268,842)</u> |
| Change in net position of governmental activities - Statement of Activities | <u>\$ (1,382,488)</u> |

North of the River Recreation and Park District
STATEMENT OF NET POSITION
PROPRIETARY FUND
 June 30, 2018

| | Proprietary Fund CTSA <u>Transportation</u> |
|-------------------------------------------------|---------------------------------------------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash | \$ 1,103 |
| Accounts receivable | 113,554 |
| Total current assets | <u>114,657</u> |
| Non-current assets: | |
| Fuel discount deposit | 4,490 |
| Capital assets: | |
| Transit vehicles & equipment | 701,965 |
| Less accumulated depreciation | <u>(669,069)</u> |
| Total non-current assets | <u>37,386</u> |
| Total assets | <u>152,043</u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| Current liabilities: | |
| Accounts payable | 13,643 |
| Due to other funds | <u>77,182</u> |
| Total liabilities | <u>90,825</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | 32,896 |
| Unrestricted | <u>28,322</u> |
| NET POSITION | |
| Total net assets | <u><u>\$ 61,218</u></u> |

Total net position

North of the River Recreation and Park District
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2018

| | <u>Proprietary Fund</u> |
|------------------------------|-----------------------------|
| OPERATING REVENUES | |
| Fares | <u>\$ 89,640</u> |
| OPERATING EXPENSES | |
| Operations | 904,237 |
| Depreciation | 47,873 |
| Vehicle maintenance | 191,834 |
| Administration | <u>113,060</u> |
| TOTAL OPERATING EXPENSES | <u>1,257,004</u> |
| OPERATING LOSS | <u>(1,167,364)</u> |
| NON-OPERATING REVENUES | |
| Local transportation funds | 993,204 |
| State grants | 104,337 |
| Federal grants | |
| Interest | 230 |
| Sale of capital assets | 1,625 |
| Other | <u>-</u> |
| TOTAL NON-OPERATING REVENUES | <u>1,099,396</u> |
| Change in net assets | (67,968) |
| NET POSITION | <u>129,186</u> |
| Net assets - end of year | <u><u>\$ 61,218</u></u> |

North of the River Recreation and Park District
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---------------------------------------------|-------------|
| Receipts from customers | \$ 89,640 |
| Payments to employees | (889,354) |
| Payments to suppliers | (265,946) |
| | (1,065,660) |
| Net cash flows used in operating activities | (1,065,660) |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|-------------------------------------------------|-----------|
| Received from local transportation funds | 993,204 |
| Received from grants | 70,600 |
| Received from other non-operating | - |
| | 1,063,804 |
| Net cash flows provided by operating activities | 1,063,804 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--------------------------------------------------------|-------|
| Interest on investment | 231 |
| Sale of equipment | 1,625 |
| | 1,856 |
| Net cash flows provided (used) by investing activities | 1,856 |

Net increase (decrease) in cash and cash equivalents -

Cash and cash equivalents at beginning of year 1,103

Cash and cash equivalents at end of year \$ 1,103

NET POSITION

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

| | |
|-----------------------------------------------------------------------------------------|----------------|
| Operating income (loss) | \$ (1,167,364) |
| Adjustments to reconcile operating income to net cash provided by Operating activities: | |
| Total net position | 47,873 |
| Change in assets and liabilities: | |
| Increase (decrease) in accounts payable | 4,727 |
| Increase (decrease) in due to other funds | 49,104 |
| | 101,704 |
| Total adjustments | 101,704 |

Net cash flows used in operating activities \$ (1,065,660)

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - GENERAL

North of the River Recreation and Park District (the District) was established on December 19, 1955 (under the name North of the River Public Recreation District), in accordance with the Provisions of Section 5431 et seq. of the Public Resources Code of the State of California. The current name of the District was adopted on April 18, 2005, in accordance with Section 5780 et seq. of the Public Resources Code. The District operates under a Board of Directors whose members are appointed by the Kern County Board of Supervisors and the City of Bakersfield. The District covers, in general, the unincorporated and incorporated area within the Beardsley, Standard, Fruitvale, Rosedale, Norris, and Rio Bravo-Greeley School Districts.

The purpose of the District is to provide leisure time activities for the people residing in the District. This is accomplished by the acquisition and development of park and recreation areas, development of supervised programs, construction and maintenance of recreational facilities, and cooperative efforts with other agencies in the area which provide like services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the District include the financial activities of the District and the North of the River Recreation Foundation (the Foundation). The financial operations of these entities are closely related and the Board of Directors exercises oversight responsibility over them.

Reporting Entity

The financial statements of the District include the financial activities of the District as well the Foundation, which is controlled by and dependent on the District. The District's Board of Directors appoints the governing board of the Foundation

The Foundation has no employees. The District's personnel function as agents of the Foundation. These individuals receive no additional compensation for work performed in this capacity. The District exercises significant influence over operations of the Foundation. Therefore, the financial activities of this Component Unit have been aggregated and merged (termed "blended") with those of the District in the accompanying financial statements.

Accountability for Fiscal Matters

All major financing arrangements, contracts, and other transactions of the Foundation must have the consent of the District.

Scope of Public Service

The Foundation was created for the sole purpose of financially assisting the District.

The Foundation is a non-profit public benefit corporation incorporated under the laws of the State of California. The Foundation was formed to provide financing assistance to the District.

Financial Presentation

The Foundation's financial activity has been blended, or combined, with the financial data of the District. The financial statements present the Foundation's financial activity as the North of the River Recreation Foundation Fund.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through property taxes, program fees, grants and developer fees.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Capital Projects Fund: This fund is used to account for the construction of major capital projects.

