

**SILVERADO-MODJESKA  
RECREATION AND PARKS DISTRICT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended  
June 30, 2023**

**NIGRO  
& NIGRO<sup>PC</sup>**

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*For the Fiscal Year Ended June 30, 2023*  
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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Silverado-Modjeska Recreation and Parks District  
Silverado, California

### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Silverado-Modjeska Recreation and Parks District (District) as of and for the year ended June 30, 2023, and related notes to the 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, business-type 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 and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 opinion. 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 and *Government 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 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism 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 and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Parks and Recreation Fund, Budgetary Comparison Schedule – Public Safety Fund, Budgetary Comparison Schedule – Roads Fund, Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a separate report dated September 24, 2024, on our consideration of the 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 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* in considering the District's internal control over financial reporting and compliance.



Murrieta, California  
September 24, 2024

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

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Management's Discussion and Analysis (MD&A) offers readers of Silverado-Modjeska Recreation and Parks District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to-prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's net position decreased 14.92%, or \$178,488 from the prior year's restated net position of \$1,196,331 to \$1,017,843, as a result of this year's operations.
- Total revenues from all sources increased by 17.37%, or \$101,248 from \$582,862 to \$684,110 from the prior year, primarily due to an increase in property taxes received and rental income.
- Total expenses for the District's operations before depreciation expense increased by 10.95% or \$54,111 from \$494,259 to \$548,369, from the prior year.

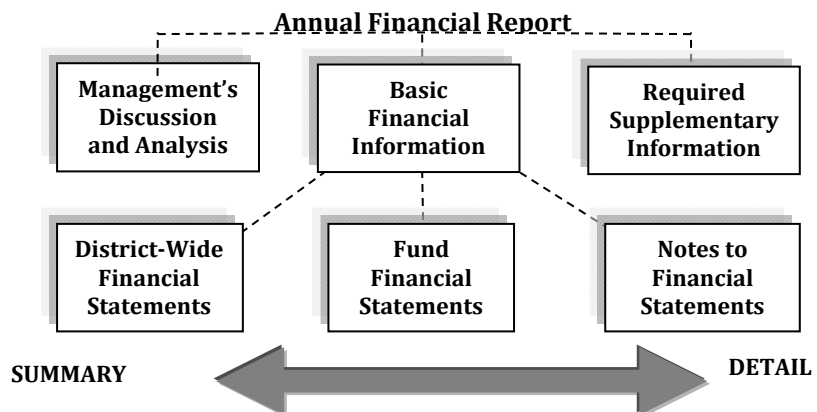
### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements*.

**Figure A-1. Organization of Silverado-Modjeska Recreation and Parks District's**

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2. Major Features of the District-Wide and Fund Financial Statements**

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Fund</b>	<b>Proprietary Funds</b>
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services	Activities of the District that operate like a business, such as self-insurance funds
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, &amp; Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid



## SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

*Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2023*

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### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

#### **District-Wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as weed abatement, landscape maintenance, and administration. State and local programs finance most of these activities.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has two kinds of funds:

- 1) **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- 2) **Proprietary funds** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION**

**Analysis of Net Position**

**Table A-1: Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>ASSETS:</b>						
Current assets	\$ 329,775	\$ 512,506	\$ 80,093	\$ 119,707	\$ 409,868	\$ 632,213
Capital assets, net	539,283	714,764	85,393	6,616	624,676	721,380
<b>Total assets</b>	<b>869,058</b>	<b>1,227,270</b>	<b>165,486</b>	<b>126,323</b>	<b>1,034,544</b>	<b>1,353,593</b>
<b>LIABILITIES:</b>						
Current liabilities	5,552	18,680	11,149	182,282	16,701	200,962
<b>Total liabilities</b>	<b>5,552</b>	<b>18,680</b>	<b>11,149</b>	<b>182,282</b>	<b>16,701</b>	<b>200,962</b>
<b>NET POSITION</b>						
Investment in capital assets	539,283	714,764	85,393	6,616	624,676	721,380
Unrestricted	324,223	493,826	68,944	(62,575)	393,167	431,251
<b>Total net position</b>	<b>\$ 863,506</b>	<b>\$ 1,208,590</b>	<b>\$ 154,337</b>	<b>\$ (55,959)</b>	<b>\$ 1,017,843</b>	<b>\$ 1,152,631</b>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$1,017,843 as of June 30, 2023.

