

**AMBROSE RECREATION AND PARK DISTRICT
COUNTY OF CONTRA COSTA BAY POINT,
CALIFORNIA**

**FINANCIAL REPORT WITH
INDEPENDENT AUDITOR'S REPORT
THEREON**

JUNE 30, 2017

**Harshwal & Company LLP
Certified Public Accountants
266 17th Street, Suite 200
Oakland, CA 94612
(510) 452-5051**

INTRODUCTORY SECTION

AMBROSE RECREATION AND PARK DISTRICT

JUNE 30, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Ambrose Recreation And Park District
Bay Point, CA 94565

We have audited the accompanying financial statements of the governmental activities each major fund, and non-major fund information of the Ambrose Recreation And Park District, (the "District") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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 Ambrose Recreation And Park District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 to 10 and 30, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Oakland, California
December 01, 2017

**AMBROSE RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR JUNE 30, 2017**

The discussion and analysis of the Ambrose Recreation And Park District's financial activities provides a summary of the financial transactions for the 2016-2017 fiscal year ending June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

1. The General Fund in the County increased by \$244,232. These increases were accomplished with various costs cutting measures, an increase in recreation class participation, and an increase in property taxes of \$31,676 .
2. \$3,155 was paid to Vega Consultants for a new computer system for the Senior Accountant.
3. \$5,035 was paid to Vega Consultants for a new phone system.
4. \$13,000 was paid to A.S.A.P. Heating & Cooling for a replacement A/C unit for the Board Room and replacement of one of the 3 A/C units in the Auditorium.
5. \$2,271 was paid to Robert Cupit for updating lighting to LED at the Maintenance Shop at Ambrose Park.
6. \$19,000 was paid to Athens Painting and Commercial Coatings for painting of the Auditorium at the Community Center. \$17,100 of this project was paid by a Community Development Block Grant through Contra Costa County \$1,900 was paid out of our General Funds..
7. \$3,529 was paid to Continental Flooring Company for new ceiling tiles that were installed by our Maintenance crew in the Auditorium at the Community Center.
8. \$22,000 was paid to City of Pittsburg from the Assessment Carryover account to help pay for the shortages for the Ambrose Park Pool Project.

**AMBROSE RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR JUNE 30, 2017**

USING THIS ANNUAL REPORT

There are a series of financial statements included in this report. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Our analysis of the District's major fund can be found on pages 12 and 13. The fund financial statements begin on page 15 and provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes other funds to help control and manage money for particular purposes (such as the Teen Center and the County Parks) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (such as the assessment funds).

All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information 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. The District describes the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of a fund financial statement.

**AMBROSE RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR JUNE 30, 2017**

THE DISTRICT AS A WHOLE

Changes in Net Position

The District had an increase in the net position of \$217,468 as shown in the Government-Wide Statement of Activities Report on page 12. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities:

**Table 1
Net Position**

	<u>Governmental Activities</u>	
	<u>2016 - 2017</u>	<u>2015 - 2016</u>
Current and other assets	\$ 1,533,259	\$ 1,506,445
Receivables	303,873	74,279
Capital assets, net	1,603,704	1,621,938
Total assets	3,440,836	3,202,662
Long-term liabilities	54,652	46,122
Other liabilities	38,997	26,821
Total liabilities	93,649	72,943
Net position:		
Invested in capital assets, net of related debt	1,603,704	1,621,938
Restricted	768,323	768,323
Unrestricted	975,160	739,458
Total net position	\$ 3,347,187	\$ 3,129,719

The long-term liabilities consist of sick leave and vacation pay that were accrued as of June 30, 2017. The other liabilities in the amount of \$38,997 are our accounts payable, accrued wages, and deferred revenues at the end of the fiscal year. Our accounts payable refers to checks written in July and August for purchases or services provided before June 30, 2017

**AMBROSE RECREATION AND PARK DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR JUNE 30, 2017**

**Table 2
Changes in Net Position**

	Governmental Activities	
	2016 - 2017	2015 - 2016
Revenues		
Taxes and assessments	\$ 925,732	\$ 872,202
Use of money and property	137,475	158,110
Charges for services	168,890	112,280
Operating contributions	62,465	70,588
Miscellaneous	511	79
Total Revenues	1,295,073	1,213,259
Expenses		
Current:		
Recreation	1,077,605	1,106,905
Total Expenses	1,077,605	1,106,905
Increase or (Decrease)	\$ 2,372,678	\$ 2,372,678

General Fund Budgetary Highlights

The District received an increase of \$31,676 in the basic property taxes over last year. As noted under “Financial Highlights” on page 1, we had some capital repairs this year that were paid from a combination of general funds and assessment funds.