The District reports the following non-major governmental fund:

Special Revenue Fund: This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The District reports the following Proprietary Fund:

CTSA Transportation Fund: This fund is used to account for operations that provide goods or services to the general public on a continuing basis and is financed primarily through user charges and CTSA funding.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

B. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

The procedures in adopting the budgetary data reflected in the financial statements are:

1. In June, the General Manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. In July, the budget is legally adopted through passage of a resolution.

The General Manager is authorized to transfer budgeted amounts between programs within any fund. Expenditures may not exceed appropriations at the program level. Unencumbered appropriations lapse at year-end. Encumbered amounts are appropriated in the ensuing fiscal year budget.

Formal budgetary control is integrated into the District's general ledger as a management control device during the year. Budgets are prepared on a basis consistent with the accounting for the fund.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - ASSETS, LIABILITY AND EQUITY

A. Cash Deposits and Investments

The District maintains its operating cash account on deposit with the Kern County Treasurer. The District is responsible for disbursing these funds directly. Prior to disbursing these funds, the District requests a transfer from the County of Kern (the County) operating account to its operating account maintained at a financial institution. The District then disburses funds directly from this operation account. The County operating account maintained on behalf of the District is interest bearing with interest credited to the District account quarterly.

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

B. Inventory and Prepaid Expenditures

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Such funds are equally offset by a fund balance reserve which indicates that inventories do not constitute "available spendable resources" even though they are a component of net current position.

Payments to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items. Such funds are equally offset by a fund balance reserve which indicates that prepaid items do not constitute "available spendable resources" even though they are a component of net current position.

C. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 prior to the 2010-11 year and \$5,000 starting with 2010-11 year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

The District has assigned the useful lives listed below to capital assets:

| | |
|------------------------------------|-----------------|
| Land | No Depreciation |
| Buildings | 40 years |
| Buildings – Portable or Modular | 25 years |
| Furniture and Equipment: | |
| Kitchen Equipment | 5-10 years |
| Machinery and Tools | 5 years |
| Office Equipment and Furnishings | 5 years |
| Communications and Alarm Equipment | 5-10 years |
| Vehicles | 5-10 years |
| Recreation Equipment | 5 years |
| Parks Equipment | 5-15 years |
| Site Improvements | 20 years |

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - ASSETS, LIABILITY AND EQUITY (continued)

D. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

E. Compensated Absences

The District provides for the accrual of the vested portion of accumulated vacation. Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current and non-current portion of the liabilities are not reported in the Governmental Funds.

Accumulated sick leave benefits are recognized as liabilities of the District under certain conditions. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest until an employee is eligible for retirement at age 60, or at age 50 with 5 years of service, at which time the employee vests in one half of accumulated sick time.

The entire compensated absences liability is reported on the government-wide financial statements.

F. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements and expense reimbursement transactions, outstanding at the end of the fiscal year are referred to as due to/from other funds. These amounts are eliminated on the statement of net position except for any net residual amounts due between governmental activities and business-type activities, which are presented as internal balances.

G. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3 - ASSETS, LIABILITY AND EQUITY (continued)

G. Fund Balances - Governmental Funds (concluded)

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

H. Net Position

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is unrestricted.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Deferred Inflows and Deferred Outflows of Revenue

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 - ASSETS, LIABILITY AND EQUITY (concluded)

J. 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 expenses during the reporting period. Actual results could differ from those estimates.

NOTE 4 - CASH AND INVESTMENTS

A. Cash on Hand and On Deposit

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash on hand and on deposit as of June 30, 2018, consisted of the following:

Cash on Deposit Government Funds:

| | |
|--------------------------------------|----------------------|
| Cash on hand and in banks | \$ 1,921,253 |
| Deposited with Kern County Treasurer | 8,489,717 |
| Deposited with City of Bakersfield | <u>3,007,659</u> |
| Total cash | <u>\$ 13,418,629</u> |

Cash on Deposit Proprietary Fund:

| | |
|---------------------------|-----------------|
| Cash on hand and in banks | <u>\$ 1,103</u> |
| Total cash | <u>\$ 1,103</u> |

Deposits are carried at cost plus accrued interest. For all cash on hand and on deposit at June 30, 2018, amortized cost approximates fair market value.

B. Investments Authorized by California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the 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, and custodial credit risk.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 - CASH AND INVESTMENTS (continued)

B. Investments Authorized by California Government Code and the District's Investment Policy
 (concluded)

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|-------------------------------------|-----------------------------|------------------------------------------------|-------------------------------------------------|
| Local Agency Bonds | 5 years | None | None |
| U. S. Treasury Obligations | 5 years | None | None |
| U. S. Agency Securities | 5 years | None | None |
| Banker's Acceptances | 180 days | None | None |
| Commercial Paper | 270 days | None | None |
| Negotiable Certificates of Deposit | 5 years | None | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | None | None |
| Medium-Term Notes | 5 years | None | None |
| Mutual Funds | N/A | None | None |
| Money Market Mutual Funds | N/A | None | None |
| Mortgage Pass-Through Securities | 5 years | None | None |
| Pooled Investment Funds | N/A | 100% | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 - CASH AND INVESTMENTS (concluded)

