

**CALWA RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

**CALWA RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2014**

Table of Contents

	<u>Page</u>
Board of Directors and Administration	1
Independent Auditor's Report	2 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet and Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balance	7
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities	8
Notes to Financial Statements	9-14

**CALWA RECREATION AND PARK DISTRICT
BOARD OF DIRECTORS AND ADMINISTRATION
JUNE 30, 2014**

Board of Directors

Mary L. Rosales	Chair
Raul Guerra	Vice Chair
Sandra Celedon	Secretary
Paul H. Garcia	Director
Felicia Salcido	Director

Administration

Luis O. Mendoza	District Administrator
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Independent Auditor's Report

To the Board of Directors
Calwa Recreation and Park District
Fresno, California

We have audited the accompanying financial statements of the governmental activities of Calwa Recreation and Park District (a special district), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion


No or very limited accounting controls were exercised over park rent cash collections prior to the initial entry of such park rent collected in the accounting records. We were unable to obtain sufficient appropriate audit evidence about the amount recognized for park rent collected by Calwa Recreation and Park District for the year ended June 30, 2014, because there were no or limited accounting controls. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion

In our opinion, except for possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Calwa Recreation and Park District, as of June 30, 2014 and the 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*

Management has omitted management's discussion and analysis and the statement of revenues, expenditures and changes in fund balance-budget and actual, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.



August 11, 2015

CALWA RECREATION AND PARK DISTRICT
STATEMENT OF NET ASSETS
June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash (Note 3)	\$ 160,457
Receivables	2,267
Capital Assets (Note 4)	<u>387,119</u>
 Total Assets	 <u>549,843</u>
 LIABILITIES	
Accounts Payable	60,174
Accrued Payroll	3,857
Accrued Vacation and Sick Leave Payable	<u>802</u>
 Total Liabilities	 <u>64,833</u>
 NET ASSETS	
Invested In Capital Assets	387,119
Unrestricted	<u>97,891</u>
 Total Net Assets	 <u><u>\$ 485,010</u></u>

The accompanying notes are an integral part of these financial statements.

CALWA RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
Community Services	\$ 333,364	\$ -	\$ -	\$ (290,336)	\$ -	\$ (290,336)
Total Governmental Activities	<u>333,364</u>	<u>-</u>	<u>-</u>	<u>(290,336)</u>	<u>-</u>	<u>(290,336)</u>
General Revenues:						
Unrestricted						
Property Taxes				308,932	-	308,932
Contributions				450	-	450
Interest				939	-	939
Total General Revenues				<u>310,321</u>	<u>-</u>	<u>310,321</u>
Change In Net Assets				19,985	-	19,985
Net Assets - Beginning				<u>465,025</u>	<u>-</u>	<u>465,025</u>
Net Assets - Ending				<u>\$ 485,010</u>	<u>\$ -</u>	<u>\$ 485,010</u>

The accompanying notes are an integral part of these financial statements.

**CALWA RECREATION AND PARK DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	General Fund
ASSETS	
Cash	\$ 160,457
Receivables	<u>2,267</u>
Total Assets	<u>\$ 162,724</u>
 LIABILITIES	
Accounts Payable	\$ 60,174
Accrued Payroll	3,857
Accrued Vacation and Sick Leave Payable	<u>802</u>
Total Liabilities	64,833
 FUND BALANCE	
Reserved	<u>97,891</u>
Total Net Assets	<u>\$ 162,724</u>

RECONCILIATION TO STATEMENT OF NET ASSETS:

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance reported above.	\$ 97,891
Capital assets (net of depreciation) used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>387,119</u>
Total Net Assets - Governmental Activities	<u>\$ 485,010</u>

The accompanying notes are an integral part of these financial statements.

**CALWA RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

RECONCILIATION TO STATEMENT OF ACTIVITIES:

Net Changes in Fund Balance - Governmental Funds \$ 46,733

All capital outlays to purchase or build capital assets are reported in governmental activities as expenditures. However, for governmental activities those capital outlays other than non-capitalized items are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital Outlay	\$	-		
Deprciation Expense		<u>(26,748)</u>		<u>(26,748)</u>

Total Changes in Net Assets - Governmental Activities \$ 19,985

The accompanying notes are an integral part of these financial statements.

CALWA RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

(1) Description of Entity

(a) Description of Operations

Calwa Recreation and Park District was formed March 17, 1955 as a special district in the State of California and is governed by a five-person board of directors. The District was established to provide community services for the Calwa, California area.