By far the largest portion of the District's net position (61% as of June 30, 2023) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of fiscal year 2023, the District shows a positive balance in its unrestricted net position of \$393,167 that may be utilized in future years.

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses**

**Table A-2: Condensed Statement of Activities**

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>REVENUES:</b>						
Program revenues	\$ 37,264	\$ 16,201	\$ 446,626	\$ 412,917	\$ 483,890	\$ 429,118
General revenues	200,213	146,672	7	7,072	200,220	153,744
<b>Total revenues</b>	<b>237,477</b>	<b>162,873</b>	<b>446,633</b>	<b>419,989</b>	<b>684,110</b>	<b>582,862</b>
<b>EXPENSES:</b>						
Operations	142,702	121,743	405,667	372,516	548,369	494,259
Depreciation expense	307,613	-	6,616	2,115	314,229	2,115
<b>Total expenses</b>	<b>450,315</b>	<b>121,743</b>	<b>412,283</b>	<b>374,631</b>	<b>862,598</b>	<b>496,374</b>
<b>SPECIAL ITEM:</b>						
Cancelation of interfund loan	(132,246)	-	132,246	-	-	-
<b>Change in net position</b>	<b>(345,084)</b>	<b>41,130</b>	<b>166,596</b>	<b>45,358</b>	<b>(178,488)</b>	<b>86,488</b>
<b>NET POSITION:</b>						
Beginning of year, as restated	1,208,590	1,167,460	(12,259)	(101,317)	1,196,331	1,066,143
End of year	\$ 863,506	\$ 1,208,590	\$ 154,337	\$ (55,959)	\$ 1,017,843	\$ 1,152,631

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District decreased by \$178,488 during the fiscal year ended June 30, 2023.

Total revenues from all sources increased by 17.37%, or \$101,248 from \$582,862 to \$684,110 from the prior year, primarily due to an increase in property taxes received and rental income.

Total expenses for the District's operations before depreciation expense increased by 10.95% or \$54,110 from \$494,259 to \$548,369, from the prior year.

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The focus of the District's *governmental funds* 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, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2023, the District reported a total fund balance in its governmental funds of \$324,222. An amount of \$324,222 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final budgeted expenditures for the District's governmental funds at year-end were \$65,564 more than actual. Actual revenues were greater than the anticipated budget by \$73,177.

**CAPITAL ASSET ADMINISTRATION**

**Table A-3: Capital Assets at Year End, Net of Depreciation**

	<u>Balance July 1, 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2023</u>
Non-depreciable capital assets	\$ 21,144	\$ -	\$ -	\$ 21,144
Depreciable capital assets	<u>1,594,335</u>	<u>217,525</u>	<u>(897,533)</u>	<u>914,327</u>
Total capital assets	1,615,479	217,525	(897,533)	935,471
Accumulated depreciation	<u>(894,100)</u>	<u>(314,228)</u>	<u>897,533</u>	<u>(310,795)</u>
Total capital assets, net	<u>\$ 721,379</u>	<u>\$ (96,703)</u>	<u>\$ -</u>	<u>\$ 624,676</u>

At the end of fiscal year 2023, the District's investment in capital assets amounted to \$624,676 (net of accumulated depreciation). This investment in capital assets includes structures, improvements and equipment. Major capital asset additions during the year include various equipment totaling \$217,525.

See Note 4 for further information on the District's capital assets.