C. Analysis of Specific Deposit and Investment Risks (concluded)

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

| | <u>Balance</u> <u>7/1/17</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/18</u> |
|---------------------------------------------|---------------------------------|--------------------|-------------------|----------------------------------|
| Governmental-type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,524,061 | \$ 2,169 | \$ - | \$ 5,526,230 |
| Construction in progress | <u>1,365,409</u> | <u>2,357,966</u> | <u>-</u> | <u>3,723,375</u> |
| Total capital assets not being depreciated: | <u>6,889,470</u> | <u>2,360,135</u> | <u>-</u> | <u>9,249,605</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 12,755,196 | - | 451,908 | 12,303,288 |
| Improvements | 31,694,863 | 35,387 | - | 31,730,250 |
| Equipment and vehicles | <u>3,256,326</u> | <u>276,735</u> | <u>17,886</u> | <u>3,515,175</u> |
| Total capital assets being depreciated: | <u>47,706,385</u> | <u>312,122</u> | <u>469,794</u> | <u>47,548,713</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,832,613) | (302,552) | (351,594) | (5,783,571) |
| Improvements | (19,529,525) | (1,218,958) | - | (20,748,483) |
| Equipment and vehicles | <u>(2,520,226)</u> | <u>(161,815)</u> | <u>(17,886)</u> | <u>(2,664,155)</u> |
| Total accumulated depreciation | <u>(27,882,364)</u> | <u>(1,683,325)</u> | <u>(369,480)</u> | <u>(29,196,209)</u> |
| Net capital assets being depreciated | <u>19,824,021</u> | <u>(1,371,203)</u> | <u>100,314</u> | <u>18,352,504</u> |
| Total net capital assets - | | | | |
| Governmental-type activities | <u>\$ 26,713,491</u> | <u>\$ 988,932</u> | <u>\$ 100,314</u> | <u>\$ 27,602,109</u> |

Depreciation was charged to functions/programs of the primary government as follows:

Government Activities

| | |
|----------------------------------------------------|---------------------|
| Recreation activities | \$ 252,499 |
| Park and facilities | <u>1,430,826</u> |
| Total depreciation expense – government activities | <u>\$ 1,683,325</u> |

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 5 - CAPITAL ASSETS (concluded)

| | Balance 7/1/17 | Additions | Deletions | Balance 6/30/18 |
|--------------------------------------------------------|-------------------|-------------|-----------|--------------------|
| Business-type Activities | | | | |
| Capital assets being depreciated: | | | | |
| Equipment and vehicles | \$ 764,411 | \$ - | \$ 62,446 | \$ 701,965 |
| Total capital assets being depreciated | 764,411 | - | 62,446 | 701,965 |
| Less accumulated depreciation for: | | | | |
| Equipment and vehicles | (683,642) | (47,873) | (62,446) | (669,069) |
| Total accumulated depreciation | (683,642) | (47,873) | (62,446) | (669,069) |
| Total net capital assets - Business-type activities | \$ 80,769 | \$ (47,873) | \$ - | \$ 32,896 |

NOTE 6 - INTERFUND BALANCES AND ACTIVITY

A. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2018, consisted of the following:

| | Due To | Due From |
|---------------------------|------------|------------|
| General Fund | \$ - | \$ 248,163 |
| Foundation | 6,697 | - |
| CTSA | 77,182 | - |
| North Meadows Maintenance | 164,284 | - |
| Total | \$ 248,163 | \$ 248,163 |

B. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2018, consisted of the following

| | Transfer In | Transfer Out |
|--------------------------------|--------------|--------------|
| Capital Projects | \$ 1,961,684 | \$ - |
| North of the River Maintenance | - | 715,076 |
| General Fund | 715,076 | 1,961,684 |
| Total | \$ 2,676,760 | \$ 2,676,760 |

NOTE 7 - LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2016, are as follows:

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 - LONG-TERM OBLIGATIONS (concluded)

A. Long-Term Obligation Activity (concluded)

| | <u>Beginning</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> | <u>Due in one Year</u> |
|-------------------------|---------------------|-------------------|--------------------|---------------------|----------------------------|
| Governmental Activities | | | | | |
| Capital leases | \$ 1,392,133 | \$ - | \$ 122,312 | \$ 1,269,821 | \$ 129,547 |
| Compensated absences* | <u>709,230</u> | <u>378,384</u> | <u>-</u> | <u>1,087,614</u> | <u>-</u> |
| Total | <u>\$ 2,101,363</u> | <u>\$ 378,384</u> | <u>\$ 122,312</u> | <u>\$ 2,357,435</u> | <u>\$ 129,547</u> |

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

| <u>Liability</u> | <u>Activity Type</u> | <u>Fund</u> |
|----------------------|----------------------|-------------------------------------------------------------------|
| Compensated absences | Governmental | General, North Meadows Landscape Maintenance, Capital Projects |
| Compensated absences | Business-Type | CTSA Transportation Fund |

B. Capital Leases

Commitments under a capitalized lease agreement to complete a new gymnasium and community center at Riverlakes Ranch Community Park provide for minimum future lease payments as of June 30, 2018, as follows:

| <u>Year Ending June 30,</u> | |
|---------------------------------------------|---------------------|
| 2019 | \$ 199,488 |
| 2020 | 199,488 |
| 2021 | 199,488 |
| 2022 | 199,488 |
| 2023-2026 | 797,950 |
| Total minimum rentals | <u>1,595,902</u> |
| Less amount representing interest | <u>(326,081)</u> |
| Present value of net minimum lease payments | <u>\$ 1,269,821</u> |
| Rental Expenditures in 2018 | <u>\$ 199,488</u> |

The effective interest rate on the capital lease is 5.65%.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets; errors and omissions; injuries to employees and program participants; and natural disasters.

The District has obtained liability and property damage coverage through the California Association for Park and Recreation Insurance (CAPRI), a joint powers agency comprised of California special districts. Additionally, the District has obtained workers' compensation coverage through CAPRI.

