

RUSSIAN RIVER RECREATION AND PARK DISTRICT

Audited Financial Statements

June 30, 2023

RUSSIAN RIVER RECREATION AND PARK DISTRICT

Table of Contents

Independent Auditor’s Report.....1-3

Management’s Discussion and Analysis.....4-8

Basic Financial Statements:

 Government-Wide Financial Statements

 Statement of Net Position.....9

 Statement of Activities.....10

 Fund Financial Statements

 Governmental Funds:

 Balance Sheets.....11

 Reconciliation of the Governmental Fund Balance Sheets to the

 Government-Wide Statement of Net Position.....12

 Statements of Revenues, Expenditures, and Changes in Fund Balances.....13

 Reconciliation of the Statements of Revenues, Expenditures, and Changes

 In Fund Balances of Governmental Funds to the Government-Wide

 Statement of Activities.....14

 Notes to the Basic Financial Statements.....15-21

Required Supplementary Information:

 Budgetary Comparison Schedules:

 General Fund.....22



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Russian River Recreation and Park District
Guerneville, California

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Russian River Recreation and Park District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, analysis and budgetary comparison information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Board of Directors
Russian River Recreation and Park District

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.

Richardson & Company, LLP

June 28, 2024

RUSSIAN RIVER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2023

This section of the Fair Oaks Recreation and Park District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2023. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021-2022

- The assets of the District exceeded liabilities at the close of the 2021-2023 fiscal year by \$1,906,667 (net position). Of this amount, \$776,775 is invested in capital assets, and \$1,183,892 is unrestricted.
- The District's capital asset balances were \$776,775 at year-end, increasing significantly due to playground construction of \$62,709, licensing of the dam of \$35,001 and land purchase of \$76,394. \$44,777 in depreciation expense was recognized during FY 2022/23. See Note 3 of the basic financial statements.
- As of June 30, 2023, the District's governmental funds reported fund balance of \$1,203,021 all of which is available to meet the District's current and future needs (unassigned general fund balance).
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$1,203,021 or approximately 187% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

Government-Wide Financial Statements are designed to provide readers with a broad overview of District finances in a manner similar to a private-sector business.

The Statement of Net Position includes information on the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and provides information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). 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 Statements of Activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

RUSSIAN RIVER RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

functions that are intended to recover all or a portion of their costs through user fees and charges (business type activities). The governmental activities of the District are recreational and park activities. There are no business type activities.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related legal compliance. All of the funds of the District can be combined into one category: *governmental funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term requirements. 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. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheets and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District's budgetary comparative information for the general fund.

RUSSIAN RIVER RECREATION AND PARK DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table compares the Statement of Net Position at June 30, 2023 and June 30, 2022:

Condensed Statement of Net Position		
Fiscal Years		
Ended June 30, 2023 and 2022		
	2023	2022
Current and other assets	\$ 1,203,021	\$ 1,281,697
Capital assets – net	776,775	648,448
Total assets	1,979,796	1,930,145
Long-term liabilities outstanding	5,628	2,382
Other liabilities	13,501	21,827
Total liabilities	19,129	24,209
Net Position:		
Net investment in capital assets	776,775	648,448
Unrestricted	1,183,892	1,257,488
Total Net Position	\$ 1,960,6667	\$ 1,905,936

The balance of unrestricted net position \$1,183,892 may be used to meet the District’s ongoing obligations to citizens and vendors.

At the end of the current fiscal year, the District is able to report positive balances in both categories of net position. The same held true for the prior fiscal year.

RUSSIAN RIVER RECREATION AND PARK DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

A summary of the District’s Statement of Activities, recapping the District’s revenues earned during the fiscal year ended June 30, 2023 and 2022, and the expenses incurred is as follows:

Condensed Statement of Activities
Fiscal Years
Ended June 30, 2023 and 2022

	2023	2022
Program Revenue:		
Operating contributions	\$ 2,432	\$ 506,626
Charges for services	5,500	2,517
Capital contributions		
General Revenue:		
Property taxes and assessments	540,691	490,354
Interest earnings	19,564	(35,809)
Miscellaneous	3,180	3,368
Total Revenue	571,367	967,056
Expenses:		
Recreation and park activities	516,636	431,034
Total Expense	516,636	431,034
Changes in Net Position	54,731	536,022
Beginning Net Position	1,905,936	1,369,914
Ending Net Position	\$ 1,960,667	\$ 1,905,936

Following are explanations of significant variances from fiscal year 2022 to 2023.

- Revenues decreased by \$395,689 between 2022 and 2023. The increase was due mostly to the increase in operating contributions in fiscal year 2022 from COVID 19 grants.
- Expenses increased by \$85,602, mostly due to increases in employee related costs and support to nonprofits.