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2023*

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**FACTORS AFFECTING CURRENT FINANCIAL POSITION**

Management is unaware of any item that would affect the current financial position.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's General Manager at (714) 649-2850.

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Statement of Net Position

June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments (note 2)	\$ 328,335	\$ 78,756	\$ 407,091
Accrued interest receivable	761	-	761
Accounts receivable, net (note 3)	-	1,337	1,337
Property taxes and assessments receivable	679	-	679
<b>Total current assets</b>	<b>329,775</b>	<b>80,093</b>	<b>409,868</b>
<b>Non-current assets:</b>			
Capital assets – not being depreciated (note 4)	21,144	-	21,144
Capital assets – being depreciated, net (note 4)	518,139	85,393	603,532
<b>Total non-current assets</b>	<b>539,283</b>	<b>85,393</b>	<b>624,676</b>
<b>Total assets</b>	<b>869,058</b>	<b>165,486</b>	<b>1,034,544</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	5,552	4,872	10,424
Compensated absences (note 5)	-	6,277	6,277
<b>Total current liabilities</b>	<b>5,552</b>	<b>11,149</b>	<b>16,701</b>
<b>Total liabilities</b>	<b>5,552</b>	<b>11,149</b>	<b>16,701</b>
<b>NET POSITION</b>			
Investment in capital assets (note 6)	539,283	85,393	624,676
Unrestricted	324,223	68,944	393,167
<b>Total net position</b>	<b>\$ 863,506</b>	<b>\$ 154,337</b>	<b>\$ 1,017,843</b>

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Statement of Activities

For the Fiscal Year Ended June 30, 2023

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants</u>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
Parks and recreation	\$ 450,315	\$ 5,859	\$ 31,405
<b>Total governmental activities</b>	<u>450,315</u>	<u>5,859</u>	<u>31,405</u>
<b>Business-type activities:</b>			
Child care	412,283	444,707	1,919
<b>Total business-type activities</b>	<u>412,283</u>	<u>444,707</u>	<u>1,919</u>
<b>Total primary government</b>	<u>\$ 862,598</u>	<u>\$ 450,566</u>	<u>\$ 33,324</u>

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT***Statement of Activities (continued)**For the Fiscal Year Ended June 30, 2023*

<b>Functions/Programs</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Primary government:</b>			
<b>Governmental activities:</b>			
Parks and recreation	\$ (413,051)	\$ -	\$ (413,051)
<b>Total governmental activities</b>	<b>(413,051)</b>	<b>-</b>	<b>(413,051)</b>
<b>Business-type activities:</b>			
Child care	-	34,343	34,343
<b>Total business-type activities</b>	<b>-</b>	<b>34,343</b>	<b>34,343</b>
<b>Total primary government</b>	<b>(413,051)</b>	<b>34,343</b>	<b>(378,708)</b>
<b>General revenues:</b>			
Property taxes	168,836	-	168,836
Rental income	28,121	-	28,121
Investment earnings	3,256	7	3,263
<b>Total general revenues</b>	<b>200,213</b>	<b>7</b>	<b>200,220</b>
<b>Special item:</b>			
Cancellation of interfund loan (note 8)	(132,246)	132,246	-
<b>Change in net position</b>	<b>(345,084)</b>	<b>166,596</b>	<b>(178,488)</b>
<b>Net position:</b>			
Beginning of year, restated (note 9)	1,208,590	(12,259)	1,196,331
End of year	\$ 863,506	\$ 154,337	\$ 1,017,843



**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*Balance Sheet – Governmental Funds*  
*June 30, 2023*

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<u>Assets</u>	<u>General Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 328,335
Accrued interest receivable	761
Accounts receivable – property tax	<u>679</u>
<b>Total assets</b>	<u><u>\$ 329,775</u></u>
<b><u>Liabilities and Fund Balance</u></b>	
<b>Liabilities:</b>	
Accounts payable and accrued expenses	<u>\$ 5,552</u>
<b>Total liabilities</b>	<u>5,552</u>
<b>Fund balance: (note 7)</b>	
Unassigned	<u>324,223</u>
<b>Total fund balance</b>	<u>324,223</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 329,775</u></u>