No settlement exceeded the District's coverage in any of the past three fiscal years.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 - PENSION PLAN

Plan Description

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by an agency of the State of California, the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on their website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

| | <u>District Miscellaneous</u> | |
|----------------------------------------------------|-------------------------------------|----------------------------------------|
| | <u>Prior to January 1, 2013</u> | <u>On or after January 1, 2013</u> |
| Hire date | | |
| Benefit formula | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 62 | 52 - 67 |
| Monthly benefits, as a % of eligible compensations | 1.1% to 2.5% | 1.0% to 2.5% |
| Required employee contribution rates | 6.974% | 6.974% |
| Required employer contribution rates | 11.442% | 11.442% |

Contributions - CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions Recognized

For the year ended June 30, 2018, the contributions recognized as part of pension expense were as follows:

| | |
|--------------------------|-------------------|
| Contributions - employer | \$ 403,888 |
| Total contributions | <u>\$ 403,888</u> |

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 - PENSION PLAN (continued)

Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported a net pension liability for its proportionate share of the net pension liability of CalPERS as follows:

| | Proportionate Share of Net Pension Liability |
|-------------------------|-------------------------------------------------------|
| Miscellaneous Risk Pool | <u>\$ 1,050,351</u> |

The District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB Statement No. 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The District's proportionate share of the net pension liability as of June 30, 2016, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to the Miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2017. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The District's proportionate share of the net pension liability as of June 30, 2017, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2017, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2017, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2016, was calculated by applying the District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2016, to obtain the total pension liability and fiduciary net position as of June 30, 2016. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 - PENSION PLAN (continued)

The District's proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2017 was as follows:

| <u>District's Miscellaneous Plan</u> | <u>Miscellaneous</u> |
|--------------------------------------|----------------------|
| Proportion - June 30, 2017 | \$ 249,964 |
| Proportion - June 30, 2018 | <u>676,367</u> |
| Change – Increase (Decrease) | <u>\$ 426,403</u> |

For the year ended June 30, 2018, the District recognized pension expense of \$403,888. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Pension contributions subsequent to measurement date | \$ 418,227 | \$ - |
| Differences between actual and expected experience | - | 185,951 |
| Changes in assumptions | 378,376 | 17,988 |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | - | - |
| Net differences between projected and actual earnings on plan investments | <u>103,645</u> | <u>-</u> |
| Total | <u>\$ 900,248</u> | <u>\$ 203,939</u> |

The \$418,227 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|-----------|
| 2019 | \$ 50,083 |
| 2020 | 237,510 |
| 2021 | 55,902 |
| 2022 | (65,413) |
| Thereafter | - |

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 - PENSION PLAN (continued)

| | |
|-------------------------------|----------------------------------------|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Payroll Growth | 3.0% |
| Projected Salary Increase (1) | Varies by Age and Length of Service |
| Investment Rate of Return (2) | 7.5% |
| Mortality (3) | Derived Using CalPERS' Membership Data |

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment and administrative expenses, including inflation
- (3) The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Change in Assumptions

In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 - PENSION PLAN (concluded)

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| <u>Asset Class</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1-10</u> | <u>Real Return Years 11+</u> |
|-------------------------------|---------------------------------|-------------------------------|------------------------------|
| Global Equity | 47% | 4.90% | 5.38% |
| Global Fixed Income | 19% | 0.80 | 2.27% |
| Inflation Sensitive | 6% | 0.60 | 1.39% |
| Private Equity | 12% | 6.60 | 6.63% |
| Real Estate | 11% | 2.80 | 5.21% |
| Infrastructure and Forestland | 3% | 3.90 | 5.36% |
| Liquidity | <u>2%</u> | (0.40) | (0.90)% |
| Total | <u><u>100%</u></u> | | |

(1) An expected inflation of 2.5% used for this period
 (2) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 1% Decrease | 6.15% |
| Net Pension Liability | \$2,537,212 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$1,050,351 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$(178,419) |

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

North of the River Recreation and Park District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 10 - QUIMBY ACT AND PARK DEVELOPMENT FEES

Quimby Act fees are collected from developers under the Quimby Act as amended in 1982. These fees are deposited with the County in the District's name and are subject to certain restrictions on use. The District does not recognize these fees as revenue until expenditures for capital projects are made on a cost-reimbursement basis. The total amount of fees on deposit as of June 30, 2018 is accounted for as assets and deferred revenue. These fees revert to the lot owners if unused the later of five years from the date of deposit or the issue date of building permits for one-half of the lots within the subdivision.

The amount of such fees which would be returned, based on the date of receipt, if unused, is as follows:

| <u>Year Ending June 30</u> | <u>City</u> | <u>County</u> | <u>Total</u> |
|----------------------------|-------------------|-------------------|-------------------|
| 2019 | \$ 117,411 | \$ - | \$ 117,411 |
| 2020 | 161,133 | 93,004 | 254,137 |
| 2021 | 60,498 | 90,274 | 150,772 |
| 2022 | 43,252 | 39,936 | 83,188 |
| 2023 | 16,761 | 939 | 17,700 |
| Interest as of 06/2018 | <u>32,680</u> | <u>4,429</u> | <u>37,109</u> |
| Totals | <u>\$ 431,735</u> | <u>\$ 228,582</u> | <u>\$ 660,317</u> |