Financial Analysis of the Governmental Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District’s governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental fund reported an ending fund balance of \$1,189,520, a decrease of \$70,350 due to the land purchase in comparison with the prior year. This entire amount constitutes unassigned fund balance, which is available for spending at the government’s discretion.

RUSSIAN RIVER RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

As a measure of the District's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. As of the end of the current fiscal year, unassigned fund balance represents 187% of total fund expenditures.

CAPITAL ASSETS

As of June 30, 2023, the District's investment in capital assets totaled \$776,775, net of accumulated depreciation, which is an increase of \$128,327 from 2022. Much of the increase during FY 2023 included the acquisition of land. The investment in capital assets includes land, buildings and improvements, equipment and the dam license. The capital assets are presented in the government-wide statement of net position. Additional information on the District's capital assets can be found in Note 3 to the financial statements.

LONG-TERM DEBT

As of June 30, 2023 the District had no debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District expects property tax revenues to show modest growth in the coming year. The District will continue to extend financial support to local non-profit organizations which offer recreation programs to the community. These factors were considered in preparing the District's budget for the fiscal year ending June 30, 2024.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Russian River Recreation and Park District P.O. Box 195, Guerneville, CA 95446.

BASIC FINANCIAL STATEMENTS

RUSSIAN RIVER RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

ASSETS	
Cash and investments	\$ 1,197,716
Prepaid expense	5,305
Capital assets:	
Nondepreciable	223,649
Depreciable, net	553,126
Total Capital Assets	<u>776,775</u>
TOTAL ASSETS	<u>1,979,796</u>
LIABILITIES	
Accounts payable	13,501
Due in more than one year:	
Compensated absences	5,628
TOTAL LIABILITIES	<u>19,129</u>
NET POSITION	
Net investment in capital assets	776,775
Unrestricted	<u>1,183,892</u>
NET POSITION	<u>\$ 1,960,667</u>

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

RUSSIAN RIVER RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
GOVERNMENTAL ACTIVITIES:					
Parks and recreation	\$ 516,636	\$ 5,500	\$ 2,432		\$ (508,704)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 516,636</u>	<u>\$ 5,500</u>	<u>\$ 2,432</u>	<u>\$ -</u>	<u>(508,704)</u>
GENERAL REVENUES:					
Property taxes					540,691
Investment earnings					19,564
Other revenues					<u>3,180</u>
TOTAL GENERAL REVENUES					<u>563,435</u>
Change in net position					54,731
Net position at beginning of year					<u>1,905,936</u>
NET POSITION AT END OF FISCAL YEAR					<u>\$ 1,960,667</u>

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

RUSSIAN RIVER RECREATION AND PARK DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUND

June 30, 2023

ASSETS

Cash and investments	\$ 1,197,716
Prepaid expenses	<u>5,305</u>
TOTAL ASSETS	<u><u>\$ 1,203,021</u></u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	<u>\$ 13,501</u>
TOTAL LIABILITIES	<u>13,501</u>

FUND BALANCE

Unassigned	<u>1,189,520</u>
TOTAL FUND BALANCE	<u>1,189,520</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,203,021</u></u>

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

RUSSIAN RIVER RECREATION AND PARK DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2023

Fund Balances of Governmental Funds	\$ 1,189,520
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	776,775
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	<u>(5,628)</u>
Net position of governmental activities	<u><u>\$ 1,960,667</u></u>

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

RUSSIAN RIVER RECREATION AND PARK DISTRICT
 STATEMENTS OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND

For the Year Ended June 30, 2023

REVENUES

Property taxes	\$ 540,691
Charges for current services	5,500
Use of money and property	19,564
Intergovernmental revenue	2,432
Other revenues	3,180
Total revenues	571,367

EXPENDITURES

Salaries and benefits	281,761
Services and supplies	185,852
Capital outlay	174,104
Total expenditures	641,717

Change in fund balance	(70,350)
Fund Balances, July 1, 2022	1,259,870
Fund Balances, June 30, 2023	\$ 1,189,520

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

RUSSIAN RIVER RECREATION AND PARK DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (70,350)

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	174,104
Depreciation expense	(44,777)
Loss on disposal of capital assets	(1,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences liability	<u>(3,246)</u>
--	----------------

Change in net position of governmental activities	<u>\$ 54,731</u>
---	------------------

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

RUSSIAN RIVER RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Russian River Recreation and Park District of Sonoma County was organized on March 21, 1941 as a County Recreation District and was reorganized under the Public Resources Code, Section 5780 et seq., by Resolution #19438 on March 29, 1960. The District is governed by a five-member elected Board of Directors. The purpose of the District is to encourage and support recreational activities which contribute to the education, entertainment, physical, cultural and moral development of individuals or groups. The District also maintains five parks, four playgrounds, three tennis courts, and two summer dams. Although the District is independent from the Sonoma County Board of Supervisors, its financial activities are processed through the Sonoma County Auditor-Controller's office.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to local governments.