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2023*

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<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 324,223</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capitalized assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	<u>539,283</u>
Total adjustments	<u>539,283</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 863,506</u></u>

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT***Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2023*

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	<b>General Fund</b>
<b>Revenues:</b>	
Taxes:	
Property taxes	\$ 168,836
Charges for services	5,859
Operating grants	31,405
Rental income	28,121
Investment earnings	3,256
<b>Total revenues</b>	<u>237,477</u>
<b>Expenditures:</b>	
Current:	
Salaries and benefits	23,273
Materials and services	119,430
Capital outlay	132,131
<b>Total expenditures</b>	<u>274,834</u>
<b>Excess of revenues over(under) expenditures</b>	(37,357)
<b>Special item:</b>	
Cancellation of interfund loan	<u>(132,246)</u>
<b>Change in fund balance</b>	(169,603)
<b>Fund balances:</b>	
Beginning of year	<u>493,826</u>
End of year	<u>\$ 324,223</u>

## SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

### *Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities*

*For the Fiscal Year Ended June 30, 2023*

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**Net Changes in Fund Balance – Total Governmental Funds** \$ (169,603)

Amounts reported for governmental activities in the statement of activities is different because:

Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	132,131
Depreciation expense	<u>(307,612)</u>

<b>Total adjustments</b>	<u>(175,481)</u>
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<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (345,084)</u></u>
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## SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

Balance Sheets – Proprietary Funds

June 30, 2023

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<u>ASSETS</u>	<u>Child Care</u>
<b>Current assets:</b>	
Cash and investments	\$ 78,756
Accounts receivable – services	1,337
<b>Total current assets</b>	<u>80,093</u>
<b>Non-current assets:</b>	
Capital assets – being depreciated, net	85,393
<b>Total non-current assets</b>	<u>85,393</u>
<b>Total assets</b>	<u>\$ 165,486</u>
 <b><u>LIABILITIES</u></b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 4,872
Compensated absences	6,277
<b>Total current liabilities</b>	<u>11,149</u>
<b>Total liabilities</b>	<u>11,149</u>
 <b><u>NET POSITION</u></b>	
Investment in capital assets	85,393
Unrestricted	68,944
<b>Total net position</b>	<u>154,337</u>
<b>Total liabilities and net position</b>	<u>\$ 165,486</u>

**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT***Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund  
For the Fiscal Year Ended June 30, 2023*

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	<u>Child Care</u>
<b>Operating revenues:</b>	
Tuition and registration	\$ 444,707
Operating grants	<u>1,919</u>
<b>Total operating revenues</b>	<u>446,626</u>
<b>Operating expenses:</b>	
Operations	<u>405,667</u>
<b>Total operating expenses</b>	<u>405,667</u>
Operating income(loss) before depreciation	40,959
Depreciation expense	<u>(6,616)</u>
<b>Operating income(loss)</b>	<u>34,343</u>
<b>Non-operating revenue(expense):</b>	
Investment earnings	<u>7</u>
<b>Total non-operating, net</b>	<u>7</u>
<b>Special item:</b>	
Cancellation of interfund loan	<u>132,246</u>
<b>Change in net position</b>	166,596
<b>Net position:</b>	
Beginning of year, as restated	<u>(12,259)</u>
End of year	<u><u>\$ 154,337</u></u>

## SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

### Statement of Cash Flows – Proprietary Fund

For the Fiscal Year Ended June 30, 2023

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	<u>Child Care</u>
<b>Cash flows from operating activities:</b>	
Cash receipts from customers and others	\$ 450,161
Cash paid to employees for salaries and benefits	(294,691)
Cash paid to vendors and suppliers	<u>(111,035)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>44,435</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(85,393)
<b>Net cash used in capital/financing activities</b>	<u>(85,393)</u>
<b>Cash flows from investing activities:</b>	
Investment earnings	<u>7</u>
<b>Net cash provided by investing activities</b>	<u>7</u>
<b>Net increase(decrease) in cash</b>	(40,951)
<b>Cash and cash equivalents:</b>	
Beginning of year	<u>119,707</u>
End of year	<u>\$ 78,756</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
<b>Operating income(loss)</b>	<u>\$ 34,343</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation expense	6,616
Cancellation of interfund loan	(132,246)
<b>Changes in account balances:</b>	
(Increase)decrease in assets:	
Accounts receivable – services	(1,337)
Increase(decrease) in liabilities:	
Accounts payable and accrued expenses	(36)
Customer deposits and deferred revenue	4,872
Compensated absences	(23)
Interfund loan	<u>132,246</u>
<b>Total adjustments</b>	<u>10,092</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 44,435</u>

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of Organization

The Silverado Modjeska Recreation and Park District is a local government special district established by the Orange County Board of Supervisors in 1961. Its purpose is to provide a well-rounded, wholesome program of recreation and leisure time activities for residents of the County's canyon areas, which includes Silverado, Ladd, Black Star, Williams and Modjeska canyons.

The district covers approximately 65 square miles of eastern Orange County roughly E/W from Live Oak Canyon Road to the 241 Toll Road and N/S from the Riverside/Orange County line to Santiago Canyon Road. The Silverado Children's Center is an enterprise unit of SMRPD. District Directors are elected by residents of the district.

#### B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

#### C. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation

##### **Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (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.



# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

*Notes to Financial Statements*

*June 30, 2023*

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## NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Basis of Presentation, Basis of Accounting (continued)

#### 1. Basis of Presentation (continued)

##### **Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements 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. 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 government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The primary revenue sources susceptible to accrual are property taxes, charges for services, and interest associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary fund 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 flows take place.

##### **Major Governmental Funds**

The District maintains the following major governmental fund:

**General Fund:** This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary. This fund is used to account for all park and recreation activity within the District's service area.

##### **Enterprise Funds**

The District maintains the following Enterprise fund:

**Child Care Fund:** This fund accounts for the child care operations within the district's service area

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

*Notes to Financial Statements*

*June 30, 2023*

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## NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. Basis of Presentation, Basis of Accounting (continued)

#### 2. Measurement Focus, Basis of Accounting

##### **Government-Wide Financial Statements**

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 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 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. 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. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

#### 3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

##### 1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

##### 2. Receivables - Services

The District extends credit to customers in the normal course of operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

##### 3. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

##### 4. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	15-40 years
Equipment	5-10 years

##### 5. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually. Years of service: 0-1 year = 5 days, 2-3 years = 1 weeks, 4-8 years = 12 days, more than 8 years = 2 weeks.

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

Notes to Financial Statements

June 30, 2023

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## NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

#### 6. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Investment in capital assets** - This component of net position consists of capital assets net of accumulated depreciation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "investment in capital assets."

#### 7. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Committed:** The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

**Assigned:** Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Minimum Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

#### F. 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 during the reported period. Actual results could differ from those estimates.

#### G. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Orange County Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Orange County Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

The property tax calendar is as follows:

Lien date January 1  
Levy date July 1  
Due dates November 1 and February 1  
Collection dates December 10 and April 10

### NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023, consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Cash and cash equivalents	\$ 407,091
Total	<u>\$ 407,091</u>

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 2 – CASH AND INVESTMENTS (continued)

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Deposits held with financial institutions	\$ 237,337
Cash in County	169,754
Total	<u>\$ 407,091</u>

#### Demand Deposits

At June 30, 2023, the carrying amount of the District's demand deposits were \$237,337 and the financial institution's balance was \$242,709. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

#### Orange County Treasury Investment Pool (OCTIP)

The District is a voluntary participant in the Orange County Treasury Investment Pool (OCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the Orange County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the County of Orange Treasurer-Tax Collector Office – 601 N Ross St, 2<sup>nd</sup> Floor Santa Ana, CA 92701 or the Treasurer and Tax Collector's office website at [www.octreasurer.com](http://www.octreasurer.com). As of June 30, 2023, the District had \$169,754 in the OCTIP.