- (b) In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity, of the Governmental Accounting Standards Board (GASB)*, the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

(2) Summary of Significant Accounting Policies

(a) Basic Financial Statements

The financial statements of the Calwa Recreation and Park District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's policies are described below.

Basic financial statements are presented at both the government-wide and fund financial level. Government-wide financial statements report information about the reporting unit as a whole. For the most, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. The District has no proprietary type funds, therefore only reports governmental type funds.

**CALWA RECREATION AND PARK DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2014
 (Continued)**

(b) Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

The District reports the following governmental funds:

General Fund

This is the general operating fund of the District. It is used to account for all financial resources concerned with operating the District.

(c) Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank certificates of deposit and deposits with the County of Fresno investment pool.

(d) Capital Assets

Capital assets which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are recorded at historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation. The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation on the remaining capital assets is provided on the straight-line basis over the following estimated useful lives:

The estimated useful lives of the various assets of the District are as follows:

<u>Type of Assets</u>	<u>Estimated Useful Life In Years</u>
Buildings and Improvements	10 - 40
Equipment	5 - 10

CALWA RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014
(Continued)

(e) Property Tax Revenues

The County of Fresno is the collection agency for taxes within the County. Taxes are recognized as revenues in the current year when the District is notified by the County of the amounts. They become a lien against the property on the date of levy. Taxes are due and payable at the County on April 10 and December 10 for real property and August 15 for personal property, and collections are remitted to the District.

(f) Economic Dependency

The District receives a substantial amount of its support from property tax revenue. During the year ended June 30, 2014, property tax revenues represent 87% of total revenue.

(g) Compensated Absences

Full-time, permanent employees are granted vacation benefits in specified maximums depending on tenure with the District. Unused vacation may be accumulated beyond each calendar year. Sick leave is granted to employees, and, upon separation of service, employees may be entitled to compensation for a portion of the unused amount.

(h) Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. **Invested in capital assets, net of related debt**—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted net position**—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted net position**—All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. **Restricted** – amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CALWA RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014
(Continued)

- b. **Committed** – amounts that can be used only for specific purposes determined by a formal action of the District Board (Board). The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or motions approved by the Board.
- c. **Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board has the authority to assign amounts for specific purposes.
- d. **Unassigned** – all other spendable amounts.

(i) Budgets

The District adopts an annual budget. The general fund budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP"). At June 30, 2014 the District did not have a budget.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies 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.

(3) Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Cash funds deposited with the County of Fresno are in pooled money funds. The funds are pooled with other governmental entities in the county and invested in compliance with the State of California.

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

CALWA RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014
(Continued)

<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	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Concentration of Credit Risk

The District does not have an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more of total District investments as of June 30, 2014.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities. The market value of the pledged securities must equal at least 110 percent of a district's deposits. California law also allows financial institutions to collateralize a district's deposits by pledging first trust deed mortgage notes having a value of 150 percent of a district's total deposits. The district may waive collateral requirements for deposits on interest bearing accounts which are fully insured by federal deposit insurance up to \$250,000.

CALWA RECREATION AND PARK DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2014
(Continued)

At June 30, 2014, the carrying amount of the District's cash deposits in noninterest bearing accounts was \$26,292 and the bank balance was \$26,292. The difference, if any, between the bank balance and the carrying amount represents outstanding checks and deposits in transit. \$26,292 of the non-interest bearing accounts were covered by the federal depository insurance.

Investment in Investment Pools

The District is a voluntary participant in the Fresno County Investment Pool that is regulated by the California Government Code. These funds were not subject to the credit risk categorization and are carried at cost which approximates fair value. The value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Pools for the entire Pool's portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Pools, which are recorded on an amortized cost basis. The balance in the Fresno County pool at June 30, 2014 was \$134,165.

(4) Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2014 was as follows:

	Balance <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2014</u>
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Building Improvements	960,394	-	-	960,394
Equipment	<u>134,313</u>	<u>-</u>	<u>-</u>	<u>134,313</u>
	1,184,707	-	-	1,184,707
Less Accumulated Depreciation	<u>770,840</u>	<u>-</u>	<u>26,748</u>	<u>797,588</u>
 Governmental Activities				
Capital Assets, Net	<u>\$ 413,867</u>	<u>\$ -</u>	<u>\$ 26,748</u>	<u>\$ 387,119</u>