Basis of Presentation – Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities presents 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. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) 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 instead as general revenues.

Basis of Presentation – Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. The District maintains one governmental fund, the General Fund.

Measurement Focus and Basis of Accounting: 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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange 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. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 considers property tax revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days. All other revenues are recognized if received within 365 days. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

RUSSIAN RIVER RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Principles: As required by the laws of the State of California, the District prepares and legally adopts a final balanced operating budget on or before October 1 of each fiscal year. Public hearings are conducted on the proposed final budget to review all appropriations and the sources of financing.

Operating budgets are adopted for the General Fund on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level which classifies expenditures by type of goods purchased and services obtained. The Statements of Revenues, Expenditures – Budget to Actual present revenues at the source level and expenditures at the function level. Significant amendments and appropriation transfers from contingencies must be approved by the District’s Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. The District’s budget for special revenue funds is prepared on the modified accrual basis of accounting, except that encumbrances represent expenditures on a budgetary basis. Encumbrances not liquidated in the current year are added to the subsequent year budget for reporting and control purposes. Budgets are not prepared for the capital projects or debt service funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level except for capital assets, which are controlled at the sub-object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges including debt service, capital outlay, contingencies, expenditure transfers, and other financing uses. Sub-object levels of expenditures for capital assets are land, structures and improvements, and equipment.

Cash held in escrow: In June 2022, the District transferred \$76,394 to Chicago Title Company for land purchase. The land was in escrow at the end of the fiscal year.

Capital Assets: Capital assets, which include land, structures and improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District’s capitalization threshold is met. Amortization of assets acquired by way of capital leases are included in depreciation and amortization. Structures, improvements, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10-30 years
Equipment	7-10 years

The District recognizes a full year of depreciation in the year following the year the assets are placed in services.

Compensated Absences: Vacation and sick leave are earned by both full time (30 or more hours worked a week) and part time (29 or less hours worked a week) employees. Vacation is accrued at a rate of 80 hours per year for full time employees, 40 hours per year for part time employees, with maximum accrual caps of 160 and 45 hours respectively. Accrued sick leave is forfeited upon employee separation and therefore is not included in compensated absences. All accrued vacation time is paid out upon employee separation. All

RUSSIAN RIVER RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vacation pay is accrued when incurred in the government-wide financial statements. A liability for vacation leave is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Property Taxes: The County of Sonoma is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Sonoma up to 1% of the full cash value of taxable property based on assessed values on March 1 of the preceding year, plus other increases approved by the voters and distributed in accordance with statutory formulas. They become a lien on the first day of the year they are levied. Secured property tax is levied on January 1 and due in two instalments, on November 1 and February 1. Unsecured property tax is levied on July 1 and due on July 31.

The County elects to use the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes on June 30. This purchase is completed within two months after the end of the fiscal year.

Unearned Revenue: Unearned revenue represents fees received prior to June 30 for events that take place after June 30.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

Fund Balance: In the fund financial statements, governmental funds report non-spendable, restricted, committed, assigned and unassigned balances.

Non-spendable Funds – Fund balance should be reported as non-spendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Non-spendable balances are not expected to be converted to cash within the next operating cycle.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has no restricted fund balance.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the District's Board of Directors. These amounts cannot be used for any other purpose unless the District's Board modifies, or removes the fund balance commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

RUSSIAN RIVER RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Funds – Unassigned fund balance is the residual classification of the District’s funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

The District’s Board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The District’s committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

The District is currently analyzing the impact of the required implementation of these new statements.

RUSSIAN RIVER RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE 2: CASH AND INVESTMENTS

At June 30, 2023, the District's total cash and investments consisted of the following:

Deposits in financial institutions	\$ 4,281
Cash and investments with the County Treasurer	<u>1,193,435</u>
	<u>\$ 1,197,716</u>

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool Investment Policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Suite 100, Santa Rosa, California, 95403-2871.