City of Bakersfield (the City) and County Park Development fees are collected under City and County ordinances. These fees are deposited with the City and the County and must be used for developing, improving, and enhancing public parks and recreation facilities serving new residential developments. The District does not recognize these fees as revenue until expenditures are made on a cost-reimbursement basis. The total amount of fees on deposit at June 30, 2018, is accounted for as assets and deferred revenue. These fees revert to the lot owners if unexpended or uncommitted within five years of the date of deposit. The amount of such fees which would be returned, based on the date of receipt, if unused, is as follows:

| <u>Year Ending June 30</u> | <u>City</u> | <u>County</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|---------------------|
| 2017 | \$ 2,242 | \$ - | \$ 2,242 |
| 2018 | 680,438 | - | 680,438 |
| 2019 | 1,008,701 | 110,129 | 1,118,830 |
| 2020 | 436,788 | 394,546 | 831,334 |
| 2021 | 358,610 | 245,913 | 604,523 |
| 2022 | 181,080 | 308,100 | 489,180 |
| 2023 | 149,405 | 252,693 | 402,098 |
| Interest as of 06/2018 | <u>110,758</u> | <u>20,618</u> | <u>131,376</u> |
| Totals | <u>\$ 2,928,022</u> | <u>\$ 1,331,999</u> | <u>\$ 4,260,021</u> |

NOTE 11 - COMMITMENTS AND CONTINGENCIES

A. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies, therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

B. Litigation

The Districts is involved in one pending litigation. In the opinion of management and legal counsel, the disposition of the litigation pending will not have a material effect on the financial statements.

The District has property tax appeals with an estimated tax liability, including accrued interest, of \$527,263.16 at June 30, 2018. The District does not have a contingent liability accrued, however management believes it has sufficient reserves in the event of an unfavorable outcome.

NOTE 12 - SUBSEQUENT EVENTS

There are no reportable subsequent events through the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board, but not considered a part of the basic financial statements.

North of the River Recreation and Park District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

Budget and Actual
 For the Year Ended June 30, 2018

| | Budgeted Amounts | | Actual | Variance with |
|--------------------------------------------------------------|------------------|----------------|--------------|----------------------------------------|
| | Original | Final | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 7,186,187 | \$ 7,186,187 | \$ 7,432,710 | \$ 246,523 |
| Grants | 595,822 | 600,225 | 604,290 | 4,065 |
| Charges for programs and facilities | 1,599,114 | 1,599,114 | 1,561,704 | (37,410) |
| Interest | - | - | 70,051 | 70,051 |
| Other revenue | 258,680 | 258,680 | 299,649 | 40,969 |
| Total revenues | 9,639,803 | 9,644,206 | 9,968,404 | 324,198 |
| EXPENDITURES | | | | |
| Salaries and employee benefits | 5,896,854 | 5,968,297 | 5,914,384 | 53,913 |
| Services | 2,726,705 | 2,726,705 | 2,553,503 | 173,202 |
| Materials and supplies | 911,760 | 920,128 | 858,826 | 61,302 |
| Capital outlay | 348,780 | 348,780 | 360,967 | (12,187) |
| Capital maintenance | 545,550 | 545,550 | 377,413 | 168,137 |
| Total expenditures | 10,429,649 | 10,509,460 | 10,065,093 | 444,367 |
| Excess (deficiency) of revenues over (under) expenditures | (789,846) | (865,254) | (96,689) | 768,565 |
| Other funding sources (uses): | | | | |
| Other sources - capital lease | | | | |
| Transfers in | - | - | 715,076 | 715,076 |
| Transfers out | (1,721,267) | (1,721,267) | (1,961,684) | (240,417) |
| NET POSITION | (1,721,267) | (1,721,267) | (1,246,608) | 474,659 |
| Net change in fund balances | \$ (2,511,113) | \$ (2,586,521) | (1,343,297) | \$ 1,243,224 |
| Fund balance - beginning | | | 7,707,482 | |
| Total net position | | | \$ 6,364,185 | |

North of the River Recreation and Park District
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Required Supplementary Information

Last 10 Years

| | 2017 | 2016 | 2015 | 2014 |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Proportionate share of the net pension liability (asset) | \$ 1,050,351 | \$ 676,367 | \$ 249,964 | \$ (22,243) |
| Covered - employee payroll | \$ 4,964,293 | \$ 4,528,826 | \$ 4,855,327 | \$ 4,070,716 |
| Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll | 21.16% | 14.93% | 5.15% | -0.55% |

NOTES TO SCHEDULE:

Changes in Benefit Terms

In 2018, there were no changes to the benefit terms.

Changes in Assumptions

In 2018, there was a reduction in the discount rate to 7.15%.

*This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available. Additional years will be displayed as they become available.

NET POSITION

Total net position

North of the River Recreation and Park District
SCHEDULE OF CONTRIBUTIONS
 Required Supplementary Information
 Last 10 Years

| <u>SCHEDULE OF CONTRIBUTIONS</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution (actuarially determined) | \$ 403,888 | \$ 382,052 | \$ 376,850 | \$ 373,402 |
| Contributions in relation to the actuarially determined contributions | <u>(403,888)</u> | <u>(382,052)</u> | <u>(376,850)</u> | <u>(373,402)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll during the fiscal year | \$ 4,964,293 | \$ 4,528,826 | \$ 4,855,327 | \$ 4,070,716 |
| Contributions as a percentage of covered-employee payroll | 8.14% | 8.44% | 7.76% | 9.17% |

NOTES TO SCHEDULE:

Changes in Benefit Terms

NET POSITION

Changes in Assumptions

None

Total net position

SUPPLEMENTARY INFORMATION

North of the River Recreation and Park District
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
 June 30, 2018

| | North Meadows Maintenance | North of the River Recreation Foundation | North of the River Park Maintenance | North of the River Maintenance Equip Cont | Total |
|-----------------------------------------|---------------------------------|---------------------------------------------------|----------------------------------------------|----------------------------------------------------|---------------------|
| <u>ASSETS</u> | | | | | |
| Cash | \$ 531,743 | \$ 225,789 | \$ 966,451 | \$ 477,225 | \$ 2,201,208 |
| TOTAL ASSETS | <u>\$ 531,743</u> | <u>\$ 225,789</u> | <u>\$ 966,451</u> | <u>\$ 477,225</u> | <u>\$ 2,201,208</u> |
| <u>LIABILITES AND FUND BALANCES</u> | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ 4,865 | \$ - | \$ - | \$ - | \$ 4,865 |
| Due to other funds | 164,284 | 6,697 | - | - | 170,981 |
| TOTAL LIABILITIES | <u>169,149</u> | <u>6,697</u> | <u>-</u> | <u>-</u> | <u>175,846</u> |
| <u>FUND BALANCES</u> | | | | | |
| Fund balance | | | | | |
| Assigned | 362,594 | 219,092 | 966,451 | 477,225 | 2,025,362 |
| TOTAL FUND BALANCES | <u>362,594</u> | <u>219,092</u> | <u>966,451</u> | <u>477,225</u> | <u>2,025,362</u> |
| Total net position | <u>\$ 531,743</u> | <u>\$ 225,789</u> | <u>\$ 966,451</u> | <u>\$ 477,225</u> | <u>\$ 2,201,208</u> |

North of the River Recreation and Park District
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

| | North Meadows Maintenance | North of the River Recreation Foundation | North of the River Park Maintenance | North of the River Maintenance Cont | Total |
|------------------------------------------------------|---------------------------------|---------------------------------------------------|----------------------------------------------|----------------------------------------------|---------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| State subventions | - | - | - | - | - |
| Grants | - | 52,202 | - | - | 52,202 |
| Charges for programs and services | - | - | - | 93,957 | 93,957 |
| Interest | 7,566 | - | 16,196 | 5,259 | 29,021 |
| Special assessment revenue | 335,707 | - | 234,944 | - | 570,651 |
| Other revenue | - | 80 | - | 197,780 | 197,860 |
| TOTAL REVENUES | <u>343,273</u> | <u>52,282</u> | <u>251,140</u> | <u>296,996</u> | <u>943,691</u> |
| EXPENDITURES | | | | | |
| Salaries and employee benefits | 175,391 | - | - | - | 175,391 |
| Services | 137,892 | 25,115 | - | - | 163,007 |
| Materials and supplies | 14,045 | - | - | - | 14,045 |
| Capital outlays | 74,767 | - | - | - | 74,767 |
| TOTAL EXPENDITURES | <u>402,095</u> | <u>25,115</u> | <u>-</u> | <u>-</u> | <u>427,210</u> |
| Excess (deficiency) of revenues over expenditures | <u>(58,822)</u> | <u>27,167</u> | <u>251,140</u> | <u>296,996</u> | <u>516,481</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| NET POSITION | | | | | |
| Transfers out | - | - | - | (715,076) | (715,076) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(715,076)</u> | <u>(715,076)</u> |
| Net change in fund balance | (58,822) | 27,167 | 251,140 | (418,080) | (198,595) |
| Total net position | | | | | |
| Fund balance at beginning of year | <u>421,416</u> | <u>191,925</u> | <u>715,311</u> | <u>895,305</u> | <u>2,223,957</u> |
| Fund balance at end of year | <u>\$ 362,594</u> | <u>\$ 219,092</u> | <u>\$ 966,451</u> | <u>\$ 477,225</u> | <u>\$ 2,025,362</u> |

STATISTICAL SECTION

NORTH OF THE RIVER RECREATION AND PARK DISTRICT
SCHEDULE OF ASSESSED VALUATION
 YEAR ENDED JUNE 30, 2018

The assessed valuation of the District for the year ended June 30, 2018 was:

| | <u>Secured</u> | <u>Unsecured</u> |
|---------------------------------------------|--------------------------|-----------------------|
| Total Assessed Valuation | \$ 17,350,701,012 | \$ 814,486,081 |
| Tax Relief Exemptions: | | |
| Homeowner and business inventory exemptions | <u>146,246,187</u> | <u>7000</u> |
| Net Assessed Valuation | <u>\$ 17,204,454,825</u> | <u>\$ 814,479,081</u> |

Assessments, collections, and balances for the year ended June 30, 2018:

| | <u>Assessment (1)</u> | <u>Collected</u> | <u>Balance</u> |
|-----------|-----------------------|------------------|----------------|
| Secured | \$ 6,779,793 | Unavailable | Unavailable |
| Unsecured | \$ 612,380 | Unavailable | Unavailable |

(1) Estimates based upon calculations prescribed under Revenue and Taxation Code Sections 95 et seq.