### NOTE 3 – ACCOUNTS RECEIVABLE, NET

Account receivable, net of allowance for doubtful accounts consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>
Accounts receivable	\$ 1,529
Allowance for doubtful accounts	(192)
Total	<u>\$ 1,337</u>

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 4 - CAPITAL ASSETS

#### Governmental Activities

Changes in capital assets for governmental activities for the year were as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Non-depreciable assets:				
Land	\$ 21,144	\$ -	\$ -	\$ 21,144
Total non-depreciable assets	<u>21,144</u>	<u>-</u>	<u>-</u>	<u>21,144</u>
Depreciable assets:				
Structures and improvements	1,214,571	132,132	(517,769)	828,934
Equipment	28,357	-	(28,357)	-
Total depreciable assets	<u>1,242,928</u>	<u>132,132</u>	<u>(546,126)</u>	<u>828,934</u>
Accumulated depreciation:				
Structures and improvements	(535,061)	(293,503)	517,769	(310,795)
Equipment	(14,248)	(14,109)	28,357	-
Total accumulated depreciation	<u>(549,309)</u>	<u>(307,612)</u>	<u>546,126</u>	<u>(310,795)</u>
Total depreciable assets, net	<u>693,619</u>	<u>(175,480)</u>	<u>-</u>	<u>518,139</u>
Total capital assets, net	<u>\$ 714,763</u>	<u>\$ (175,480)</u>	<u>\$ -</u>	<u>\$ 539,283</u>

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 4 - CAPITAL ASSETS (continued)

#### Governmental Activities (continued)

Depreciation expense was charged to governmental activities as follows:

<u>Depreciation Expense per Fund</u>	
Child Care	\$ 6,616
Parks and recreation	<u>307,612</u>
Total	<u>\$ 314,228</u>

#### Business-Type Activities and Proprietary Funds

Changes in capital assets for business-type activities for the year were as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Depreciable assets:				
Structures and improvements	\$ 296,785	85,393	(296,785)	\$ 85,393
Equipment	<u>54,622</u>	<u>-</u>	<u>(54,622)</u>	<u>-</u>
Total depreciable assets	<u>351,407</u>	<u>85,393</u>	<u>(351,407)</u>	<u>85,393</u>
Accumulated depreciation:				
Structures and improvements	(290,444)	(6,341)	296,785	-
Equipment	<u>(54,347)</u>	<u>(275)</u>	<u>54,622</u>	<u>-</u>
Total accumulated depreciation	<u>(344,791)</u>	<u>(6,616)</u>	<u>351,407</u>	<u>-</u>
Total depreciable assets, net	<u>6,616</u>	<u>78,777</u>	<u>-</u>	<u>85,393</u>
Total capital assets, net	<u>\$ 6,616</u>	<u>\$ 78,777</u>	<u>\$ -</u>	<u>\$ 85,393</u>



**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**

*Notes to Financial Statements*

June 30, 2023

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**NOTE 5 – COMPENSATED ABSENCES**

The changes to the compensated absences balance at June 30, 2023 were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
\$ 6,300	\$ 905	\$ (928)	\$ 6,277

**NOTE 6 – INVESTMENT IN CAPITAL ASSETS**

At June 30, 2023, the net investment in capital assets was calculated as follows:

Description	Governmental Activities	Business-Type Activities	Total
<b>Net investment in capital assets:</b>			
Capital assets – not being depreciated	\$ 21,144	\$ -	\$ 21,144
Capital assets – being depreciated, net	518,139	85,393	603,532
<b>Total net investment in capital assets</b>	<b>\$ 539,283</b>	<b>\$ 85,393</b>	<b>\$ 624,676</b>

**NOTE 7 – FUND BALANCES**

At June 30, 2023, fund balances of the District’s governmental funds were classified as follows:

Description	General Government
Unassigned	324,222
<b>Total fund balance</b>	<b>\$ 324,222</b>

## SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

Notes to Financial Statements

June 30, 2023

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### NOTE 8 – PRIOR PERIOD ADJUSTMENT

#### Proprietary Fund – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Net Position

Beginning net position as of July 1, 2022 was restated by \$43,700 to record compensated absences that were previously omitted and to recognize revenue that was previously unearned but should have been recognized in the prior fiscal year as follows:

Description	Amount
<b>Child Care Fund</b>	
Beginning of year, as previously stated	\$ (55,959)
Compensated absences	(6,300)
Deferred grant revenue	50,000
Net adjustment	43,700
Beginning of year, as restated	\$ (12,259)

### NOTE 9 – SPECIAL ITEM – CANCELATION OF INTERFUND LOAN

On October 18, 2022, the board of directors canceled the interfund loan of \$132,246 between the parks and recreation fund and the child care fund.

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 10 – JOINT VENTURE

The District is a member of The California Association for Park and Recreation Indemnity (CAPRI) is a Joint Powers Authority which provides insurance coverages, risk management, safety and loss prevention services through a financially sound risk-sharing pool. The original pool was created in 1986 while the current organization is the result of the merger on July 1, 2008 between California Association for Park and Recreation Insurance and Park and Recreation District Employee Compensation (PARDEC).

CAPRI's membership consists of various recreation and park districts in California. Through its various programs, members are able to pool member contributions and to realize the advantages of self-insurance. It provides coverage for property, general liability, workers' compensation, public officials and employee liability, automobile liability, and other minor coverages. CAPRI is under the control and direction of the Board of Directors consisting of representatives of the member districts.

Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint-powers authority. Full financial statements are available separately from the California Association for Park and Recreation Indemnity at 6341 Auburn Blvd., Suite A, Citrus Heights, California 95621. Condensed information for CAPRI is as follows:

A. Entity	CAPRI	
B. Purpose	To pool member contributions and realize the advantages of self-insurance	
C. Participants	As of June 30, 2022 – 64 member districts	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2023:		
Property/Liability policy	\$50,337	
Workers' compensation policy	\$48,767	
F. Condensed financial information	June 30, 2022	
Audit signed	March 27, 2023	
Statement of financial position:		<b>June 30, 2022</b>
Total assets		<u>\$ 27,868,966</u>
Deferred outflows		<u>152,337</u>
Total liabilities		<u>19,347,062</u>
Deferred inflows		<u>433,498</u>
Net position		<u>\$ 8,240,743</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 11,651,717
Total expenses		<u>(10,857,208)</u>
Change in net position		794,509
Beginning - net position		<u>7,446,234</u>
Ending - net position		<u>\$ 8,240,743</u>
G. Member agencies share of year-end financial position		Not Calculated

# SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

## Notes to Financial Statements

June 30, 2023

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### NOTE 11 – RISK MANAGEMENT

#### California Association for Park and Recreation Indemnity (CAPRI)

##### Property/Liability Program

The Property/Liability Program was established for the purpose of operating and maintaining a self-insurance or group insurance program. Under this program, CAPRI provides its member districts the following coverage:

**a. Property (Building and Content) / Boiler and Machinery**

The program provides an all-risk replacement cost coverage, subject to a \$2,000 deductible for each loss at member level, a \$150,000 deductible at the pool level, and an aggregate limit of \$650,000. The earthquake and flood coverage has a \$5,000,000 and \$10,000,000 aggregate limit, respectively, subject to a deductible of 5% per occurrence of the building, contents, and/or structure damaged subject to a minimum of \$50,000 for earthquake and \$20,000 for flood. The program also provides coverage for sudden and accidental breakdown of boiler and machinery replacement cost coverage, subject to a \$2,000 deductible for member level, and \$150,000 at the pool level.