Our major lease for space in the community center is with Contra Costa County and we have to anticipate the possibility of the County closing those offices. Even though it seems less likely to happen with the increase in revenues the County is seeing, the District must be mindful of it and do what it can to keep a strong reserve fund.

The five park parcels transferred to us by Contra Costa County are not on well water as are all our original parks. We have now installed a well at the largest park, Lynbrook Park, in June 2015. We are now realizing the savings from the water bill and other cost cutting measures will help recoup the cost of the well, which was drawn from the reserve fund. The budget for 2017-18 will reflect our commitment to keeping the District financially secure.

**AMBROSE RECREATION AND PARK DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR JUNE 30, 2017**

Capital Asset and Debt Administration

Capital Assets

The District has capital assets that include park facilities, buildings and equipment. Table 3 shows the value of our capital assets at the end of the fiscal year 2016-2017.

**Table 3
Capital Assets at Year-End**

	Governmental Activities	
	2016 - 2017	2015 - 2016
Land	\$ 528,228	\$ 528,228
Construction in Progress	58,328	36,328
Site Improvements	1,929,985	1,907,456
Buildings	2,482,310	2,469,310
Equipment	747,490	739,300
Total capital assets	5,746,341	5,680,622
Less accumulated depreciation:	(4,142,637)	(4,058,684)
Net capital assets	\$ 1,603,704	\$ 1,621,938

Economic Factors and Next Year’s Budgets and Rates

The District adopted the Fiscal Year 2016-17 Operating Budget at its regular meeting in June 2016. The “status quo” budget reflects the Board of Directors desire to continue implementing the fiscally sound strategies it has adopted over the past two fiscal years including contracting for park maintenance, keeping salary and wages in the lower percentile as compared to neighboring public agencies and ensuring that the District maintains a healthy reserve fund.

In 2016, a District-wide Facilities Condition Assessment and an Americans with Disabilities Act Title II Assessment were completed. The assessments provide detailed information about current and future capital project needs. This document will assist the Board in formulating a Capital Budget and serve as a guide for strategically allocating capital project funds.

**AMBROSE RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR JUNE 30, 2017**

The Ambrose Park Pool will open in June 2017 and the FY 17-18 Operating Budget has allocated funding for maintenance and operation of the pool. Expenditures will be offset by anticipated revenues; however, because the pool has been inactive for the past seven years, the District should anticipate a broader margin of error in predicting pool revenue and expenditures.

The District is selling 1.99 acres of land located at Clearland Avenue and Willow Pass Road. The proceeds from the sale will be placed in the District's unassigned reserve until assigned through Board action.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the General Manager, at Ambrose Community Center, 3105 Willow Pass Road, Bay Point, CA 94565.

BASIC FINANCIAL STATEMENTS

AMBROSE RECREATION AND PARK DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	2017
ASSETS	
Cash	\$ 764,936
Accounts receivable	303,873
Deposits	768,323
Capital assets, net	1,603,704
Total Assets	3,440,836
LIABILITIES	
Accounts payable	32,447
Deferred revenues	6,550
Noncurrent liabilities	
Compensated absences	54,652
Total Liabilities	93,649
NET POSITION	
Investment in capital assets	1,603,704
Restricted	768,323
Unrestricted	975,160
Total Net Position	\$ 3,347,187

The accompanying notes are an integral part of these financial statements

AMBROSE RECREATION AND PARK DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contribution s and Grants	Capital Contribution s and Grants	
Governmental Activities:					
Recreation	\$ <u>1,077,605</u>	\$ <u>168,890</u>	\$ <u>62,465</u>	\$ _____	\$ <u>(846,250)</u>
Total Governmental Activities	\$ <u>1,077,605</u>	\$ <u>168,890</u>	\$ <u>62,465</u>	\$ _____	\$ <u>(846,250)</u>
General Revenues					
					925,732
					137,475
					<u>511</u>
					1,063,718
					217,468
					<u>3,129,719</u>
					\$ <u>3,347,187</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