COUNTY OF KERN
 District Assessed Values Report
 Auditor-Controller-County Clerk

Agency# 42411 NORTH OF THE RIVER REC & PARK
 Fiscal Year: 2017-2018

"J" AV is basis for general levy 1% allocation factors
 "B" AV is basis for billing property taxes

| Structure Code: J | Current Assessed Value | Taxable Assessed Value | RDA Increment |
|-----------------------------|------------------------|------------------------|---------------|
| Secured Roll 1 | \$ 13,907,913,907 | \$ 13,907,913,907 | \$ - |
| Mineral Roll 1 | 3,423,038,767 | 3,423,038,767 | - |
| Mobilehome Roll 6 | 17,829,118 | 17,829,118 | - |
| Loc Asses Gross AV | 17,348,781,792 | 17,348,781,792 | - |
| State Assess Utility Roll 3 | 1,919,220 | 1,919,220 | - |
| Gross Secured | 17,350,701,012 | 17,350,701,012 | - |
| Secured Homeowner* | 146,246,187 | 146,246,187 | - |
| Net Secured | 17,204,454,825 | 17,204,454,825 | - |
| Unsecured Roll 4 | 814,486,081 | 814,486,081 | - |
| Unsecured Homeowner* | 7,000 | 7,000 | - |
| Net Unsecured | \$ 814,479,081 | \$ 814,479,081 | \$ - |
| Total Gross AV | \$ 18,165,187,093 | \$ 18,165,187,093 | \$ - |
| Total Homeowner* | \$ 146,253,187 | \$ 146,253,187 | \$ - |
| Total Net AV | \$ 18,018,933,906 | \$ 18,018,933,906 | \$ - |

| Structure Code: B | Current Assessed Value | Taxable Assessed Value | RDA Increment |
|-----------------------------|------------------------|------------------------|---------------|
| Secured Roll 1 | \$ - | \$ - | \$ - |
| Mineral Roll 1 | - | - | - |
| Mobilehome Roll 6 | - | - | - |
| Loc Asses Gross AV | - | - | - |
| State Assess Utility Roll 3 | - | - | - |
| Gross Secured | - | - | - |
| Secured Homeowner* | - | - | - |
| Net Secured | - | - | - |
| Unsecured Roll 4 | - | - | - |
| Unsecured Homeowner* | \$ - | \$ - | \$ - |
| Net Unsecured | \$ - | \$ - | \$ - |
| Total Gross AV | \$ - | \$ - | \$ - |
| Total Homeowner* | \$ - | \$ - | \$ - |
| Total Net AV | \$ - | \$ - | \$ - |

* State reimburses agencies for exemptions granted

NORTH OF THE RIVER RECREATION AND PARK DISTRICT
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
SENIOR GRANT PROGRAM
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30,2018

| | Meals III - C (1) | Congregate Home Delivered Meals III - C (2) | Total |
|--------------------------------------------------------------|----------------------|---------------------------------------------------------|-------------------|
| <u>REVENUES</u> | | | |
| Program income | \$ 44,877 | \$ 42,838 | \$ 87,715 |
| NSIP funds | \$ 16,334 | \$ 23,917 | \$ 40,251 |
| Matching cash | \$ 41,131 | \$ 62,255 | \$ 103,386 |
| Grant Funds-County | \$ 42,218 | \$ 13,264 | \$ 55,482 |
| Grand Funds- State | \$ 10,145 | \$ 10,625 | \$ 20,770 |
| Grant Funds- Federal | \$ 107,132 | \$ 155,715 | \$ 262,847 |
| In-kind revenues | \$ 79,782 | \$ 70,916 | \$ 150,698 |
| | | | |
| Total Revenues | <u>\$ 341,619</u> | <u>\$ 379,530</u> | <u>\$ 721,149</u> |
| <u>EXPENDITURES</u> | | | |
| Personnel | \$ 199,223 | \$ 232,109 | \$ 431,332 |
| Travel | \$ 12 | \$ 5,067 | \$ 5,079 |
| Equipment | \$ - | \$ - | \$ 15,751 |
| Food Costs | \$ 43,973 | \$ 71,860 | \$ 115,833 |
| Consultants | \$ 6,413 | \$ - | \$ 6,413 |
| Other Costs | \$ 12,216 | \$ 30,865 | \$ 43,081 |
| In-Kind expenditures | \$ 79,782 | \$ 39,629 | \$ 119,411 |
| | | | |
| Total Expenditures | <u>\$ 341,619</u> | <u>\$ 379,530</u> | <u>\$ 736,900</u> |
| | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,751</u> |

NORTH OF THE RIVER RECREATION AND PARK DISTRICT
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
NUTRITION SERVICES -TITLE III-C(1)
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30,2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------------------------------------|----------------------------|---------------------|----------------|-----------------|
| <u>REVENUES</u> | | | | |
| Program income | \$ 56,903 | \$ 56,903 | \$ 44,877 | \$ (12,026) |
| NSIP funds | \$ 15,834 | \$ 16,334 | \$ 16,334 | \$ - |
| Matching cash | \$ 55,870 | \$ 55,870 | \$ 41,131 | \$ (14,739) |
| Grant Funds-County | \$ 42,218 | \$ 42,218 | \$ 42,218 | \$ - |
| Grand Funds- State | \$ 10,145 | \$ 10,145 | \$ 10,145 | \$ - |
| Grant Funds- Federal | \$ 102,132 | \$ 107,132 | \$ 107,132 | \$ - |
| In-kind revenues | \$ 140,136 | \$ 140,136 | \$ 79,782 | \$ (60,354) |
| Total Revenues | \$ 423,238 | \$ 428,738 | \$ 341,619 | \$ (87,119) |
| <u>EXPENDITURES</u> | | | | |
| Personnel | \$ 199,488 | \$ 199,488 | \$ 199,223 | \$ (265) |
| Travel | \$ 300 | \$ 300 | \$ 12 | \$ (288) |
| Equipment | \$ - | \$ - | \$ - | \$ - |
| Food Costs | \$ 50,000 | \$ 50,000 | \$ 43,973 | \$ (6,027) |
| Consultants | \$ 16,114 | \$ 16,114 | \$ 6,413 | \$ (9,701) |
| Other Costs | \$ 17,200 | \$ 22,700 | \$ 12,216 | \$ (10,484) |
| In-Kind expenditures | \$ 140,136 | \$ 140,136 | \$ 79,782 | \$ (60,354) |
| Total Expenditures | \$ 423,238 | \$ 428,738 | \$ 341,619 | \$ (87,119) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ - | \$ - |