In excess of the above coverages, CAPRI provides a group purchased commercial insurance policy through the Public Entity Property Insurance Program (PEPIP) for all-risk replacement cost coverage, subject to a self-insured retention (SIR) of \$150,000 beginning April 1, 2005 to present.

**B. General Liability and Public Officials and Employment Practices Liability**

CAPRI provides comprehensive coverage with a limit of \$25,000,000 per occurrence for personal injury or property damage and a limit of \$25,000,000 annual aggregate per member district for errors and omissions of public officials. CAPRI self-funds coverage up to \$1,000,000. CSAC Excess Insurance Authority (CSAC-EIA) provides \$24,000,000 of coverage over self-insured retention of \$1,000,000.

This Program also includes Employment Practices Liability which is subjected to a \$20,000 deductible. If the Member District consults with its general counsel and if such counsel has experience with labor and employment law, or with its labor and employment counsel, or CAPRI-recommended labor and employment counsel prior to termination, layoffs, downsizing or other employment related matter, the deductible will be reduced to \$5,000 for any employment liability lawsuit brought by that employee.

##### Workers' Compensation Program

This program provides coverage to its members of up to statutory limits per occurrence, including volunteer operations as long as each member has issued a resolution covering volunteers. CAPRI self-funds up to \$350,000; losses in excess of this amount are covered by CSAC-EIA up to the Statutory limit per occurrence. CAPRI also provides its members with proactive claim oversight by working closely their third-party claims administrator and the members. The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

## SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT

*Notes to Financial Statements*

*June 30, 2023*

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### **NOTE 12 – COMMITMENTS AND CONTINGENCIES**

#### **Excluded Leases – Short-Term Leases and De Minimis Leases**

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

### **NOTE 13 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through September 24, 2024, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**SILVERADO-MODJESKA RECREATION AND PARKS DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2023*

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Taxes:			
Property taxes	\$ 142,700	\$ 168,836	\$ 26,136
Charges for services	4,590	5,859	1,269
Operating grants	2,500	31,405	28,905
Rental income	13,550	28,121	14,571
Investment earnings	960	3,256	2,296
<b>Total revenues</b>	<u>164,300</u>	<u>237,477</u>	<u>73,177</u>
<b>EXPENDITURES:</b>			
Current:			
Salaries and benefits	36,000	23,273	12,727
Materials and services	171,968	119,430	52,538
Capital outlay	132,430	132,131	299
<b>Total expenditures</b>	<u>340,398</u>	<u>274,834</u>	<u>65,564</u>
<b>REVENUES OVER(UNDER)EXPENDITURES</b>	<u>(176,098)</u>	<u>(37,357)</u>	<u>138,741</u>
<b>SPECIAL ITEM:</b>			
Cancellation of interfund loan	-	(132,246)	(132,246)
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (176,098)</u>	<u>(169,603)</u>	<u>\$ 6,495</u>
<b>FUND BALANCES:</b>			
Beginning of year		<u>493,826</u>	
End of year		<u>\$ 324,223</u>	

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***Other Independent Auditors' Report***

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**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  
Silverado-Modjeska Recreation and Parks District  
Silverado, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Silverado-Modjeska Recreation and Parks District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Silverado-Modjeska Recreation and Parks District's basic financial statements, and have issued our report thereon dated September 24, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Silverado-Modjeska Recreation and Parks District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Silverado-Modjeska Recreation and Parks District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Silverado-Modjeska Recreation and Parks District's internal control.

*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 District'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 or significant deficiencies may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Silverado-Modjeska Recreation and Parks District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters 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 the 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 the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California  
September 24, 2024