AMBROSE RECREATION AND PARK DISTRICT
BALANCE SHEET
JUNE 30, 2017

	<u>General Fund</u>	<u>Outdoor Education Fund</u>	<u>Combined Total</u>
ASSETS			
Cash and investments	\$ 762,928	\$ 2,008	\$ 764,936
Accounts receivable	303,873		303,873
Deposits	<u>768,323</u>	<u> </u>	<u>768,323</u>
Total assets	<u><u>1,835,124</u></u>	<u><u>2,008</u></u>	<u><u>1,837,132</u></u>
LIABILITIES AND FUND BALANCES			
Current liabilities:			
Accounts payable	32,447		32,447
Deferred revenues	<u>6,550</u>	<u> </u>	<u>6,550</u>
Total current liabilities	<u><u>38,997</u></u>	<u><u> </u></u>	<u><u>38,997</u></u>
Fund Balances			
Non-spendable	768,323		768,323
Unassigned	<u>1,027,804</u>	<u>2,008</u>	<u>1,029,812</u>
Total fund balances	<u><u>1,796,127</u></u>	<u><u>2,008</u></u>	<u><u>1,798,135</u></u>
Total liabilities and fund balances	<u><u>\$ 1,835,124</u></u>	<u><u>\$ 2,008</u></u>	<u><u>\$ 1,837,132</u></u>

The accompanying notes are an integral part of these financial statements

AMBROSE RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances - governmental funds	\$ 1,798,135
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>	
Capital Assets, Net	<u>1,603,704</u>
<p>Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>	
Compensated absences payable	<u>(54,652)</u>
Net position of governmental activities	<u>\$ 3,347,187</u>

The accompanying notes are an integral part of these financial statements

AMBROSE RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Outdoor Education Fund</u>	<u>Combined Total</u>
Revenues:			
Taxes and assessments	\$ 925,732	\$	\$ 925,732
Use of money and property	137,475		137,475
Charges for services	168,890		168,890
Grants and settlements	62,465		62,465
Miscellaneous revenues	<u>466</u>	<u>45</u>	<u>511</u>
Total revenues	<u>1,295,028</u>	<u>45</u>	<u>1,295,073</u>
Expenditures:			
Current			
Salaries and benefits	471,890		471,890
Services and supplies	513,187	45	513,232
Capital outlay	<u>65,719</u>	<u> </u>	<u>65,719</u>
Total expenditures	<u>1,050,796</u>	<u>45</u>	<u>1,050,841</u>
Net change in fund balances	244,232		244,232
Fund balances - July 1, 2016	<u>1,551,895</u>	<u>2,008</u>	<u>1,553,903</u>
Fund balances - June 30, 2017	<u>\$ 1,796,127</u>	<u>\$ 2,008</u>	<u>\$ 1,798,135</u>

The accompanying notes are an integral part of these financial statements

AMBROSE RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	\$ 244,232
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense not reported in governmental funds	(83,953)
Current year capital outlay	65,719

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in compensated absences	<u>(8,530)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>217,468</u>

The accompanying notes are an integral part of these financial statements

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A . Reporting Entity

The Ambrose Recreation and Park District operates under a Home Rule. The District was organized in September 1946. On February 14, 1961, the District became the Ambrose Recreation and Park District by reorganization under Chapter 4, Division 5, Section 5750, et. Seq., of the Public Resources Code.

The initial park property was acquired by gift from Mrs. Clementine Enes. Subsequently, three additional adjoining parcels were purchased and approximately five acres of land adjacent to Arnold Freeway were sold to the State of California. The park presently covers approximately 10 acres.

The facilities of the park include maintenance and storage buildings, a large swimming pool, picnic grounds, picnic tables, barbecue pits, ball fields, and blacktopped parking areas. An irrigation and sprinkler system is located within the park area proper. The pool is enclosed by a high cyclone fence.

In 1978, the District purchased Ambrose School. The building was renovated with the help of Federal and State funds. The Ambrose Community Center was dedicated on November 10, 1979. The District's administration office is located there. There are recreation rooms, an auditorium, a kitchen and dining room, a tot lot, a ball field, a snack bar, restrooms and a garage.

A mini-park of approximately 1.8 acres located in the Presley Development was dedicated to the District and is called Anuta Park. The park includes playground equipment, park benches, barbecue pits, and picnic tables.

During the fiscal year ended June 30, 1988, the District purchased 1.99 acres on the corner of Willow Pass Road and Clearland Drive for future development.

During the fiscal year ended June 30, 2000, the District purchased a vacant lot of approximately 1033 square feet adjacent to the Community Center; Alves Lane Mini-Park. The park includes a grass area and picnic tables.

During the 2013 fiscal year the District was quitclaimed 5 parks from the County of Contra Costa.