NORTH OF THE RIVER RECREATION AND PARK DISTRICT
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
NUTRITION SERVICES -TITLE III-C(2)
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018

| | Original Budget | Final Budget | Actual | Variance |
|------------------------------------------------------------------|--------------------|----------------|----------------|-----------------|
| <u>REVENUES</u> | | | | |
| Program income | \$ 40,900 | \$ 40,900 | \$ 42,838 | \$ 1,938 |
| NSIP funds | \$ 22,917 | \$ 23,917 | \$ 23,917 | \$ - |
| Matching cash | \$ 101,234 | \$ 101,234 | \$ 62,255 | \$ (38,979) |
| Grant Funds-County | \$ 13,264 | \$ 13,264 | \$ 13,264 | \$ - |
| Grand Funds- State | \$ 10,625 | \$ 10,625 | \$ 10,625 | \$ - |
| Grant Funds- Federal | \$ 153,847 | \$ 155,715 | \$ 155,715 | \$ - |
| In-kind revenues | \$ 44,974 | \$ 44,974 | \$ 70,916 | \$ 25,942 |
| Total Revenues | \$ 387,761 | \$ 390,629 | \$ 379,530 | \$ (11,099) |
| <u>EXPENDITURES</u> | | | | |
| Personnel | \$ 237,614 | \$ 237,614 | \$ 232,109 | \$ (5,505) |
| Travel | \$ 3,000 | \$ 3,000 | \$ 5,067 | \$ 2,067 |
| Equipment | \$ - | \$ - | \$ - | \$ - |
| Food Costs | \$ 65,000 | \$ 65,000 | \$ 71,860 | \$ 6,860 |
| Consultants | \$ - | \$ - | \$ - | \$ - |
| Other Costs | \$ 37,173 | \$ 40,041 | \$ 30,865 | \$ (9,176) |
| In-Kind expenditures | \$ 44,974 | \$ 44,974 | \$ 39,629 | \$ (5,345) |
| Total Expenditures | \$ 387,761 | \$ 390,629 | \$ 379,530 | \$ (11,099) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ - | \$ - |

North of the River Recreation and Park District
STATEMENT OF REVENUES AND EXPENDITURES
PROPOSITION 10 GRANT
PRE-SCHOOL READINESS AND PARENT EDUCATION PROGRAM
For the Fiscal Year Ended June 30, 2018

| | | |
|------------------------------------------|--------|--------------------------|
| REVENUES | | |
| State grant funds | \$ | 209,875 |
| Other grants | | 15,000 |
| Program fees | | 19,229 |
| Other revenues | | <u>166</u> |
| Total revenues | \$ | <u>244,270</u> |
| EXPENDITURES | | |
| Salaries | | 139,574 |
| Benefits | | 39,251 |
| Services and supplies | | 36,918 |
| Indirect costs | | 15,909 |
| Other program expenditures | | <u>300</u> |
| Total expenditures | | <u>231,952</u> |
| Excess of expenditures over revenues | \$ | <u><u>12,318</u></u> |

North of the River Recreation and Park District
STATEMENT OF REVENUES AND EXPENDITURES
PROPOSITION 10 GRANT
BUDGET TO ACTUAL
For the Fiscal Year Ended June 30, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------------|----------------------------|---------------------|------------------|------------------|
| REVENUES | | | | |
| School readiness grant | \$ 209,875 | \$ 209,875 | \$ 209,875 | \$ - |
| Other grants | 11,000 | 11,000 | 15,000 | 4,000 |
| Program fees | 51,500 | 51,500 | 19,229 | (32,271) |
| Other revenues | <u>2,000</u> | <u>2,000</u> | <u>166</u> | <u>(1,834)</u> |
| Total revenues | <u>274,375</u> | <u>274,375</u> | <u>244,270</u> | <u>(30,105)</u> |
| EXPENDITURES | | | | |
| Salaries | 159,701 | 159,701 | 139,574 | (20,127) |
| Benefits | 45,805 | 45,805 | 39,251 | (6,554) |
| Services & supplies | 48,573 | 48,573 | 36,918 | (11,655) |
| Indirect costs | 15,546 | 15,546 | 15,909 | 363 |
| Other program expenditures | <u>4,750</u> | <u>4,750</u> | <u>300</u> | <u>(4,450)</u> |
| Total expenditures | <u>274,375</u> | <u>274,375</u> | <u>231,952</u> | <u>(42,423)</u> |
| Excess of expenditures over revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,318</u> | <u>\$ 12,318</u> |

OTHER REPORT

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Board of Directors
North of the River Recreation and Park District
Bakersfield, California

We have audited the basic financial statements of North of the River Recreation and Park District as of and for the year ended June 30, 2018, and have issued our report thereon dated February 15, 2019. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North of the River Recreation and Park District's internal control over financial reporting as a basis for designing our auditing procedures, for the purpose of expressing our opinion on North of the River Recreation and Park District's financial statements, but not for the purpose of expressing an opinion on the effectiveness of North of the River Recreation and Park District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of North of the River Recreation and Park District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North of the River Recreation and Park District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North of the River Recreation and Park District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North of the River Recreation and Park District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 15, 2019