Investment in the County of Sonoma Investment Pool: The District's cash is held in the County of Sonoma's cash and investment pool which is managed by the Sonoma County Treasurer. The District's cash balances invested in the Sonoma County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. The amount invested by all public agencies in Sonoma County's cash and investment pool is \$3,784,116,679 at June 30, 2023. Sonoma County does not invest in any derivative financial products. The Sonoma County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Sonoma County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Sonoma County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to the fair value hierarchy established by generally accepted accounting principles.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment in the County pool has an average maturity of 548 days as of June 30, 2023.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's external investment pool is not rated.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested by any one issuer to the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

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 possession of an outside party. The custodial credit risk for

RUSSIAN RIVER RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE 2: CASH AND INVESTMENTS (Continued)

investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities with governmental investment pools (such as the County of Sacramento investment pool). The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities through the use of government investment pools. No cash balances exceeded the federal depository insurance level.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 76,248	\$ 76,394		\$ 8,298	\$ 160,940
Land pre-acquisition costs	8,298			(8,298)	-
Construction in progress		62,709			62,709
Total capital assets, not being depreciated	<u>84,546</u>	<u>139,103</u>	-	-	<u>223,649</u>
Capital assets being depreciated:					
Buildings and improvements	948,285		\$ (16,855)		931,430
Equipment	121,412				121,412
Dam License		35,001			35,001
Total capital assets, being depreciated	<u>1,069,697</u>	<u>35,001</u>	<u>(16,855)</u>	-	<u>1,087,843</u>
Less accumulated depreciation:					
Buildings and improvements	(449,640)	(36,412)	15,855		(470,197)
Equipment	(56,155)	(8,365)			(64,520)
Dam License					-
Total accumulated depreciation	<u>(505,795)</u>	<u>(44,777)</u>	<u>15,855</u>	-	<u>(534,717)</u>
Total capital assets being depreciated, net	<u>563,902</u>	<u>(9,776)</u>	<u>(1,000)</u>	-	<u>553,126</u>
Net capital assets	<u>\$ 648,448</u>	<u>\$ 129,327</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ 776,775</u>

Depreciation expense for the year was \$44,777 and was all charged to the recreation function.

RUSSIAN RIVER RECREATION AND PARK DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE 3: CAPITAL ASSETS (Continued)

Land – pre-acquisition costs represent funds expended towards the acquisition of land that have not yet closed escrow. Upon the close of escrow these funds will be moved into the Land asset category. In the event a property is not acquired, the funds associated with that property will be reclassified to expense.

NOTE 4: LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities for the year ended June 30, 2023:

	Balance <u>June 30, 2022</u>	Additions	Deletions	Balance <u>June 30, 2023</u>
Governmental Activities:				
Compensated absences	\$ 2,382	\$ 3,246		\$ 5,628

NOTE 5: RISK MANAGEMENT

The District is self-insured for comprehensive liability coverage as a member of the California Association for Park and Recreation Insurance (CAPRI). CAPRI is a public agency risk pool created pursuant to a joint powers agreement between the numerous member Districts. CAPRI manages one pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held, and an experience factor. CAPRI reinsures through a commercial carrier for claims in excess of \$1,000,000 for each insured event.

Coverage provided under CAPRI is as follows:

Workers’ compensation coverage with \$50,000,000 including \$350,000 (CAPRI) coverage per occurrence for workers’ compensation, limited to \$5,000,000 for employee liability.

Comprehensive general liability coverage with \$25,000,000, including \$1,000,000 (CAPRI) self-insured limit per occurrence, for personal injury and property damage to which the coverage applies. There is no deductible to the District.

All-risks property loss coverage including Boiler & Machinery coverage, is subject to a \$2,000 deductible per occurrence payable by the District.

Flood and earthquake coverage with annual aggregate limit of \$5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is \$50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

NOTE 6: EMPLOYEE BENEFITS

The District provides a savings incentive match individual retirement plan (SIMPLE IRA). The District matches employee contributions to the plan up to 3%. The employer portion of the SIMPLE IRA benefits totalled \$5,756 during the year ended June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

RUSSIAN RIVER RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 480,500	\$ 522,744	\$ 540,691	\$ 17,947
Charges for current services	3,000	3,000	5,500	2,500
Use of money and property	6,000	6,089	19,564	13,475
Intergovernmental revenue	2,600	2,695	2,432	(263)
Other revenues			3,180	3,180
Total revenues	<u>492,100</u>	<u>534,528</u>	<u>571,367</u>	<u>36,839</u>
EXPENDITURES				
Public Recreation:				
Salaries and benefits	275,500	262,220	281,761	(19,541)
Services and supplies	213,265	213,259	185,852	27,407
Capital outlay	150,000	150,000	174,104	(24,104)
Total expenditures	<u>638,765</u>	<u>625,479</u>	<u>641,717</u>	<u>(16,238)</u>
Change in fund balance	(146,665)	(90,951)	(70,350)	20,601
Fund balances - July 1, 2022	<u>1,259,870</u>	<u>1,259,870</u>	<u>1,259,870</u>	-
Fund balances - June 30, 2023	<u>\$ 1,113,205</u>	<u>\$ 1,168,919</u>	<u>\$ 1,189,520</u>	<u>\$ 20,601</u>