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

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

Principles Determining Scope of Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent upon the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary and fiduciary fund financial statement but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property taxes, program revenues, intergovernmental revenues; and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions.

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (continued)

The District applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect), unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the District applies all applicable FASB Statements and Interpretations except those that conflict with or contradict GASB pronouncements to its business-type activities.

C. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, and non-major funds, as follows:

Major Governmental Fund:

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

Non Major Governmental Fund:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains one non-major special revenue fund:

- The Outdoor Education Fund was established in 1997 to account for a grant received from Keller Canyon Mitigation Funds to Ambrose Recreation and Park District in conjunction with Mt. Diablo Unified School District to provide outdoor education programs to community children.

D. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and District management

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting (continued)

during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

E . Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 reporting period. Actual results could differ from those estimates.

F . Assets, Liabilities, and Equity

Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation.

The District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or all collateralized.

During the 2013/2014 fiscal year the District undertook a capital project with the City of Pittsburg. As part of this project, they are holding funds with the City in a pooled account. The District advanced more funding during the 2016/2017 in an amount totaling \$249,000. The total deposit at year-end was \$768,323.

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$1,000 for equipment and \$5,000 for buildings and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market values as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Grounds improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
Buildings		50
HVAC systems	Heating, ventilation, air-conditioning systems	20
Carpet replacement		20
Outdoor equipment	Playground, fuel tanks, pumps, wells	20
Machinery & tools	Shop & maintenance equipment, tools	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Furniture & accessories	Furniture	20
Business machines	Fax, duplicating & printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Audio visual equipment	Projectors, cameras (still & digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Grounds equipment	Mowers, tractors, attachments	15

H. Allowance for doubtful accounts

Management considers its accounts receivable to be fully collectible and thus they do not consider an allowance necessary.

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

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

Accumulated sick leave benefits are recognized as liabilities of the District. The District's policy provides that employees may accrue sick leave up to 120 days (960) hours. Upon termination and/or retirement from the District, any accumulated sick leave in excess of thirty (30) days shall be paid to the employee at the rate of one quarter (1/4) of his/her existing pay.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

K. Fund Balances

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (i.e. – fund balance designations passed by board resolution).

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balances (continued)

- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

NOTE 2 : CASH AND INVESTMENTS

Cash on Hand, in Banks and in Revolving Fund

Cash balances on hand, in banks and in revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). These accounts are held within various financial institutions. At June 30, 2017, the carrying amount of the accounts was \$0.

Cash in County Treasury

The District maintains substantially all of its cash with the County Treasury as part of the common investment pool, which totaled \$764,936 as of June 30, 2017. Interest is deposited into participating funds. The county is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptance, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. A summary of deposits as of June 30, 2017 is as follows:

	<u>Bank Balance</u>
Deposits:	
Cash in County	\$ 735,465
Cash on hand	29,471
	\$ 764,936

NOTE 3 : ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017, consist of the following:

	<u>General Fund</u>
Teen Center Contract	\$ 13,273
Keller Grant	3,867
CDBG Grant- Auditorium Painting	17,100
Assessment (transfer to General Funds)	268,000
Aerobic Class	160
First 5 Classes	1,473
	\$ 303,873

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 : CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017, is shown below:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 528,228	\$ -	\$ -	\$ 528,228
Construction in progress	<u>36,328</u>	<u>22,000</u>	<u>-</u>	<u>58,328</u>
Total capital assets, not being depreciated	<u>564,556</u>	<u>22,000</u>	<u>-</u>	<u>586,556</u>
Capital assets, being depreciated:				
Grounds improvements	1,907,456	22,529	-	1,929,985
Buildings & structures	2,469,310	13,000	-	2,482,310
Equipment	<u>739,300</u>	<u>8,190</u>	<u>-</u>	<u>747,490</u>
Total capital assets, being depreciated	<u>5,116,066</u>	<u>43,719</u>	<u>-</u>	<u>5,159,785</u>
Total accumulated depreciation	<u>(4,058,684)</u>	<u>(83,953)</u>	<u>-</u>	<u>(4,142,637)</u>
Total capital assets, being depreciated, net	<u>1,057,382</u>	<u>(40,234)</u>	<u>-</u>	<u>1,017,148</u>
Governmental activities capital assets, net	<u>\$ 1,621,938</u>	<u>\$ (18,234)</u>	<u>\$ -</u>	<u>\$ 1,603,704</u>
Depreciation expense charged to:				
Recreation		<u>\$ 83,953</u>		
		<u>\$ 83,953</u>		

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 : LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the year ended June 30, 2017, is shown below:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Compensated Absences	\$ <u>46,122</u>	\$ <u>8,530</u>	\$ <u>-</u>	\$ <u>54,652</u>
Total	\$ <u>46,122</u>	\$ <u>8,530</u>	\$ <u>-</u>	\$ <u>54,652</u>

The accrued vacation and sick leave will be paid by the General Fund and allocated to the program for which the employee worked.

NOTE 6 : OPERATING LEASES

The District has a long-term operating lease agreement for a copier. There are no material restrictions imposed by this agreement. Rent expense for the fiscal year ended June 30, 2017 is \$5,022. The minimum rental payments required under the operating lease commitments at June 30, 2017, are:

<u>Fiscal Year Ended June 30</u>	<u>Payments</u>
2018	\$ <u>5,374</u>
2019	<u>5,750</u>
Total	\$ <u><u>11,124</u></u>

NOTE 7 : JOINT VENTURES (Joint Powers Agreements)

The Ambrose Recreation and Park District participates in two joint ventures under joint powers agreements (JPAs). The relationship between Ambrose Recreation and Park District and the JPAs is such that the JPAs are not component units of the Ambrose Recreation and Park District for financial reporting purposes. California Association for Park and Recreation Insurance (CAPRI) arranges for and provides property and liability insurance for its members. California Association of Recreation and Park Districts (CARPD) provides insurance for its members. The JPAs are governed by a board consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the JPAs.

AMBROSE RECREATION AND PARK DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7: JOINT VENTURES (Joint Powers Agreements) (Continued)

The District purchases from CAPRI the following insurance coverage:

Property Loss	Automobile Liability
General Liability	Public Officials Errors and Omissions Liability

NOTE 8 : DEFERRED COMPENSATION PLAN

The District has established a tax-sheltered annuity plan (the plan) under IRS Code Section 457(b) whereby annuity accounts are established for eligible employees.

Plan Description

All full-time employees of Ambrose Recreation and Park District are eligible for the retirement contribution if they have completed their one-year introductory employment period.

Funding Status

The District contributes \$50 per month for each eligible employee, except for the General Manager for whom the contribution is \$100 per month. Employees may make additional deposits to their account up to a maximum of 25% of their gross salary.

Contributions

The District contributions information for the year ended June 30, 2017 was as follows:

Number of Eligible Employees	3
Number of participants	3
District Contributions	\$ 1,800

NOTE 9 : CONTINGENCIES

The District receives grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 10 : DEPOSITS

During the 2012/2013 fiscal year the District received monies from the County of Contra Costa in order to assist with park maintenance. The District forwarded these funds to the City of Pittsburg to assist in financing a pool renovation which is expected to be completed in the 2016/2017 fiscal year. The total balance being held is \$768,323.

NOTE 11 : SUBSEQUENT EVENTS

Date of management's review is through December 01, 2017. No additional events were found to have warranted additional disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

AMBROSE RECREATION AND PARK DISTRICT
RECONCILIATION OF THE STATEMENT OF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Taxes and assessments	\$ 826,428	\$ 903,733	\$ 925,732	\$ 21,999
Use of money and property	155,000	137,475	137,475	
Charges for services	150,980	168,410	168,890	480
Grants Revenues	49,452	54,010	62,465	8,455
Miscellaneous revenues	<u>100</u>	<u>50</u>	<u>511</u>	<u>461</u>
Total revenues	<u>1,181,960</u>	<u>1,263,678</u>	<u>1,295,073</u>	<u>31,395</u>
Expenditures:				
Current				
Salaries and benefits	546,375	543,188	471,890	71,298
Services and supplies	433,027	438,888	513,232	(74,344)
Capital outlay	<u>202,508</u>	<u>77,560</u>	<u>65,719</u>	<u>11,841</u>
Total expenditures	<u>1,181,910</u>	<u>1,059,636</u>	<u>1,050,841</u>	<u>8,795</u>
Net change in fund balances	50	204,042	244,232	40,190
Fund balances - July 1, 2016			<u>1,553,903</u>	
Fund balances - June 30, 2017			<u>\$ 1,798,135</u>	

AMBROSE RECREATION AND PARK DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	<u>Non- Expendable Trust</u>
	<u>Agency</u>
ASSETS:	
Investments	\$ <u><u>360,855</u></u>
LIABILITIES & NET POSITION	
Liabilities:	
Deferred compensation	\$ <u><u>360,855</u></u>